

Whakatāne District Council

Pūrongo ā-tau

Annual  
Report

2019/20



# Contents

## Rārangi Upoko

MESSAGE FROM MAYOR - JUDY TURNER	3
DELIVERING ON OUR DISTRICT'S PRIORITIES	4
Council's response to Covid-19	5
Responding to the Whakaari/White Island eruption	7
Thriving Economy	8
Resilient People and Places	9
Vibrant Communities	12
Responsible Money Management	14
What else we do	16
Delivering the core services our communities use and rely on everyday	17
Here are some of the services we delivered in the past year	18
Working together for the future of our district	19
Partnering with Iwi/Māori for the future of the District	21
OUR ACTIVITIES AND SERVICES	23
Leadership	29
Roads and Footpaths	32
Water Supply	36
Sewage Treatment and Disposal	42
Stormwater Drainage	47
Solid Waste	51
Environmental Sustainability	55
Community Safety	59
District Growth	64
Recreation and Community Services	68
Corporate and District Activities	74
Council Controlled Organisations	78
OUR COSTS IN DETAIL	81
Capital Projects	83
Financial Prudence Benchmarks	87
Financial Statements	93
Notes to the Financial Statements	97
APPENDICES	154
Audit Reports	



# Message from Mayor – Judy Turner

## Kupu whakataki a te Manukura

*Nau mai ki te Mahere ā-tau o te Kaunihera ā-rohe o Whakatāne mō te tau pūtea 2019/20.*

*Nōku te whiwhi i tērā Oketopa i kōwhirihia au kia tū hei Manukura i te rohe o Whakatāne. Ahakoa ngā taumahatanga o te tau, kua tū kaha tonu tātou.*

*I tīpakohia te uara o te hāpori e te pahūtanga o Whakaari i te iwa o Tihema 2019, me te pā mai o te mate uruta o COVID-19. Kua whakaaweawetia tātou e ēnei pāmamaetanga, ā, ka whakaaweawetia tonu tātou e ēnei i ngā rā e heke mai nei. Mā te tūpore me te tautoko tātou e whakarewa anō.*

*He mahi tā te Kaunihera hei tautoko i ngā hāpori. E mārakerake ana te kite i tēnei i ngā wā taumaha, ina koa i ngā taumata rerekē o COVID-19.*

*I tēnei tau i mahi ngā kaimahi o te Kaunihera mō te hāpori i te Pokapū Whakamarumarū ki te whakarite te urupare me te mahi whakaora mō ngā pāmamaetanga o te pahūtanga o Whakaari me te pā mai o te mate urutā o COVID-19. I te mahi whakaora, me mahi tonu te Kaunihera kia pai ai ngā ratonga hāpori, hei tauira, kia pai ngā puna wai, kia haumarū ngā huarahi, kia aro tonu mātou ki te anamata o te rohe.*

*I raru mātou ki te mahi i ngā mahi katoa nā ngā pāmamaetanga. I takaroa ētahi o ngā mahi nui, pērā i te whakatika huarahi o Wainui me te kōpani o te puna wai ki waho i Te Puna Kaukau o Whakatāne. Kua tīmata ēnei mahi, ā, ka mutu ēnei mahi hei te tau e haere mai ana.*

*I mahi hoki mātou ki te riro pūtea kia tautoko i ngā whāinga o ngā hāpori. I te Māehe 2020, i riro te \$36.8 miriona taara nā te Pūtea Whakapakari Rohe mō te Kaupapa Whakahaumanu Tāone. He āheinga tēnei kia whakapakari ai te ōhanga o te rohe whānui.*

*Me mahi tahi tonu tātou, ka mutu me tū kaha, me tautoko tātou i a tātou i tēnei haerenga whakaora. Ka mahi mātou a te Kaunihera kia tutuki pai ai ngā mahi e haere mai ana. Tēnā, whakapiri mai ki a mātou i tēnei haerenga ki te pohewatia anō tō tātou rohe, me te mea nui, kia tūpore tātou i a tātou – he waka eke noa.*

Welcome to the Whakatāne District Council Annual Report for the 2019/20 financial year.

In October 2019, I was privileged to be elected as the Mayor of the Whakatāne District. While this year has been difficult for our communities, it has also demonstrated our remarkable resilience and community spirit.

The tragic Whakaari/White Island eruption on 9 December 2019, as well as the COVID-19 pandemic, highlighted the importance of community. These events have had a major impact on our lives, and will continue to impact us as we adjust to a new normal. Continued kindness and support for one another will keep us strong, and ensure we get through this together.

Council has several critical roles that support the wellbeing of our communities. This is never more apparent than when our communities are going through difficult times. In particular, as we transition through the Alert Levels of COVID-19.

This year, Council staff dedicated thousands of hours working for the community in Civil Defence functions in the Whakatāne Emergency Operations Centre, co-ordinating response and recovery from both the Whakaari / White Island eruption and the COVID-19 pandemic. Whilst focusing on recovery, it is essential that Council continues to provide essential community services such as clean, safe drinking water, ensuring the roads are safe to drive on, and continuing to plan for the District's future.

These events affected our ability to deliver everything that we had planned for the year. Some of the bigger projects we had planned, such as planning for safety improvements for Wainui Road and the enclosure of the outdoor swimming pool at the Whakatāne Aquatic Centre, were delayed. These projects have now begun, and are expected to be finished in the coming year.

We also worked hard to attract funding to support the aspirations of our communities. In March 2020, project partners received confirmation from the Provincial Growth Fund of \$36.8 million funding for the Whakatāne Regeneration Programme. This exciting programme is truly a once-in-a-lifetime opportunity to provide an economic boost to the district and the wider Eastern Bay of Plenty.

We must continue to work collaboratively, stay strong and support each other on the road to recovery. We will work hard as a Council to get back on track and continue to deliver on the big projects we have coming up. Please, stay in touch with us on this journey to Reimagine our District, and most of all, be kind to one another – we are all in this together.

Judy Turner  
MAYOR MANUKURA  
18 FEBRUARY 2021



# Delivering on our District's priorities

*E tutuki ana i ngā  
arotahi matua o te rohe*

The following pages provide a snapshot of what we delivered in the 2019/20 financial year.

We have also continued to deliver many services and facilities that don't necessarily feature here, but are a core part of what we deliver as your local Council.

As we are now in the third year of the [Long Term Plan 2018-28](#), the story of our District and where we are heading has changed a lot since we developed this Plan in 2017/18. Over the next year we will be looking towards the future and developing our next Long Term Plan, covering the years 2021-31, and you can expect this plan to look different to our last.

We will continue to report back on our progress in future Annual Reports, as well as on our website and social media platforms.

# Council's response to COVID-19

## Te urupare o te Kaunihera ki a COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) and two weeks later the New Zealand Government declared a State of National Emergency. The country was in lockdown at Alert Level 4 from 26 March 2020 to 27 April 2020, and then remained in lockdown at Alert Level 3 until 13 May 2020. After 13 May 2020, the country moved back to level 2 and 1.

COVID-19 has had a profound effect on the world, and the Whakatāne District and our communities are no exception. The Council has an obligation to respond appropriately during outbreaks of COVID-19, which has affected our service delivery over the past year.

During the level 4 and 3 lockdown, the Whakatāne Emergency Operations Centre was activated to support a local welfare response. Working closely with Te Puna Ora O Mataatua and local Iwi, the focus of this response was ensuring the most affected and vulnerable members of our communities were able to access the goods and services they needed.

The lockdown impacted our ability to deliver many services and facilities to the public. We had to rapidly revise working arrangements and business continuity plans to ensure Council could keep working as best possible, and ensure essential services continued to function— things like water supply, sewage systems, and rubbish collection for example.

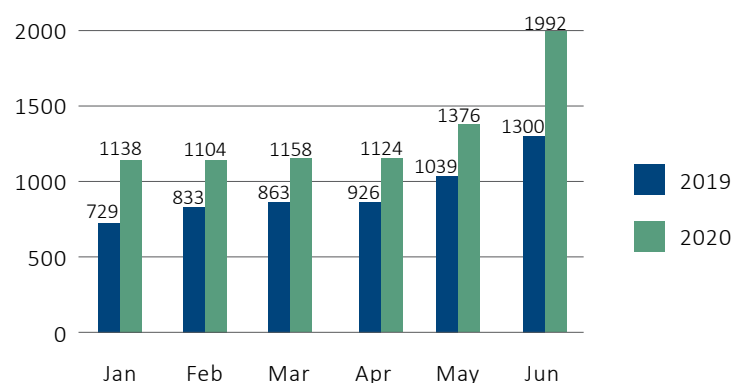
We had to temporarily close facilities like playgrounds, libraries and aquatic centres and suspend services such as

recycling collection under National Alert Level 4. We were also unable to deliver some regulation and monitoring functions- like building and resource consent services, parking patrols, and licensing of registered premises. This meant we were unable to meet performance targets for some of our activities. The performance targets are set out in the "Our Activities and Services" section of this Annual Report.

COVID-19 also had an effect on Council's and our contractors' ability to deliver on our planned workload for the year, particularly during National Alert Levels 3 and 4. This meant that ten of Council's key capital projects were not able to progress as planned. This includes some projects that are a high priority for our communities, such as the planning phase for safety upgrades to Wainui Road and the enclosure of the outdoor pool at the Whakatāne Aquatic Centre. Around \$2.54 million of projects have been delayed, to be progressed in the 2020/21 financial year. A breakdown of the Council's key capital projects for the year, including those affected by the Covid-19 pandemic can be found in the "Capital Projects" table later in this Annual Report.

Covid has seen us all find new ways of doing things. Things like Covid tracing disciplines, remote working, zoom meetings, screens at service desks and maintaining social distancing have become familiar to all of us. "Being kind" has become a reminder that we are all in this together and as your Council we remain vigilant with Covid continuing to be an ever-present threat.

*In the first 6 months of 2020, email volumes for our customer services team increased significantly, due to increased inquiries.*



# 13-step Economic Recovery Plan

## Te Mahere Whakaora Ōhanga

In addition to the changes in response to COVID-19, the Council has taken a stepped approach to recovery with a 13-point plan. This plan aims to manage the immediate economic impacts of COVID-19 outbreaks and transition to a longer-term recovery.

The first suite of measures provided immediate support to local business and ratepayers. This included \$600,000 from the Harbour Fund to support up to three months' rent relief to impacted commercial and harbour leaseholders, and refunds for bookings and consents lodged pre-COVID-19. Council also made a commitment to pay our bills as early as possible, which has been well received by local businesses and contractors.

Through our Annual Plan we took additional steps to support the District's economy. We utilised a \$40,000 grant from the Harbour Fund to reduce the EPIC (Events Promotion Initiatives & Community) targeted rate, levied on Whakatāne CBD businesses. We brought forward key infrastructure projects into the coming year, and successfully negotiated funding for Kia Kaha Whakatāne, which you can read more about in the 'Thriving Economy' section of the Annual Report.

Recovery from COVID-19 will take a number of years, with international tourism not expected to return until late 2021 at the earliest. Continuing to work together, be kind, and support one another will be critical.

To stay up to date with Council's response to COVID-19, visit [whakatane.govt.nz/residents/covid-19](http://whakatane.govt.nz/residents/covid-19)

### PHASE ONE- Managing the immediate economic impact

1. Council short-term response package
2. Connecting needs and resources

### PHASE TWO- Understanding medium-long term economic impact

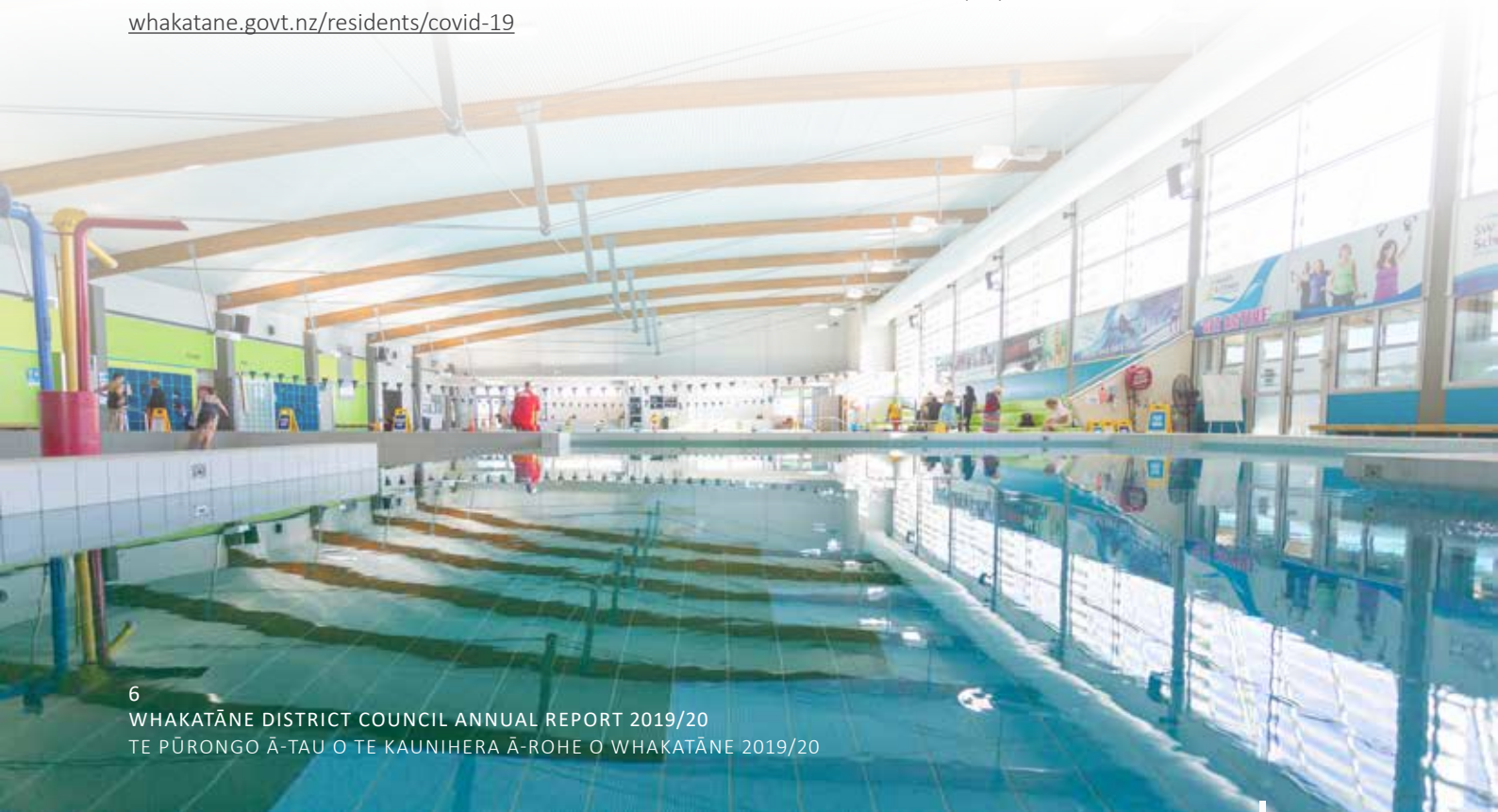
3. Economic forecasting
4. Business surveying

### PHASE THREE- Transition to recovery

5. Review of annual plan / financial forecasts
6. Advocate for government support / economic stimulus packages
7. Advocate for recovery funding for Council costs

### PHASE FOUR- Economic recovery

8. Supporting continued employment
9. Training and education
10. Unlock constraints to economic development
11. Reposition tourism
12. Recovery for key industries
13. Business / employment attraction



# Responding to the Whakaari/ White Island eruption

## *Te pahūtanga o Whakaari*

On 9 December, 2019 at 2:11pm, Whakaari / White Island erupted, and tragically 22 people lost their lives. This devastating event, which attracted international attention, affected us all and will stay in our thoughts forever.

Bay of Plenty Emergency Management Group coordinated the multi-agency response to the eruption event with NZ Police leading search and recovery operations. This response was enacted on behalf of the Minister for Local Government, and operated 24 hours, 7 days a week, with the Council assisting lead agencies and the community through this extraordinarily difficult time. The Whakatāne Civic Centre became a centre of operations hosting the New Zealand Defence Force, the New Zealand Police, GNS Science, local and regional emergency response staff and many others.

On 20 December 2019, we moved from 'response' to the 'recovery' phase, which coordinated effort and processes to bring about immediate, medium-term and longer-term support for the community after the emergency.

The recovery draws together more than 15 partners and support organisations, including Whakatāne District Council, Te Rūnanga o Ngāti Awa, District Health Boards, the National Emergency Management Agency, Tourism Bay of Plenty, Eastern Bay Chamber of Commerce and the Ministry of Business, Innovation and Employment and other government agencies.

In December 2019, the Government announced an emergency support package for affected Whakatāne businesses to help alleviate economic pressure in the short-term. Subsequently, Council has received additional funding from the Ministry of Business, Innovation and Employment for an enhanced marketing campaign, focused on the domestic market in the short-to medium-term. Collaboration with the tourism sector to reposition our destination and market our unique offerings continues to be, a point of focus for the Council to support local businesses on the path to recovery.



# Thriving economy

E puāwai ana  
te ōhanga



*People who live in and visit the Whakatāne District know that it offers some amazing lifestyle and business opportunities. We also know that our District offers many more opportunities for economic growth and job creation. Over the past year, we have continued to work in partnership with our community and key stakeholders to create a District where people and businesses thrive. In particular, the opportunity to partner with Central Government through the various funding streams, particularly as we recover from COVID-19, provides an opportunity to fundamentally improve the economic trajectory of our District.*

## Whakatāne Regeneration Programme Te Kaupapa Whakahaumanu Tāone

On 13 March 2020, the Government announced \$36.8 million funding for the Whakatāne Regeneration Programme, which is a partnership between Te Rūnanga o Ngāti Awa and Whakatāne District Council. The Council had been working towards this project for a long time, submitting applications to the Provincial Growth Fund (PGF) in September 2019.

The Whakatāne Regeneration Programme has two main elements: The Whakatāne Boat Harbour Development; and the Whakatāne Town Centre and Riverfront Revitalisation Programme, including a wharves package. Importantly we recognise the partnership on the boat harbour with Te Rāhui Lands Trust, Ngāti Awa Group Holdings and the Provincial Development Fund. We also acknowledge and support Ngāti Awa Group Holdings Limited's Kāinga development at the Whakatāne Army Hall. These projects are not only exciting for the town, but will result in real job creation and training pathways, which are even more important for the District to assist in reinvigorating our economy following COVID-19. For more information and to stay in-the-loop, visit our website

## Kia Kaha Whakatāne

On 15 June 2020, the Provincial Growth Fund announced investment of \$8.3 million for a worker redeployment package of projects aimed at supporting local contractors and workers most impacted by the COVID-19 and Whakaari-related economic slowdown. This funding supported the launch of the Kia Kaha Whakatāne project which has seen successful redeployment of more than 200 people working a range of roading, water, parks and green projects.

One of the key elements of Kia Kaha Whakatāne is 'social procurement' where the Councils work with local agencies, including the Ministry of Social Development, to get currently unemployed people back into the workforce. In addition, a number of local contractors have been able to retain staff due to the Kia Kaha Whakatāne projects and are providing training and career development opportunities for these people.

The projects are jointly delivered by the Whakatāne District Council and Bay of Plenty Regional Council, working in collaboration with a number of organisations and agencies, such as the Ministry of Social Development and local iwi. Kia Kaha Whakatāne is set to run through until the end of 2020.



# Resilient people and places

Ngā tāngata  
me ngā wāhi  
manawaroa



*The Whakatāne District faces a number of significant challenges that will continue to impact us over the coming years and beyond. Over the past year we have continued our work to manage the effects of natural hazards and climate change, maintain a safe and secure water supply network, and make sure that all of our infrastructure (things like buildings, pipes, and roads) works well, meets your needs, and fulfils our legislative requirements. This work helps to ensure that people, places, and resources are resilient – that means they are able to withstand or recover quickly from difficult situations.*

## Climate Change *Huringa Āhuarangi*

Our climate is changing and the implications are significant. Across the Whakatāne District, our communities have voiced the urgency of taking real and early climate action. Over the past year, Council's climate change programme has taken significant steps forward and gained momentum.

In September 2019, the Council adopted a set of principles to ensure that climate change is considered in all of our decisions. Just over 1,100 comments and ideas has helped to inform this work. Work to embed the principles across all Council activities and decision-making processes is currently underway.

Continuing the work started by the principles, over the past year Council has drafted a climate change strategy and six action plans, adopted in the current 2020/21 year. The strategy and action plans set the direction for our response to the challenges and opportunities presented by climate change. To learn more about our climate change programme, visit our [climate change webpage](#).



## Reducing our energy use and carbon footprint

### *E whakaiti ana i te whakapaunga pūngao me te tapuwae waro*

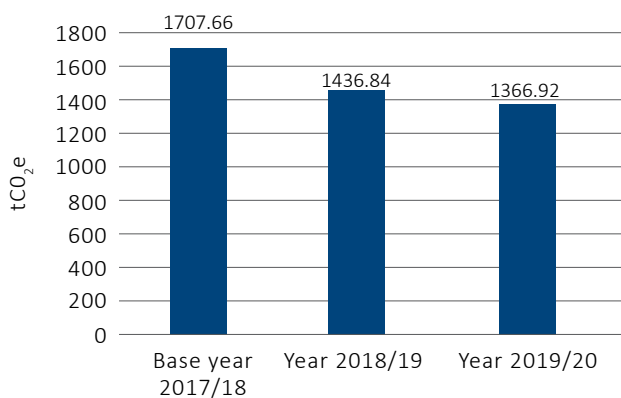
The Council undertook an energy audit in 2018/19 in collaboration with EECA (Energy Efficiency and Conservation Authority) and with the support of energy management consultants, Emsol. Since October 2019, an energy management programme has been underway to identify opportunities for energy savings and emission reductions. In the first nine months of the programme, the Council saw a reduction of approximately 840mWh of energy use. This is approximately 170 tonnes of carbon\* not emitted into the atmosphere – the equivalent amount of carbon\* produced by six households in a year. Further energy saving opportunities are being actively progressed.

Council has also been recertified by Toitū Carbon reduce (previously known as CEMARS), calculating the total greenhouse gas emissions for the Council.

Our total emissions for the year 2019/20 were 3,290 tonnes of carbon.\*

Despite an increase in emissions from our Waste Water Treatment Plant (an increase driven by population growth), Council's total carbon footprint has decreased by 1% compared to last year's (2018/19) total of 3,324 tCO<sub>2</sub>e.\* This is also 8% lower than the base year (2017/18) total of 3,570 tCO<sub>2</sub>e.\*

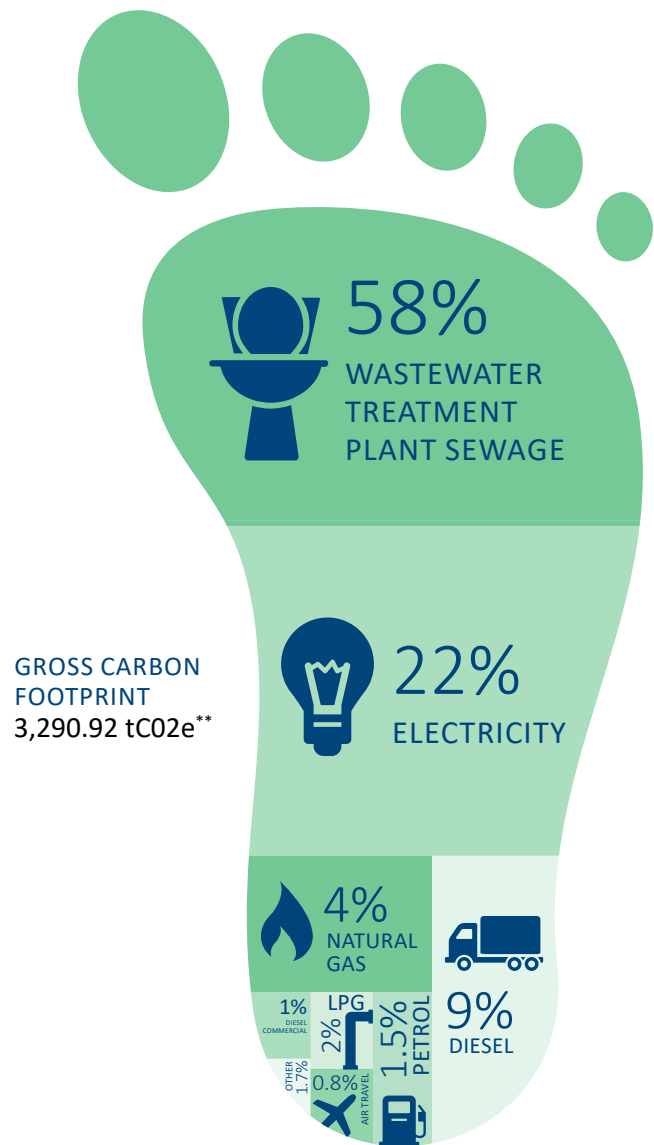
### Excluding wastewater, Council has reduced its carbon emissions by 5% in the past year:



\* Carbon dioxide equivalent

\*\* Tonnes of carbon dioxide equivalent

## Whakatāne District Council Emissions Profile



## **Completion of final roading repair works related to April 2017 Storm Damage**

### *Te otinga o te mahi whakatika huarahi nā te turakanga āwhā o 2017*

This year saw the final completion of all remaining roading repairs, related to the devastating April 2017 storm events (Cyclones Cook and Debbie).

The total value of roading related storm repair work came in at \$21.6 million, which was less than originally forecast due to some innovative engineering techniques used in the repair process. 90% of this total was funded by Waka Kotahi New Zealand Transport Agency. The repairs covered a range of widespread damage, spanning the district, including: initial storm response to flooding, clearing slips, trees, repairing minor drop outs, as well as construction of major retaining walls and roading realignments around large drop outs.

The final works completed in 2019/20 was \$3.3 million of the total (\$3 million funded by Waka Kotahi). This covered the reconstruction of the Horomanga Bridge Abutment, replacement of a major culvert on Galatea Road near Waiōhau, a drop out repair on Gorge Road, and completion of 11 major damage sites along Ruatāhuna and Te Whāiti Roads, which involved various wall constructions, road realignment and construction of retaining walls.

## **Awatarariki voluntary managed retreat**

### *Te taitanga tūao i Awatarariki*

The process of addressing the high level of life safety risk to residents living in the Awatarariki fanhead in Matatā has been a long and difficult process for property owners and the Council since the date of the event, 18 May 2005.

Council has conducted extensive investigations on managing the risk of a further debris flow, which have confirmed that managed retreat from the high risk area is the only viable option.

In order to enable affected property owners to relocate away from the high debris flow risk area, the Crown and Bay of Plenty Regional Council joined with the Council to fund a \$15M Managed Retreat programme which commenced in August 2019. The first property purchase occurred in October 2019, and by the end of June 2020, 22 additional property owners have taken up the opportunity to sell their property under the programme. Delivery of the programme experienced delays due to COVID-19 but is anticipated to be concluded in the 2020/2021 financial year.

Alongside the voluntary managed retreat programme, Council has been progressing plan changes to the District Plan and to the Bay of Plenty Regional Natural Resources Plan. A combined hearing by independent commissioners was held from 2-4 March 2020 to consider the Plan Changes. The commissioners decisions fully supported both plan change proposals and were made publicly available on 1 April 2020. The Environment Court has received one appeal against the commissioners decisions and this will be heard in December 2020.

Kahui Awatariki, a collaborative initiative with the Matatā community and Iwi, has commenced to decide the future appearance of this area.

# Vibrant communities

Ngā hapori  
whitawhita



*Much of Council's work contributes towards the vibrancy of our communities. We do this by providing services for recreation and leisure, to connect people to places and to each other, and working both directly and indirectly to address some of the social challenges facing our communities and District. Many of these projects would not be possible without the support of our partners, who enable us to make a real difference in the lives of our communities.*

## Active Whakatāne strategy

### *Te Rautaki Korikori tinana o Whakatāne*

In June 2020, the Council formally adopted the Active Whakatāne Strategy. Active Whakatāne is designed to make it easier and safer for people to get to where they want to go without needing to use a car. It recognises all active user groups, from mobility scooters to cyclists to pedestrians, and sets out to achieve the objective of a vibrant, healthy and prosperous district.

An online 'Story Map' has been created to visually display all Active Whakatāne projects, and will be continually updated as the implementation plan is developed.

This interactive tool, available at [whakatane.govt.nz/active-whakatane](http://whakatane.govt.nz/active-whakatane), is made up of a series of active travel and recreation facilities spanning across the District and showcases the range of projects that Council is proposing to enhance the safety and connectedness of routes for all active user groups.

The project is not just for the Whakatāne township. Complementary to the Active Whakatāne Strategy, a 'Small Towns Initiative' programme is proposed to include a number of safety and amenity projects for our rural towns.

## Whakatāne Skate Park extension

### *Te torohanga o te Pāka Papa Wīra*

In July 2019, Whakatāne District Council, in partnership with Sport BOP, agreed to support applications to external funding agencies for the planned Whakatāne Skate Park extension. Physical work on this project commenced in June 2020, and is expected to be finished in time for summer 2020.

The Whakatāne Skate Park Committee has engaged with park users, Sport BOP and Council over the past three years to develop design concepts for the extension, which aims to build the facility into a regional skate park. The extension will enhance and modernise the skate park, and create areas suitable for people of all ages and skill levels. It will also provide recreational opportunities for the youth and residents of the wider district and further support Council's vision of making Whakatāne a great place to live, work and play.

\$426,000 in funding for this extension has been provided by; Lottery Grants Board, NZ Community Trust, Pub Charity Ltd, Whakatāne/Ōhope Community Board and Eastern Bay Energy Trust. Council is providing support by obtaining the required Resource Consents and managing the project.

## **Whakatāne War Memorial Hall seismic strengthening and online booking system**

*Te whakapakari rū o te Hōro  
Whakamaumahara Pakanga  
me te Pūnaha tāpui ā-ipurangi*

The Whakatāne War Memorial Hall is a well-used facility, used for indoor sports, meetings, conferences and theatrical productions. In early 2018, the building was assessed as earthquake-prone, placing a legal obligation on the Council to complete strengthening work in a 7.5-year timeframe (by mid-2025). Over the long-term, the Council intends to redevelop the War Memorial Hall, but given the level of use, Council consulted with the community and decided to manage this risk sooner rather than later. This will ensure the building is safe for use until the redevelopment of the building in 2026.

This project was included for consultation in our Annual Plan 2019/20, and was successfully started and completed last year, coming in under budget.

Additionally, bookings can now be made for the Whakatāne War Memorial Hall online, making planning your events easier and faster.

Visit [whakatane.govt.nz/residents/halls-hire/whakatane-war-memorial-hall](http://whakatane.govt.nz/residents/halls-hire/whakatane-war-memorial-hall) to book the Hall online.



# Responsible money management

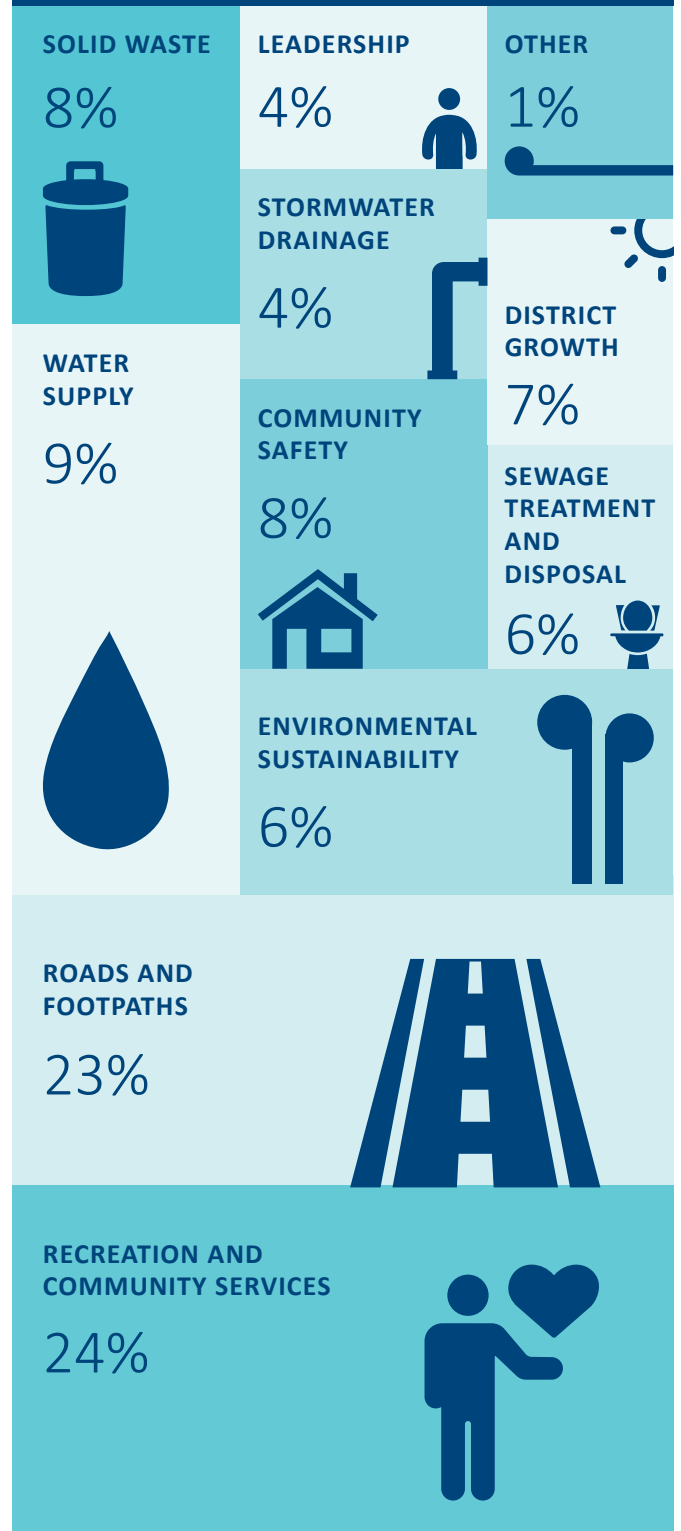
Te Aronui  
Whakahaere  
Pūtea



*We remain mindful of the need to balance affordability with all the work needed to help our communities be resilient, vibrant and thriving. It is important that we remain financially sustainable – that’s why we set limits for rates increases, the amount of debt we can use to fund our projects, and try to source funding externally wherever possible. We have continued our disciplined approach to day-to-day financial management and finished 2019/20 in a strong and sustainable financial position.*

## We spent \$73 million on operating activities, services and facilities for our communities.

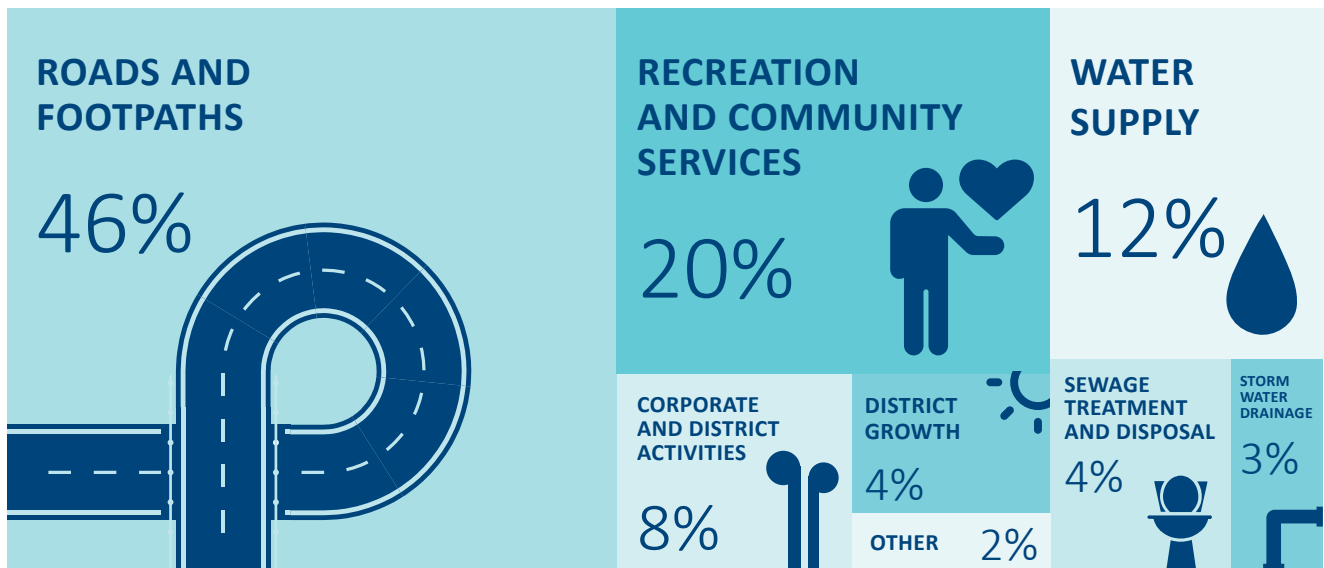
The following graph provides a breakdown of what we spent this money on. This is our operating expenditure and funds the day-to-day running costs of activities, services and facilities.



*Note: These percentages include depreciation expense whereas the Funding Impact Statements (found in the 'Our Activities and Services' chapter) do not as they represent cash only.*

## We spent \$22 million delivering on new or improved assets for our communities.

Capital expenditure is the cost of buying or building a new asset, renewing an existing one or improving an asset to deliver a better service for our communities.



### We work in partnership with others to maximise outcomes for our communities

This year we offset rates using \$20.2 million funding from grants and subsidies– which totals \$566 per person in the Whakatāne District.

We also worked tirelessly in partnership with others to attract funding to the Whakatāne District and the Eastern Bay of Plenty.

Did you know **41%** of council funding for the past year came from sources other than rates

### We finished the financial year with an operating deficit

An operating surplus or deficit is an indication of whether the right amount was budgeted for operational expenditure in the financial year.

We finished the 2019/20 financial year with an operating deficit of \$4.94 million.

Contributing to this outcome, our revenue was around \$4 million (5%) less than budget. The main reason was that we did not receive subsidy funding from the New Zealand Transport Agency – Waka Kotahi, towards major transport projects because the projects were delayed. The subsidies are critical to the affordability of these projects and funding will be secured as we commence work.

Expenditure was around \$9 million (12%) higher than budget. Some of the key reasons: Increases in the depreciation of loading assets, costs relating to the Awatarariki Retreat (offset with funding receipts), relief given to leaseholders during Covid-19, increases in bad and doubtful debts, refunds for incorrectly rated properties and impairments in our water network.

For more information, see Note 34 in the “Our costs in detail” section of this Annual Report.

## What else we do

### He aha atu anō ā mātou mahi?

The Council plays a very important role promoting the social, economic, environmental, and cultural well-being of our communities.

That means delivering a wide range of services that deliver outcomes that are easy to see. We look after roads, cycleways and footpaths to ensure that everyone can journey safely around our District. We are responsible for managing waste, and ensuring that the water that you drink is clean and safe.

These activities are all essential services – we have to keep doing them for the health and economic prosperity of residents and for the protection of the environment.

Some of what we do is more difficult to see, but is just as important in your day-to-day life. We work with local businesses and agencies in our District to support our local economy. We work with our communities to deliver places and spaces for people to feel comfortable, connected and safe. Much of what we do is behind the scenes, trying to keep all of this work affordable but also to a high standard.

We seek funding opportunities to try to keep rates down. We also advocate to central government on the implications of proposed legislative changes that will affect our community





# Delivering the core services our communities use and rely on everyday

*Maintenance and Planning are core functions of Council's 'Business-as-usual' (BAU) and are a significant part of what we do*

*E tutuki ana mātou i ngā ratonga matua i whakamahia e te hapori ia rā*

## Maintaining what we've got

The Council maintains \$757m worth of assets, the majority of which are core infrastructure such as pipes, pumps, treatment plants, roads and bridges. Just keeping these things in good working order and able to deliver our community with the essential services that we all rely on, accounts for a significant portion of our investment each year.

Before we can look to deliver more services or facilities, we need to fund the maintenance of our existing roads, footpaths and cycleways, ensure that drinking water is of a high standard, sewage is treated and dispersed responsibly and that stormwater is diverted safely away from populated areas.

A great deal of work goes into renewing these assets and ensuring they are fit-for-purpose now and into the future. We have over \$2 billion of investment planned for roading and footpaths, water supply, stormwater and sewerage in the next 30 years through our infrastructure strategy.

## Preparing for future needs

Many of our larger resource consents for wastewater and water takes will expire by 2026, with improved environmental outcomes anticipated. Preparation for these consents' expiration and planning for the future has been a significant focus for Council this year, and in previous years. While doing this work, we have been critically aware of the Government's Three Waters Reform and Essential Freshwater work. This will have a big influence on what and how we deliver safe drinking water, and manage the discharge of treated sewage and stormwater.

In July 2020, the Government announced a funding package of \$761 million to provide immediate post-COVID-19 stimulus to local authorities to maintain and improve three waters infrastructure, and to support reform of local government water services delivery arrangements.

The Council has signed a Memorandum of Understanding with the Minister for Local Government, and associated Funding Agreement and Delivery Plan for the first stage of the Government's Three Waters Services Reform Programme. The Government's starting intention is for publicly-owned multi-regional models for water service delivery, with a preference for local authority ownership. Final decisions on a service delivery model will be informed by discussion with the local government sector, and we will keep you informed as these reforms develop over the next year.

During the discussion on these water reforms, several key stakeholders in the District have indicated a growing interest in being involved in how we take, use and manage water, and wish to be part of that decision-making. We also acknowledge that Iwi have ongoing rights and interests in the water discussion.

Additionally, Council is increasingly working to understand the impact that climate change and natural hazard events have on our infrastructure and how we manage our assets. Events outside of our control, such as extreme rainfall events, can have significant impacts on our infrastructure assets. There is an increasing need to plan for and develop infrastructure in ways that minimises potential impacts on communities from extreme events.

# Here are some of the services we delivered in the past year

Ētahi o ngā ratonga kua tutuki pai i tēnei tau

- 1** new Mayor and 5 new Councillors elected in September 2019
- 8** percent reduction in the Council's carbon footprint compared to the base year (2017/18)
- 8.1** days – the average time to process a building consent (the legal deadline is 20 days)
- 13** exhibitions held, displaying 341 pieces and promoting 123 artists
- 18** September 2019 – our climate change principles were adopted
- 25** May 2020 – our new engagement website “Kōrero Mai- Lets Talk” went live
- 43** km- the distance of resurfacing completed on our roads
- 148** resource consents processed (an average of one every 1.7 working days)
- 765** children participated in the BikeReady cycling skills programme
- 830** bookings for the Whakatāne War Memorial Hall
- 2,308** meters of footpath replaced
- 7,235** views on the Library Facebook page for “making Feijoa Fizz”
- 23,145** tons of waste managed- 57% went to landfill and 43% was recycled or reused
- 46,052** users of free public Wi-Fi at our libraries
- 64,768** calls taken by Customer Services
- 153,348** visits to aquatic centres in Whakatāne, Murupara and Edgecumbe
- 17M** litres of water per day delivered to households and businesses in the District
- 36.8M** dollars secured from the PGF towards the Whakatāne Regeneration Programme



# Working together for the future of our district

## *E mahi ngātahi ana mō te anamata o te rohe*

Over the past year, conversations have continued at many levels as we work closely with iwi, communities, central government, neighbouring councils and other stakeholder groups.

We encourage an approach of ‘working together’, because it helps us understand the communities’ priorities and because it presents significant opportunities to deliver better outcomes for our district.

This year, we launched ‘Reimagine our District – Pohewatia anō tō tātou rohe’, an over-arching campaign that will help identify things that are important for our future and guide how we will work towards them. Projects that fall under the ‘Reimagine’ umbrella will collectively form a strategic direction for Council and inform Council’s next Long Term Plan, covering the years 2021-31.

COVID-19 and the related alert levels impacted our ability to engage with our stakeholders like we normally would. However, we adapted quickly and implemented a new online engagement platform called Kōrero Mai. This portal enables users to register and provide feedback, with an option to receive updates and invitations to further conversations.

Due to the impacts of COVID-19, we shortened the Annual Plan consultation period to three weeks, with increased digital promotion, as there were limited options for face-to-face engagement. Similarly, the first pre-engagement phase for the Long Term Plan 2021-31, called Future in Focus – Arotahi Ki Anamata, focused mainly on online engagement methods.

Thank you for your interest and involvement over the past year. Between now and June 2021 is a critical period for Council decision-making. There are many projects in the pipeline that need your input, including the Whakatāne Regeneration Programme, Active Whakatāne and the Long Term Plan 2021-31. We encourage you to get involved and tell us what you think – your input can influence the decisions that matter.

There are heaps of opportunities to tell us what’s important to you, including:

- Visit Kōrero Mai, our new engagement platform
- Make a submission to Council on specific projects and decisions when opportunities are made available
- Keep in touch through social media or our website
- Make general enquiries in writing, email, by phone or by visiting our offices
- Make requests for service online or by contacting our offices (such as for specific maintenance requests)
- Contact your Mayor or Councillors
- Have a chat with your elected Community Board members
- Get involved in stakeholder groups and user groups that advise our activities
- Get involved with community-led projects and initiatives, such as transforming outdoor spaces or “The Great Coast Clean Up” through the Whakatāne Ki Mua Community Vision project at [whakatanekimua.nz](http://whakatanekimua.nz)
- Join a local care group, such as the Apanui Saltmarsh Care Group who pick up rubbish around the Apanui Saltmarsh, or EDIT – a Care and beautification group that works on various revegetation, garden and reserve restoration projects around the Edgumbe area.

# How we performed against our targets for the year

We set targets every three years under the Long Term Plan. These provide a standard to compare our performance against each year, and in some cases, for benchmarking against other councils. We currently have 92 non-financial performance measures. These measures and the targets against each, and the results for the past year, are set out in the “Our Activities and Services” section of this Annual Report.

This year:

- We achieved 61% (56 out of 92) of our performance targets
- We did not achieve 14% (13 out of 92) of our performance targets
- We could not accurately measure 25% (23 out of 92). These measures relate to data that is sourced from our Council satisfaction survey. With a change in our survey methodology this year, we are unable to accurately compare results against the targets for these measures.

The Covid pandemic, and in particular the period of lockdown under National Alert Level 4, impacted our ability to deliver many services and facilities to the public. We had to temporarily close some facilities and suspend some services. This meant we were unable to meet performance targets for some of our activities with Covid either directly or partially responsible for 8 of the 13 performance measures that we did not achieve.

As part of the development of our Long Term Plan 2021-31 we are reviewing our performance framework. The review will bring forward a more robust set of measures and targets. These will be implemented from the financial year starting 1 July 2021.

## A new and improved Council satisfaction survey commenced this year

Every year we survey the residents of our District to help us understand how you think we are going. These survey results, in combination with other internal and external information, allow the Council to assess the community’s views about the quality of its services and identify areas where improvement is needed.

This year, Council changed to a new provider in SIL Research, after using another provider for surveying since 2014. This new survey provider uses a mixed-method approach with a combination of online/web-based, social media and postal surveys which are complemented with landline/mobile telephone surveys. Between these changes in approach, and with an increase in the sample size of the survey from 300 to 600 per year, this allows us to reach much more of our community than we were previously able to.

The new survey product also uses a different, and more reliable scale for measuring satisfaction. While these changes provide a more robust and ‘best practice’ product, it means that we are unable to directly compare results against targets, or against results for previous years.

The satisfaction results reported in this Annual Report are informed by a single 300-person survey, with Council moving to quarterly surveying of 150 residents per quarter for the future. This is both more accurate than the 300 person surveys we have conducted in the past, and will allow us to be more responsive to public sentiment.

Our latest survey results, as well as those for previous years are available on our website.

### Satisfaction with overall services received:

**70%**  
WHAKATĀNE DISTRICT COUNCIL

**59%**  
NZ BENCHMARK RESULT

# Partnering with Iwi/Māori for the future of the District

*Te mahi rangapū i waenganui i Ngāi Māori  
me te Kaunihera mō te anamata o te rohe*

The Council recognises Te Tiriti o Waitangi as the founding document binding Māori and the Crown, and recognises Māori as tangata whenua of the Whakatāne District. Over the past year the Council has continued to build relationships with Iwi and Māori across the District.

Our decision-making processes include specific provisions for Māori participation, and every year we work in collaboration with Iwi, hapū and other entities on a variety of projects and proposals.

We also have specific forums where we regularly meet with Iwi and other key stakeholders to advance outcomes important to Iwi and hapū in the District.

## **Collaborative regional development**

The Whakatāne, Ōpōtiki and Kawerau District Councils joined together with Bay of Plenty Regional Council, local Iwi and Toi-EDA to form a Regional Growth Leadership Group (RGLG) in 2018.

This group collaborates to develop a cohesive story and vision for the Eastern Bay of Plenty for economic development, and works together to break down constraints and barriers, bringing a united approach to decision-making. This collaborative approach has been praised by the Provincial Development Unit, who administer the Provincial Growth Fund, and has successfully attracted funding for a large number of projects to the Eastern Bay.

## **Project based partnership**

Council actively engages with Māori in relation to specific projects. We try to foster meaningful and respectful relationships to ensure robust engagement with Iwi, hapū or other groups in the District. Significant new projects that we have advanced with Iwi partners in the District over the last year include the Whakatāne Regeneration Programme with Te Rūnanga o Ngāti Awa. You can read about these, and other major projects undertaken throughout the year below, in the 'Delivering on the District's priorities' section.

## **Iwi chairs forum membership**

The Iwi Chairs Forum is a hui where strategic issues of mutual interest can be raised and discussed. The forum explores opportunities to integrate and coordinate strategic planning, advocates to central government for the collective benefit of the Whakatāne community and works to better understand, recognise and respect each other's positions.

## **Rangitāiki River forum**

The purpose of this forum to provide co-governance for the protection and enhancement of the wellbeing of the Rangitāiki River and its resources for the benefit of present and future generations. This forum is a partnership made up of representatives of Ngāti Whare, Ngāti Manawa, Ngāti Awa, Hineuru, Ngāti Tuwharetoa (Bay of Plenty), as well as elected members from Bay of Plenty Regional Council, Taupō District Council and Whakatāne District Council.

## Ōhiwa Harbour implementation forum

This forum implements the Ōhiwa Harbour Strategy and works to maintain effective planning and kaitiakitanga of the Ōhiwa Harbour. Membership is made up of appointees representing Whakatōhea, Upokorehe, Ngāti Awa and Ngāi Tūhoe, as well as one representative from each of the Ōpōtiki, Whakatāne and Bay of Plenty Regional Councils.

## Lifting the visibility and usage of Te Reo Māori

Over the last year, we have continued our efforts to increase the visibility and usage of Te Reo Māori at Council and across the District. We have a Te Reo Action Plan in place, and internal guidelines are being developed as part of delivering on this plan. We have continued to install permanent bilingual signage at several Council and community facilities, as well as producing a growing amount of bilingual signage related to specific projects and events. We have also been increasing the use of Te Reo Māori in documents we produce and through media, advertisements, and promotions. A staff waiata group meets weekly, and we wish to increase our focus on staff awareness and confidence in the use of Te Reo Māori, as well as Māori protocols and tikanga.

Going forward, we will continue to strive for the visibility of Te Reo Māori around the District. This is a project we are passionate about, and we look forward to gaining capability and confidence in this area through future initiatives.



# Our activities and services

Ā mātou mahi  
me ngā ratonga



# How to read this chapter

## He whakamāramatanga o tēnei wāhanga

### *Our activities and their effects*

The work that we do is broken down into different activities, and these are organised into groups. We review this structure every three years when we develop a Long Term Plan.

In addition to our 36 activities, we are a shareholder in four 'Council Controlled Organisations' (CCOs) – companies with council(s) as majority shareholders.

This chapter reports on how our activities performed over the past year.

### *For each group of activities*

#### **Activities page**

The activities page for each group of activities lists the activities in that group, and what those activities do for you.

In 2019, the purpose of Local Government was amended, with the Council having a role to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

Every activity that we undertake contributes to the overall wellbeing of our communities. The effects that these activities have had for our communities during the year are described in this section. Council's larger projects, detailed above, often pull multiple activities of the Council together to achieve success.

If you desire any additional information about how any group or activity works or what it delivers, you can simply click on the title to direct you straight to the appropriate page in our Long Term Plan.

In the top right hand corner you will also find the community outcomes that each group of activities contributes to. Each of these outcomes tie together multiple strands of wellbeing, and are:



Effective Leadership



Quality Services



Sustainable Economic Development



Valuing Our Environment



Community Needs



Reliable and Affordable Infrastructure

For more information about what these outcomes mean, see our [website](#)

### **What these activities cost and how they were paid for (Funding Impact Statement)**

The Funding Impact Statement for each group of activities shows our budgeted and actual costs during the 2019/20 year. It also describes how the activities were funded and includes information about our internal borrowing movements for the activities in 2019/20. An explanation of the categories used in these statements can be found on page the next page.



## For each activity

### How we went

This section shows how we performed against our targets for the year, and where possible, the previous two years as well. These targets were set through our Long Term Plan and include some measures which are mandatory for all councils to report on.

Several of these measures relate to our annual perception survey. Unless noted, results for these are based on the percentage of respondents that are either 'very' or 'fairly' satisfied with a service or facility. The results for two measures (in the Environmental Management – Consents and Building activities) are taken from a different annual survey; results are based on a score out of 100, representing the average level of satisfaction reported by respondents. You can view the annual residents survey [here](#).

## Explanation of categories in the Funding Impact Statements

### Whakapuakanga Pūtea

Funding Impact Statements break down costs and funds at an 'operational' and 'capital' level. Operational costs include the ongoing maintenance and delivery of our services, while capital costs relate to the cost of constructing a new asset or extending or renewing an existing asset. Capital expenditure is generally 'one-off' in nature, whereas operational costs are ongoing. Taking all this information into account, we can then see how much we received, how much we spent, and whether we have a surplus or deficit at the end of the year.

#### OPERATIONAL

#### Sources of Operating Funding (Revenue)

General rates, uniform annual general charges, rates penalties	Revenue from general rates charged on the capital value of all properties within the District, fixed charges across the whole district (UAGC), and penalties for late payment of rates.
Targeted rates	Rates where the benefit or use of a service can be assigned to specific households or communities, such as water, stormwater or promotion and economic development.
Subsidies and grants for operating purposes	Money received from other organisations that contribute to the operational cost of the service.
Fees and charges	Includes admission charges for Council facilities and regulatory fees e.g. permits and dog registration.
Internal charges and overheads recovered	Charges received from other departments of the Council such as overheads and direct costs.
Interest and dividends from investments	Money earned from our savings and investments through interest and dividend payments.
Local authorities fuel tax, fines, infringement fees, and other receipts	Miscellaneous revenue from other sources generally not of a significant nature e.g. local authority petrol tax.
<b>Total Operating Funding</b>	<b>Total revenue from the day to day operation of this activity.</b>

#### Applications of Operating Funding (Expenditure)

Payments to staff and suppliers	The day to day cost of running this activity e.g. salaries and wages, materials and services.
Finance costs	Interest payments we make on funds borrowed (loans).
Internal charges and overheads applied	Money paid to other departments of the Council such as overheads and direct costs.
Other operating funding applications	Miscellaneous expenses including bad debt expense, rates remissions and loss on disposal of assets.
<b>Total Applications of Operating Funding</b>	<b>Total operating expenditure for this activity.</b>
<b>Surplus (Deficit) of Operating Funding</b>	<b>Total revenue less total expenditure.</b>

## CAPITAL

### Sources of Capital Funding

Subsidies and grants for capital expenditure	Money received from other organisations that contribute to the capital cost of the service.
Development and financial contributions	Money paid by developers towards providing assets or extending existing assets to cater for increased demand due to growth, e.g. extending sewerage systems.
Increase (decrease) in debt	Borrowing money to pay for new assets, parts of assets or to fund temporary deficits, less loan repayments.
Gross proceeds from the sale of assets	Revenue to be raised from the sale of assets belonging to this activity.
Lump sum contributions	Payments made by an eligible ratepayer for the purposes of contributing to a capital project. However, we do not accept lump sum contributions for targeted rates.
<b>Total Sources of Capital Funding</b>	<b>Total capital funding for this activity.</b>

### Applications of Capital Funding

Capital expenditure	Capital expenditure creating a completely new asset or extending or renewing an existing asset to provide the same or greater service than it currently provides e.g. extending a sewer pipe to increase capacity. The expenditure is split to fund level of service improvements versus population growth and/or renewal works. While a lot of our capital projects contribute to more than one of these drivers, legislation requires us to allocate each project to just one driver in the Funding Impact Statements.
Increase (decrease) in reserves	Transferring funds into and from a reserve account held for a special purpose. Includes: transferring development contribution revenue to development contribution reserves; using funds from depreciation reserves, and using funds from operational reserves to provide or to assist with maintaining existing assets or services.
Increase (decrease) of investments	Net movement of investments.
<b>Total Applications of Capital Funding</b>	<b>Total capital expenditure for this activity.</b>
<b>Surplus (Deficit) of Capital Funding</b>	<b>Sources of capital funding less applications of capital funding.</b>
<b>Funding Balance</b>	<b>Net operating funding less net capital funding.</b>

# Funding Impact Statement – Whole of Council

## Te Whakapuakanga Pūtea - Kaunihera

Year ended 30 June 2020

	LTP 2018/19 \$000	ANNUAL REPORT 2018/19 \$000	ANNUAL PLAN 2019/20 \$000	ACTUAL 2019/20 \$000
<b>OPERATIONAL</b>				
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	22,313	23,226	23,045	23,215
Targeted Rates	22,592	22,511	23,861	24,318
Subsidies and grants for operating purposes	4,087	4,470	9,176	11,929
Fees and Charges	7,617	8,686	9,006	8,780
Interest and dividends from investments	50	35	45	13
Local authorities fuel tax, fines, infringement fees, and other receipts	1,786	2,594	1,887	2,961
<b>Total Sources of operating funding (A)</b>	<b>58,445</b>	<b>61,521</b>	<b>67,020</b>	<b>71,216</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	41,847	45,781	54,515	59,616
Finance costs	2,561	2,830	2,600	2,674
Other operating funding applications	850	489	910	1,061
<b>Total Applications of operating funding (B)</b>	<b>45,257</b>	<b>49,100</b>	<b>58,025</b>	<b>63,351</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>13,188</b>	<b>12,421</b>	<b>8,995</b>	<b>7,866</b>
<b>CAPITAL</b>				
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	15,814	10,996	16,682	8,312
Development and financial contributions	1,064	888	127	125
Increase (decrease) in debt	2,534	5,500	6,041	1,500
Gross proceeds from sale of assets	565	-	2,000	565
Lump Sum Contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>19,977</b>	<b>17,384</b>	<b>24,850</b>	<b>10,502</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	3,051	2,963	5,259	2,582
- to improve level of service	15,494	10,881	17,541	9,249
- to replace existing assets	11,126	13,396	13,605	9,392
Increase (decrease) in reserves	3,495	2,566	(2,561)	(2,855)
Increase (decrease) of investments	-	-	-	-
<b>Total Applications of capital funding (D)</b>	<b>33,166</b>	<b>29,805</b>	<b>33,845</b>	<b>18,368</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(13,188)</b>	<b>(12,421)</b>	<b>(8,995)</b>	<b>(7,866)</b>
<b>Funding Balance ((A-B) + (C-D))</b>				

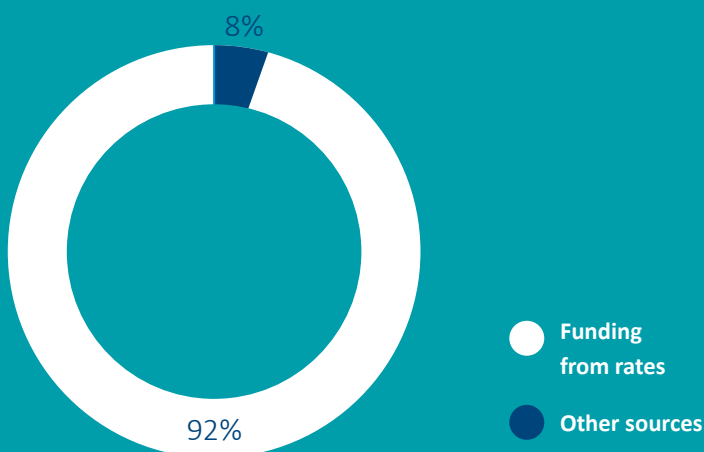
# Leadership Hautūtanga

No  
Capital  
expenditure

\$3.22 million  
Operating  
expenditure

0/1  
Performance  
measures met

## Sources of funding



Note: The above 'Operating Expenditure' and 'Sources of Funding' include funded depreciation requirements whereas the Funding Impact Statement that follows does not as it represents cash only.



# Our activities and their effects

## Ā mātou mahi me ngā hua

### Governance

#### *Mana whakahaere*

Our governance activity facilitated the 2019 local body elections ensuring the process was compliant with legislation. Governance has also supported our elected members to be effective, responsible and accountable representatives and decision makers on behalf of the District. Tools and information have been made available to aid decision-making processes and to ensure these decisions have been made in accordance with guiding legislation and policies.

### Community support

#### *Tautoko o te hāpori*

Our community support activity has been responsible for recognising, supporting and celebrating our local communities. Through Community Boards, annual grants and partner funders, we have provided support to community, cultural and sporting groups as well as individuals, managed civic ceremonies and fostered partner city relationships.

### Strategy and policy

#### *Rautaki me ngā kaupapa here*

The strategy and policy activity has delivered strong evidence-based strategic advice to support Council's direction and decision-making processes. We have worked on Council's Climate Change project, developed strategies and policies and developed corporate documents such as the Annual Plan for the District.



# What these activities cost and how they were paid for

Te utu o ēnei mahi, i pehea i whakaea

## FUNDING IMPACT STATEMENT: LEADERSHIP

OPERATIONAL	LTP 2018/19 \$000	LTP 2019/20 \$000	ACTUAL 2019/20 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,964	2,956	2,804
Targeted Rates	334	339	339
Subsidies and grants for operating purposes	-	-	-
Fees and Charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	2	53	212
<b>Sources of operating funding (A)</b>	<b>3,299</b>	<b>3,347</b>	<b>3,355</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,141	2,171	2,067
Finance costs	3	3	3
Internal charges and overheads applied	1,092	1,108	1,085
Other operating funding applications	-	-	-
<b>Applications of operating funding (B)</b>	<b>3,236</b>	<b>3,282</b>	<b>3,155</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>63</b>	<b>65</b>	<b>200</b>
<b>CAPITAL</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(6)	(6)	(6)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Sources of capital funding (C)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>
<b>Capital expenditure</b>			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	58	59	194
Increase (decrease) of investments	-	-	-
<b>Applications of capital funding (D)</b>	<b>58</b>	<b>59</b>	<b>194</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(63)</b>	<b>(65)</b>	<b>(200)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Performance Measures *Ngā ine whaihua*

Satisfaction of the performance of the Mayor and Councillors



*Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.*

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

*\*DIA Mandatory Measure*

<b>LEGEND</b>	<span style="color: green;">■</span> Achieved/Exceeded	<span style="color: red;">■</span> Not achieved	<span style="border: 1px solid black; padding: 0 5px;"> </span> Target value indication
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# Roads and footpaths

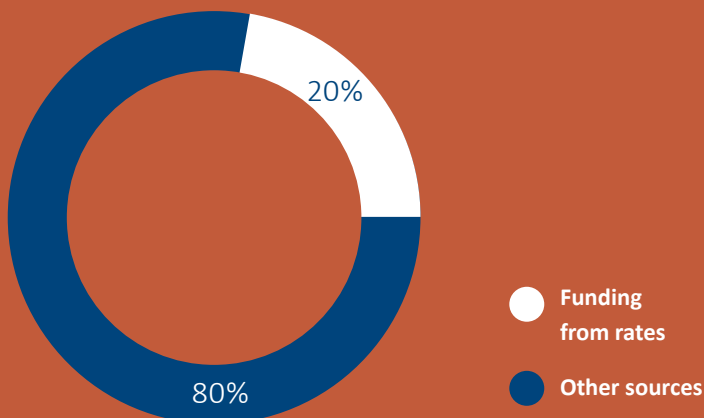
Ngā huarahi me ngā ara

\$9.96 million  
Capital expenditure

\$16.53 million  
Operating expenditure

5/7  
Performance measures met

## Sources of funding



Note: The above 'Operating Expenditure' and 'Sources of Funding' include funded depreciation requirements whereas the Funding Impact Statement that follows does not as it represents cash only.





# Our activities and their effects

## Ā mātou mahi me ngā hua

### Transport networks

#### Ngā ara waka

Our transport networks activity has been responsible for ensuring that people, goods and services are connected via safe, efficient and affordable road, cycling and footpath networks. We have provided steady maintenance and upgrades of our core infrastructure and signage over the previous year, and developed the Active Whakatāne Strategy.

### Parking enforcement

#### Whakauruhi tūwaka

Our parking enforcement activity has supported the availability of parking and access to busy retail areas in the Whakatāne town centre and Kopeopeo. The activity also supported road safety by ensuring vehicles have valid registrations and warrants of fitness.



# What these activities cost and how they were paid for

Te utu o ēnei mahi, i pehea i whakaea

<b>FUNDING IMPACT STATEMENT: ROADS AND FOOTPATHS</b>	<b>LTP 2018/19 \$000</b>	<b>LTP 2019/20 \$000</b>	<b>ACTUAL 2019/20 \$000</b>
<b>OPERATIONAL</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	(25)	(25)	(23)
Targeted Rates	5,837	6,412	6,041
Subsidies and grants for operating purposes	3,685	3,770	3,849
Fees and Charges	28	28	82
Internal charges and overheads recovered	1,482	1,516	1,618
Local authorities fuel tax, fines, infringement fees, and other receipts	603	617	894
<b>Sources of operating funding (A)</b>	<b>11,610</b>	<b>1,232</b>	<b>12,462</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,112	6,104	6,140
Finance costs	454	452	375
Internal charges and overheads applied	2,381	2,428	2,391
Other operating funding applications	-	-	-
<b>Applications of operating funding (B)</b>	<b>8,947</b>	<b>8,984</b>	<b>8,906</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2,664</b>	<b>3,333</b>	<b>3,556</b>
<b>CAPITAL</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	15,513	7,423	7,352
Development and financial contributions	13	13	36
Increase (decrease) in debt	(203)	(204)	(5)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Sources of capital funding (C)</b>	<b>15,323</b>	<b>7,233</b>	<b>7,383</b>
<b>Capital expenditure</b>			
- to meet additional demand	1,960	1,451	519
- to improve level of service	11,743	3,216	5,230
- to replace existing assets	5,098	5,711	4,208
Increase (decrease) in reserves	(814)	187	982
Increase (decrease) of investments	-	-	-
<b>Applications of capital funding (D)</b>	<b>17,986</b>	<b>10,566</b>	<b>10,939</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,664)</b>	<b>(3,333)</b>	<b>(3,556)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Performance Measures Ngā ine whaihua

Leadership

Satisfaction with roads in your District excluding state highways



Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

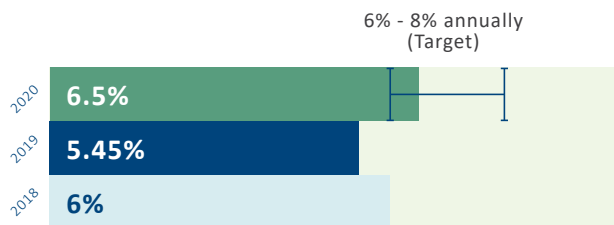
Average quality of ride on sealed local road network - smooth travel exposure\*



\* Smooth travel exposure indicates the ride quality experienced by motorists and shows the percentage of vehicle kilometres travelled on smooth, sealed roads

Roads and footpaths

Percentage of sealed local road network that is resurfaced



Percentage of qualifying footpaths within the Whakatāne District that fall within the level of service or service standard for the condition of footpaths that is set out in the activity management plans\*



Percentage of emergency customer service requests relating to roads and footpaths responded to within two hours

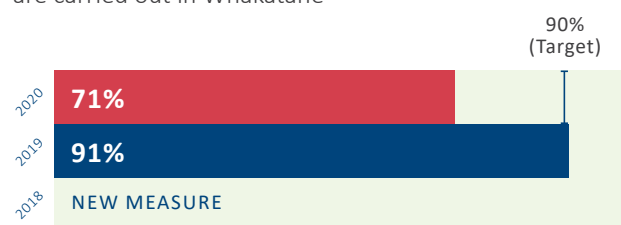


Percentage of all other customer service requests relating to roads and footpaths responded to within 7 days\*



\* Parking patrols did not occur during COVID-19 National Alert Levels 3 and 4 which significantly impacted the results for the year.

Percentage of the time at least two patrols per day are carried out in Whakatāne



Note: Parking patrols did not occur during COVID-19 National Alert Levels 3 and 4 which significantly impacted the results for the year.

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

\*DIA Mandatory Measure

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication

# Water supply

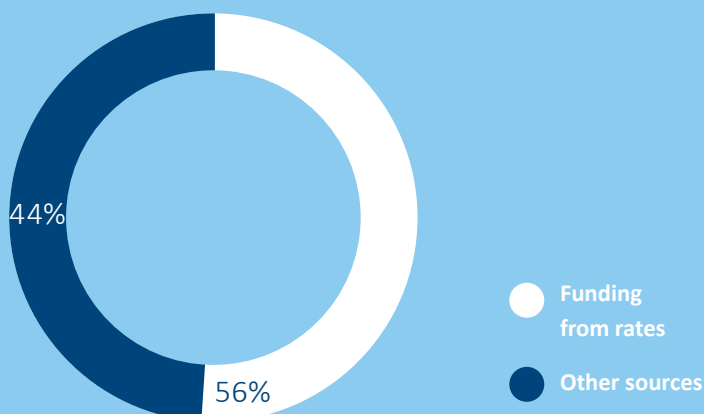
## Ngā puna wai

\$2.56 million  
Capital  
expenditure

\$6.42 million  
Operating  
expenditure

14/17  
Performance  
measures met

### Sources of funding



Note: The above 'Operating Expenditure' and 'Sources of Funding' include funded depreciation requirements whereas the Funding Impact Statement that follows does not as it represents cash only.



# Our activities and their effects

## Ā mātou mahi me ngā hua

### Water supply

#### Ngā puna wai

Our water supply activity has treated and provided safe, reliable and sustainable water to meet community demand and urban firefighting requirements. We operated and maintained 10 different water supply schemes across the District, treating the water to ensure its safety and continuity.



Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# What these activities cost and how they were paid for

Te utu o ēnei mahi, i pehea i whakaea

<b>FUNDING IMPACT STATEMENT: WATER SUPPLY</b>	<b>LTP 2018/19 \$000</b>	<b>LTP 2019/20 \$000</b>	<b>ACTUAL 2019/20 \$000</b>
<b>OPERATIONAL</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted Rates	6,117	5,885	7,033
Subsidies and grants for operating purposes	-	-	-
Fees and Charges	55	57	68
Internal charges and overheads recovered	49	55	91
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	9
<b>Sources of operating funding (A)</b>	<b>6,221</b>	<b>5,996</b>	<b>7,201</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,710	1,717	1,861
Finance costs	460	552	400
Internal charges and overheads applied	1,885	1,925	2,385
Other operating funding applications	-	-	-
<b>Applications of operating funding (B)</b>	<b>4,056</b>	<b>4,193</b>	<b>4,646</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2,166</b>	<b>1,803</b>	<b>2,555</b>
<b>CAPITAL</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	280	43	15
Increase (decrease) in debt	934	3,096	1,054
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Sources of capital funding (C)</b>	<b>1,214</b>	<b>3,138</b>	<b>1,069</b>
<b>Capital expenditure</b>			
- to meet additional demand	421	2,390	527
- to improve level of service	801	1,108	948
- to replace existing assets	1,150	1,136	1,088
Increase (decrease) in reserves	1,007	308	1,061
Increase (decrease) of investments	-	-	-
<b>Applications of capital funding (D)</b>	<b>3,379</b>	<b>4,942</b>	<b>3,624</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,166)</b>	<b>(1,803)</b>	<b>(2,555)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

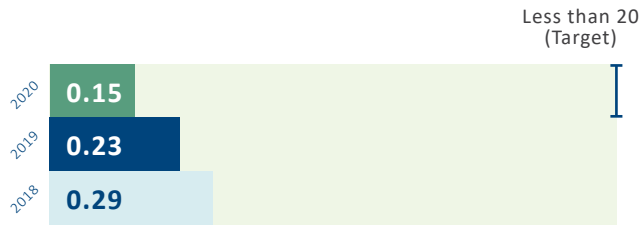
Corporate and district activities

Council controlled organisations

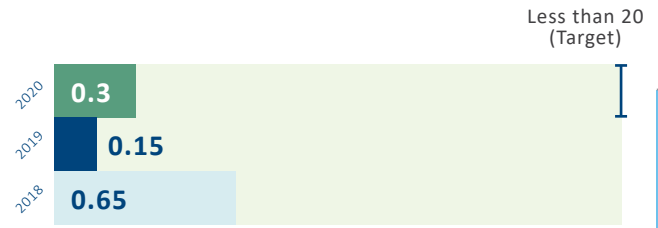
# Performance measures *Ngā ine whaihua*

Leadership

Number of complaints, per 1,000 connections, received by the Council about drinking water odour\*



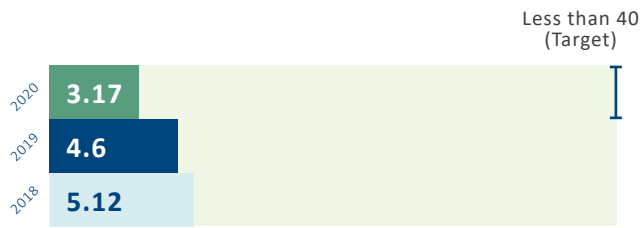
Number of complaints, per 1,000 connections, received by the Council about drinking water taste\*



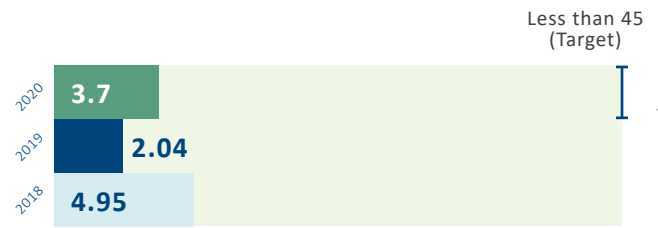
Roads and footpaths

Water supply

Number of complaints received, per 1,000 connections, by the Council about continuity of supply\*



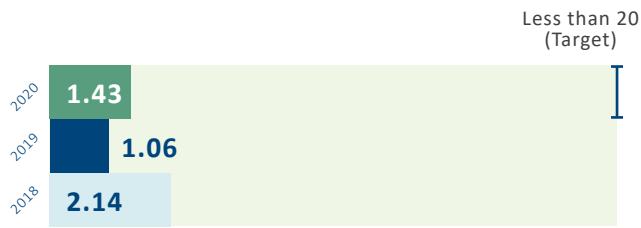
Number of complaints, per 1,000 connections, received by the Council about drinking water pressure or flow\*



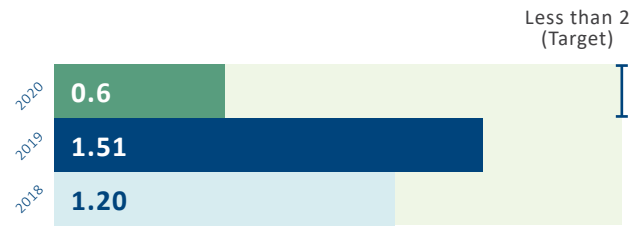
Sewage treatment and disposal

Stormwater drainage

Number of complaints, per 1,000 connections, received by the Council about drinking water clarity\*



Number of complaints received, per 1,000 connections, about the Council's response to any of these issues (taste/odour/pressure/flow/continuity of supply)



Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

\*DIA Mandatory Measure

**LEGEND**

- Achieved/Exceeded
- Not achieved
- Target value indication

Average consumption of drinking water per day per resident in the District for metered areas\*



Average consumption of drinking water per day per resident in the District for unmetered areas\*

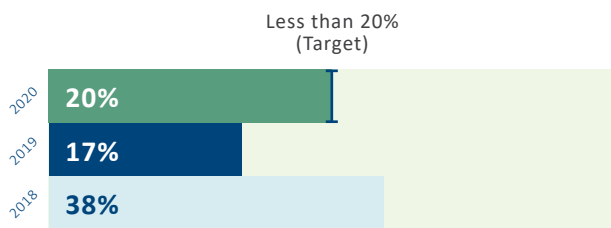


Satisfaction with the water supply

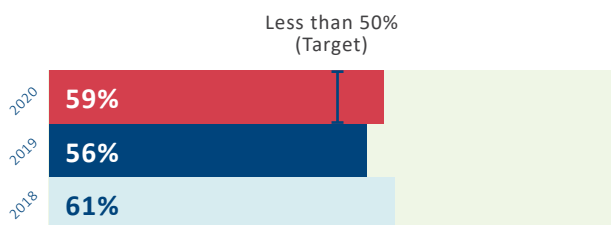


Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

Maintenance of reticulation- percentage of real water loss from our networked reticulation for metered schemes\*



Maintenance of reticulation- percentage of real water loss from our networked reticulation for unmetered schemes\*



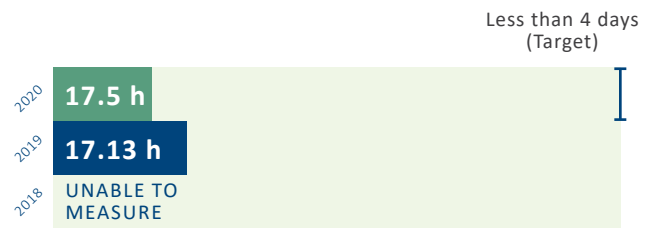
\* Water losses in unmetered schemes are very difficult to control. Even if volumetric charging is not introduced, water meters need to be installed for all customers to enable leak detection.

\*DIA Mandatory Measure

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication

Median response time to attend non-urgent call-outs\*



Note: Due to system issues at the time, the Council was unable to measure performance in 2017-18. As a result, the 2018 audit opinion was modified but this historical result does not impact the 2020 year opinion.

Median response time to resolve non-urgent call-outs\*



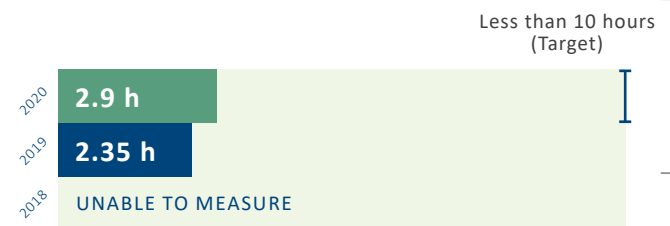
Note: Due to system issues at the time, the Council was unable to measure performance in 2017-18. As a result, the 2018 audit opinion was modified but this historical result does not impact the 2020 year opinion.

Median response time to attend urgent call-outs\*



Note: Due to system issues at the time, the Council was unable to measure performance in 2017-18. As a result, the 2018 audit opinion was modified but this historical result does not impact the 2020 year opinion.

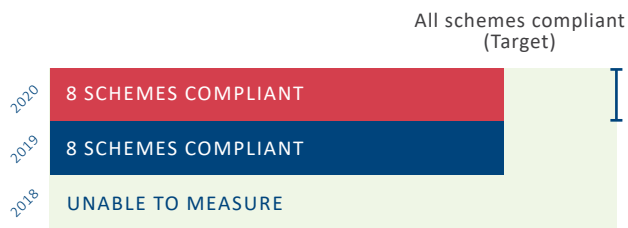
Median response time to resolve urgent call-outs\*



Note: Due to system issues at the time, the Council was unable to measure performance in 2017-18. As a result, the 2018 audit opinion was modified but this historical result does not impact the 2020 year opinion.

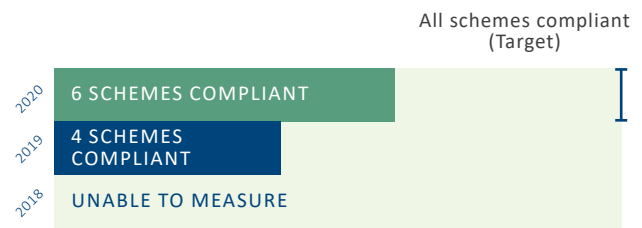


The extent to which Council’s drinking water supplies comply with part 4 of the drinking water standards (bacteria compliance criteria)\*



Note: See the following table for detail.

The extent to which Council’s drinking water supplies comply with part 5 of the drinking water standards (protozoal compliance criteria)\*



Note: See the following table for detail.

Scheme	Compliant with DWS Part 4?	Compliant with DWS Part 5?
Matatā	Yes	Yes
Murupara	Yes	No – water is untreated
Otumahi (Edgecumbe, Te Teko and surrounds)	Yes	Yes
Penetito/ Galatea Rd	No – Positive E. coli test result in 2019	No – water is untreated
Rangitāiki Plains Rural	Yes	No- the water is chlorinated however there is no additional treatment process for protozoa
Ruātoki	No – due to instances of high turbidity	No – due to instances of high turbidity
Tāneatua	Yes	Yes
Te Mahoe	Yes	Yes
Waimana	Yes	Yes
Whakatāne/ Ōhope	Yes	Yes

\*DIA Mandatory Measure

<b>LEGEND</b>	<span style="color: green;">■</span> Achieved/Exceeded	<span style="color: red;">■</span> Not achieved	<span style="font-size: 2em;"> </span> Target value indication
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Leadership  
Roads and footpaths  
Water supply  
Sewage treatment and disposal  
Stormwater drainage  
Solid waste  
Environmental sustainability  
Community safety  
District growth  
Recreation and community services  
Corporate and district activities  
Council controlled organisations

# Sewage treatment and disposal

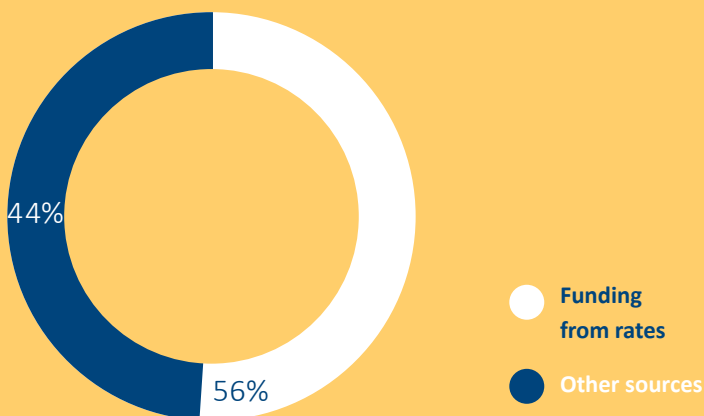
Te rānekeweke me te rukea o te parakaingaki

\$894,000  
Capital expenditure

\$4.51 million  
Operating expenditure

11/12  
Performance measures met

## Sources of funding



Note: The above 'Operating Expenditure' and 'Sources of Funding' include funded depreciation requirements whereas the Funding Impact Statement that follows does not as it represents cash only.



# Our activities and their effects

## Ā mātou mahi me ngā hua

### Sewage treatment and disposal

#### *Te rāwekeweke me te rukea o te parakaingaki*

We have provided efficient, reliable, safe and sustainable sewerage systems to protect the health of our communities and natural environment. This has involved operating and maintaining six wastewater schemes servicing 75% of the District's population. Infrastructure includes sewer lines, underground pipes, pump stations and treatment plants.



Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# What these activities cost and how they were paid for

Te utu o ēnei mahi, i pehea i whakaea

<b>FUNDING IMPACT STATEMENT: SEWAGE TREATMENT AND DISPOSAL</b>	<b>LTP 2018/19 \$000</b>	<b>LTP 2019/20 \$000</b>	<b>ACTUAL 2019/20 \$000</b>
<b>OPERATIONAL</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	126	438	167
Targeted Rates	3,764	4,038	4,394
Subsidies and grants for operating purposes	-	-	-
Fees and Charges	137	140	133
Internal charges and overheads recovered	54	55	49
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	15
<b>Sources of operating funding (A)</b>	<b>4,081</b>	<b>4,672</b>	<b>4,758</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	865	906	1,012
Finance costs	366	442	386
Internal charges and overheads applied	1,434	1,459	1,820
Other operating funding applications	-	-	-
<b>Applications of operating funding (B)</b>	<b>2,664</b>	<b>2,806</b>	<b>3,218</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,417</b>	<b>1,866</b>	<b>1,540</b>
<b>CAPITAL</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	747	50	15
Increase (decrease) in debt	3,115	(149)	(109)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Sources of capital funding (C)</b>	<b>3,862</b>	<b>(99)</b>	<b>(94)</b>
<b>Capital expenditure</b>			
- to meet additional demand	319	34	10
- to improve level of service	363	457	346
- to replace existing assets	444	479	539
Increase (decrease) in reserves	4,152	797	551
Increase (decrease) of investments	-	-	-
<b>Applications of capital funding (D)</b>	<b>5,279</b>	<b>1,767</b>	<b>1,446</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,417)</b>	<b>1,866</b>	<b>(1,539)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# Performance Measures *Ngā ine whaihua*

Leadership

Satisfaction with the sewerage system

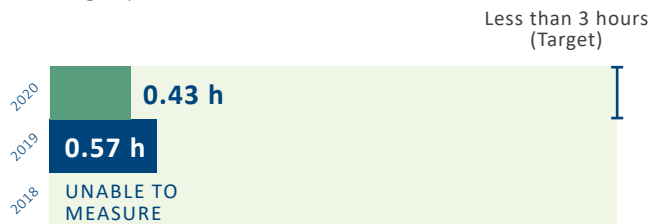


Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

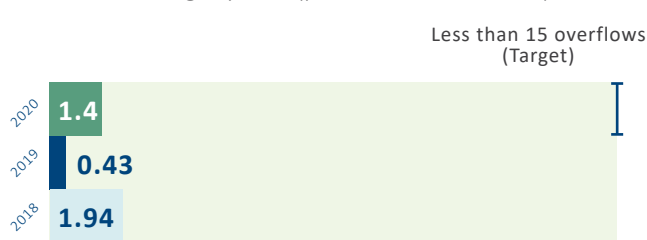
Number of complaints received per 1,000 connections about sewerage system blockages\*



Median response time to resolve a sewage overflow resulting from a blockage or other fault in the Council's sewerage system\*



Number of dry weather sewage overflows from the Council's sewerage system (per 1,000 connections)\*



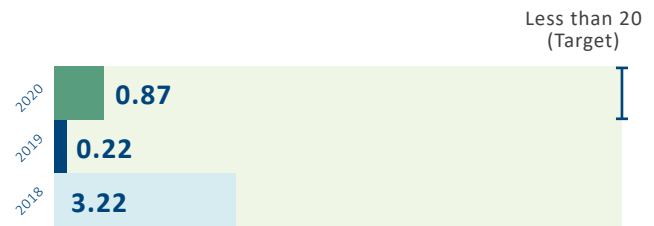
Number of infringement notices received by the Council in relation to the resource consents for discharge from our sewerage systems\*



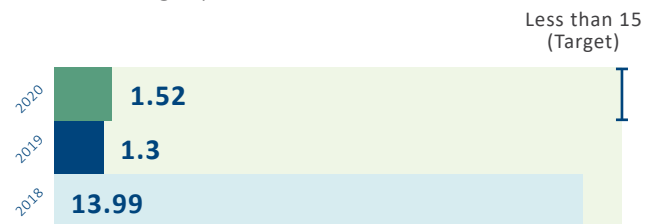
Number of enforcement orders received by the Council in relation to the resource consents for discharge from our sewerage systems\*



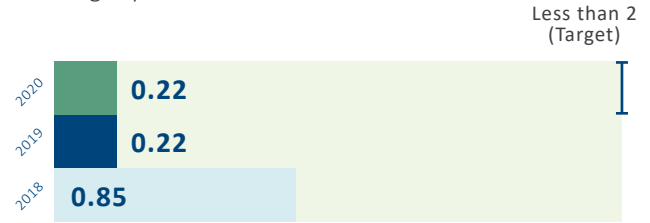
Number of complaints received per 1,000 connections about sewage odour



Number of complaints received per 1,000 connections about sewerage system faults\*



Number of complaints received per 1,000 connections about the Council's response to issues with our sewerage system\*



\*DIA Mandatory Measure

**LEGEND**

- Achieved/Exceeded
- Not achieved
- Target value indication

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

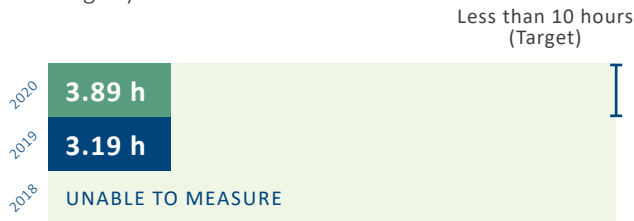
Number of abatement notices received by the Council in relation to the resource consents for discharge from our sewerage systems\*



Number of convictions received by the Council in relation to the resource consents for discharge from our sewerage systems\*



Median response time to resolve a sewage overflow resulting from a blockage or other fault in the Council's sewerage system\*



*Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.*

The Council was issued a formal warning during the year for an overflow from the sewerage network and has been working with Bay of Plenty Regional Council to resolve the issue. This has included installing a monitoring device to enable early response, while work is being undertaken to prevent future reoccurrence.

Leadership  
 Roads and footpaths  
 Water supply  
**Sewage treatment and disposal**  
 Stormwater drainage  
 Solid waste  
 Environmental sustainability  
 Community safety  
 District growth  
 Recreation and community services  
 Corporate and district activities  
 Council controlled organisations

\*DIA Mandatory Measure

LEGEND

Achieved/Exceeded

Not achieved

Target value indication

# Stormwater drainage

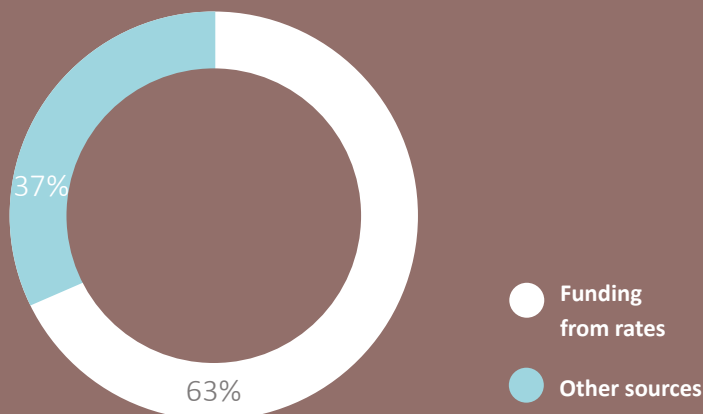
Te anakeri o te wai āwhā

\$567,000  
Capital  
expenditure

\$3.01 million  
Operating  
expenditure

8/8  
Performance  
measures met

## Sources of funding



Note: The above 'Operating Expenditure' and 'Sources of Funding' include funded depreciation requirements whereas the Funding Impact Statement that follows does not as it represents cash only.



# Our activities and their effects

## Ā mātou mahi me ngā hua

### Stormwater drainage

#### *Te awakeri o te wai āwhā*

Our Stormwater Drainage activity has been responsible for maintaining and operating our stormwater systems, ensuring they have been safe, sustainable, reliable and efficient. The eight stormwater systems we maintain have removed water from urban areas and dispersed it safely into waterways, minimising the risk to human life and property.



Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

**Stormwater drainage**

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations



# What these activities cost and how they were paid for

Te utu o ēnei mahi, i pehea i whakaea

## FUNDING IMPACT STATEMENT: STORMWATER DRAINAGE

OPERATIONAL	LTP 2018/2019 \$000	LTP 2019/20 \$000	ACTUAL 2019/20 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	352	354	321
Targeted Rates	3,184	3,390	3,164
Subsidies and grants for operating purposes	-	-	131
Fees and Charges	-	-	-
Internal charges and overheads recovered	1,930	1,957	2,812
Local authorities fuel tax, fines, infringement fees, and other receipts	100	103	24
<b>Sources of operating funding (A)</b>	<b>5,566</b>	<b>5,804</b>	<b>6,452</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,669	2,718	3,602
Finance costs	956	994	777
Internal charges and overheads applied	919	935	1,029
Other operating funding applications	-	-	-
<b>Applications of operating funding (B)</b>	<b>4,544</b>	<b>4,646</b>	<b>5,408</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,022</b>	<b>1,158</b>	<b>1,044</b>
<b>CAPITAL</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	24	25	11
Increase (decrease) in debt	26	988	(354)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Sources of capital funding (C)</b>	<b>50</b>	<b>1,012</b>	<b>(343)</b>
<b>Capital expenditure</b>			
- to meet additional demand	5	51	2
- to improve level of service	956	1,899	413
- to replace existing assets	153	40	152
Increase (decrease) in reserves	(40)	180	135
Increase (decrease) of investments	-	-	-
<b>Applications of capital funding (D)</b>	<b>1,073</b>	<b>2,170</b>	<b>702</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,022)</b>	<b>(1,158)</b>	<b>(1,044)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

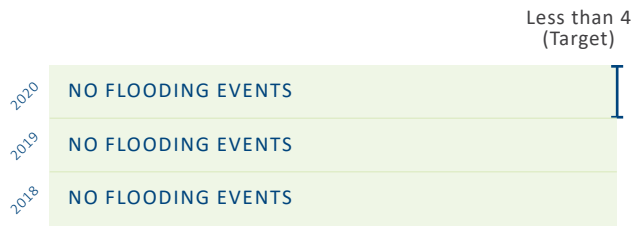
Corporate and district activities

Council controlled organisations

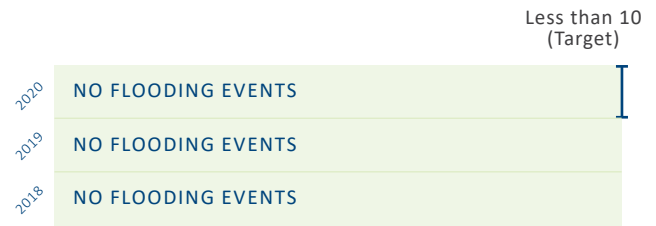
# Performance Measures *Ngā ine whaihua*

Leadership

Number of flooding events in the District\*



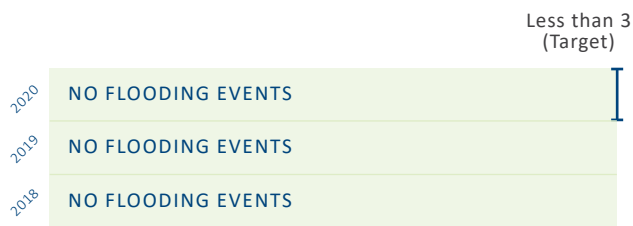
For each flooding event, the number of habitable floors affected (per 1,000 properties connected to the Council's stormwater system)\*



Roads and footpaths

Water supply

Median response time to attend a flooding event\*



Number of complaints received about the performance of the stormwater system per 1,000 connections



Sewage treatment and disposal

Stormwater drainage

Number of abatement notices received by the Council in relation to the resource consents for discharge from our stormwater systems\*



Number of infringement notices received by the Council in relation to the resource consents for discharge from our stormwater systems\*



Solid waste

Environmental sustainability

Number of enforcement orders received by the Council in relation to the resource consents for discharge from our stormwater systems\*



Number of successful prosecutions received by the Council in relation to the resource consents for discharge from our stormwater systems\*



Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

\*DIA Mandatory Measure

LEGEND  Achieved/Exceeded  Not achieved  Target value indication

# Solid waste

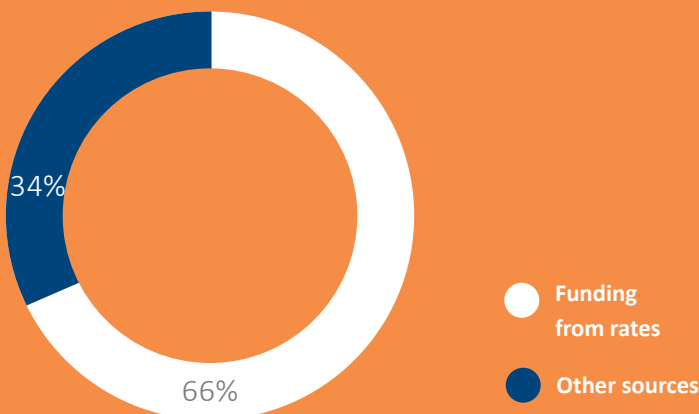
## Ngā para totoka

\$55,000  
Capital  
expenditure

\$5.6 million  
Operating  
expenditure

0/3  
Performance  
measures met

### Sources of funding



Note: The above 'Operating Expenditure' and 'Sources of Funding' include funded depreciation requirements whereas the Funding Impact Statement that follows does not as it represents cash only.



# Our activities and their effects

## Ā mātou mahi me ngā hua

### Solid waste

#### Ngā para totoka

Our solid waste activity has taken proactive steps to minimise environmental harm from solid waste, while sustainably managing our waste services, finances and assets for our communities. Our team has been responsible for the regular curb-side collections, management of our refuse transfer stations and the operation of our six closed landfill sites, as well as working on a new Waste Minimisation and Management Plan.

During COVID-19 National Alert Levels 3 and 4, regular kerbside recycling was suspended as recycling sorting plants were closed.



Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

**Solid waste**

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# What these activities cost and how they were paid for

Te utu o ēnei mahi, i pehea i whakaea

## FUNDING IMPACT STATEMENT: SOLID WASTE

OPERATIONAL	LTP 2018/19 \$000	LTP 2019/20 \$000	ACTUAL 2019/20 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,849	1,924	1,655
Targeted Rates	2,595	2,732	2,463
Subsidies and grants for operating purposes	110	112	125
Fees and Charges	710	724	1,203
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	94
<b>Sources of operating funding (A)</b>	<b>5,264</b>	<b>5,492</b>	<b>5,540</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,427	4,575	5,066
Finance costs	131	123	101
Internal charges and overheads applied	502	513	438
Other operating funding applications	-	-	-
<b>Applications of operating funding (B)</b>	<b>5,060</b>	<b>5,211</b>	<b>5,605</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>204</b>	<b>282</b>	<b>(65)</b>
<b>CAPITAL</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	3
Increase (decrease) in debt	(244)	(246)	(248)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Sources of capital funding (C)</b>	<b>(244)</b>	<b>(246)</b>	<b>(245)</b>
<b>Capital expenditure</b>			
- to meet additional demand	5	5	6
- to improve level of service	5	5	5
- to replace existing assets	30	30	45
Increase (decrease) in reserves	(80)	(5)	(364)
Increase (decrease) of investments	-	-	-
<b>Applications of capital funding (D)</b>	<b>(40)</b>	<b>36</b>	<b>(309)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(204)</b>	<b>(282)</b>	<b>64</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

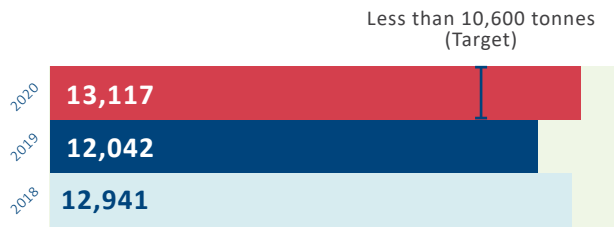
Recreation and community services

Corporate and district activities

Council controlled organisations

# Performance Measures *Ngā ine whaihua*

Amount of Council controlled solid waste sent to landfill



Note: Overall, the district is experiencing an increase in the amount of waste. However, council continues to divert a significant amount of waste from landfill. Furthermore, Council suspended regular recycling services during Alert Levels 3 and 4 as recycling plants were shut down, resulting in a small increase to waste sent to landfill.

User satisfaction with the kerbside waste collection service\*



Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

User satisfaction with refuse disposal (transfer station facilities)



Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

**Solid waste**

Environmental sustainability

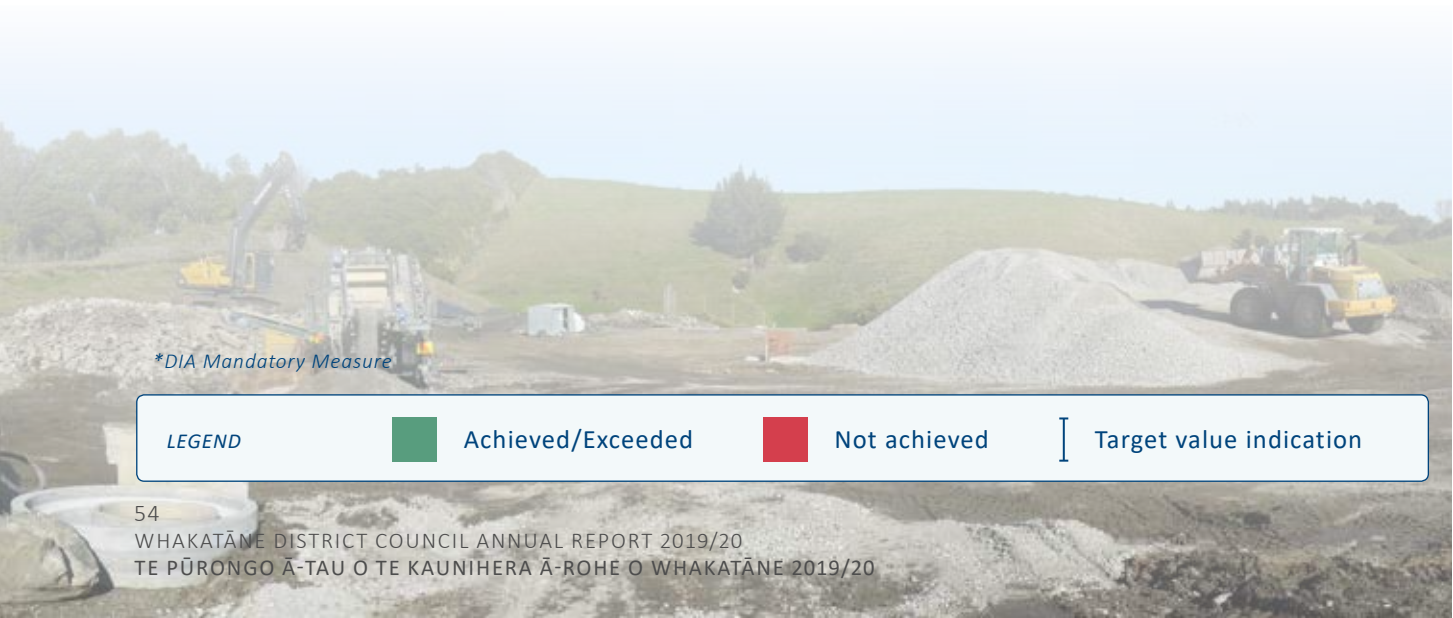
Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations



\*DIA Mandatory Measure

**LEGEND**

- Achieved/Exceeded
- Not achieved
- Target value indication

# Environmental sustainability

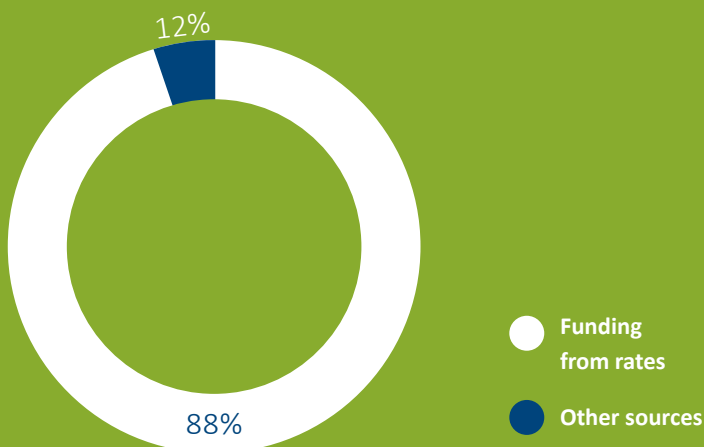
Toitū o te taiao

NO  
Capital  
expenditure

\$13.28 million  
Operating  
expenditure

2/6  
Performance  
measures met

## Sources of funding



Note: The above 'Operating Expenditure' and 'Sources of Funding' include funded depreciation requirements whereas the Funding Impact Statement that follows does not as it represents cash only.



# Our activities and their effects

## Ā mātou mahi me ngā hua

### Resource management – policy

#### *Whakahaere rawa – kaupapa here*

Resource Management – Policy has provided support to Council activities across our District to ensure the use of land is balanced with the need for growth and protection of our spaces and people. A core focus of the past year has been continued work on the District Future Development Strategy.

### Resource management – consents

#### *Whakahaere rawa – whakaaetanga*

Resource Management – Consents has provided advice and processing of resource consent applications, as well as monitoring compliance with the District Plan and conditions of consents, ensuring negative effects on our communities and environment have been avoided, remedied or mitigated. We have also worked with developers within the District, ensuring that the advice we have given and consents we have issued benefit the wider community.

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations





# What these activities cost and how they were paid for

Te utu o ēnei mahi, i pehea i whakaea

<b>FUNDING IMPACT STATEMENT: ENVIRONMENTAL SUSTAINABILITY</b>	<b>LTP 2018/19 \$000</b>	<b>LTP 2019/20 \$000</b>	<b>ACTUAL 2019/20 \$000</b>
<b>OPERATIONAL</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,019	1,892	1,733
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	-	7,025
Fees and Charges	300	306	495
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	70	71	424
<b>Sources of operating funding (A)</b>	<b>2,389</b>	<b>2,270</b>	<b>9,676</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,041	1,035	12,562
Finance costs	100	89	145
Internal charges and overheads applied	769	784	697
Other operating funding applications	-	-	-
<b>Applications of operating funding (B)</b>	<b>1,910</b>	<b>1,907</b>	<b>13,404</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>479</b>	<b>362</b>	<b>(3,727)</b>
<b>CAPITAL</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(302)	(314)	3,871
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Sources of capital funding (C)</b>	<b>(302)</b>	<b>(314)</b>	<b>3,871</b>
<b>Capital expenditure</b>			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	177	48	144
Increase (decrease) of investments	-	-	-
<b>Applications of capital funding (D)</b>	<b>177</b>	<b>48</b>	<b>144</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(479)</b>	<b>(362)</b>	<b>3,727</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# Performance Measures Ngā ine whaihua

Leadership

Status of the District Development Strategy (DDS) and District Plan (DP)

Develop changes to the District Plan to provide for projected residential and commercial growth.



Staff shortages and difficulty recruiting have resulted in extended timeframes for a number of years. Furthermore, the planning team's involvement in Civil Defence responses further extended timeframes. New appointments have been made and there is increased resource for this activity to meet specified levels of service going forward.

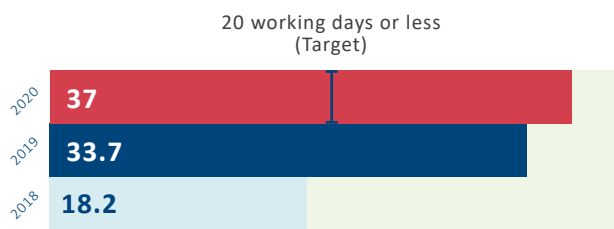
Note: Foundational work is well underway through the Future Development Strategy and continues to be a high priority for the Council in recognition of unprecedented population growth.

User satisfaction with Council's resource consent process



Note: This service has been impacted in the past year by staff shortages and disruptions resulting from unexpected events (Whakaari Eruption and Covid-19). Capacity continues to recover which will help meet specified levels of service going forward. This result has been sourced from our in-house building compliance survey, using SurveyGizmo.

Average time to process non-notified subdivision resource consents



\*DIA Mandatory Measure

**LEGEND**

Achieved/Exceeded

Not achieved

Target value indication

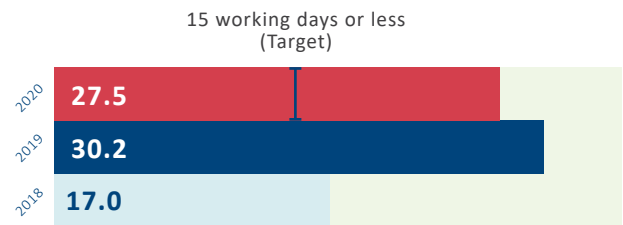
Progress made to develop the District Plan to respond to natural hazards

Changes to the District Plan to manage hazards relating to Coastal and Marine processes are developed



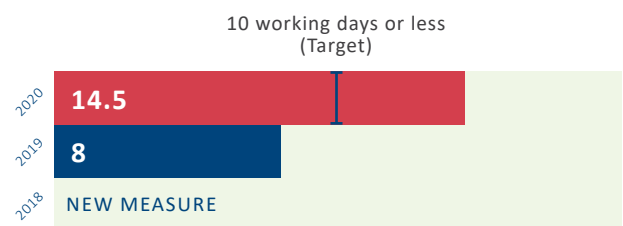
Note: Plan change progressed for the Awatarariki high risk zone. A proposed Plan change is underway for landslide hazards

Average time to process non-notified land use resource consents



Note: Staff shortages and difficulty recruiting have resulted in extended timeframes for a number of years. Furthermore, the planning team's involvement in Civil Defence responses further extended timeframes. New appointments have been made and there is increased resource for this activity to meet specified levels of service going forward.

Average time to process fast-tracked non-notified land use resource consents



Note: Staff shortages and difficulty recruiting have resulted in extended timeframes for a number of years. Furthermore, the planning team's involvement in Civil Defence responses further extended timeframes. New appointments have been made and there is increased resource for this activity to meet specified levels of service going forward.

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations



# Community safety

Te marutau o te hapori

NO  
Capital  
expenditure

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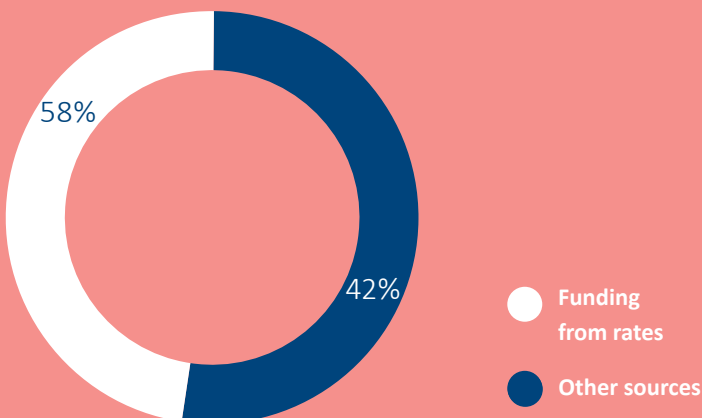
\$5.57 million  
Operating  
expenditure

---

9/12  
Performance  
measures met

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## Sources of funding



Note: The above 'Operating Expenditure' and 'Sources of Funding' include funded depreciation requirements whereas the Funding Impact Statement that follows does not as it represents cash only.



# Our activities and their effects

## Ā mātou mahi me ngā hua

### Licensing (alcohol and gambling)

#### *Raihana (waipiro me te peti)*

This activity has protected and enhanced the wellbeing of our communities by managing exposure to alcohol and gambling facilities. We have issued licenses and managers certificates, inspected premises and worked closely with other organisations to monitor adherence to license conditions and measure harm reduction.

### Environmental health and regulation monitoring

#### *Aroturuki ture*

Our team has monitored and enforced environmental and public health standards to keep our communities safe and healthy. This involved the licensing of food premises, monitoring the state of the environment (including water supplies) and responding to complaints of noise or odour.

### Building

#### *Hangatanga*

Our building activity has received, processed and issued building consents, as well as inspected building consents and issued code compliance certificates for issued building consents. The team has worked hard to ensure that all people, including developers, understand the requirements, costs and timeframes, and have provided advice and guidance to operate in the best interests of our communities.

### Animal control

#### *Take kararehe*

The animal control activity has made our communities safer by responding to roaming or abandoned animal complaints, supplying them with shelter and food and rehoming animals where possible. They have received and responded to complaints from the public and issued fines where necessary. Animal control in Murupara and the surrounding area has been delivered in partnership with Te Rūnanga o Ngāti Manawa.

### Emergency management

#### *Mahi whakamarumarū*

This year, the Emergency Management function had an immediate responsibility and obligation to respond to the Whakaari / White Island eruption and COVID-19. Our response included operating our Civil Defence Emergency Operation Centre in support of the Police, Ministry of Health and regional Civil Defence efforts to respond and recover from these events.

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# What these activities cost and how they were paid for

Te utu o ēnei mahi, i pehea i whakaea

## FUNDING IMPACT STATEMENT: COMMUNITY SAFETY

OPERATIONAL	LTP 2018/19 \$000	LTP 2019/20 \$000	ACTUAL 2019/20 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,523	2,463	2,433
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	-	318
Fees and Charges	1,394	1,399	1,578
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	533	544	639
<b>Sources of operating funding (A)</b>	<b>4,450</b>	<b>4,405</b>	<b>4,968</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,511	2,558	3,440
Finance costs	120	-	-
Internal charges and overheads applied	1,546	1,569	1,935
Other operating funding applications	-	-	-
<b>Applications of operating funding (B)</b>	<b>4,176</b>	<b>4,126</b>	<b>5,375</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>273</b>	<b>279</b>	<b>(407)</b>
<b>CAPITAL</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital expenditure</b>			
- to meet additional demand	-	-	-
- to improve level of service	-	-	1
- to replace existing assets	-	-	-
Increase (decrease) in reserves	273	279	(408)
Increase (decrease) of investments	-	-	-
<b>Applications of capital funding (D)</b>	<b>273</b>	<b>279</b>	<b>(407)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(273)</b>	<b>(279)</b>	<b>407</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# Performance Measures Ngā ine whaihua

Percentage of licensed premises inspected at least once per year, excluding special licenses

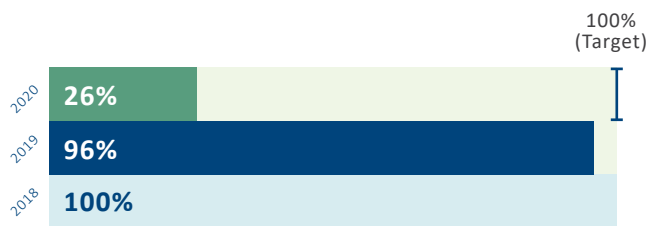


Percentage of environmental health complaints (excluding noise) responded to within two working days



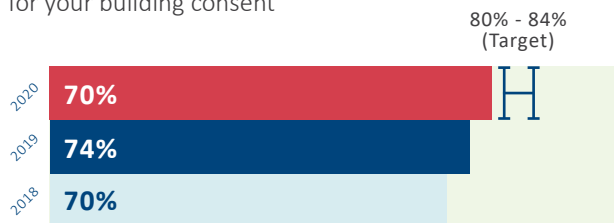
Note: This financial year the Council received a low number of food and health nuisance complaints. While the target was not met, 26 out of the 30 complaint that were received were responded to within the timeframe.

Percentage of registered premises verified within the timeframes defined by the Food Act 2014



Note: Covid-19 lockdown had a significant impact on our ability to undertake inspections with many venues required to close during the year. The subsequent need to catch-up on missed inspections has set our entire verification programme behind schedule for the 2019/20 year. We expect to be back on track for the 2020/21.

User satisfaction with the process Council used for your building consent



Note: This service has been impacted in the past year by staff shortages and disruptions resulting from unexpected events (Whakaari Eruption and Covid-19). Despite these challenges, the activity was able to achieve a very good average time for building consents. Capacity has recovered which will help meet specified levels of service going forward. This result has been sourced from our in-house building compliance survey, using SurveyGizmo.

Percentage of complaints relating to abandoned cars, litter and general bylaw offences responded to within two working days



Percentage of after-hours excessive noise complaints responded to promptly



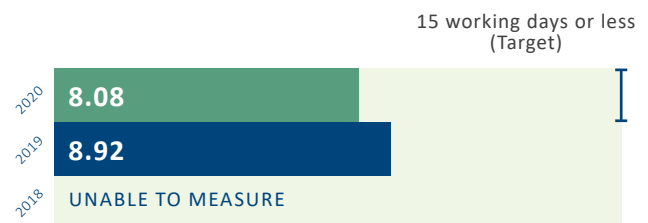
Note: 'Promptly' is defined as responding to excessive noise complaints within the following timeframes:

Area 1 - Ōhope, Whakatāne, Taneatua, Coastlands, Awakeri, Thornton Road to Golf Links Road: < 60 minutes

Area 2 - Edgecumbe, Matatā, Otamarakau, Otakiri, Onepū, Te Teko, Te Mahoe and Wainui to the Ōpōtiki intersection: <100 minutes

Area 3 - Murupara, Galatea & Environs: <120 minutes

Average time for processing building consents



Note: Due to system issues at the time, the Council was unable to measure performance in 2017-18. As a result, the 2018 audit opinion was modified but this historical result does not impact the 2020 year opinion.

Percentage of aggressive/threatening dogs and roaming stock complaints responded to within one hour



Percentage of all other animal control complaints responded to within two working days



Percentage of roles for 24 hour operation of the emergency operation centre / emergency communications centre identified and staffed

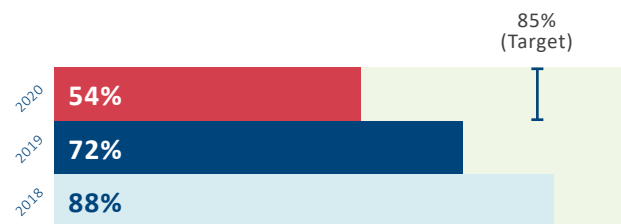


Number of initiatives delivered to promote community resilience and safety



Note: In addition to the planned initiatives that were delivered, Council was required promote community resilience and safety through its Civil Defence Emergency Management responsibilities in response to the Whakaari Eruption and Covid-19.

Percentage of staff trained to the appropriate level agreed by the civil defence emergency management group



Insufficient numbers of staff completed the Intermediate course (and assessment) over the financial period which prevented achievement of the target. While some staff may not be formally trained to the Intermediate level, many have real world experience in Civil Defence emergencies.

Leadership  
Roads and footpaths  
Water supply  
Sewage treatment and disposal  
Stormwater drainage  
Solid waste  
Environmental sustainability  
Community safety  
District growth  
Recreation and community services  
Corporate and district activities  
Council controlled organisations

\*DIA Mandatory Measure

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication

# District growth

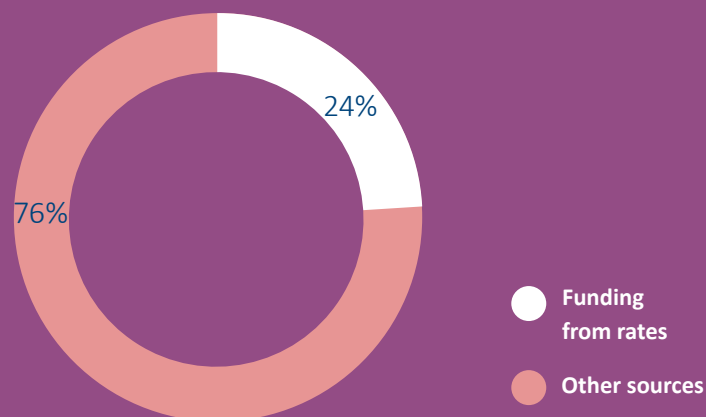
## Te whakatipuranga o te rohe

\$1.10 million  
Capital  
expenditure

\$5.43 million  
Operating  
expenditure

0/3  
Performance  
measures met

### Sources of funding



Note: The above 'Operating Expenditure' and 'Sources of Funding' include funded depreciation requirements whereas the Funding Impact Statement that follows does not as it represents cash only.





# Our activities and their effects

## Ā mātou mahi me ngā hua

### Business and economic development

#### Whakawhanaketanga pakihī me te ōhanga

The business and economic development activity has been a focus for Council, and has promoted and encouraged sustainable economic development and prosperity in the District. This has included working with stakeholders on the Whakatāne Regeneration Programme, progressing residential growth opportunities and supporting Iwi-led development projects.

### Events and tourism

#### Pāpono me te tapoi

Through our events and tourism activity, Council has been working hard to make our District a vibrant place to live, visit and work by promoting domestic tourism and attracting tourists to the District. We operated the i-SITE in Whakatāne, and are working alongside Tourism Bay of Plenty, Tourism New Zealand, local operators the Ministry of Business, Innovation and Employment to support and reposition the local tourism economy in response to the Whakaari / White Island eruption and COVID-19.

### Strategic property

#### Hautaonga

The strategic property activity has managed Council's commercial properties and other holdings. The rental income through leases has been used to pay for the ongoing operation, maintenance and improvements of the ports, harbour facilities and surrounds, reducing the rating costs to our communities. This year we provided targeted financial assistance to our leaseholders to support them through the effects of COVID-19.

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations



# What these activities cost and how they were paid for

Te utu o ēnei mahi, i pehea i whakaea

## FUNDING IMPACT STATEMENT: DISTRICT GROWTH

OPERATIONAL	LTP 2018/19 \$000	LTP 2019/20 \$000	ACTUAL 2019/20 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,066	1,128	1,382
Targeted Rates	723	734	848
Subsidies and grants for operating purposes	20	20	-
Fees and Charges	2,476	2,474	2,513
Internal charges and overheads recovered	140	143	215
Local authorities fuel tax, fines, infringement fees, and other receipts	28	29	636
<b>Sources of operating funding (A)</b>	<b>4,455</b>	<b>4,528</b>	<b>5,594</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,626	1,660	2,779
Finance costs	6	5	5
Internal charges and overheads applied	795	807	983
Other operating funding applications	-	-	-
<b>Applications of operating funding (B)</b>	<b>2,426</b>	<b>2,472</b>	<b>3,767</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2,028</b>	<b>2,056</b>	<b>1,827</b>
<b>CAPITAL</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(8)	(8)	25
Gross proceeds from sale of assets	565	2,000	565
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Sources of capital funding (C)</b>	<b>557</b>	<b>1,992</b>	<b>590</b>
<b>Capital expenditure</b>			
- to meet additional demand	11	3	1,021
- to improve level of service	100	102	27
- to replace existing assets	18	62	50
Increase (decrease) in reserves	2,457	3,882	1,318
Increase (decrease) of investments	-	-	-
<b>Applications of capital funding (D)</b>	<b>2,586</b>	<b>4,048</b>	<b>2,417</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,028)</b>	<b>(2,056)</b>	<b>(1,827)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

**District growth**

Recreation and community services

Corporate and district activities

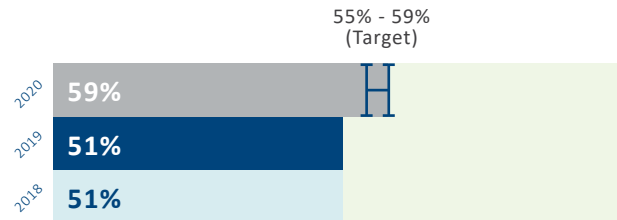
Council controlled organisations



# Performance Measures

## Ngā ine whaihua

Satisfaction with efforts to attract and expand business



Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

Satisfaction with efforts to attract visitors or tourists to the area



Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

Satisfaction with efforts to enable and promote events



Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

**LEGEND**

- Achieved/Exceeded
- Not achieved
- Target value indication

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

**District growth**

Recreation and community services

Corporate and district activities

Council controlled organisations

# Recreation and community services

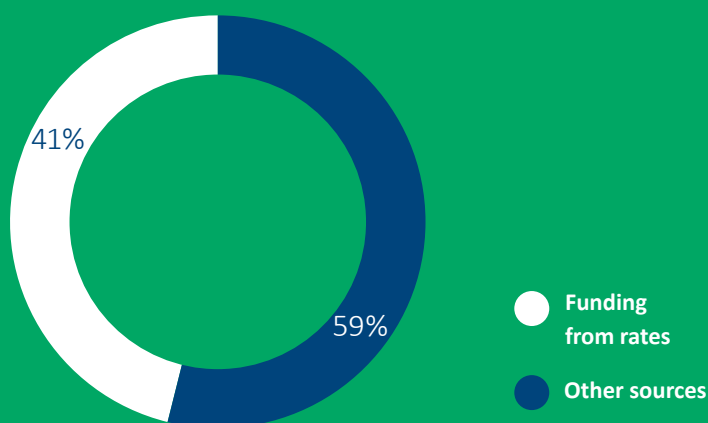
Ngā mahi a te rēhia me ngā ratonga hapori

\$4.38 million  
Capital expenditure

\$17.79 million  
Operating expenditure

4/18  
Performance measures met

## Sources of funding



Note: The above 'Operating Expenditure' and 'Sources of Funding' include funded depreciation requirements whereas the Funding Impact Statement that follows does not as it represents cash only.



# Our activities and their effects

## Ā mātou mahi me ngā hua

### Libraries

#### *Ngā whare pukapuka*

Our libraries have continued to be centres for lifelong learning within our District. We have continued to expand our already wide range of digital and physical information and when possible we have run well-attended, inclusive and high quality events for the public.

### Museum and arts

#### *Whare taonga me te toi*

The museum and arts activity has been responsible not only for storing, preserving, exhibiting and fostering engagement with our District's taonga at our new museum, but has been actively involved in creating new treasures for the District.

### Halls

#### *Ngā hōro*

This team has worked diligently to provide parks and facilities that beautify our District, as well as promoting healthy, active life-styles and provide access and protection to our special places and environment.

### Parks, reserves, recreation and sportsfields

#### *Ngā papa rēhia, whenua tāpui me ngā papa tākaro*

Our cemeteries and crematorium team has been responsible for ensuring that our facilities are attractive and restful places to celebrate the lives of our loved ones. They have also been responsible for the accurate record keeping at these facilities. We also worked on a proposal to amend our Cemeteries and Crematoria Bylaw to allow for natural burials, as well as burials on Sundays.



Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

## Cemeteries and crematorium

### *Ngā urupā me ngā whare tahu tūpāpaku*

Our cemeteries and crematorium team has been responsible for ensuring that our facilities are attractive and restful places to celebrate the lives of our loved ones. They have also been responsible for the accurate record keeping at these facilities.

## Public conveniences

### *Kaumanga/wharepaku*

The public conveniences activity has been responsible for maintaining and improving important facilities for the public around the District, including toilets, drinking fountains, showers and changing rooms, and have been responsible for their regular maintenance and cleaning.

## Whakatāne Holiday Park

### *Te Taupuni Hararei o Whakatāne*

Our holiday park team has been promoting tourism in the District, operating a quality accommodation option for visitors, as well as emergency temporary accommodation for residents.

## Aquatic centres

### *Ngā whare kauhoe*

Our aquatic centres have been places for our community to come for education as well as recreation, hosting learn to swim classes, water safety programmes and a space for rehabilitation.

## Ports and harbours

### *Ngā tumu herenga waka me ngā moana*

The team has been responsible for running the facilities around our District's ports and harbors. Car parks, jetties, weigh stations and navigation markers have been maintained, as well as ensuring safe depths in our harbor, navigation channel and berthage areas through dredging.

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# What these activities cost and how they were paid for

Te utu o ēnei mahi, i pehea i whakaea

## FUNDING IMPACT STATEMENT: RECREATION AND COMMUNITY SERVICES

OPERATIONAL	LTP 2018/19 \$000	LTP 2019/20 \$000	ACTUAL 2019/20 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	10,551	10,717	10,231
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	272	278	482
Fees and Charges	2,058	2,086	2,167
Internal charges and overheads recovered	1,713	1,738	1,377
Local authorities fuel tax, fines, infringement fees, and other receipts	149	157	864
<b>Sources of operating funding (A)</b>	<b>14,744</b>	<b>14,976</b>	<b>15,121</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,374	7,481	8,239
Finance costs	606	600	514
Internal charges and overheads applied	5,586	5,691	5,625
Other operating funding applications	-	-	-
<b>Applications of operating funding (B)</b>	<b>13,566</b>	<b>13,772</b>	<b>14,378</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,178</b>	<b>1,204</b>	<b>743</b>
<b>CAPITAL</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	270	138	960
Development and financial contributions	-	-	45
Increase (decrease) in debt	(384)	(537)	430
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Sources of capital funding (C)</b>	<b>(114)</b>	<b>(399)</b>	<b>1,435</b>
<b>Capital expenditure</b>			
- to meet additional demand	238	86	491
- to improve level of service	1,125	311	1,941
- to replace existing assets	2,717	2,329	1,945
Increase (decrease) in reserves	(3,015)	(1,921)	(2,199)
Increase (decrease) of investments	-	-	-
<b>Applications of capital funding (D)</b>	<b>1,064</b>	<b>805</b>	<b>2,178</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,178)</b>	<b>(1,204)</b>	<b>(743)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# Performance Measures Ngā ine whaihua

## User satisfaction with public libraries



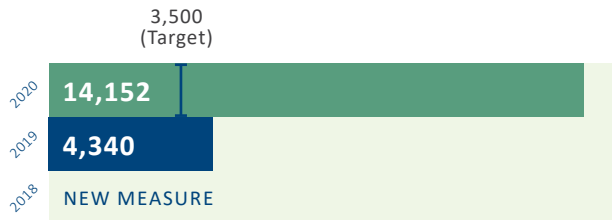
Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

## Number of people visiting Te Kōputu a te whanga a Toi Whakatāne Library and Exhibition Centre (foot traffic only)



Note: We have set ambitious targets and endeavour to deliver the best possible experience for our visitors. The decision to invest in digital information i.e. eBooks, eAudio books and databases has had a negative impact on physical visitors to Te Kōputu. Furthermore, this year, Te Kōputu was closed during COVID-19 National Alert Levels 3 and 4.

## Number of people engaging in public programmes delivered by libraries across the District



Due to COVID-19 alert level restrictions library staff delivered a number of programmes digitally this year. Engagement numbers saw a strong increase due to this online engagement.

## User satisfaction with the museum (Te Whare Tāonga o Taketake)



Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

\*DIA Mandatory Measure

## User satisfaction with the exhibition centre

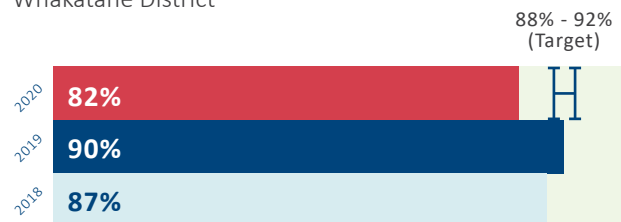


Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

## User satisfaction with public halls



## User satisfaction with playgrounds in the Whakatāne District



Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

## User satisfaction with sportsfields in the Whakatāne District



\*\* Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

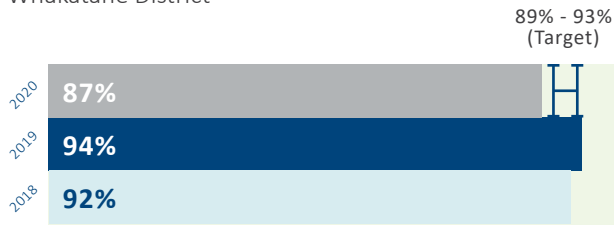
**LEGEND**

- Achieved/Exceeded
- Not achieved
- Target value indication

Leadership  
 Roads and footpaths  
 Water supply  
 Sewage treatment and disposal  
 Stormwater drainage  
 Solid waste  
 Environmental sustainability  
 Community safety  
 District growth  
 Recreation and community services  
 Corporate and district activities  
 Council controlled organisations



User satisfaction with parks and reserves in the Whakatāne District



Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

Number of admissions at aquatic centres in the Whakatāne District



User satisfaction with cemeteries including maintenance of cemeteries



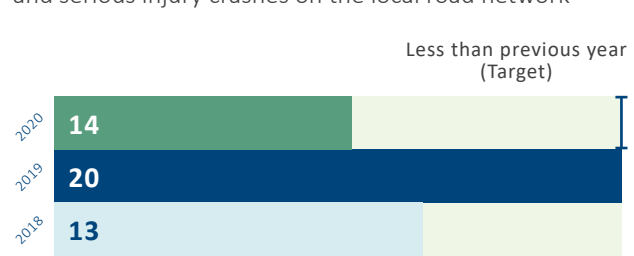
Satisfaction with harbour facilities including the port



Perception of safety in the District



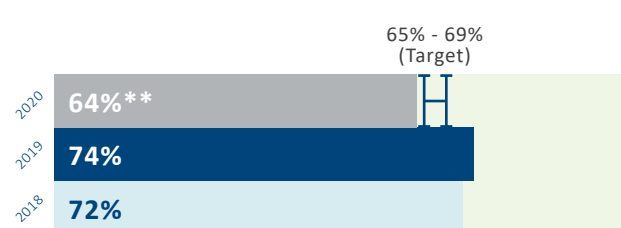
The change from the previous year in the number of fatality and serious injury crashes on the local road network



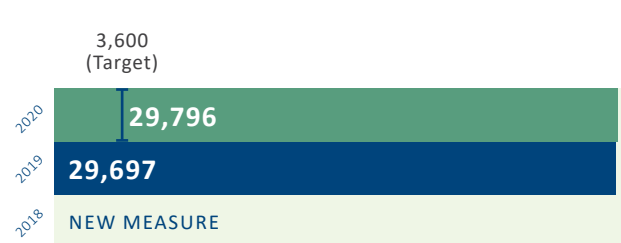
User satisfaction with the crematorium facility



User satisfaction with public toilets in the Whakatāne District



Number of admissions to the Whakatāne Holiday Park



User satisfaction with swimming pools in the Whakatāne District



\*\* Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

\*DIA Mandatory Measure

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# Corporate and District activities

## Ngā mahi rangatōpū a te rohe

\$1.71 million  
Capital  
expenditure

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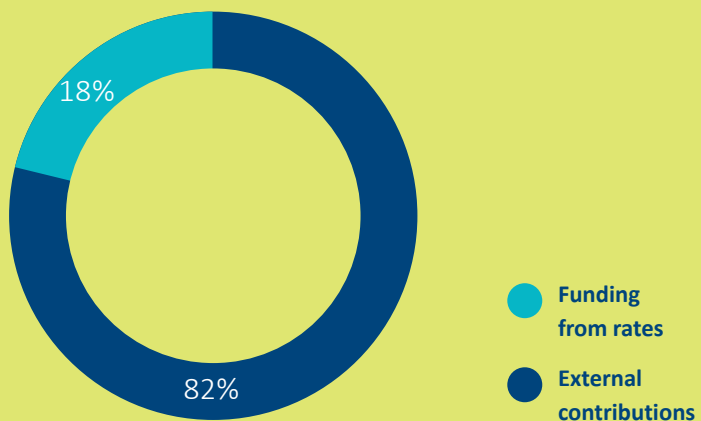
\$768,000  
Operating  
expenditure

---

2/4  
Performance  
measures met

---

### Sources of funding



Note: The above 'Operating Expenditure' and 'Sources of Funding' include funded depreciation requirements whereas the Funding Impact Statement that follows does not as it represents cash only. The above information also excludes the corporate costs (overheads) that have been allocated to each activity.



# Our activities and their effects

## Ā mātou mahi me ngā hua

### Customer services

#### *Ratonga tāngata*

Whakatāne District Council's customer service has provided efficient, effective and friendly service to our community. This involved providing information and advice, processing requests for service, managing online interactions and processing financial transactions.

### Public affairs

#### *Take tūmatanui*

Our public affairs team ensured our community had access to relevant, timely, accurate and meaningful information. We kept the community informed through a number of ways, including Council's newsletter (Ko Konei), our award winning website and social media platforms.

### People and capability

#### *Pūmanawa tangata*

This activity is internally focused, and ensured that Council attracted, retained, motivated and rewarded high calibre employees to assist in the delivery of our core goals and values.

### Finance

#### *Ahumoni*

Significant community engagement is a key focus for the Council's rates team, while the internally focused aspects of this activity have been responsible for resourcing Council services and activities, ensuring Council remained in a stable financial position while being responsive to the issue of rates affordability.

### Corporate information

#### *Pārongo rangatōpū*

The corporate information activity has been the guardian of the Council's data, information and knowledge assets, delivering secure, quality information to internal and external customers.

### Corporate property

#### *Hautaonga rangatōpū*

Corporate property has successfully managed and maintained essential property assets for the community, including the Civic Centre, the Library and Exhibition Centre and the Whakatāne Airport.

### District income and expenditure

#### *Te whiwhinga pūtea me te whakapaunga utu o te rohe*

Our district income has been applied to reduce the rate requirement for Council activities throughout the year. This income has been sourced from commissions, petrol tax, interest and other revenue.

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# What these activities cost and how they were paid for

Te utu o ēnei mahi, i pehea i whakaea

## FUNDING IMPACT STATEMENT: CORPORATE AND DISTRICT ACTIVITIES

OPERATIONAL	LTP 2018/2019 \$000	LTP 2019/20 \$000	ACTUAL 2019/20 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	803	692	2,432
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and Charges	360	367	541
Internal charges and overheads recovered	12,856	13,095	13,847
Local authorities fuel tax, fines, infringement fees, and other receipts	348	350	(843)
<b>Sources of operating funding (A)</b>	<b>14,367</b>	<b>14,505</b>	<b>15,977</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	11,100	11,047	12,727
Finance costs	769	812	(33)
Internal charges and overheads applied	777	790	1,638
Other operating funding applications	850	908	1,061
<b>Applications of operating funding (B)</b>	<b>13,495</b>	<b>13,557</b>	<b>15,393</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>871</b>	<b>947</b>	<b>584</b>
<b>CAPITAL</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(418)	(287)	(336)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Sources of capital funding (C)</b>	<b>(418)</b>	<b>(287)</b>	<b>(336)</b>
<b>Capital expenditure</b>			
- to meet additional demand	30	117	6
- to improve level of service	285	255	339
- to replace existing assets	1,463	1,264	1,365
Increase (decrease) in reserves	(1,324)	(976)	(1,462)
Increase (decrease) of investments	-	-	-
<b>Applications of capital funding (D)</b>	<b>453</b>	<b>660</b>	<b>248</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(871)</b>	<b>(947)</b>	<b>(584)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# Performance Measures *Ngā ine whaihua*

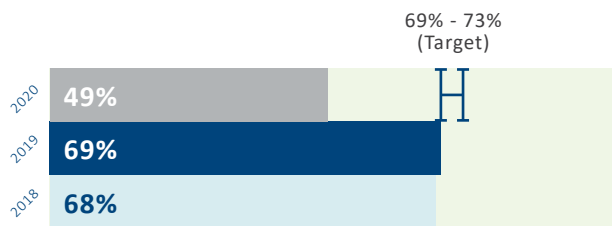
Percentage of telephone calls that are answered within 30 seconds



User satisfaction with the overall service from Council's front desk



Satisfaction with Council's provision of information



Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

Note: Change in survey methodology from 2020 means this result is not directly comparable against the target. New targets will be established through the LTP 2021-31 and take effect from 1 July 2021.

Percentage of website users that remain engaged\*



\* Performance derived from the 'bounce rate', which indicates how many users are disengaging from the site because they are unable to quickly find the information they are seeking.

\*\*PERFORMANCE DERIVED from the 'bounce rate', which indicates how many users are disengaging from the site because they are unable to quickly find the information they are seeking.

**LEGEND**

- Achieved/Exceeded
- Not achieved
- Target value indication

Leadership

Roads and footpaths

Water supply

Sewage treatment and disposal

Stormwater drainage

Solid waste

Environmental sustainability

Community safety

District growth

Recreation and community services

Corporate and district activities

Council controlled organisations

# Council controlled organisations

## Ngā rōpū mahi a Te Kaunihera ā-rohe o Whakatāne

A Council Controlled Organisation (CCO) is a company or organisation in which the Council, or a number of councils, hold 50% or more of the voting rights, or can appoint 50% or more of the trustees, directors or managers.

The Council engages in this form of partnership where it provides advantages for a more effective, efficient and financially viable means of delivering services.

In the 2019/20 year, the Whakatāne District Council has continued to be a shareholder in four Council Controlled Organisations:

1. Whakatāne Airport
2. Toi-Economic Development Agency (Toi-EDA)
3. Bay of Plenty Local Authority Shared Services Limited (BoPLASS)
4. The Local Government Funding Agency (LGFA)

All these CCOs undertake their own reporting. Their documents are made available on the website of each respective entity.



# Our activities and their effects

## Ā mātou mahi me ngā hua

### Whakatāne Airport

Over the past year, the Whakatāne Airport continued to provide facilities to allow for scheduled passenger transport, and commercial and recreational flights. It continues to be a valued community asset, contributing to residents' quality of life and is crucial to the economic wellbeing of the District. Air Chathams' regularly scheduled flights continue to operate but were disrupted during the year due to the Whakaari / White Island eruption and COVID-19. The Airport also played a critical role during the Whakaari Civil Defence response.

Find out more about the Whakatāne Airport in our [Long Term Plan](#) or on the [Council website](#).

### Toi Economic Development Agency (Toi-EDA)

Toi EDA is the Economic Development Agency for the Eastern Bay of Plenty and is based in Whakatāne. It is a partnership between Kawerau, Ōpōtiki and Whakatāne District Councils, and the Bay of Plenty Regional Council, working together with local Iwi. In the past year Toi EDA updated their Vision and Strategy. Key achievements from the past year included supporting businesses as they recover from the impacts of the Whakaari eruption and Covid-19; supporting the successful PGF funding applications across the Eastern Bay; and progressing work to address specific workforce, housing and infrastructure constraints and opportunities.

Find out more about Toi EDA in our [Long Term Plan](#) or on the [Toi EDA website](#).

### Bay of Plenty Local Authority Shared Services (BOPLASS)

Bay of Plenty Local Authority Shared Services Limited investigates, develops and delivers shared services, joint procurement and communications for the participating councils. In the past year the Council has continued to benefit from substantial cost savings as a result of participating in this CCO. Key areas where savings were achieved included the costs of insurance and aerial photography.

Find out more about BOPLASS in our [Long Term Plan](#) or on the [BOPLASS website](#).

### Local Government Funding Agency Limited (LGFA)



The Local Government Funding Agency enables councils to borrow funds at lower interest margins than would be otherwise possible. In the past year this has provided Council with access to a broader range of borrowing options, so less ratepayer funds are spent on interest repayments.

Find out more about the LGFA in our [Long Term Plan](#) or on the [LGFA website](#).

## Performance Measures *Ngā ine whaihua*

The Airport is maintained as a CAR Part 139 Certificated aerodrome in accordance with CAA aerodrome design for all aircraft undertaking Air Transport Operations and aircraft above 5,700 kg Maximum Combined Take-Off Weight (MCTOW)



<b>LEGEND</b>	 Achieved/Exceeded	 Not achieved	 Target value indication
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# Our costs in detail

## Ngā taipitopito utu





# Introduction to 'our costs in detail'

## Whakatakinga utu

This chapter of the Annual Report provides a breakdown of our costs in more detail as well as further information about how these costs are calculated and distributed.

### UPDATE ON MAJOR CAPITAL PROJECTS

This table provides an update on the major capital projects that were planned for the 2019/2020 year, and any new major capital projects that were progressed during the year. It sets out how we performed against our budget and summarises the reasons for any major variances.

### Financial Prudence Benchmarks

#### *Ngā huapae pūtea*

This statement discloses the Council's performance in relation to various financial prudence benchmarks to enable an assessment of Council's financial management.

### Financial Statements

#### *Ngā matapae whakapuakanga pūtea*

The Financial Statements are included to provide an overview of the Council's financial performance and financial position for the 2019/20 year.

### Notes to the Financial Statements

#### *Ngā kōrero e tāpiri ake ki ngā tauākī pūtea*

These notes explain the accounting policies used to prepare the financial statements. They also provide additional detail to support some of the line items reported in the financial statements.

## CAPITAL PROJECTS:

PROJECT NAME	PROJECT COMMENT	LONG TERM PLAN	REVISED BUDGET	ACTUAL
<b>Roads &amp; Footpaths</b>				
Pedestrian Bridge From Piripai	Bridge Design unfeasible with other development plans.	1,000,000	-	-
Permanent Reinstatement 04/17 (Local Roads)	Horomanga Bridge Component of works completed.	-	694,000	630,107
Unsealed Metalling (Local Roads)	2020 Programme completed	500,000	500,000	534,671
Resurfacing-Chipseal (Local Roads)	Key Sites deferred due to Covid- 19, to be completed in 2021	2,200,000	2,200,000	1,941,237
Landing Road Improvements	Budgeted in operational expenditure for business case development	200,000	-	-
Bunyan Road Improvements	Design nearing completion. On hold until outcome of Opihi Development is clear	-	450,000	51,268
Low Cost/ Low Risk - Improvements (Local Roads)	All works completed except Murupara, to be completed in 2021 programme.	925,000	1,523,000	1,525,579
Safe Roads Alliance - Wainui Road	Design work underway, remainder of works to be completed in 2021	330,000	612,000	273,539
Low Cost/ Low Risk - Active Whakatāne	All works completed, over budget due to accelerated programme.	-	380,000	867,453
Permanent Reinstatement 04/17 (Special Purpose Roads)	All works completed, within budget	-	2,500,000	2,402,537
Seal Extensions (Special Purpose Roads)	Work has commenced on the business case for Te Urewera, no physical work in 2020 so budget deferred.	1,500,000	200,000	-
Low Cost/ Low Risk- Improvements (Special Purpose Roads)	Revised budget due to delay in Te Urewera Route Improvements	200,000	84,000	101,799

## CAPITAL PROJECTS:

PROJECT NAME	PROJECT COMMENT	LONG TERM \$'000	REVISED BUDGET \$'000	ACTUAL \$'000
<b>Water Supply</b>				
Whakatane Water Mains Renewal	Tender received, project will continue in 2021	50,000	500,000	100,830
Whakatāne Water Access to Reservoir	Legal and track access to reservoir, completed	-	100,000	102,939
Whakatāne New Source	Test drilling postponed due to lockdown, project will continue into 2021	-	700,000	430,069
Whakatāne Filtration Gallery/Bore	Replaced by new source project	2,000,000	-	-
Murupara Water Safety Plan Works	Water connection manifold works completed. Remainder of works to be completed in 2021	45,000	240,947	147,466
Whakatāne Water - Condition & Improvement Reservoirs	Draft reservoir assessment report completed, project will continue in 2021	395,000	395,000	203,787
Matatā Water Meter Installation	Project deferred until 2022-23 with waste water solution project	204,000	204,000	7,131
Tāneatua Water Meter Installation	Completed, over budget	173,000	173,000	256,168
Edgecumbe Water Pipes Hydrant & Valve Renewal	Tender to be awarded, project to continue into 2021	150,000	150,000	16,780
Matata Water Pipes Hydrant & Valve Renewal	Physical works undertaken and completed as main failed again	40,000	100,000	122,678
Waimana Reservoir Upgrade	Improvement and Maintenance delayed by Covid - 19. Project will recommence in 2021	300,000	300,000	10,623
Waimana Water Meter Installation	Completed, over budget	30,000	30,000	52,414
Te Mahoe Water Safety Plan Improvements	Project ongoing, to be completed in 2021	30,000	30,000	17,119
Plains Water Losses & Leak Detection	Project ongoing, to be completed in 2022	80,000	80,000	46,035
<b>Sewage Treatment and Disposal</b>				
Whakatāne Waste Water Upgrade Treatment Plant	Draft report from specialist consultant, with options for the way forward under discussion. Ongoing in 2021	-	326,906	243,593
Whakatāne Waste Water Asset Risk & Resilience	Project delayed, to be completed in 2021	100,000	100,000	5,280
Ōhope Waste Water Asset Risk & Resilience	Installation on new cabinet at Ōhope, completed.	39,000	39,000	41,073
Edgecumbe Waste Water Pump Station	Ongoing, to be completed in 2021	15,000	29,292	10,216
Murupara Waste Water Monitor Renewal	Deferred until 2022-23	125,000	125,000	21,551
Murupara Waste Water Renewal & Upgrade	Upgrade of electrical conduits for sampling	-	39,777	67,235
Murupara Waste Water Resource Consent Renewal	Delayed by Covid 19, to be completed in 2021	100,000	100,000	-
Tāneatua Waste Water Upgrade Treatment Plant	Switchboard upgrade completed	35,000	35,000	37,640

## CAPITAL PROJECTS:

PROJECT NAME	PROJECT COMMENT	LONG TERM \$000	REVISED BUDGET \$000	ACTUAL \$000
<b>Stormwater Drainage</b>				
Whakatāne Storm Water Henderson/ Hinemoa Street	In design phase, to be completed 2021	750,000	141,107	55,253
Whakatāne Storm Water Upgrade St Josephs Pump Station	In design phase, to be completed 2021	500,000	50,000	16,991
Whakatāne Storm Water Barry Ave Upgrade	In design phase, construction planned for 2021	-	96,633	88,728
Whakatāne Storm Water Resource Consent	Design for Awatapu Lagoon and Apanui Linear Park. To be completed 2021	-	136,751	50,949
Whakatāne Storm Water Risk Assessment & Implementation	Ongoing, to be completed in 2021	100,000	350,000	109,212
Matatā Stormwater Modelling	Deferred to 2021-22	45,000	45,000	-
Matatā Storm Water Resource Consent	Deferred to 2023-24	150,000	150,000	-
Whakatāne Stormwater Flap/ Flood Gates	Completed	20,200	20,200	10,075
Ōhope Maraetōtara Stream	Ongoing, to be completed in 2021	-	185,683	22,663
Ōhope Storm Water Upgrades	Completed	50,000	69,032	75,582
Ōhope Storm Water Risk Assessment & Implementation	Completed	60,000	60,000	62,557
Ōhope Storm Water Resource Consent	Deferred to 2021-22	150,000	150,000	-
Edgumbe Storm Water Risk Assessment & Implementation	Deferred to 2021	60,000	60,000	236
Matatā Richmond Street Drain	Emergency works, completed	-	-	36,862
<b>Solid Waste</b>				
Solid Waste Site Renewals	Completed	24,608	24,608	27,660
<b>District Growth</b>				
60 Bunyan Road Wood Waste Remediation	Delayed by Covid 19, to be completed in 2021	100,000	205,000	27,084
Purchase Wally Sutherland Properties	Completed	-	990,000	1,012,071

## CAPITAL PROJECTS:

PROJECT NAME	PROJECT COMMENT	LONG TERM \$000	REVISED BUDGET \$000	ACTUAL \$000
<b>Recreation &amp; Community Services</b>				
Kia Kaha Parks & Reserves Projects	Works programmed to stimulate local employment post Covid- 19. Subsidy funded, to be completed in 2021	-	-	63,172
Sullivan Lake Footpaths and Retaining Walls	Completed	7,500	7,500	8,554
Playground Renewals	Various works completed throughout the district	60,000	60,000	61,550
Community Reserves Renewals	Various works completed throughout the district	90,000	90,000	93,675
Skate Park	Upgrade project funded through subsidy, to be completed in 2021	-	-	83,303
Sports Facilities/ Grounds Renewals	Various works completed throughout the district	68,500	68,500	68,488
Rugby Lights and Waimana Domain	Upgrade project funded through subsidy, completed	-	-	133,903
Papataonga Reserve Development	Project funded through subsidy, completed	-	-	99,382
Riverslea Playground Development	Project funded through subsidy, to be completed 2021	-	-	136,459
Game Wharf Park Upgrade	Delayed by Covid 19, to be completed in 2021	-	391,000	203,695
Whakatāne New Cemetery	Deferred to 2021	-	20,000	4,678
Public Conveniences Renewals	Various works completed throughout the district. Tourism Infrastructure fund contribution allowed more renewals to be progressed	106,000	106,000	244,531
Whakatāne Aquatic Outdoor Pool Roof	Delayed by Covid 19, to be completed in 2021	-	1,063,150	232,222
Port Ōhope Wharf Structural Renewal	Deferred to 2021	-	720,000	53,219
Harbour Renewals	Design work on Northern end of wharf completed, with physical works to be completed in 2021	90,000	621,000	40,487
In Town Wharf Remediation	Was Wharf Replacement in LTP, budgeted in 2021 with Provincial Growth fund contribution.	433,333	-	121,287
Waterfront & Town Centre Regeneration	Work on several work streams has commenced including Boat Harbour and Te Ara Hou projects. Ongoing in 2021	-	1,346,000	449,191
Multi Sports Event Centre	Deferred to 2021	150,000	150,000	-
Urban Halls Renewal	Major renewals completed in Edgumbe Hall, and LED Lighting installed in Ōhope hall	385,500	385,500	376,278
War Memorial Hall Earthquake Strengthening	Completed	-	500,000	493,322
<b>Corporate and District Activities</b>				
Investigate replacement for HRIS	Deferred to 2021	150,000	200,000	11,179
Investigate new Telephony System	Deferred to 2021	-	150,000	-
Civic Centre Earthquake Strengthening	Physical works expected to commence in 2021	-	2,812,452	354,372
<b>Council Controlled Organisations</b>				
Terminal Building Renewals	Completed renewals except painting which was delayed by Covid- 19; to be completed early 2021	150,000	150,000	67,412
Runway Renewals	Completed	149,240	235,000	238,814

# Financial Prudence Benchmarks

## Ngā Huapae Pūtea

### Annual Report Disclosure Statement for the Year Ending 30 June 2020

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

## Rates Affordability Benchmark

The Council meets the rates affordability benchmark if:

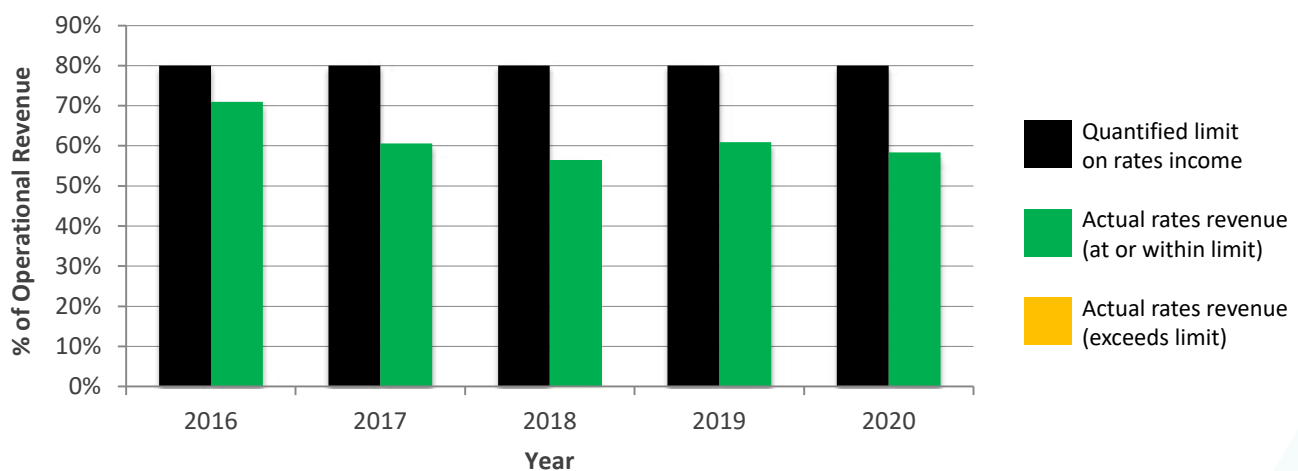
- » its actual rates revenue equals or is less than each quantified limit on rates; and
- » its actual rates increases equal or are less than each quantified limit on rates increases

Rates include volumetric water charges.

### Rates Revenue Affordability

The following two graphs compare the Council's actual rates revenue with quantified limits on rates contained in the financial strategy included in the Council's Long Term Plan.

Total rates revenue for each year of the Ten Year Plan period will be limited to 80% of operating revenue



# Rates Increases Affordability

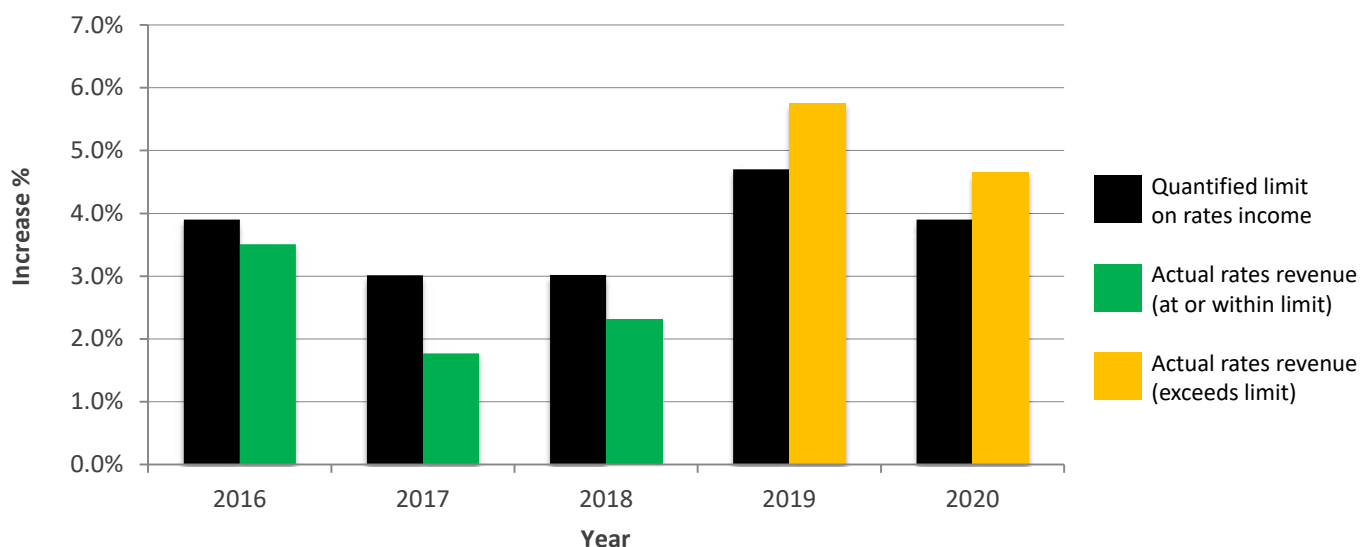
The following graph compares the Council's actual rates increases with a quantified limit on rates increases contained in the financial strategy included in the Council's Long Term Plan

## Quantified Limit on Rates Increases

Prior to 2013 there was no fiscal policy on rates increase limits.

For all subsequent years, the annual increase in total rates requirement will be limited to the total of:

- » the annual percentage increase in the Local Government Cost Index\*
- » plus two percent



*\*Using the most recent Local Government Cost Index, published by Berl, available at the time the draft and then final Annual Plan or Ten Year Plan is prepared.*

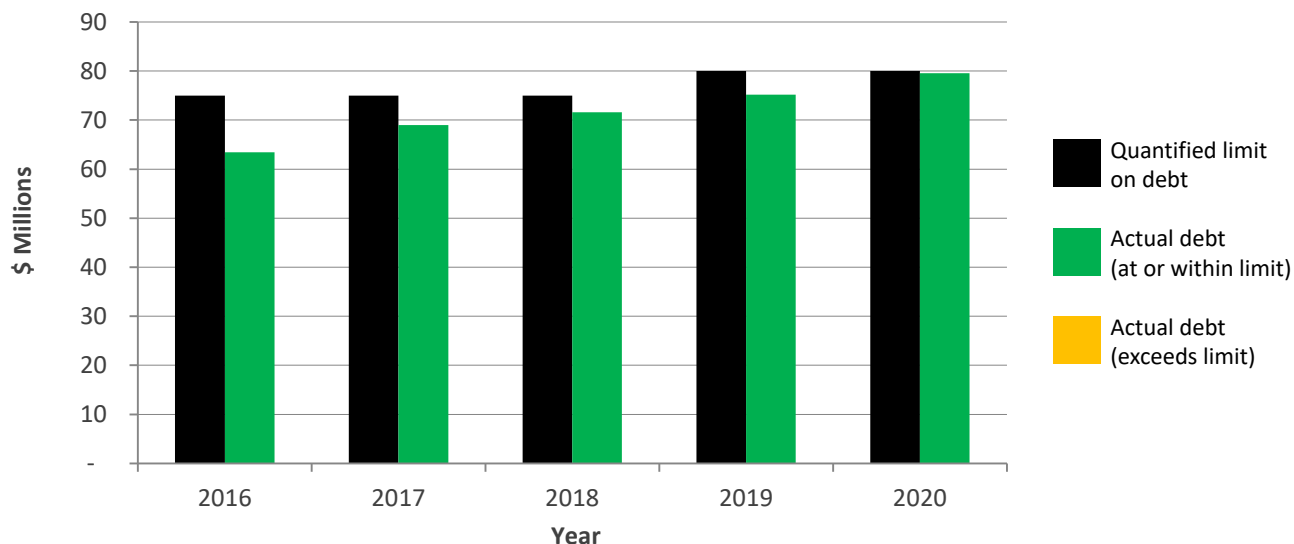


# Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

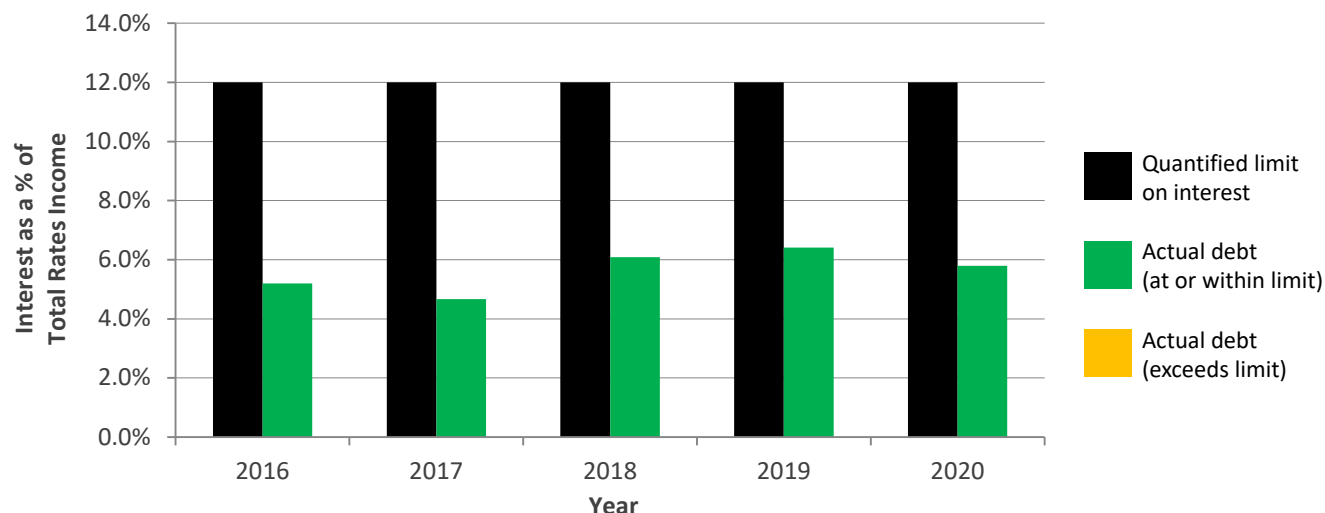
## OUR LIMITS FOR DEBT

The following graph compares the Council’s actual total borrowing with the first quantified limit on borrowing stated in the financial strategy included in the Council’s Long Term Plan. The quantified limit with effect from 2019/20 is for total debt to be capped at \$80 million.



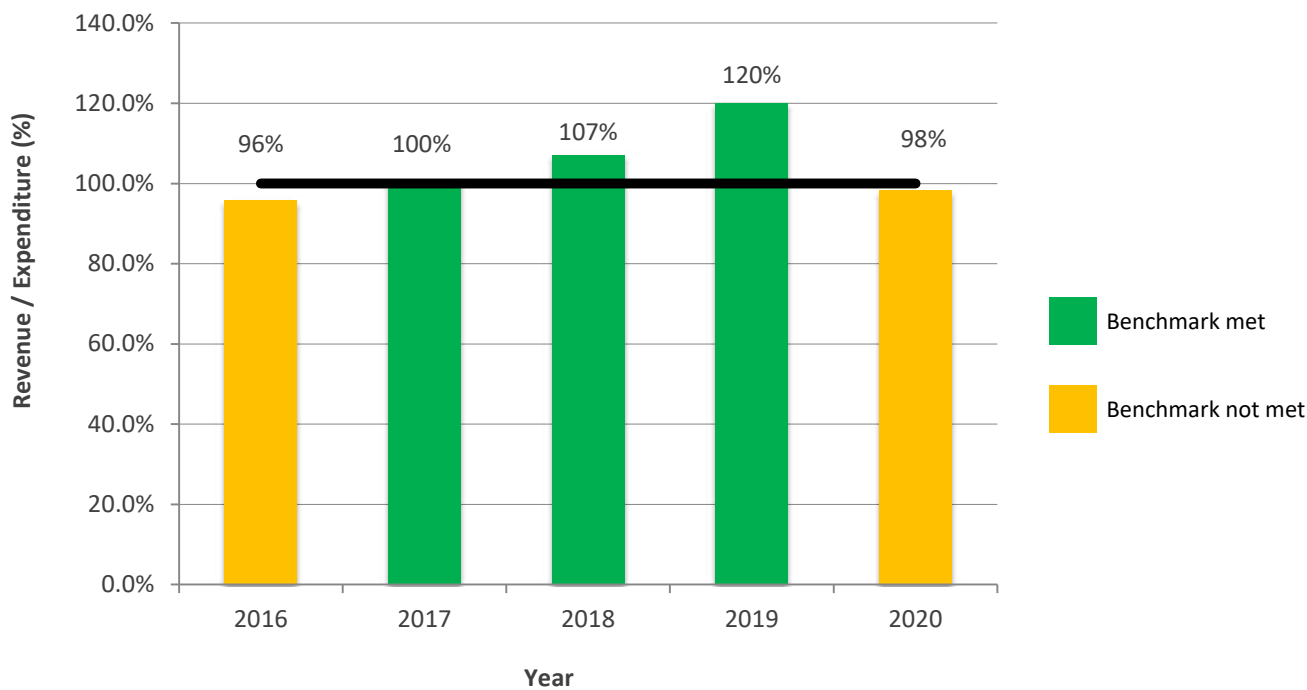
## Our Limit on Interest as a Percentage of Total Rates Revenue

The following graph compares the Council’s actual interest as a percentage of total rates revenue with the second quantified limit on borrowing stated in the financial strategy included in the Council’s Long Term Plan. The quantified limit is 12% of total rates.



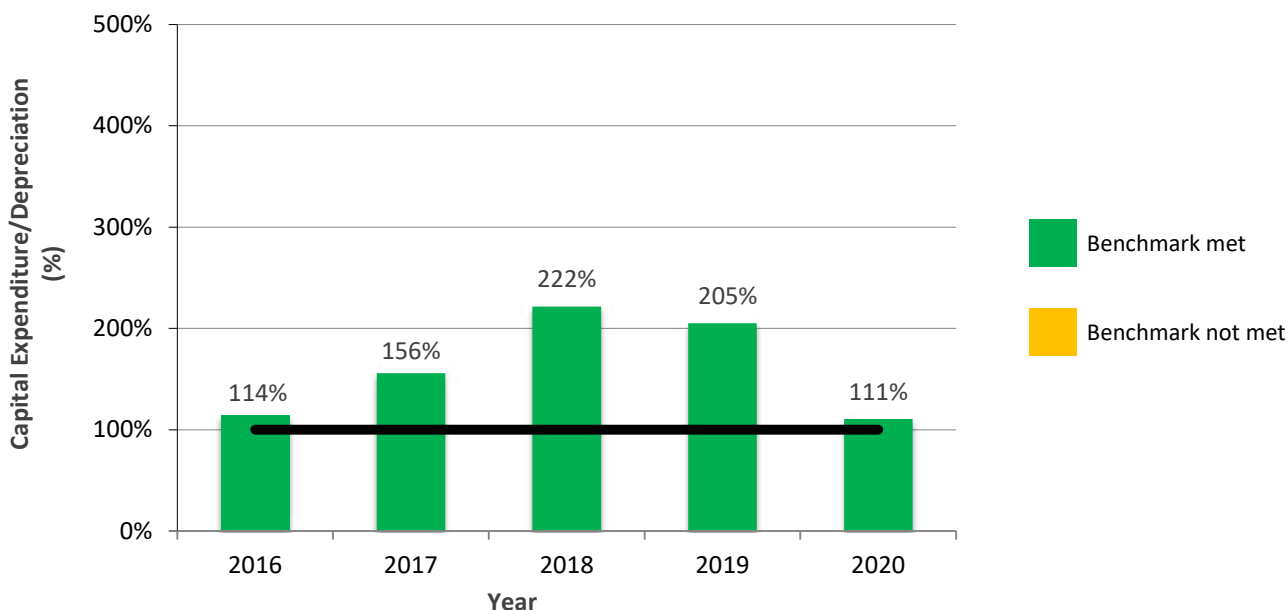
## Balanced Budget Benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment). The Council meets this benchmark if its revenue equals or is greater than operating expenses.



## Essential Services Benchmark

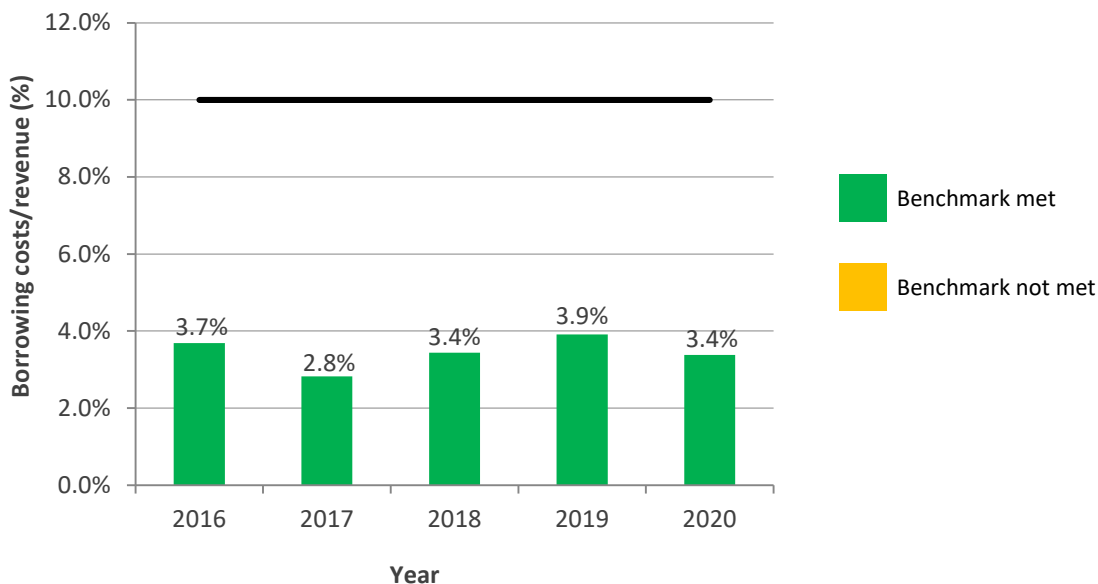
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant and equipment).

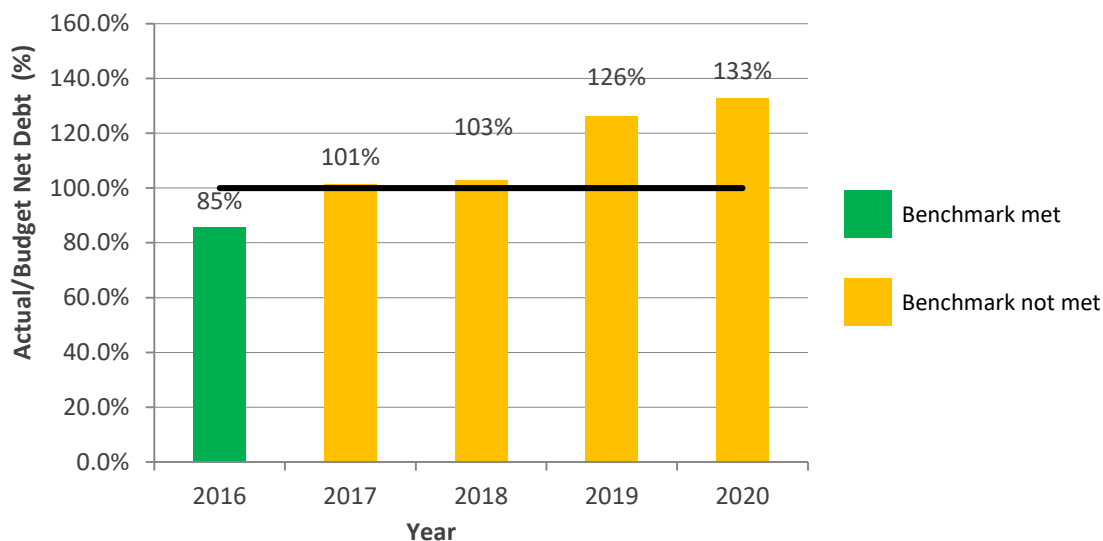
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



## Debt Control Benchmark

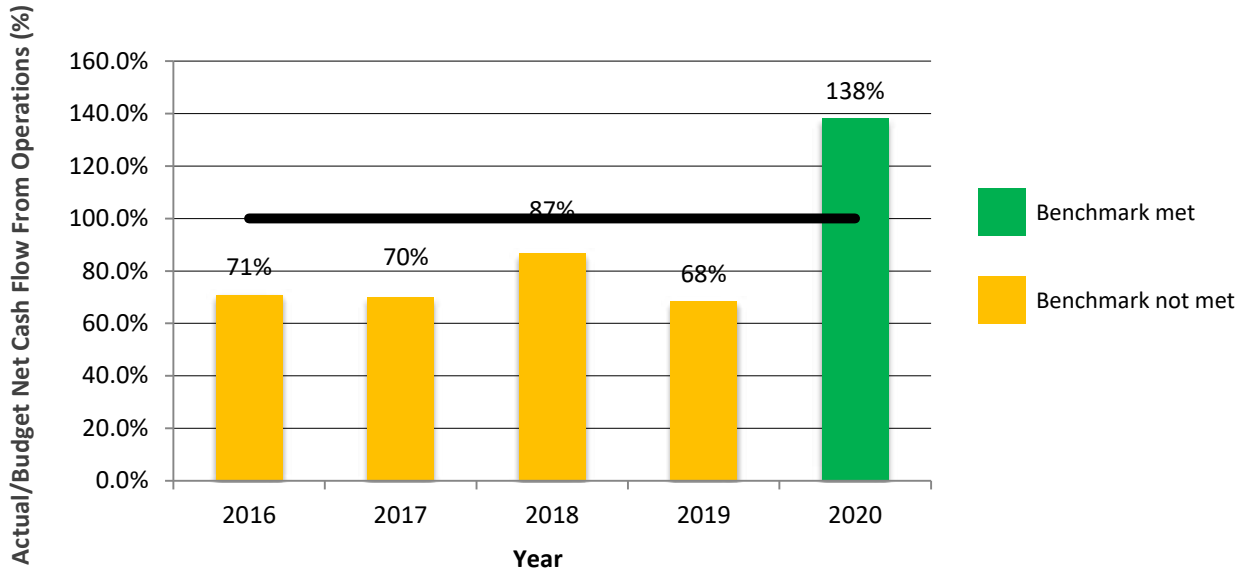
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



# Operations Control Benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



# Financial Statements

## Ngā matapae whakapuakanga pūtea

### Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2020

ACTUAL 2019 \$000			ACTUAL 2020 \$000	BUDGET 2020 \$000
<b>REVENUE</b>				
45,612	Rates	Note 2	47,107	46,496
15,863	Subsidies and Grants	Note 3	20,721	26,198
888	Development and Financial Contributions		126	127
6,690	Fees and Charges		7,308	6,773
31	Interest Revenue	Note 6	13	43
4,099	Other Revenue	Note 3	3,951	3,784
1,010	Gains	Note 7	57	-
<b>74,193</b>	<b>Total Revenue</b>		<b>79,283</b>	<b>83,421</b>
<b>EXPENSES</b>				
17,100	Personnel Costs	Note 4	18,981	17,678
13,396	Depreciation and Amortisation Expense	Note 5 & Note 14	17,191	16,202
2,830	Finance Costs	Note 6	2,674	2,600
26,594	Other Expenses	Note 5	41,631	36,938
1,455	Revaluation Losses	Note 5	3,748	1,500
<b>61,375</b>	<b>Total Expenses</b>		<b>84,225</b>	<b>74,918</b>
(147)	Share of joint venture surplus / ( deficit )	Note 13	(293)	
<b>12,671</b>	<b>Surplus (Deficit) Before Tax</b>		<b>(5,235)</b>	<b>8,503</b>
(40)	Income Tax Expense (Benefit)	Note 8	(32)	(25)
<b>12,711</b>	<b>Surplus (Deficit) After Tax</b>		<b>(5,203)</b>	<b>8,528</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>				
-	Gains (Loss) on Property, Plant and Equipment Revaluations		2,129	14,000
(1,390)	Gains (Loss) on Property, Plant and Equipment Impairments			
-	Tax on Revaluation Surplus		-	-
<b>11,321</b>	<b>Total Comprehensive Revenue and Expense</b>		<b>(3,074)</b>	<b>22,528</b>

Explanations of significant variances against budget are included in Note 34.

The Notes and the Statement of Accounting Policies on pages 97-153 form part of the Financial Statements.

## Statement of Financial Position as at 30 June 2020

<b>ACTUAL 2019 \$000</b>			<b>ACTUAL 2020 \$000</b>	<b>BUDGET 2020 \$000</b>
<b>EQUITY</b>				
435,668	Accumulated Funds	Note 23	431,417	429,555
16,790	Restricted Equity	Note 23	15,697	17,019
203,274	Asset Revaluation Reserves	Note 23	205,837	219,533
<b>655,732</b>	<b>TOTAL EQUITY</b>		<b>652,951</b>	<b>666,107</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
4,730	Cash and Cash Equivalents	Note 9	12,589	3,052
14,275	Receivables	Note 11	17,762	10,505
-	Derivatives Financial Instruments	Note 12	-	-
270	Goods and Services Tax	Note 11	511	700
283	Inventory	Note 10	263	243
3,908	Non-current Assets Held for Sale	Note 17	3,025	500
<b>23,466</b>	<b>Total Current Assets</b>		<b>34,150</b>	<b>15,000</b>
<b>Non-Current Assets</b>				
5,478	Non-current Assets Held for Sale	Note 17	6,001	4,700
-	Derivative Financial Instruments	Note 12	-	-
5,558	Investment in CCOs and other similar entities	Note 13	7,663	1,087
78,597	Operational Assets	Note 14	87,907	76,988
540,156	Infrastructural Assets	Note 14	531,217	562,069
1,118	Intangible Assets	Note 14	863	511
236	Forestry Assets	Note 16	206	90
36,588	Investment Property	Note 17	35,344	35,819
40,152	Restricted Assets	Note 18	46,038	43,254
13,781	Work in Progress	Note 14	10,425	15,544
<b>721,664</b>	<b>Total Non-Current Assets</b>		<b>725,664</b>	<b>740,062</b>
<b>745,129</b>	<b>TOTAL ASSETS</b>		<b>759,814</b>	<b>755,062</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
10,810	Payables and Deferred Revenue	Note 19	25,319	11,417
139	Derivatives Financial Instruments	Note 12	233	-
8,500	Borrowings and Other Financial Liabilities	Note 22	13,000	13,000
2,167	Employee Entitlements	Note 21	2,576	2,755
26	Provisions	Note 20	35	32
<b>21,642</b>	<b>Total Current Liabilities</b>		<b>41,163</b>	<b>27,204</b>
<b>Non-Current Liabilities</b>				
4,608	Derivative Financial Instruments	Note 12	5,293	4,744
62,000	Borrowings and Other Financial Liabilities LT	Note 22	59,000	56,000
518	Employee Entitlements LT	Note 21	558	526
596	Provisions LT	Note 20	848	459
33	Deferred Tax Liability	Note 8	1	22
<b>67,755</b>	<b>Total Non-Current Liabilities</b>		<b>65,700</b>	<b>61,751</b>
<b>89,397</b>	<b>TOTAL LIABILITIES</b>		<b>106,863</b>	<b>88,955</b>
<b>655,732</b>	<b>NET ASSETS (Assets minus Liabilities)</b>		<b>652,951</b>	<b>666,107</b>

Explanations of significant variances against budget are included in Note 34.

The Notes and the Statement of Accounting Policies on pages 97-153 form part of the Financial Statements.

Judy Turner  
MAYOR MANUKURA  
18 February 2021

Steph O'Sullivan  
CHIEF EXECUTIVE TOIHAUTŪ  
18 February 2021

Statement of Changes in Net Assets and Equity  
For the Year Ended 30 June 2020

<b>ACTUAL 2019 \$000</b>		<b>ACTUAL 2020 \$000</b>	<b>BUDGET 2020 \$000</b>
644,677	Balance at 1 July	655,732	643,963
11,321	Total Comprehensive Revenue and Expense for the Year	(3,074)	22,528
(266)	Other Adjustment	293	(384)
<b>655,732</b>	<b>Balance at 30 June</b>	<b>652,951</b>	<b>666,107</b>

*Explanations of significant variances against budget are included in Note 34.*

*The Notes and the Statement of Accounting Policies on pages 97-153 form part of the Financial Statements.*

## Statement of Cashflows For the Year Ended 30 June 2020

ACTUAL 2019 \$000		ACTUAL 2020 \$000	BUDGET 2020 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
50,494	Receipts from Rates Revenue	59,594	54,879
15,648	Subsidies and Grants Received	29,796	26,198
11,580	Fees and Charges and Other Revenue received	2,659	9,040
23	Interest Received	11	43
6	Dividends Received	8	6
(47,219)	Payments to Suppliers & Employees	(52,727)	(58,036)
(7,492)	Payments to Agencies	(9,000)	(9,956)
(2,830)	Interest paid	(2,373)	(2,400)
430	GST (Net)	(241)	-
	Airport net cashflow	(336)	
<b>20,640</b>	<b>Net Cash Flow from Operating Activities</b>	<b>27,391</b>	<b>19,774</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
75	Receipts from Sale of Property, Plant and Equipment	805	2,000
(26,986)	Purchase of Property, Plant and Equipment	(22,013)	(26,460)
(144)	Acquisition of Investments	(160)	-
	Airport net cashflow	(478)	
<b>(27,055)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(21,846)</b>	<b>(24,460)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
23,000	Proceeds from Borrowings	10,000	2,000
(17,500)	Repayment of Borrowings	(8,500)	-
	Airport net cashflow	814	
<b>5,500</b>	<b>Net Cash Flow from Financing Activities</b>	<b>2,314</b>	<b>2,000</b>
(915)	Net Increase (Decrease) in Cash, Cash Equivalents and Bank Overdrafts	7,859	(2,687)
5,645	Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year	4,730	5,739
<b>4,730</b>	<b>Cash, Cash Equivalents and Bank Overdrafts at the End of the Year</b>	<b>12,589</b>	<b>3,052</b>
	Represented by:		
<b>4,730</b>	<b>Cash at Bank</b>	<b>12,589</b>	<b>3,052</b>

Explanations of significant variances against budget are included in Note 34.

The GST (net) amount of operating cost reflects net GST paid and received with the Inland Revenue Department.

The Notes and the Statement of Accounting Policies on pages 97-153 form part of the Financial Statements.



# Notes to the Financial Statements

## Ngā kōrero e tāpiri ake ki ngā whakapuakanga pūtea

### Note 1 - Statement of Accounting Policies

#### Reporting Entity

Whakatāne District Council (the Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled in New Zealand and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The financial statements have been prepared for the Council and include the Whakatāne Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport.

The Council provides local infrastructure and public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Council are for the year ended 30 June 2020. The financial statements were authorised for issue by Council on 18 February 2021.

S98 of the Local Government Act 2002 requires that Council adopts the annual report within 4 months after the end of the financial year. This was extended by a further 2 months due to the Covid 19 pandemic. Council was not able to comply with this requirement for the year ended 30 June 2020 and this report was not adopted until 18 February 2021.

#### Basis of Preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

#### Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

#### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data.

#### Statements issued and not yet effective and not early adopted

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

##### **PBE IPSAS 4 Financial instruments**

Applies for annual periods beginning on or after **1 January 2022**.

The main changes are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standard.

### **PBE IPSAS 2 Cash Flow Statements**

Applies for annual periods beginning on or after 1 January 2021. Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The IPSASB subsequently amended IPSAS 2 Cash Flow Statements in Improvements to IPSAS, 2018 and the NZASB amended PBE IPSAS 2 in 2018 Omnibus Amendments to PBE Standards.

### **PBE FRS 48 Service Performance Reporting**

Mandatory for annual periods beginning on or after **1 January 2021**. There has been no PBE Standard dealing solely with service performance reporting. This Standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information.

## Summary of Significant Accounting Policies

### **Basis of consolidation**

The financial statements are no longer consolidated line by line with the council investment in Whakatāne Airport.

### **Joint venture**

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

For jointly controlled operations, the Council recognises its investment in Whakatāne Airport as an investment but no longer consolidates 50% of the income and expenses of the venture.

### **Revenue**

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:

#### ***Rates revenue***

The following policies have been applied:

- The following policies have been applied:
- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

- Rates arising from late payment penalties are recognised as revenue when the rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements, as the Council is acting as an agent for BOPRC.

### **Development and financial contributions**

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

#### ***New Zealand Transport Agency roading subsidies***

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

#### ***Other grants received***

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

#### ***Building and resource consent revenue***

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

### ***Entrance fees***

Entrance fees are fees charged to users of the Council's local facilities, such as pools, museum and gallery. Revenue from entrance fees is recognised upon entry to such facilities.

### ***Landfill fees***

Fees for disposing of waste at the Council's landfill are recognised as waste is disposed by users.

### ***Provision of commercially based services***

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date.

### ***Rendering of services***

Revenue derived through rendering of services is recognised when the service is provided to the customer.

### ***Infringement fees and fines***

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when tickets are paid.

### ***Sales of goods***

Revenue from sales of goods is recognised when a product is sold to the customer.

### ***Vested or donated physical assets***

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer. For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

### ***Donated and bequeathed financial assets***

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

### ***Interest and dividends***

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate. Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

### ***Borrowing costs***

Borrowing costs are recognised as an expense in the period in which they are incurred.

### ***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 the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

### ***Foreign currency transactions***

Foreign currency transactions are translated into NZ\$ (the functional currency) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

### ***Income tax***

Income tax expense includes components relating to both 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 tax rates (and tax laws) that have been enacted or substantively enacted at 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 statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the

manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities. 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 or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

## **Leases**

### ***Finance leases***

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether or not the title is eventually transferred. At the commencement of the lease term, the Council 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 finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and 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.

## **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

## **Receivables**

Receivables are recorded at their face value, less any provision for impairment.

## **Derivative financial instruments**

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its treasury policy, the Council 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 associated gains or losses of these derivatives are recognised in the surplus or deficit.

## **Other financial assets**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

### ***Financial assets at fair value through surplus or deficit***

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied. Financial assets acquired principally for the purpose of

selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made 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 financial instrument. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense. The loans are subsequently measured at amortised cost using the effective interest method.

### ***Held-to-maturity investments***

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

### ***Fair value through other comprehensive revenue and expense***

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

### ***Impairment of financial assets***

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

### ***Loans and receivables, and held-to-maturity investments***

Impairment is established when there is evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

### ***Financial assets at fair value through other comprehensive revenue and expense***

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit. If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

### **Inventory**

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down. When land held for development and future resale is transferred from investment property, or property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

### **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 rather than through continuing use. Non-current 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 non-current

assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale.

### **Property, plant and equipment**

Property, plant and equipment consists of:

#### *Operational assets*

These include land, buildings, landfill post-closure, library books, plant and equipment, the museum collection and motor vehicles.

#### *Restricted assets*

Restricted assets are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

#### *Infrastructural assets*

Infrastructural assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses

#### *Revaluation*

Land, buildings (operational and restricted), museum, library books, and infrastructural assets (except land under roads) are re-valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are re-valued. Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

## Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is recognised at its cost.

Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

## Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

## Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

## Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Roading is valued on a regular basis and each asset is assigned a base life (estimate of total useful life), which is converted to a preliminary estimate of physical life by adjusting for age. An initial assessment of remaining life is then calculated as the difference between expected life and age of asset. Where information is available further adjustments are then made to the useful life estimate to take into account condition and use of the asset.

The three water assets are regularly valued with the economic life of an asset being the period of time it is economically worthwhile to replace rather than to continue to repair or maintain. The economic life varies for each asset. Assets lives are modified if local knowledge and experience suggests this is appropriate.

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

<b>INFRASTRUCTURAL ASSETS (APPROXIMATE AVERAGE OVER ALL ASSETS IN THAT CATEGORY)</b>	<b>YEARS</b>
<b>Roading</b>	
Land – road reserve	Not depreciated
Road formation	Not depreciated
Basecourse	78
Sealed Pavement surface	15
Unsealed Wearing Course	5
Bridge Railings	10
Signs	16
Drainage	49
Large Culverts	51
Retaining Walls	74
Surface water Channel	54
Railings	22
Traffic Islands	50
Street lighting	26
Footpaths	47
Bridges	93
Car-parks	48
<b>Water</b>	
Treatment plant /Headworks	13
Pump stations	11
Reservoirs	38
Trunk Main	41
Main	49
Service Line	33
<b>Harbour Assets</b>	
Harbour Assets	14-15
<b>Stormwater</b>	
Gravity Main	45
Rising Main	46
Pump station	20
<b>Sewer</b>	
Service Line	25
Gravity Main	40
Rising Main	57
Pump Station	12
Treatment Plant	47
Outfall	28
<b>Parks</b>	
Land	Not depreciated
Park	17.5
<b>Operational Assets</b>	
Museum assets	Not depreciated
Land	Not depreciated
Buildings	8-55
Vehicles	5-8
Plant and equipment	4-33
Furniture and fittings	5-10
Library books	3-4
Office equipment	5-10

The assets' residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

## **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 that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

### ***Easements***

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

### ***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 the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Computer software 4- 5 years 20%- 25%

### **Impairment of property, plant, and equipment and intangible assets**

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment. Property, plant, and equipment and intangible assets subsequently measured at cost 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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable

amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount.

The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit. Value in use for non-cash-generating assets Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows.

### **Forestry assets**

Standing forestry assets are generally independently revalued annually at fair value less estimated costs to sell for one growth cycle. A valuation was carried out in 2019/20 year. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains and losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit when incurred.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

### **Investment property**

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost, including transaction costs. After initial recognition, the Council measures all investment property at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.



## **Payables**

Short-term creditors and other payables are recorded at their face value.

## **Borrowings**

Borrowings are initially recognised at their fair value plus costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

## **Employee entitlements**

### *Short-term employee entitlements*

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

### *Presentation of employee entitlements*

Sick leave and long service leave are valued on an actuarial basis. The present value of retirement and long service leave obligations depend on a number of

factors that are determined on an actuarial basis. Three key assumptions used in calculating this liability include the discount rate, salary escalation rates and resignation rates.

Any changes in these assumptions will affect the carrying amount of the liability. Projected cashflows are discounted back to the valuation date at the valuation discount rates. The discount rates have been chosen in accordance with PBE IPSAS 25 and have been and the valuation method is a refinement of that set out by Treasury in its paper entitled "Guidance on accounting for sick leave under NZ IAS 19 employee benefits".

A long term annual rate of salary growth of 3.0% per year has been used. Sick leave and long service leave are classified as both current and long term liabilities depending on predicted settlement. If the payment is likely to be made within 12 months of balance date the entitlement is classified as current. The balance of the valuation is classified as long term.

## **Superannuation scheme**

### *Defined contribution schemes*

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

## **Provisions**

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation either legal or constructive as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

## **Equity**

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated funds;
- Restricted reserves;
- Asset revaluation reserve.

### ***Restricted reserves***

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council. Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

### ***Asset revaluation reserve***

This reserve relates to the revaluation of property, plant and equipment to fair value.

### ***Fair value through other comprehensive revenue and expense reserve***

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

### **Goods and services tax (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables- which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

### **Budget figures**

The budget figures are those approved by the Council in its Long Term Plan 2018-28. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

### **Cost allocation**

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below. Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

### **Critical accounting estimates and assumptions**

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### ***Asset valuations and fair value assumption***

Note 14 provides information about the valuation dates of assets. During the 2020 year, independent valuations were carried out on forestry, investment property and property held for sale, land and buildings, museum, library, harbour, parks and restricted land. A valuation has also been included for roading as at 1 July 2019.

All assets have been valued on the fair value assumption while taking account of Covid 19 economic impacts. Fair value is the amount at which asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### ***Landfill aftercare provision***

Note 20 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

### **Critical judgements in applying accounting policies**

Management has exercised no critical judgements in applying accounting policies for the year ended 30 June 2020.

## Note 2 – Rates

ACTUAL 2019 \$000		ACTUAL 2020 \$000	BUDGET 2020 \$000
	<b>GENERAL RATES</b>		
21,723	General Rates	22,272	22,244
	<b>TARGETED RATES ATTRIBUTABLE TO ACTIVITIES:</b>		
-	Recreation and Community Services	-	-
758	District Growth	884	847
2,596	Solid Waste	2,463	2,461
3,166	Stormwater Drainage	3,164	3,161
3,739	Sewage Treatment and Disposal	4,394	4,419
2,715	Water Supply	2,940	3,681
5,848	Roads and Footpaths	6,041	6,034
330	Leadership	339	339
	Council Controlled Activities		36
1,504	Rate Penalties	944	800
(125)	Rates Remissions	(427)	(410)
3,358	<b>VOLUMETRIC CHARGES FOR WATER</b>	4,093	2,882
<b>45,612</b>	<b>Net Rate Revenue</b>	<b>47,107</b>	<b>46,494</b>

### Rates Remissions

Rates revenue is shown net of rates remissions. Council's rates remission policy allows remission of rates on condition of a ratepayer's extreme financial hardship, land used for sport, land protected for historical or cultural purposes, water leakage, unpaid rates, unit affected by natural hazard, outstanding rates and penalties on undeveloped sections, educational institutions sewage charges and on uniform annual general charge and targeted rates for contiguous properties.

### Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under Council's rates remission policy.

### RATING BASE INFORMATION

The following rating base information is disclosed based on the rating base information at the end of the preceding financial year:

	30-Jun-20	30-Jun-19
The number of rating units within the District	16,861	16,736
The total capital value of rating units within the District	11,129,295,300	8,836,377,400
The total land value of rating units within the District	5,812,766,550	4,532,245,950

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other local authorities rate. The annual rates revenue of the Council for the year ended 30 June 2020 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	2020 \$000	2019 \$000
Rates	47,107	45,612
Lump Sum Contributions	0	0
<b>Total Annual Rates Revenue</b>	<b>47,107</b>	<b>45,612</b>

## Note 3 - Other Revenue and Subsidies and Grants

ACTUAL 2019 \$000		ACTUAL 2020 \$000	BUDGET 2020 \$000
<b>SUBSIDIES AND GRANTS</b>			
1,983	Government Grants	8,821	6,706
13,879	NZTA Subsidies	11,900	19,492
<b>15,862</b>	<b>Total Subsidies and Grants</b>	<b>20,721</b>	<b>26,198</b>
<b>OTHER REVENUE</b>			
234	Infringements and Fines	293	278
305	Petrol Tax	286	288
2,495	Rental Revenue from Investment Properties	2,482	2,422
360	Rental Revenue Other	233	360
38	Dividend Revenue	8	5
35	Flood Recoveries	-	
632	Other Services	649	431
<b>4,099</b>	<b>Total Other Revenue</b>	<b>3,951</b>	<b>3,784</b>
<b>19,961</b>	<b>Total Subsidies and Grants and Other Revenue</b>	<b>24,672</b>	<b>29,982</b>

## Note 4 - Personnel Costs

ACTUAL 2019 \$000		ACTUAL 2020 \$000	BUDGET 2020 \$000
16,711	Salaries and Wages	18,047	17,228
449	Defined Contribution Plan for Employer Contributions	485	450
(60)	Increase (Decrease) in Employee Entitlements	449	-
<b>17,100</b>	<b>Total Personnel Costs</b>	<b>18,981</b>	<b>17,678</b>

*For further detail on increases and variances to budget, please see Note 34.*

*\*Employer contributions to defined contribution plans include contributions to Kiwisaver.*

# Note 5 - Depreciation and Other Expenses

ACTUAL 2019 \$000		ACTUAL 2020 \$000	BUDGET 2020 \$000
<b>DIRECTLY ATTRIBUTABLE DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY</b>			
38	Community Safety	42	44
92	District Growth	242	72
2,834	Recreation and Community Services	2,832	2,701
72	Solid Waste	65	42
4,537	Roads and Footpaths	7,880	7,579
1,915	Water Supply	2,073	2,016
1,180	Stormwater Drainage	1,151	1,181
1,474	Sewage Treatment and Disposal	1,538	1,515
-	Reportable Council-controlled Organisations	-	8
1,254	Corporate & District Activities Funds Applied	1,369	1,044
<b>13,396</b>	<b>Total Depreciation and Amortisation Expense</b>	<b>17,192</b>	<b>16,202</b>
<i>For further information on change of estimate, please refer to Note 34</i>			
<b>OTHER EXPENSES</b>			
133	Audit NZ- Council Financial Statements	135	189
40	Audit NZ- Additional Audit Fee		
4	Audit NZ- Debenture Trust Deed	4	
5	Audit NZ- Whakatāne Airport Joint Venture	-	5
46	Audit fees-other	*	
389	Grants and Subsidies	999	496
772	Insurance Premiums	873	878
64	Investment Property Expenses	205	749
-	Loss on Disposal of Assets	187	
(1,883)	Movement in Doubtful Debt Impairment	454	-
22	Operating Leases	46	16
26,887	Other Operating Expenses	**	34,605
4	Impairment	639	-
111	Movement in Provisions	***	-
<b>26,594</b>	<b>Total Other Expenses</b>	<b>41,632</b>	<b>36,938</b>
<b>REVALUATION LOSSES</b>			
<b>NON FINANCIAL INSTRUMENTS</b>			
-	Loss on Forestry Valuation	30	-
	Loss on Museum Collection Valuation	1,335	
	Loss on Investment Property	1,604	
<b>FINANCIAL INSTRUMENTS</b>			
1,455	Derivative Financial Instruments	Note 12	1,500
<b>1,455</b>	<b>Total Revaluation Losses</b>	<b>3,748</b>	<b>1,500</b>

\*Audit Fees incurred that were not from Audit NZ

\*\*Other operating expenses included items such as: Contract payments (\$11.9 million), Awatarariki Retreat payments (\$6.9 million) and Consultants (\$3.7 million).

\*\*\*Movement in Landfill and Weathertight Provisions

## Note 6 - Interest Revenue and Finance Costs

ACTUAL 2019 \$000		ACTUAL 2020 \$000	BUDGET 2020 \$000
31	Interest Revenue	13	43
(2,830)	Finance Costs- interest on borrowings	(2,674)	(2,600)
<b>(2,799)</b>	<b>Net Finance Costs</b>	<b>(2,661)</b>	<b>(2,557)</b>

## Note 7 – Gains

ACTUAL 2019 \$000			ACTUAL 2020 \$000	BUDGET 2020 \$000
<b>NON FINANCIAL INSTRUMENTS</b>				
830	Revaluation- Investment Property	Note 17	-	-
147	Revaluation- Forestry	Note 16	-	-
34	Gain on Disposal of Assets		57	-
<b>1,011</b>	<b>Total Non-Financial Instruments</b>		<b>57</b>	<b>-</b>
<b>FINANCIAL INSTRUMENTS</b>				
-	Revaluation- Derivative Financial Instruments	Note 12	-	-
<b>-</b>	<b>Total Financial Instruments</b>		<b>-</b>	<b>-</b>
<b>1,011</b>	<b>Total Gains</b>		<b>57</b>	<b>-</b>

## Note 8 - Income Tax

ACTUAL 2019 \$000		ACTUAL 2020 \$000
<b>COMPONENTS OF TAX EXPENSE</b>		
-	Current Tax	-
-	Adjustments to Current Tax in Prior Years	-
(40)	Deferred Tax	(32)
<b>(40)</b>	<b>Total Tax</b>	<b>(32)</b>
<b>RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING SURPLUS</b>		
12,671	Surplus (Deficit) Before Tax	(5,235)
3,548	Tax @ 28% (2019: 28%)	-1,466
<b>Plus (Less) tax effect of:</b>		
(3,548)	Non-deductible Expenditure	1,466
-	Non-taxable Revenue	-
(40)	Deferred Tax Adjustment	(32)
-	Prior Year Adjustment	-
<b>(40)</b>	<b>Tax Expense (Benefit)</b>	<b>(32)</b>

DEFERRED TAX ASSET (LIABILITY)	PROPERTY, PLANT AND EQUIPMENT \$000	EMPLOYEE ENTITLEMENTS \$000	TAX LOSSES \$000	TOTAL \$000
<b>Balance at 30 June 2018</b>	<b>(722)</b>	-	<b>648</b>	<b>(74)</b>
Charged to Surplus or Deficit	48		(7)	42
Charged to Other Comprehensive Revenue and Expense	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>(674)</b>	-	<b>641</b>	<b>(32)</b>
Charged to Surplus or Deficit	364		(331)	32
Charged to Other Comprehensive Revenue and Expense	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>(310)</b>	-	<b>310</b>	<b>-</b>

*A deferred tax asset has not been recognised in relation to unused tax losses of \$6,146,266 (2019: \$5,954,034 ).*

*A deferred tax asset has not been recognised in relation to unused tax losses of \$1,324,689 (2019: \$0 ) in relation to the Whakatāne Airport joint venture (50% share).*

## Note 9 - Cash and Cash Equivalents

ACTUAL 2019 \$000		ACTUAL 2020 \$000
4,730	Cash at Bank and on Hand	12,589
<b>4,730</b>	<b>Total Cash and Cash Equivalents</b>	<b>12,589</b>

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

### INTEREST RATES

The weighted average effective interest rates during the year on Cash and Cash Equivalents were:

2019		2020
0.90%	Cash and Cash Equivalents	0.24%

## Note 10 – Inventories

ACTUAL 2019 \$000		ACTUAL 2020 \$000
	<b>HELD FOR DISTRIBUTION:</b>	
225	Water and Sewerage Spare Parts	252
10	Road Safety Vouchers	11
49	Other	
<b>284</b>	<b>Total Inventories</b>	<b>263</b>

*No inventories are pledged as security for liabilities (2019: \$Nil). However some inventories are subject to retention of title clause. The carrying amount of inventories held for distribution that are measured at a current replacement cost as at 30 June 2020 amounted to \$Nil (2019: \$Nil). The loss in service potential of inventories held for distribution is determined on the basis of obsolescence.*



# Note 11 – Receivables

ACTUAL 2019 \$000		ACTUAL 2020 \$000
5,704	Rates Receivables	7,084
3,842	Metered Water Receivables	4,426
2,591	Sundry Debtor Receivables	1,845
226	Regulatory Receivables	339
2,047	NZTA Receivable	2,669
313	Income Accrued	2,599
238	Airport Debtors	-
270	GST Receivable	511
<b>15,231</b>		<b>19,473</b>
(1,119)	Less Provision for Impairment of Receivables	(1,572)
<b>14,112</b>		<b>17,901</b>
433	Prepayments	372
<b>14,545</b>	<b>Total Receivables including GST Receivable</b>	<b>18,273</b>
<b>TOTAL RECEIVABLES COMPRISE:</b>		
6,937	Receivables from non-exchange transactions- this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	10,483
7,608	Receivables from exchange transactions- this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	7,790

## Fair Value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their face value.

## Impairment

The Council has various powers under the Local Government (Rating) Act 2002 to recover any 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 payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect if discounting is material.

All receivables greater than 30 days in age are considered to be past due. The impairment provision has been calculated based on a review of specific overdue receivables and assessment. The impairment provision is based on an analysis of past collection history and debt write-offs. Movements in the provision for impairment of receivables are as follows:

## MOVEMENT IN THE PROVISION FOR IMPAIRMENT OF RECEIVABLES:

2019 \$000		2020 \$000
3,002	At 1 July	1,119
(1,519)	Provision Adjustment Made During the Year	1,087
(364)	Receivables Written Off During the Year	(634)
<b>1,119</b>	<b>Balance at 30 June</b>	<b>1,572</b>

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

# Note 12 - Derivative Financial Instruments

2019  
ACTUAL  
\$000

2020  
ACTUAL  
\$000

CURRENT ASSET PORTION		
-	Interest rate swaps	-
CURRENT LIABILITY PORTION		
139	Interest rate swaps	233
NON-CURRENT ASSET PORTION		
-	Interest rate swaps	-
NON-CURRENT LIABILITY PORTION		
4,608	Interest rate swaps	5,294
<b>4,747</b>	<b>Total Derivative Financial Instrument Liabilities</b>	<b>5,526</b>

## Fair Value

The fair values of interest rate swaps have been determined using a discounted cash flows technique based on quoted market prices. The valuation was performed using Hedgebook software and then checked to independent ANZ and BNZ confirmations. No interest rate swaps were due to mature at 30 June 2020.

## Information about Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$46.5 million (2019: \$50.5 million). At 30 June 2020 the average fixed interest rates of cash flow hedge interest rate swaps were 4.085% (2019: 4.152%)

At 30 June 2020 the fixed interest rates of cash flow hedge interest rate swaps varied from 1.51% to 5.9% (2019 1.51% to 5.9%)

Unrealised gains and losses recognised on interest rate swap contracts as at 30 June 2020 are released to the surplus or deficit as interest is paid on the underlying debt.

The Council have no fair value hedges.

## The following interest rate swaps are currently held:

	SWAP 1	SWAP 2	SWAP 3	SWAP 4	SWAP 5	SWAP 6	SWAP 7	SWAP 8	SWAP 9
Maturity Date	22/01/2021	22/02/2021	24/05/2021	23/06/2021	31/08/2021	22/03/2022	24/01/2023	22/03/2023	20/07/2023
Fixed Rate	4.2000%	3.3100%	3.5900%	4.8500%	4.4800%	5.7900%	2.7800%	4.9700%	4.9900%
Amount	\$2,500,000	\$2,000,000	\$2,000,000	\$1,000,000	\$2,000,000	\$2,500,000	\$4,000,000	\$1,000,000	\$2,000,000
Fair Value	(73,580)	(45,995)	(67,027)	(46,010)	(106,934)	(243,588)	(280,716)	(130,168)	(307,926)
	SWAP 10	SWAP 11	SWAP 12	SWAP 13	SWAP 14	SWAP 15	SWAP 16	SWAP 17	SWAP 18
Maturity Date	22/09/2023	21/03/2024	22/03/2024	22/04/2024	24/06/2024	23/09/2024	20/12/2024	30/03/2025	22/09/2025
Fixed Rate	5.9000%	4.8700%	4.9500%	4.4000%	1.5100%	5.0000%	4.7300%	3.7800%	4.8000%
Amount	\$1,700,000	\$1,600,000	\$1,000,000	\$2,500,000	\$2,000,000	\$1,000,000	\$2,000,000	\$2,000,000	\$3,000,000
Fair Value	(308,484)	(275,514)	(175,309)	(406,029)	(96,991)	(199,754)	(396,402)	(326,862)	(696,495)
	SWAP 19	SWAP 20	SWAP 21	SWAP 22	SWAP 23	SWAP 24			
Maturity Date	22/07/2026	23/09/2026	20/04/2027	22/06/2027	22/03/28	20/04/28			
Fixed Rate	3.1900%	3.2400%	3.7600%	3.7500%	3.70%	3.71%			
Amount	\$2,500,000	\$1,000,000	\$2,000,000	\$1,700,000	\$1,000,000	\$2,500,000			
Fair Value	(364,753)	(139,572)	(226,941)	(219,098)	(279,727)	(112,285)			

**FAIR VALUE TOTAL (4,747,344)**

# Note 13 - Investment in Council Controlled Organisations and Other Similar Entities

## **Accounting Policy**

The Council has adopted the new group standards, PBE IPSAS 34 to 38, in preparing these financial statements. In adopting these new standards, the council has updated its accounting policies for its investments in associates and joint ventures. Disclosures have also been updated for the new disclosure requirements of PBE IPSAS38. Further information about the initial adoption of these standards is provided in Note 35.

## **Associate**

An associate is an entity over which the council has significant influence and that is neither a subsidiary or an interest in a joint venture. Investments in associates are accounted for in the financial statements using the equity method of accounting. Investments in associates are measured at cost in the council's financial statements.

## **Joint Venture**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of the arrangement by way of binding agreement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are measured at cost in the council's financial statements.

## **Equity method of accounting**

Investments in associates and joint ventures are accounted for in the financial statements using the equity method of accounting.

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the change in net assets of the entity after the date of acquisition. The council's share of the surplus / deficit is recognised in the council surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the council statements.

If the share of deficits in the entity equals or exceeds the interest in the entity, the council discontinues recognising its share of further deficits. After council's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the council has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the council will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

## **Breakdown of investment in associates and further information**

The Council has a 9.7% (2019: 9.7%) interest in an associate, BOPLASS Ltd, which fosters collaboration among the Bay of Plenty councils in the delivery of services, particularly back office services.

Financial information relating to Whakatāne Airport is provided below:

<b>ACTUAL 2019 \$000</b>		<b>ACTUAL 2020 \$000</b>
<b>INVESTMENT IN WHAKATĀNE AIRPORT</b>		
270	Current assets	419
8,370	Non-current assets at revaluation	12,152
581	Work in Progress	41
-	WDC loan account	319
(248)	Current Liabilities	(67)
-	Non-current liabilities	-
<b>8,973</b>	<b>Net Assets</b>	<b>12,864</b>
206	Revenue (excluding interest)	218
4	Interest Revenue	-
401	Operating Expenses	686
13	Personnel Costs	17
97	Depreciation and Amortisation	101
-	Income Tax expense	-
(301)	Surplus / (Deficit)	(586)
-	Other comprehensive revenue and expense	2,866
(301)	Total comprehensive revenue and expense	2,280
<b>Reconciliation to equity accounted carrying amount</b>		
8,973	Joint Venture's net assets	12,864
50%	Councils share	50%
<b>4,487</b>	<b>Equity accounted carrying amount</b>	<b>6,432</b>
<b>ACTUAL 2019 \$000</b>		<b>ACTUAL 2020 \$000</b>
50	Shares - Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd): 38,788 shares@ \$1.29	50
9	Shares - Bay of Plenty Local Authority Shared Services Limited	9
100	Shares - NZ Local Government Funding Agency	100
912	Borrower Notes - NZ Local Government Funding Agency	1,072
4,487	Whakatāne Airport	6,432
<b>5,558</b>	<b>Total Investment in Council Controlled Organisations and Other Similar Entities</b>	<b>7,663</b>

### Unlisted Shares

The fair value of unlisted shares in NZ Local Government Insurance Corporation Ltd and Bay of Plenty Local Authority Shared Services Ltd (BoP LASS Ltd) have been determined using the net asset backing method.

The Whakatāne District Council is a shareholder in BOPLASS Ltd, a CCO owned by councils in the Bay of Plenty Region. Each of the nine councils in the region hold shares with Whakatane District Council holding 9.7% of the shares. BoP LASS Ltd has been established to foster collaboration between councils in the delivery of services particularly back office or support services.

Due to the immaterial size and nature of the Council's investment in the NZ Local Government Funding Agency, the Council has estimated the fair value of this investment based on the LGFA's net asset backing at 30 June.

### Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

# Note 14 - Property Plant and Equipment

Movement in the carrying value for each class of property, plant and equipment are as follows:

2020	CURRENT YEAR											30 JUNE 2020				
	1 JULY 2019	COST / VALUATION	ACCUMULATED DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE	ADDITIONS	AIRPORT ADJUSTMENTS	AIRPORT ADJUSTMENTS	DISPOSALS	TRANSFERS	IMPAIRMENT	DEPRECIATION REVERSED ON DISPOSAL/ REVALUATION	DEPRECIATION	REVALUATION	COST / REVALUATION	ACCUMULATED DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE
<b>OPERATIONAL ASSETS</b>																
Land*	23,677	-	23,677	-	(2,290)	-	63	528	-	-	-	-	3,173	25,025	-	25,025
Buildings**	45,354	2,069	43,285	2,836	(1,791)	-	84	-	-	3,141	1,440	4,548	50,863	368	50,495	
Plant & Equipment	6,129	2,917	3,210	673	-	-	-	(528)	16	-	366	-	6,258	3,283	2,975	
Furniture & Fittings	2,783	1,865	918	373	-	-	-	-	1	-	156	-	3,155	2,021	1,134	
Office Equipment	5,456	4,336	1,119	500	-	-	-	-	-	-	368	-	5,956	4,704	1,251	
Motor Vehicles	2,928	1,688	1,240	468	-	-	224	-	-	152	393	-	3,172	1,929	1,243	
Harbour Vessels	32	32	-	-	-	-	-	-	-	-	-	-	32	32	-	
Museum Collection	8,771	-	8,771	-	-	-	-	-	-	-	-	(3,742)	5,029	-	5,029	
Library Books	1,153	593	560	95	-	-	-	-	-	822	325	(400)	848	96	752	
<b>Total Operational Assets</b>	<b>96,283</b>	<b>13,500</b>	<b>82,782</b>	<b>4,945</b>	<b>(4,081)</b>	<b>-</b>	<b>371</b>	<b>0</b>	<b>17</b>	<b>4,115</b>	<b>3,048</b>	<b>3,579</b>	<b>100,338</b>	<b>12,432</b>	<b>87,906</b>	
<b>INFRASTRUCTURAL ASSETS</b>																
Land Roading	91,363	-	91,363	-	-	-	-	-	-	-	-	-	-	91,363	-	91,363
Stormwater	52,287	2,298	49,989	579	-	-	-	-	-	-	1,151	-	52,866	3,449	49,417	
Harbour	3,205	403	2,802	2,101	-	-	-	-	-	494	92	2,653	7,959	1	7,958	
Parks	19,439	2,033	17,406	615	-	-	-	-	-	3,152	1,119	(8,510)	11,544	-	11,544	
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Core Council Infrastructure Assets</b>																
Roading Network	275,540	15,470	260,070	14,171	-	-	-	-	-	15,470	7,879	(27,313)	262,398	7,879	254,519	
Water- Treatment Plants & Facilities	2,615	426	2,189	-	-	-	-	-	-	-	213	-	2,615	639	1,976	
Water- Other	71,384	3,361	68,023	1,940	-	-	-	-	576	-	1,859	-	72,748	5,220	67,528	
Sewerage- Treatment Plants & Facilities	5,139	243	4,896	-	-	-	-	-	-	-	117	-	5,139	361	4,778	
Sewerage- Other	46,097	2,677	43,420	193	-	-	-	-	57	-	1,421	-	46,233	4,097	42,136	
<b>Total Infrastructural Assets</b>	<b>567,069</b>	<b>26,911</b>	<b>540,158</b>	<b>19,599</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>633</b>	<b>19,116</b>	<b>13,851</b>	<b>(33,170)</b>	<b>552,865</b>	<b>21,646</b>	<b>531,219</b>	
<b>INTANGIBLE ASSETS</b>																
Computer Software	5,161	4,043	1,118	36	-	-	-	-	-	290	-	-	5,197	4,333	864	
<b>Total</b>	<b>668,513</b>	<b>44,454</b>	<b>624,058</b>	<b>24,580</b>	<b>(4,081)</b>	<b>-</b>	<b>371</b>	<b>-</b>	<b>650</b>	<b>23,231</b>	<b>17,189</b>	<b>(29,591)</b>	<b>658,400</b>	<b>38,411</b>	<b>619,989</b>	

**All infrastructural assets are constructed on behalf of Whakatāne District Council by contractors.**

No property, plant and equipment is pledged as security. Refer Note 18 for restricted assets. Council has easements giving right to access to private property where infrastructure assets are located. It has not been feasible to value at this stage and when valued are not expected to be material. There are no restrictions over the title of the Council's intangible assets, nor are there any intangible assets pledged as security for liabilities.

# Note 14 - Property Plant and Equipment

Movement in the carrying value for each class of property, plant and equipment are as follows:

	30 JUNE 2019													
	1 JULY 2018					CURRENT YEAR								
2019	COST / VALUATION	ACCUMULATED DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE	ADDITIONS	VESTED AND FOUND ASSETS	DISPOSALS	TRANSFERS	IMPAIRMENT	DEPRECIATION REVERSED ON DISPOSAL	DEPRECIATION	REVALUATION	COST / REVALUATION	ACCUMULATED DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE
<b>OPERATIONAL ASSETS</b>														
Land*	23,677	-	23,677	-	-	-	0	-	-	-	-	23,677	-	23,677
Buildings**	39,365	1,127	38,238	7,782	-	-	-	1,793	382	1,323	-	45,354	2,069	43,285
Plant and Equipment	5,707	2,596	3,111	431	-	-	-	9	5	328	-	6,129	2,919	3,210
Furniture and Fittings	2,499	1,726	773	284	-	-	-	-	-	139	-	2,783	1,865	918
Office Equipment	5,028	3,937	1,091	428	-	-	-	-	240	399	-	5,456	4,336	1,119
Motor Vehicles	2,919	1,672	1,247	290	-	281	-	-	256	256	-	2,928	1,688	1,240
Harbour Vessels	32	32	-	-	-	-	-	-	-	-	-	32	32	-
Museum Collection	8,750	-	8,750	-	-	-	-	-	-	-	21	8,771	-	8,771
Library Books	1,050	281	769	103	-	-	-	-	312	312	-	1,153	593	560
<b>Total Operational Assets</b>	<b>89,027</b>	<b>11,371</b>	<b>77,656</b>	<b>9,318</b>	<b>-</b>	<b>281</b>	<b>0</b>	<b>1,802</b>	<b>627</b>	<b>2,757</b>	<b>21</b>	<b>96,283</b>	<b>13,501</b>	<b>82,782</b>
<b>INFRASTRUCTURAL ASSETS</b>														
Land Roading	91,363	-	91,363	-	-	-	-	-	-	-	-	91,363	-	91,363
Stormwater	51,880	1,152	50,727	407	-	-	-	-	-	1,146	-	52,287	2,298	49,989
Harbour	3,193	181	3,012	12	-	-	-	-	-	222	-	3,205	403	2,802
Parks	18,562	972	17,590	877	-	-	-	-	-	1,061	-	19,439	2,033	17,406
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Core Council Infrastructure Assets</i>														
Roading Network	267,194	10,935	256,259	8,346	-	-	-	-	-	4,535	-	275,540	15,470	260,070
Water- Treatment Plants and Facilities	2,615	213	2,402	-	-	-	-	-	-	213	0	2,615	426	2,189
Water- Other	67,016	1,625	65,391	4,368	-	-	-	-	-	1,736	0	71,384	3,361	68,023
Sewerage- Treatment Plants and Facilities	5,139	123	5,016	-	-	-	-	-	-	120	0	5,139	243	4,896
Sewerage- Other	43,880	1,323	42,557	2,217	-	-	-	-	-	1,354	-	46,097	2,677	43,420
<b>Total Infrastructural Assets</b>	<b>550,842</b>	<b>16,524</b>	<b>534,317</b>	<b>16,227</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,387</b>	<b>-</b>	<b>567,069</b>	<b>26,911</b>	<b>540,158</b>
<b>INTANGIBLE ASSETS</b>														
Computer Software	4,133	3,742	391	1,028	-	-	-	-	-	301	-	5,161	4,043	1,118
<b>Total</b>	<b>644,002</b>	<b>31,637</b>	<b>612,364</b>	<b>26,573</b>	<b>-</b>	<b>281</b>	<b>-</b>	<b>1,802</b>	<b>627</b>	<b>13,445</b>	<b>21</b>	<b>668,513</b>	<b>44,455</b>	<b>624,058</b>

# Note 14 - Property Plant and Equipment continued

Work in Progress Property, plant and equipment in the course of construction by class of asset is detailed below:

WORK IN PROGRESS	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Water, Stormwater and Wastewater Systems	5,677	4,381
Roading Network	407	4,630
Buildings	76	383
Parks and Reserves	1,419	852
Ports and Harbour	1,762	3,307
Intangible Assets	203	36
Plant and Equipment	881	192
<b>Total Work in Progress</b>	<b>10,425</b>	<b>13,781</b>

## Replacement Cost - Core Council Infrastructure Assets

	MOST RECENT ESTIMATE OF REPLACEMENT COST \$000	DATE OF ESTIMATE
Roading Networks	384,045	1 July 2019
Water- treatment plants and facilities	118,947	1 July 2017
Sewerage- treatment plants and facilities	98,463	1 July 2017
Stormwater	85,922	1 July 2017

## Valuations on Operational and Restricted Assets

	FAIR VALUE	VALUATION
Operational Land	83,584	30 June 2020
Operational Buildings	37,800	30 June 2020
Park Assets	15,894	30 June 2020
Harbour Assets	3,031	30 June 2020
Library Books	836	30 June 2020
Harbour Land Not Leased (Restricted Asset)	4,425	30 June 2020
Recreational Reserves	34,614	30 June 2020
Museum Collection	8,771	30 June 2020

Note : Firearms were omitted from the 2016 valuation and were added in 2019 to the value of \$21,000

**Insurance of Assets** The following information relates to the insurance of Council assets at 30 June 2020

	2020 \$000	2019 \$000	2018 \$000
The total net book value of all Council assets covered by insurance contracts	281,214	268,366	365,456
The maximum amount to which insured assets are insured	363,734	411,620	373,988
The total net book value of all council assets covered by financial risk sharing arrangements*	-	-	-
Maximum amount available to the Council under financial risk sharing arrangements*	-	-	-
The value of assets that are self-insured	443,097	442,053	347,622
The value of funds maintained for self-insurance **	9	-	-

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage and sewerage assets, and provide a subsidy towards the restoration of roads.

\* Covered under insurance contracts in 2019/20

\*\* Funds withdrawn to support costs incurred following 2017 floods. The payments continued for the next two years and funds are just beginning to be built up again.

All infrastructural assets are constructed on behalf of Whakatāne District Council by contractors.

**“Airport Adjustments” reverse out Airport Assets shown in the previous financial year**

	<b>COST \$000</b>	<b>DEPRECIATION \$000</b>	<b>BOOK VALUE \$000</b>
Airport Land as at 1 July 2019	4,580		4,580
Council 50% interest shown in 30 June 2019 statements	<b>2,290</b>	-	<b>2,290</b>
	<b>COST \$000</b>	<b>DEPRECIATION \$000</b>	<b>BOOK VALUE \$000</b>
Airport Assets (buildings and facilities) at 1 July 2019	4,027	(445)	3,582
Council 50% interest shown in 30 June 2019 statements	<b>2,014</b>	<b>(223)</b>	<b>1,791</b>

**Valuation uncertainty:** The COVID-19 virus is currently having a major impact on the New Zealand economy. Due to the severe market disruption and lack of transactional data, a greater degree of uncertainty is attached to our valuation.



# Note 15 – Valuation

## Land (Operational, Restricted and Infrastructural)

The most recent valuation was performed by an independent Certified Practising Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2020.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the unencumbered land value where there is a designation against the land or the use of the land is restricted because of reserve of endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

## Buildings (Operational and Restricted)

The most recent valuation was performed by an independent Certified Practising Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2020.

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern, equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

## Infrastructural Asset classes: Sewerage, Water, Drainage and Roads

Sewerage, water, drainage and roading infrastructure assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise the risk, infrastructural asset useful lives have been determined with reference to the New Zealand 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 asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation of water, wastewater and stormwater assets was performed by William Wallace and Jamie Cable, Asset Management Consultants of Opus International Consultants Limited, and the valuation was effective as at 1 July 2017.

The most recent valuation for road assets was performed by Evan Ou Yang, Asset Information Analyst of Opus International Consultants Limited, and the valuation is effective as at 1 July 2019.

### Land under roads

The road reserve land for formed roads only has been valued as at 1 July 2006. Road reserves have been valued on the average land valued by urban rating areas and rural ward, reduced by a factor of 30% to account for the restricted use of the land. On transition to New Zealand equivalents to International Financial Reporting Standards on 1 July 2006, the Council elected to use the fair value of land under roads as at 1 July 2006. Land under roads is no longer revalued.

### Vested infrastructural assets

Vested infrastructural assets are valued based on the actual quantities of infrastructural components vested and the current in-ground cost of providing identical services. Assets vested to Whakatāne District Council are recognised in the Statement of Comprehensive Revenue and Expense as revenue and in the Statement of Financial Position as property, plant and equipment.

### Library collections

Library collections are valued at depreciated replacement cost in accordance with the International Valuation Standards 2017 and the relevant Accounting Standards and Policy. The most recent valuation of the library collection was performed by J Munroe, Certified Practising Valuer of AON, and the valuation was effective as at 30 June 2020.

### Museum

Museum collections are valued at fair value determined on a variety of valuation methods including market values, book value, replacement value, comparative value and values used by other institutions. The most recent valuation was performed by Dunbar Sloane and the valuation is effective as at 30 June 2020.

### Harbour Assets

The most recent valuation of Harbour assets was performed by an independent Certified Practising Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2020.

## Note 16 - Forestry Assets

ACTUAL 2019 \$000		ACTUAL 2020 \$000
89	Balance at 1 July	236
147	Gains (Losses) Arising from Changes in Fair Value on Valuation	(30)
-	Decreases due to Sales	-
<b>236</b>	<b>Balance at 30 June</b>	<b>206</b>

Council owns 26.61 hectares of land predominantly held for soil conservation and river control reserve, of which 7.2 hectares is stocked with Pinus Radiata.

Plantation forests have been valued by PF Olsen and Co, independent valuers, on the basis of arms length market transaction of current market evidence as at 30 June 2020.

**Valuation uncertainty:** The COVID-19 virus is currently having a major impact on the New Zealand economy. Due to the severe market disruption and lack of transactional data, a greater degree of uncertainty is attached to our valuation.

# Note 17 - Investment Property and Non-current Assets Held for Sale

ACTUAL 2019 \$000		ACTUAL 2020 \$000
<b>INVESTMENT PROPERTY</b>		
35,788	Balance at 1 July	36,588
-	Sales and Disposals	-
800	Fair Value Gains (Losses) on Valuation	(1,244)
-	Transfer (to) from Restricted Assets	-
-	Transfer to Non-Current Assets Held for Sale	-
-	Transfer from Operational Land	-
-	Transfer to Operational Land	-
-	Transfer from Restricted Land	-
-	Transfer to Restricted Land	-
<b>36,588</b>	<b>Balance at 30 June</b>	<b>35,344</b>
Information about the revenue and expenses in relation to investment property is detailed below:		
2,495	Rental Revenue	2,482
64	Direct Operating Expenses from Investment Property Generating Revenue	205
<b>NON-CURRENT ASSETS HELD FOR SALE</b>		
9,356	Balance at 1 July	9,386
-	Sales	-
30	Fair Value Gains (Losses) on Valuation	(360)
-	Impairment losses	-
-	Other Adjustments	-
-	Transfer to Operational Assets	-
-	Transfer from Investment Property	-
<b>9,386</b>	<b>Balance at 30 June</b>	<b>9,026</b>
NON CURRENT ASSETS HELD FOR SALE SPLIT BETWEEN :		
3,908	Assets where proceeds are expected within one year	3,025
5,478	Assets where proceeds are expected after one year	6,001
9,386		9,026

The non-current assets held for sale relate to property currently held but on the market or about to be listed for sale.

All investment properties held by Council were valued at 30 June 2020 by Grant Utteridge an independent Valuer of Telfer Young (Rotorua) Ltd registered valuers. Telfer Young have extensive market knowledge in the types and location of investment properties owned by the Council. The properties have been valued in accordance with PBE IPSAS 16 Investment Property. The basis of the valuation is Fair Value of each property as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The valuation includes Lessors' Interests in freehold land holdings held by the Council. The majority of these leases are perpetually renewable of 14 year terms with rents mostly set at 5% of market value of the land. The valuation for Lessors' Interests within the portfolio was based on recent sales from centres throughout New Zealand. Valuations for Freehold Investment properties relate to the market value in comparison to comparable sales evidence for similar properties in the surrounding area. Restricted land within the investment category: \$nil (2019: \$nil).

**Valuation uncertainty:** The COVID-19 virus is currently having a major impact on the New Zealand economy. Due to the severe market disruption and lack of transactional data, a greater degree of uncertainty is attached to our valuation.

## Note 18 - Restricted Assets

\$'000

2020	COST/ REVALUATION 1 JULY 2019	ADDITIONS CURRENT YEAR	DISPOSALS CURRENT YEAR	TRANSFER TO OPERATING LAND	TRANSFER FROM RECREATIONAL RESERVES	TRANSFER TO HARBOUR LAND	TRANSFER TO ASSETS HELD FOR SALE	TRANSFER (TO) FROM INVESTMENT PROPERTY	REVALUATION CHANGE CURRENT YEAR	COST/ REVALUATION 30 JUNE 2020
Harbour Land (Not Leased)	4,425	-	-	-	-	-	-	-	1,070	5,495
Recreational Reserves	35,727	-	-	-	-	-	-	-	4,816	40,543
<b>Total</b>	<b>40,152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,886</b>	<b>46,038</b>

\$'000

2019	COST/ REVALUATION 1 JULY 2018	ADDITIONS CURRENT YEAR	DISPOSALS CURRENT YEAR	TRANSFER TO OPERATING LAND	TRANSFER FROM RECREATIONAL RESERVES	TRANSFER TO HARBOUR LAND	TRANSFER TO ASSETS HELD FOR SALE	TRANSFER (TO) FROM INVESTMENT PROPERTY	REVALUATION CHANGE CURRENT YEAR	COST/ REVALUATION 30 JUNE 2019
Harbour Land (Not Leased)	4,425	-	-	-	-	-	-	-	-	4,425
Recreational Reserves	34,829	898	-	-	-	-	-	-	-	35,727
<b>Total</b>	<b>39,254</b>	<b>898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,152</b>

Refer to Note 15 for revaluation details. Land in the Restricted Asset category is subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land under a bequest or donation that restricts the purpose for which the assets can be used).

**Valuation uncertainty:** The COVID-19 virus is currently having a major impact on the New Zealand economy. Due to the severe market disruption and lack of transactional data, a greater degree of uncertainty is attached to our valuation.

## Note 19 - Payables and Deferred Revenue

ACTUAL 2019 \$000		ACTUAL 2020 \$000
<b>Payables and deferred revenue under exchange transactions</b>		
4,967	Trade Payables	5,425
1,827	Accrued Expenses	1,346
1,578	Income Received in Advance	4,820
1,837	Deposits	13,496
601	Amounts due to Customers for Contract Work	232
<b>Payables and deferred revenue under non-exchange transactions</b>		
-	Other Taxes Payable (GST)	-
-	Income Received in Advance	-
<b>10,810</b>	<b>Total Payables and Deferred Revenue</b>	<b>25,319</b>

*Payables are generally non-interest bearing and are normally settled on 30-day terms. therefore the carrying value of creditors and other payables approximates their fair value.*

## Note 20 – Provisions

ACTUAL 2019 \$000		ACTUAL 2020 \$000
	<b>Current Portion</b>	
26	Landfill Aftercare Provision	35
-	Weathertightness Provision	-
<b>26</b>	<b>Total Current Portion</b>	<b>35</b>
	<b>Non-current Portion</b>	
326	Landfill Aftercare Provision	468
270	Weathertightness Provision	380
<b>596</b>	<b>Total Non-current Portion</b>	<b>848</b>
<b>622</b>	<b>Total Provisions</b>	<b>883</b>

Movements for each class of provision are as follows:

LANDFILL AFTERCARE PROVISION		
302	Balance at 1 July	352
50	Increase (Decrease) in Net Present Value	151
<b>352</b>	<b>Balance at 30 June</b>	<b>503</b>
WEATHERTIGHTNESS PROVISION		
209	Balance at 1 July	270
61	Increase (Decrease) in Provision	110
<b>270</b>	<b>Balance at 30 June</b>	<b>380</b>

### LANDFILL AFTERCARE COSTS

Council's responsibilities include closure costs, incremental drainage control features, facilities for leachate collection and monitoring, facilities for water quality monitoring. Post closure costs include treatment and monitoring of leachate and groundwater surface monitoring.

### WEATHERTIGHTNESS AND OTHER BUILDING RELATED CLAIMS PROVISION

The Weathertight Homes Resolution Service (WHRS), a central government service established under the Weathertight Homes Resolution Services Act 2006, no longer accepts claims. Council has no historical claims outstanding with this service. Council has continued to provide for potential liability in the 2020 financial statements of \$380,000 based on the expected outcome of known weathertight and other building related claims. This is an increase of \$110,000 compared to last years provision.

### OTHER CLAIMS

The Carter Holt Harvey legal claim has been issued with a notice of discontinuance. The council is no longer subject to this legal proceeding.

# Note 21 - Employee Entitlements

ACTUAL 2019 \$000		ACTUAL 2020 \$000
<b>Current Portion</b>		
622	Accrued pay	693
1,488	Annual and Long Service Leave	1,844
57	Sick Leave	39
<b>2,167</b>	<b>Total Current Portion</b>	<b>2,576</b>
<b>Non-current Portion</b>		
495	Long Service Leave	544
23	Sick Leave	14
<b>518</b>	<b>Total Non-current Portion</b>	<b>558</b>
<b>2,685</b>	<b>Total Employee Entitlements</b>	<b>3,134</b>

## Key Assumptions in Measuring Retirement and Long Service Leave Obligations

Retirement & long service leave and sick leave were valued on an actuarial basis by Aon Retirement and Investment as at 30 June 2020.

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Three key assumptions used in calculating this liability include the discount rate, salary escalation rates and resignation rates. Any changes in these assumptions will affect the carrying amount of the liability.

For sick leave an assumed discount rate of 1.6% p.a. has been used with an allowance of 3% average future salary growth. The valuation method is a refinement of that set out by Treasury in its paper entitled "Guidance on accounting for sick leave under NZ IAS 19 employee benefits".

The Long Service Leave valuation also assumes annual salary growth of 3% p.a. but uses a rising discount rate of 1.26% to 2.25% over a 10 year period.

The valuation has been carried out in accordance with PBE IPSAS 25.

## Note 22 – Borrowings

ACTUAL 2019 \$000		ACTUAL 2020 \$000
<b>Current Portion</b>		
8,500	Secured Loans	13,000
<b>Non-Current Portion</b>		
62,000	Secured Loans	59,000
<b>70,500</b>	<b>Total Borrowings</b>	<b>72,000</b>

The fair values of borrowings including current portion equate to their carrying values

<b>Maturity Profile</b>		
8,500	Maturing in under one year	13,000
13,000	Maturing in 1-2 years	5,000
5,000	Maturing in 2-3 years	9,000
9,000	Maturing in 3-4 years	10,000
10,000	Maturing in 4-5 years	8,000
25,000	Maturing in 5 years+	27,000
<b>70,500</b>		<b>72,000</b>

### Interest Terms for Secured Loans

The Council's secured loans are mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. External interest rates at 30 June 2020 range from 1.023% to 2.355% (2019: 2.1% to 2.788%) with a weighted average rate of 1.39% (2019: 2.56%). Interest expense for 2020 was \$2.674 million (2019: \$2.83 million).

### Security

The Council's secured loans are secured over future rating revenue of the Council.

### Internal Borrowings

Information about internal borrowings is provided on pages 23 to 80 of the Council's annual report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

### Fair Values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximate their fair value.



# Note 23 – Equity

ACTUAL 2019 \$000		ACTUAL 2020 \$000
<b>Equity</b>		
435,688	Accumulated Funds	431,417
16,790	Restricted Reserves	15,698
203,274	Asset Revaluation Reserves	205,837
<b>655,752</b>	<b>Total Public Equity</b>	<b>652,952</b>
<b>Accumulated Funds</b>		
413,082	Balance at 1 July	425,697
(266)	Other Reserve Movements	293
12,711	Surplus/(Deficit) for the Year	(5,203)
(17,806)	Transfers to Council Created Reserves	(16,485)
(3,878)	Transfers to Restricted Reserves	(2,356)
15,543	Transfers from Council Created Reserves	14,334
5,424	Transfers from Restricted Reserves	3,448
887	Airport Adjustment	(454)
<b>425,697</b>	<b>Balance at 30 June</b>	<b>419,275</b>
<b>Add Council Created Reserves (Incl. Depreciation Reserves)</b>		
7,728	Balance at 1 July	9,991
17,806	Transfer from Accumulated Funds	16,485
(15,543)	Transfer to Accumulated Funds	(14,334)
<b>9,991</b>	<b>Balance at 30 June</b>	<b>12,142</b>
<b>435,688</b>	<b>Total Accumulated Funds</b>	<b>431,417</b>
<b>Restricted Reserves</b>		
18,336	Balance at 1 July	16,790
3,878	Transfers from Accumulated Funds	2,356
(5,424)	Transfer to Accumulated Funds	(3,448)
<b>16,790</b>	<b>Balance at 30 June</b>	<b>15,698</b>
<b>Asset Revaluation Reserve</b>		
205,533	Balance 1 July	203,274
(1,390)	Revaluation of Operational Assets	11,731
	Revaluation of Restricted Assets	5,886
	Revaluation of Roding	(11,843)
	Revaluation of Water	
	Revaluation of Sewerage	
	Revaluation of Land Drainage	
	Revaluation of Other Infrastructural Assets	(2,211)
(869)	Airport Adjustment	(1,000)
<b>203,274</b>	<b>Balance at 30 June</b>	<b>205,837</b>

# Note 23 – Equity continued

Information about reserve funds held for a specific purpose is provided below. Note: ( ) depicts an overdrawn reserve account balance.

RESERVES SCHEDULE AS AT 30 JUNE 2020	ACTIVITY	PURPOSE	2019 - \$'000			2020 - \$'000			
			2018	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2019	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2020
<b>Council Operating Reserves</b>									
<b>Separate Operating Reserves</b>									
General Rates and Revenues	General Council	For General Rate funded Surpluses or Deficits	(194)	2,555	(2,098)	263	2,704	(3,198)	(231)
Roading Rate- Asstd/Non asst'd/Special & Safety	Roads and Footpaths	For Rooding Rate funded Surpluses or Deficits	1,266	560	(561)	1,265	551	(275)	1,541
Refuse Collection rate	Solid Waste	For Refuse Collection Rate Surpluses or Deficits	311	229	(276)	264	60	(247)	77
District Growth Rate	District Growth	For District Growth Rate funded Surpluses or Deficits	(51)	97	(119)	(73)	252	(1)	178
Whakatane Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	(400)	651	(817)	(566)	841	(778)	(503)
Ohope Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	(16)	0	(1)	(17)	2	(1)	(16)
Edgecumbe Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	(0)	0	0	(0)	1	0	1
Matata Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	(2,861)	3,003	(55)	87	8	(35)	60
Taneatua Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	(2)	0	0	(2)	0	0	(2)
Te Teko Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	1	0	0	1	0	0	1
Murupara Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	(21)	0	(29)	(50)	11	(27)	(66)
Te Mahoe Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	0	0	0	0	0	0	0
Equalised Water	Water Supply	For Water Supply Rate funded Surpluses or Deficits	(452)	434	(434)	(452)	1,340	(67)	821
Murupara Water	Water Supply	For Water Supply Rate funded Surpluses or Deficits	(59)	153	0	94	29	0	123
Plains Water	Water Supply	For Water Supply Rate funded Surpluses or Deficits	(39)	44	(210)	(205)	97	(169)	(277)
Dog Control	Animal Control	For Animal Control Surpluses or Deficits	94	2	(108)	(12)	4	(1)	(9)
Parking Enforcement	Parking	For Parking Enforcement Surpluses or Deficits	188	6	(60)	134	5	(33)	106
Pensioner Housing	Pensioner Housing		549	22	0	571	19	(10)	580
Airport Whakatane 50%	Whakatane Airport	Fow Whakatane Airport Operating Surpluses or Deficits	(914)	386	(650)	(1,178)	907	(814)	(1,085)
SOP- Fixed Assets	General Council		1,508	61	0	1,569	161	(8)	1,722
Disaster Mitigation Reserves	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	335	21	(4)	352	14	(346)	20
Whakatane Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	320	212	(178)	354	33	(73)	314
Ohope Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	138	37	(13)	162	105	(25)	242

# Note 23 – Equity continued

Information about reserve funds held for a specific purpose is provided below. Note: ( ) depicts an overdrawn reserve account balance.

RESERVES SCHEDULE AS AT 30 JUNE 2020	ACTIVITY	PURPOSE	2018		2019 - \$000		2020 - \$000		
			TOTAL IN	TOTAL OUT	TOTAL IN	TOTAL OUT	TOTAL IN	TOTAL OUT	
Edgcombe Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	(14)	9	(26)	(31)	28	(1)	(4)
Matata Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	(21)	9	(1)	(13)	19	0	6
Murupara Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	0	1	0	1	2	0	3
Taneatua Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	7	1	0	8	0	(1)	7
Te Teko Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	1	0	0	1	0	0	1
<b>Total Separate Operating reserves</b>			<b>(\$325)</b>	<b>\$8,493</b>	<b>(\$5,640)</b>	<b>\$2,528</b>	<b>\$7,193</b>	<b>(\$6,110)</b>	<b>\$3,611</b>
Other Reserves									
Car parks Development	Parking	For the Development of Car Parks in the District	44	2	0	46	2	0	48
Museum Collections	"Exhibition, Research, Storage and Archives"	For the purchase of Assets for the Museum Collection	1	0	0	1	0	0	1
Galatea Reserve Development	General Council	For amenities within Galatea and Murupara areas	2	0	0	2	0	0	2
Disabled Facilities	General Council	"For the improvement of Disabled Facilities throughout the District"	(9)	0	0	(9)	10	0	1
Roading Emergency	Roads and Footpaths	"To fund costs associated with storm damage to the Councils Roading network"	(16)	318	(381)	(79)	274	(186)	9
Te Mahoe Water- special	Water Supply	"For the purchase of Capital Expenditure for the Te Mahoe Water Scheme"	21	1	0	22	1	0	23
Disaster/LAPP Reserve	Corporate and District	"To fund contributions to the LAPP scheme over and above annual insurance"	0	0	0	0	102	0	102
Asset Divestment	General Council	Surplus funds from the Divestment of Council Assets	(367)	0	(137)	(504)	557	(27)	26
Sale of Bennett Block		Surplus funds from the Divestment of Council Assets	(95)	0	(4)	(102)	0	(4)	(106)
Leaky Homes Reserve	Building	To fund weathertight claims	(149)	150	(189)	(188)	150	(26)	(64)
Whakatane Community Board	Leadership	Separately collected rates for community projects	39	1	(27)	13	12	0	25
Rangitaiki Community Board	Leadership	Separately collected rates for community projects	(6)	73	(9)	58	2	0	60
Ohope Beach Community Board	Leadership	Separately collected rates for community projects	51	2	0	53	2	0	55
Taneatua Community Board	Leadership	Separately collected rates for community projects	11	7	(1)	17	3	0	20
Murupara Community Board	Leadership	Separately collected rates for community projects	33	70	(18)	85	7	0	92
Iwi Liaison Committee	Leadership	Separately collected rates for community projects	7	0	0	7	0	0	7
Digitisation	Corporate and District	Separately collected rates for corporate digitisation project	621	27	(421)	227	5	(157)	75

# Note 23 – Equity continued

Information about reserve funds held for a specific purpose is provided below. Note: ( ) depicts an overdrawn reserve account balance.

RESERVES SCHEDULE AS AT 30 JUNE 2019	ACTIVITY	PURPOSE	2019 - \$000		2020 - \$000				
			2018	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2019	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2020
Waste Minimisation	Solid Waste	Funding for Waste Minimisation Projects	209	146	(161)	194	131	(145)	180
Whakatāne Holiday Park	Recreation & Community Facilities	Funding for the Whakatāne Holiday Park	(107)	0	(181)	(288)	1	(196)	(483)
Edgecumbe Flood 2017	Community Safety	Deficit relating to the April 2017 Flood	(2,765)	115	(211)	(2,861)	0	(98)	(2,959)
Whakaari '19 Eruption	Community Safety	Deficit relating to the Whakaari 2019 Eruption	0	0	0	0	0	(205)	(205)
Parks and Reserves Financial Contributions	Parks and Gardens & Sportfields	To fund growth related capital expenditure	0	0	0	0	46	0	46
<b>Part Council Created (Other)</b>			<b>(2,475)</b>	<b>912</b>	<b>(1,740)</b>	<b>(3,306)</b>	<b>1,305</b>	<b>(1,044)</b>	<b>(3,045)</b>
<b>Council Created Reserves</b>									
<b>Depreciation Reserves</b>									
Whakatane Water	Whakatane Water	To fund the renewal of Water Supply Assets	(370)	866	(559)	(63)	899	(367)	469
Ohope Water	Ohope Water	To fund the renewal of Water Supply Assets	(418)	86	(895)	(1,227)	136	(48)	(1,139)
Edgecumbe Water	Edgecumbe Water	To fund the renewal of Water Supply Assets	247	65	(23)	289	65	(23)	331
Matata Water	Matata Water	To fund the renewal of Water Supply Assets	278	17	(30)	265	14	(123)	156
Taneatua Water	Taneatua Water	To fund the renewal of Water Supply Assets	410	44	(9)	445	43	(3)	485
Murupara Water	Murupara Water	To fund the renewal of Water Supply Assets	621	36	(170)	487	28	(176)	339
Ruatoki Water	Ruatoki Water	To fund the renewal of Water Supply Assets	189	7	(23)	173	6	(8)	171
Waimana Water	Waimana Water	To fund the renewal of Water Supply Assets	28	26	(2)	52	27	(11)	68
Plains Water	Plains Water	To fund the renewal of Water Supply Assets	506	16	(211)	311	0	(316)	(5)
Te Mahoe Water	Te Mahoe Water	To fund the renewal of Water Supply Assets	44	443	0	487	10	(400)	97
Whakatane Wastewater	Whakatane Wastewater	"To fund the renewal of Sewage Treatment and Disposal Assets"	1,605	520	(191)	1,934	540	(229)	2,245
Ohope Wastewater	Ohope Wastewater	"To fund the renewal of Sewage Treatment and Disposal Assets"	(965)	173	(402)	(1,194)	183	(145)	(1,156)
Edgecumbe Wastewater	Edgecumbe Wastewater	"To fund the renewal of Sewage Treatment and Disposal Assets"	362	338	(4)	696	408	(10)	1,094
Taneatua Wastewater	Taneatua Wastewater	"To fund the renewal of Sewage Treatment and Disposal Assets"	406	50	(3)	453	86	(22)	517
Te Mahoe Wastewater	Te Mahoe Wastewater	"To fund the renewal of Sewage Treatment and Disposal Assets"	(42)	7	(7)	(42)	7	(1)	(36)
Murupara Wastewater	Murupara Wastewater	"To fund the renewal of Sewage Treatment and Disposal Assets"	204	120	0	324	172	(113)	383

# Note 23 – Equity continued

Information about reserve funds held for a specific purpose is provided below. Note: ( ) depicts an overdrawn reserve account balance.

RESERVES SCHEDULE AS AT 30 JUNE 2020	ACTIVITY	PURPOSE	2018		2019 - \$'000		2020 - \$'000	
			TOTAL IN	TOTAL OUT	CLOSING BALANCE 2019	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2020
Whakatane Land Drainage	Whakatane Land Drainage	To fund the renewal of Stormwater Drainage Assets	(564)	177	(116)	194	(135)	(444)
Ohope Land Drainage	Ohope Land Drainage	To fund the renewal of Stormwater Drainage Assets	(124)	38	(22)	43	(43)	(108)
Edgcombe Land Drainage	Edgcombe Land Drainage	To fund the renewal of Stormwater Drainage Assets	(40)	10	(2)	9	(1)	(24)
Matata Land Drainage	Matata Land Drainage	To fund the renewal of Stormwater Drainage Assets	9	5	0	4	0	18
Taneatua Land Drainage	Taneatua Land Drainage	To fund the renewal of Stormwater Drainage Assets	17	1	0	1	0	19
Te Mahoe Land Drainage	Te Mahoe Land Drainage	To fund the renewal of Stormwater Drainage Assets	20	1	0	1	0	22
Murupara Land Drainage	Murupara Land Drainage	To fund the renewal of Stormwater Drainage Assets	96	4	(4)	3	0	99
Te Teko Land Drainage	Te Teko Land Drainage	To fund the renewal of Stormwater Drainage Assets	5	0	0	0	0	5
Refuse Disposal	Refuse Disposal	To fund the renewal of Solid Waste Assets	155	14	(42)	12	(46)	93
Libraries- Deprn	Libraries- Deprn	To fund the renewal of Library Assets	88	115	(103)	103	(104)	99
Museum	Museum	To fund the renewal of Museum Assets	142	6	0	5	0	153
Parks and Gardens & Sportfields	Parks and Gardens & Sportfields	"To fund the renewal of Parks, Gardens and Sportfields Assets"	509	694	(599)	528	(570)	562
Cemeteries & Crematoria	Cemeteries & Crematoria	To fund the renewal of Cemeteries and Crematorium Assets	84	52	(56)	52	(43)	89
Recreation	Recreation	To fund the renewal of Recreation Assets	148	6	0	5	0	159
Swimming Pools	Swimming Pools	To fund the renewal of Aquatic Assets	154	198	(308)	44	(183)	57
Halls	Halls	To fund the renewal of Hall Assets	324	126	(281)	169	(579)	(284)
Dog Control	Dog Control	To fund the renewal of Dog Control Assets	1	0	0	1	(4)	(3)
Public Conveniences	Public Conveniences	To fund the renewal of Public Convenience Assets	232	57	(101)	188	(245)	136
Pensioner Housing	Pensioner Housing		373	15	0	13	0	401
Strategic & Investment Property	Strategic & Investment Property	"To fund the renewal of Strategic and Investment Property Assets"	2	0	0	0	0	2
Vehicle & Plant Reserve	Vehicle & Plant Reserve	To fund the renewal of Vehicle and Plant Assets	607	524	(354)	525	(508)	794
Corporate Property	Corporate Property	To fund the renewal of Corporate Property Assets	740	350	(247)	356	(313)	886
Information Management	Information Management	To fund the renewal of Information Management Assets	1,946	563	(531)	540	(658)	1,860
Port	Port	To fund the renewal of Port Assets	2,136	243	(372)	237	(131)	2,113
Roading-assisted/non assisted/special & safety	"Roading-assisted/non assisted /special & safety"	To fund the renewal of Roothing Assets	429	2,006	(1,648)	787	(1,360)	1,489
Airport- Whakatane 50%	Airport- Whakatane 50%	To fund the renewal of Whakatane Airport Assets	(249)	74	(405)	77	(187)	(690)
Whakatane Holiday Park	Whakatane Holiday Park	To fund the renewal of Whakatane Holiday Park	55	62	(67)	62	(59)	53
<b>Part Council Created (Depreciation Reserves)</b>			<b>10,400</b>	<b>8,155</b>	<b>(7,787)</b>	<b>10,768</b>	<b>7,971</b>	<b>(7,164)</b>
<b>TOTAL COUNCIL CREATED RESERVES</b>			<b>7,600</b>	<b>17,560</b>	<b>(15,167)</b>	<b>9,990</b>	<b>16,469</b>	<b>(14,318)</b>

# Note 23 – Equity continued

Information about reserve funds held for a specific purpose is provided below. Note: ( ) depicts an overdrawn reserve account balance.

PORTS AND HARBOUR	ACTIVITY	PURPOSE	2019 - \$'000		2020 - \$'000			
			TOTAL IN	TOTAL OUT	CLOSING BALANCE 2019	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2020
<b>Restricted Reserves</b>								
Develop Contrib.-Whakatane Water	Water Supply	To fund growth related capital expenditure	(342)	(30)	(216)	12	(13)	(217)
Develop Contrib.-Ohope Water	Water Supply	To fund growth related capital expenditure	123	(18)	115	7	0	122
Develop Contrib.-Edgecumbe Water	Water Supply	To fund growth related capital expenditure	7	0	7	0	0	7
Develop Contrib.-Matata Water	Water Supply	To fund growth related capital expenditure	71	0	74	3	0	77
Develop Contrib.-Plains Water	Water Supply	To fund growth related capital expenditure	(63)	(3)	(66)	0	(2)	(68)
Develop Contrib.-Whakatane Wastewater	Sewage Treatment and Supply	To fund growth related capital expenditure	(1,280)	(891)	(1,622)	15	(65)	(1,672)
Develop Contrib.-Coastlands Wastewater	Sewage Treatment and Supply	To fund growth related capital expenditure	(94)	(4)	(98)	0	(3)	(101)
Develop Contrib.-Ohope Wastewater	Sewage Treatment and Supply	To fund growth related capital expenditure	255	0	265	9	0	274
Develop Contrib.-Edgecumbe Wastewater	Sewage Treatment and Supply	To fund growth related capital expenditure	(3)	0	(3)	0	0	(3)
Develop Contrib.-Community Infrastructure	"Arts & Culture, Recreation and Community Facilities"	To fund growth related capital expenditure	396	(1)	411	14	0	425
Develop Contrib.-Parks and Gardens	Parks, Reserves and Sportsfields	To fund growth related capital expenditure	693	(528)	182	6	(12)	176
Develop Contrib.-Rural Reserves	Parks, Reserves and Sportsfields	To fund growth related capital expenditure	(31)	(1)	(32)	0	(1)	(33)
Develop Contrib.-Solid Waste	Solid Waste	To fund growth related capital expenditure	276	0	292	13	0	305
Develop Contrib.-Roading	Roads and Footpaths	To fund growth related capital expenditure	676	(46)	681	59	(66)	674
Develop Contrib.-Non Fin Asst Roading	Roads and Footpaths	To fund growth related capital expenditure	4	0	4	0	0	4
Develop Contrib.-Whakatane Land Drain	Stormwater Drainage	To fund growth related capital expenditure	87	(1)	136	16	(1)	151
Develop Contrib.-Ohope Land Drain	Stormwater Drainage	To fund growth related capital expenditure	122	0	127	4	0	131
Develop Contrib.-Matata Land Drain	Stormwater Drainage	To fund growth related capital expenditure	0	0	0	0	0	0
Develop Contrib.-Whakatane Car parks	Roads and Footpaths	To fund growth related capital expenditure at Ōtarawairere	(8)	0	(8)	0	0	(8)
Ōtarawairere Disaster Mitigation	Stormwater Drainage	To fund growth related capital expenditure	(46)	(2)	(48)	0	(2)	(50)
Capital Contributions Roading	Roads and Footpaths	Financial Contributions for Roading Capital Projects	60	0	62	2	0	64
Subdivision Contributions-Whakatane	General Council	"To fund growth related capital expenditure in the Whakatane Ward"	111	0	115	4	0	119
Subdivision Contributions-Ohope	General Council	"To fund growth related capital expenditure in the Ōhope Ward"	45	0	47	2	0	49

# Note 23 – Equity continued

Information about reserve funds held for a specific purpose is provided below. Note: ( ) depicts an overdrawn reserve account balance.

PORTS AND HARBOUR	ACTIVITY	PURPOSE	2019 - \$'000		2020 - \$'000		CLOSING BALANCE 2019	CLOSING BALANCE 2020
			2018	TOTAL IN	TOTAL OUT	TOTAL IN		
<b>Restricted Reserves</b>								
Subdivision Contributions-Edgecumbe	General Council	"To fund growth related capital expenditure in the Edgecumbe Ward"	25	1	0	1	26	27
Subdivision Contributions-Matata	General Council	"To fund growth related capital expenditure in the Matatā Ward"	22	1	0	1	23	24
Subdivision Contributions-Murupara	General Council	"To fund growth related capital expenditure in the Murupara Ward"	(1)	0	0	0	(1)	(1)
Subdivision Contributions-Rural	General Council	"To fund growth related capital expenditure in the Rural Ward"	5	0	0	0	5	5
Harbour Capital Fund	Ports and Harbour	For Ports and Harbour Operating Surpluses or Deficits	5,345	2,504	(3,899)	1,764	3,950	2,437
Harbour Land Sales	Ports and Harbour	Funds set aside from the sale of Harbour Assets	11,876	479	0	424	12,355	12,779
<b>Total Restricted Reserves</b>			<b>18,332</b>	<b>3,876</b>	<b>(5,424)</b>	<b>2,356</b>	<b>16,784</b>	<b>15,698</b>
<b>TOTAL RESERVES</b>			<b>25,932</b>	<b>21,436</b>	<b>(20,591)</b>	<b>18,825</b>	<b>26,775</b>	<b>27,840</b>

## Note 24 – Joint Venture

The Council's has a joint venture with the Whakatāne Airport .

Please see Notes 13 and 35 for further information on councils 50% share of the net assets in Whakatāne Airport.

## Note 25 – Reconciliation of Net Surplus (Deficit) After Tax to Net Cashflow from Operating Activities

ACTUAL 2019 \$000		ACTUAL 2020 \$000
12,671	<b>Surplus/ (Deficit) Before Tax</b>	(5,235)
	<b>Add / (Less) Non-cash Items</b>	
-	Share of joint venture Surplus / (deficit)	293
364	Bad Debts expenses	
13,444	Depreciation and Amortisation Expense	17,191
9	Impairments	650
(30)	(Gains)/Losses on Revaluation- Property Intended for Sale	360
(800)	(Gains)/Losses on Revaluation- Investment Property	1,244
(147)	(Gains)/Losses Forestry	30
	(Gains)/Losses Museum Collection	1,335
1,455	(Gains)/Losses on Revaluation- Derivative Financial Instruments	779
(597)	Rates Penalty adjustment	-
<b>13,698</b>	<b>Total Non-cash Items</b>	<b>21,882</b>
	<b>Add / (Less) Items Classified as Investing or Financing Activities</b>	
(34)	(Gains)/Losses on Disposal of Property, Plant and Equipment	130
<b>(34)</b>	<b>Total Items Classified as Investing or Financing Activities</b>	<b>130</b>
	<b>Add/(Less) Movements in other Working Capital Items</b>	
(2,995)	(Increase)/Decrease in Receivables	(3,789)
(100)	(Increase)/Decrease in Prepayments	61
(116)	(Increase)/Decrease in Inventory	20
(2,494)	Increase/(Decrease) in Payables	13,644
111	Increase/(Decrease) in Provisions	261
(60)	Increase/(Decrease) in Employment Entitlements	449
(41)	Increase/(Decrease) in Deferred Tax	(32)
<b>(5,695)</b>	<b>Net Movement in Working Capital Items</b>	<b>10,614</b>
<b>20,640</b>	<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>27,391</b>



# Note 26 – Capital Commitments and Operating Leases

ACTUAL 2019 \$000		ACTUAL 2020 \$000
<b>Capital Commitments</b>		
6,098	Roading Network	1,746
104	Stormwater	105
50	Wastewater	402
106	Water System	2,082
27	Port	27
16	Building- Museum Redevelopment Project	-
-	Recreation	790
<b>6,401</b>	<b>Total Capital Commitments</b>	<b>5,152</b>

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

<b>Operating Leases as Lessee</b>		
9	Not later than one year	137
12	Later than one year and not later than five years	4
<b>21</b>	<b>Total Non Cancellable Operating Leases as Lessee</b>	<b>141</b>

The Council leases equipment in the normal course of business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases at 30 June are represented above. There are no restrictions placed on the Council by any of the leasing arrangements.

<b>Operating Leases as Lessor</b>		
1,996	Not later than one year	2,314
5,461	Later than one year and not later than five years	5,275
1,696	Later than five years	1,924
<b>9,153</b>	<b>Total Non Cancellable Operating Leases as Lessor</b>	<b>9,513</b>

Investment property is leased under operating leases. The amounts above are the future aggregate minimum lease payments to be collected under non-cancellable operating leases.

# Note 27 – Contingencies

## QUANTIFIED CONTINGENT LIABILITIES

ACTUAL 2019 \$000	ACTUAL 2020 \$000
14 Other Claims	-
<b>14 Total Contingencies</b>	<b>-</b>

## CONTINGENT LIABILITIES

The Council has contingent liabilities for indemnity claims, but the only claim that might be estimated is related to weathertightness (see below) and a provision has been made in the financial statements to anticipate this liability.

With regard to the quantified contingent liabilities, there are four potential liabilities faced by the Council.

### Weathertightness and Other Building Related Claims

Refer note 20. The Council has included a provision in the accounts for a potential liability in relation to weathertightness and other building related claims. The calculation is based on a forecast percentage estimate of the total claim.

The amount of other potential future claims cannot be reliably estimated and is therefore unquantifiable.

### Ministry of Education and Carter Holt Harvey (CHH)

It was previously noted that in 2016, CHH commenced proceedings against 48 councils, including Whakatane District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

The uncertainty that existed at the end of the current and preceding period has been removed. A notice of discontinuance was signed on 3 September 2020 and the council is no longer subject to this legal proceeding.

### Claim of nuisance

The council was served proceedings on the 24th September 2019 on an alleged claim of nuisance arising from the Edgecumbe flood event. It is unclear as to whether this claim would be covered by insurance and as such the liability is unquantified at this stage. The proceedings will be defended.

### Building Defects Claim

Proceedings have been settled following a mediation meeting in May 2019 on alleged building defects. The council will be liable for a further payment to the plaintiff to a maximum of \$14,000 should a co-defendant party default on their payments.

### Unquantified Liability

Council has recently secured partial funding from Central and Local Government organisations for a 'retreat from hazard' payment to the owners of properties subject to a high loss-of life-risk in the Awatarariki Stream debris flow fanhead area at Matata. The Council has commenced purchasing these properties with the view to finalising all property purchases in the 2021 financial year. At this stage, there is an unquantified liability should a challenge be made in the Environment Court.

### Unquantified Claims

RiskPool, until June 2017, provided public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for that Fund year. The Council received a notice during 2012 for a call for additional contributions in respect of the 2003 and 2004 Fund years as those funds were exhibiting deficits due to the "leaky building" issue. This notice also highlighted that it is possible that further calls could be made in the future. A liability will be recognised for the future calls when there is more certainty over the amount of the calls.

The Supreme Court decision in October 2012 on a Council's liability for non-residential buildings may affect the liability of the Council for weathertightness claims for non-residential buildings. The impact of the decision is yet to be quantified by the Council. The Council is yet to receive any claims as a result of this ruling.

A future call may be made in the 2023 year of approximately \$30,000.

### **Employment Dispute**

There are no employment disputes at 30 June 2020 (2019: nil).

### **New Zealand Local Government Funding Agency**

Whakatane District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a local currency rating from Fitch Ratings and Standard and Poor's of AA+ and a foreign currency rating of AA.

As at 30 June 2020, Whakatane District Council is one of 30 local authority shareholders and 22 local authority guarantors of the LGFA. In that regard it has uncalled capital of \$100,000. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Whakatane District Council is a guarantor of all of LGFA's borrowings. At 30 June 2020, LGFA had borrowings totalling \$10,869m (2019: \$9531m).

Financial reporting standards require Whakatane District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and

Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

## **CONTINGENT ASSETS**

There are no known contingent assets at balance date.

## Note 28 – RELATED PARTY TRANSACTIONS REQUIRED TO BE DISCLOSED

Russell Orr, the Commissioner of District Licencing Committee, was paid \$ 23,374 by the Council for the services provided by him.

The Council has a 1/9th share in BOPLASS Limited. BOPLASS Limited has been established to foster collaboration between councils in the delivery of services particularly back office or support services. Whakatane District Council's Chief Executive, Stephanie O'Sullivan was appointed as a director and Shareholder Representative of BOPLASS Limited during the 2019 financial year. During the year the Council contracted BOPLASS Limited for services costing \$ 137,040.51 (2019: \$128,725.72).

Whakatane District Council has a 50:50 joint equity venture with the Ministry of Transport (Air Transport Division) in the Whakatane Airport and both entities are considered to be the related parties. Administrative and maintenance transactions totalling \$169,359 (2019: 146,298) were carried out with the Joint Venture. Funds held by Council on behalf of the Airport total \$ 1,491,594 deficit (2019: \$1,210,434 deficit).

### KEY MANAGEMENT PERSONNEL COMPENSATION

	2019 \$000	2020 \$000
<b>Councillors and Mayor</b>		
Remuneration	537	613
Number of Elected Officials	11	11
<b>Executive Team, including the Chief Executive</b>		
Remuneration	1,273	1,301
Full-time Equivalent Member	5.8	5.6
<b>Total Key Management Personnel Remuneration</b>	<b>1,810</b>	<b>1,914</b>
<b>Total Full-time Equivalent Personnel</b>	<b>16.8</b>	<b>16.6</b>

*Total remuneration includes the value of any non-financial benefits.*

*Due to the difficulty in determining the full-time equivalent for elected officials, the full time equivalent figure is taken as the number of elected officials. Detailed salaries and allowances paid to elected officials are presented in Note 29.*

# Note 29 – Remuneration

## CHIEF EXECUTIVE

The Chief Executive of the Whakatāne District Council, appointed under section 42(1) of the Local Government Act 2002 received a remuneration package of \$274,074.02 (2019: \$271,709) including KiwiSaver. And in addition a benefit of \$11,204.68 (2019 \$11,205) for a vehicle.

## ELECTED REPRESENTATIVES

Elected representatives received the following remuneration:

2019 \$				2020 \$		
SALARIES	HEARINGS	ALLOW AND EXP REIMB	MAYOR AND COUNCILLORS	SALARIES	HEARINGS	ALLOW AND EXP REIMB
115,465		8,844	BONNE, Tony (Mayor July to October 2019)	42,817		676
56,222		983	TURNER Judy (Deputy Mayor/ Mayor from October 2019)	108,093	160	4,837
46,855		8,156	Iles, Andrew (Deputy Mayor from October 2019)	58,314		8,453
			Dennis, Gavin	24,671		2,270
			Goodman, Phyllis (Hinerangi)	1,311		368
			Immink, Lesley	26,933		688
			James, Wilson	24,671		408
31,238		983	Jarrett, Scott	10,365		182
31,238		983	Johnston, George	10,365		182
31,238		1,480	Jukes, Julie	46,345		590
			Luca, Victor	24,671		408
46,855	19,669	2,246	Orr, Russell	15,548	23,374	766
			Pullar, John	26,933		408
31,238		11,611	Silcock, Alison	33,677		9,905
31,238		983	Tánczos, Nándor	46,345		590
31,238		983	Van Beek, Gerard	46,345	160	590
31,238		1,299	van der Boom, Michael	10,365		431

## COMMUNITY BOARD MEMBERS

Edgecumbe- Tarawera						
5,087		392	Bourk, Graeme	5,180		400
5,087		392	Byrne, Kris	8,461		400
5,087		392	Clark, Alison	5,180		400
5,087		392	Dennis, Gavin (Councillor from October 2019)	1,601		124
5,087		392	Harvey, Evan	5,180		400
			Ngaropo, Pouroto	14,279		276
10,165		758	Stevenson, Charelle ( C )	3,203		124
			Waaka, Leeann	3,579		276

2019 \$			2020 \$			
SALARIES	HEARINGS	ALLOW AND EXP REIMB	MAYOR AND COUNCILLORS	SALARIES	HEARINGS	ALLOW AND EXP REIMB
<b>Taneatua</b>						
			Boynton Toni	2,759		276
3,923		392	Chater, Geoffrey	1,234		124
2,115		216	Faulkner, Mary	3,993		400
3,923		392	Knowles, Les	3,993		400
			Le Sueur Yvonne	2,759		495
3,923		392	Ratu, Te Whata	1,234		124
1,576		152	Robert, Michael			
3,923		392	Ruiterman, Luke	3,993		400
7,838		392	Yalden, Diane ( C )	7,672		400
<b>Whakatāne/Ōhope</b>						
			Bonne, Linda	5,983		276
8,498		392	Boreham, Kay	2,677		124
8,498		392	Casey, Gerard	2,677		124
16,989		392	Chambers, Christine	5,355		124
8,498		392	Delahunty, Neville	2,677		124
			Hall, Tony	5,983		276
8,498		392	Hamill, Carolyn	8,660		400
8,498		392	Hanna, Moira ( C )	14,193		400
			Howard, Christopher	5,983		276
8,498		392	Inman, Mark	8,660		400
			Lee, Cindy	5,983		276
8,498		392	Manning, Jennifer	8,660		400
<b>Murupara</b>						
			Bicknell, Shaun	1,245		125
3,923		392	Hynes, Ormond	3,993		400
3,408		338	Jenkins, Bruce			
3,923		392	Jenner, Memorie	3,993		528
3,923		392	O'Brien April	3,993		400
			Rangiaho, Bella (Ngapera)	1,245		797
3,923		392	Rangiwai, Byron			
3,923		392	Rangiwai, Te Waiti	1,234		124
			Te Amo, Jackie ( C )	6,467		400
<b>646,386</b>	<b>19,669</b>	<b>49,019</b>	<b>Total Elected Representatives' Remuneration</b>	<b>731,732</b>	<b>23,694</b>	<b>42,744</b>

## COUNCIL EMPLOYEES

2019		2020	
<b>Total annual remuneration by band for employees as at 30 June:</b>			
<\$60,000	161	<\$60,000	171
\$60,000- \$79,999	45	\$60,000- \$79,999	56
\$80,000- \$99,999	33	\$80,000- \$99,999	42
\$100,000- \$119,999	13	\$100,000- \$119,999	22
\$120,000- \$139,999	7	\$120,000- \$139,999	11
\$140,000- \$189,999	6	\$140,000- \$189,999	6
>\$190,000	2	>\$190,000	5
<b>Total Employees</b>	<b>267</b>		<b>313</b>

At balance date, the Council employed 195 (2019: 167) full time employees, with the balance of staff representing 56.50(2019: 52.24) full time equivalent employees. A full time employee is determined on the basis of a 40 hour working week.

## Note 30 – Severance Payments

For the year ended 30 June 2020 Whakatāne District Council made severance payments of \$64,798 to 5 employees. The payments were: \$4,293, \$4075, \$2,912, \$4,480 and \$49,038 (2019: \$23,063 to 2 employees. The payments were \$19809 and \$3,254).

## Note 31 – Events After Balance Date

There have been no events after balance date that require adjustments to be made to the financial statements or disclosure (2019:Nil).

## Note 32a – Financial Instrument Categories

The accounting policies for financial instruments have been applied to the line items below:

ACTUAL 2019 \$000		ACTUAL 2020 \$000
<b>FINANCIAL ASSETS</b>		
<b>Fair Value Through Surplus or deficit</b>		
<b>Financial Instruments</b>		
-	Derivative Financial Instrument Assets	-
<b>Loans and Receivables</b>		
4,730	Cash and Cash Equivalents	12,589
14,275	Receivables	17,762
<b>19,005</b>	<b>Total Loans and Receivables</b>	<b>30,351</b>
<b>Fair Value Through Other Comprehensive Revenue and Expense</b>		
Other Financial Assets:		
50	Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd)	50
9	BoP LASS Ltd	9
1,012	NZ Local Government Funding Agency	1,172
4,487	Investment in Whakatāne Airport	6,432
<b>5,558</b>	<b>Total Fair Value Through Comprehensive Revenue and Expense</b>	<b>7,663</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Fair Value Through Surplus or deficit</b>		
<b>Financial Instruments</b>		
4,747	Derivative Financial Instrument Liabilities	5,526
<b>Financial Liabilities at Amortised Cost</b>		
10,810	Payables	25,319
70,500	Borrowings- Secured Loans	72,000
<b>81,310</b>	<b>Total Financial Liabilities at Amortised Cost</b>	<b>97,319</b>

## Note 32b - Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1)- Financial instruments with quoted prices for identical instruments, in active markets.
- Valuation technique using observable inputs (level 2)- Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3)- Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments at fair value in the statement of financial position.

	TOTAL	QUOTED MARKET PRICE	OBSERVABLE INPUTS	SIGNIFICANT NON-OBSERVABLE INPUTS
<b>2019</b>				
<b>FINANCIAL ASSETS</b>				
Derivatives	-	-	-	-
Local Authority Stock	9	-	9	-
Shares	150	-	150	-
Borrower Notes	912	-	912	-
<b>FINANCIAL LIABILITIES</b>				
Derivatives	4747	-	4,747	-
<b>2020</b>				
<b>FINANCIAL ASSETS</b>				
Derivatives	-	-	-	-
Local Authority Stock	9	-	9	-
Shares	150	-	150	-
Borrower Notes	1,072	-	1,072	-
Whakatāne Airport	6,432	-	6,432	-
<b>FINANCIAL LIABILITIES</b>				
Derivatives	5,526	-	5,526	-



# Note 32c - Financial Instrument Risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. The Council has established Council-approved Liability Management and Investment policies. These policies do

not allow any transactions that are speculative in nature to be entered into.

## MARKET RISK

### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. This price risk arises due to market movements in listed shares. This price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in Council's Investment policy.

### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. Council's Liability Management policy is to maintain approximately 55-90% of its borrowings in fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates in excess of the target above.

### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes

in market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk.

Generally, the Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

### Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits and local authority stock which gives rise to credit risk.

The Council's Investment policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the group invests funds only with entities that have a Standard and Poor's credit rating of A- or above for long-term investments.

The Council holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

## EXPOSURE TO CREDIT RISK AS AT 30 JUNE

The Council's credit risk exposure for each class of financial instrument is as follows:

2019 \$000		2020 \$000
<b>MAXIMUM EXPSOURE TO CREDIT RISK</b>		
4,730	Cash at Bank and Term Deposits	12,589
14,275	Trade and Other Receivables	17,762
912	Local Authority and Government Stock	1,072
4,486	Investment in Whakatāne Airport	6,432
<b>24,403</b>	<b>Total Credit Risk</b>	<b>37,855</b>

The Council is exposed to credit risk as a guarantor of all the LGFA's borrowing. Information about this exposure is explained in Note 27.

## CREDIT QUALITY OF FINANCIAL ASSETS

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 counterparty default rates:

2019 \$000			2020 \$000
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>			
4,730	Cash at Bank and Term Deposits	AA-	12,589
<b>4,730</b>	<b>Total Cash at Bank and Term Deposits</b>		<b>12,589</b>
<b>Local Authority Stock and Government Bonds</b>			
	Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd)	unrated	-
1,012	NZ Local Government Funding Agency	AA+	1,172
<b>1,012</b>	<b>Total Local Authority Stock and Government Bonds</b>		<b>1,172</b>
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>			
50	Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd)		50
9	Bay of Plenty Local Authority Shared Services Limited		9
4,486	Investment in Whakatāne Airport		6,432
<b>4,545</b>	<b>Bay of Plenty Local Authority Shared Services Limited</b>		<b>6,491</b>

Receivables arise mainly from the Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

## LIQUIDITY RISK

### Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy.

## CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	<b>CARRYING AMOUNT \$000</b>	<b>CONTRACTUAL CASH FLOWS \$000</b>	<b>LESS THAN 1 YEAR \$000</b>	<b>1-2 YEARS \$000</b>	<b>2-5 YEARS \$000</b>	<b>MORE THAN 5 YEARS \$000</b>
<b>Council 2020</b>						
Trade and Other Payables	25,319	25,319	25,319	-	-	-
Secured Loans	72,000	72,000	13,000	5,000	27,000	27,000
Financial Derivatives	5,526	5,526	233	350	2,904	2,039
<b>Total</b>	<b>102,845</b>	<b>102,845</b>	<b>38,552</b>	<b>5,350</b>	<b>29,904</b>	<b>29,039</b>
<b>Council 2019</b>						
Trade and Other Payables	10,810	10,810	10,810	-	-	-
Secured Loans	70,500	78,110	10,127	14,499	27,250	26,234
Financial Derivatives	4,747	9,465	4,061	2,040	2,775	589
<b>Total</b>	<b>86,057</b>	<b>98,385</b>	<b>24,998</b>	<b>16,539</b>	<b>30,025</b>	<b>26,823</b>

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event the LGFA failing to pay its borrowings when they fall due. Information about this exposure is in note 27.

## CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	<b>CARRYING AMOUNT \$000</b>	<b>CONTRACTUAL CASH FLOWS \$000</b>	<b>LESS THAN 1 YEAR \$000</b>	<b>1-2 YEARS \$000</b>	<b>2-5 YEARS \$000</b>	<b>MORE THAN 5 YEARS \$000</b>
<b>Council 2020</b>						
Cash and Cash Equivalents	12,589	12,589	12,589	-	-	-
Receivables	17,762	17,762	17,762	-	-	-
<b>Other Financial Assets:</b>						
Local Authority and Government Stock	1,072	1,072	128	80	432	432
<b>Total</b>	<b>31,423</b>	<b>31,423</b>	<b>30,479</b>	<b>80</b>	<b>432</b>	<b>432</b>
<b>Council 2019</b>						
Cash and Cash Equivalents	4,730	4,730	4,730	-	-	-
Receivables	14,275	14,275	14,275	-	-	-
Net Settled Financial Instruments	-	-	-	-	-	-
<b>Other Financial Assets:</b>						
Local Authority and Government Stock	912	912	-	128	384	400
<b>Total</b>	<b>19,917</b>	<b>19,917</b>	<b>19,005</b>	<b>128</b>	<b>384</b>	<b>400</b>

## SENSITIVITY ANALYSIS

Tables below illustrate the potential effect on surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

	2020 \$000				2019 \$000			
	SURPLUS	-100BPS OTHER EQUITY	SURPLUS	+100BPS OTHER EQUITY	SURPLUS	-100BPS OTHER EQUITY	SURPLUS	+100BPS OTHER EQUITY
<b>Financial Assets</b>								
Cash and Cash Equivalents	(126)	-	126	-	(47)	-	47	-
Derivatives- Interest Rate Swaps	-	-	-	-	-	-	-	-
Financial Instruments	-	-	-	-	-	-	-	-
<b>Other Financial Assets:</b>								
Local Authority and Government Stock	(12)	-	12	-	(11)	-	11	-
<b>Financial Liabilities</b>								
Derivatives- Interest Rate Swaps	(1,616)	-	1,513	-	(1,899)	-	1,779	-
<b>Borrowings:</b>								
- Bank Overdraft	-	-	-	-	-	-	-	-
- Debt	720	-	(720)	-	705	-	(705)	-
<b>Total Sensitivity to Interest Rate Risk</b>	<b>(1,034)</b>	<b>-</b>	<b>931</b>	<b>-</b>	<b>(1,252)</b>	<b>-</b>	<b>1,132</b>	<b>-</b>

## EXPLANATION OF INTEREST RATE RISK SENSITIVITY

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%.

### Derivatives

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2019: -100bps/+100bps). Derivative financial liabilities not hedge accounted include interest rate swaps with a fair value totalling minus \$5,526,000 (2019: minus \$4,747,000). A movement in interest rates of plus or minus 1.0% has an effect on the swap value of minus \$1,616,000 (2019: minus \$1,899,000) and \$1,513,000 (2019: \$1,779,000).

### Local Authority Stock

A total of \$58,000 (2019: \$58,000) of investments in local authority stock are classified at fair value through equity. A movement in interest rates of plus or minus 1.0% has an effect of \$580 (2019: \$580) on the fair value through equity reserve.

### Secured Loans (Floating)

The Council has floating rate debt with a principal amount totalling \$46.5 million (2019: \$35 million). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$465,000 (2019: \$350,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

### Creditors and other payables

Trade payables do not include any foreign currency denominated payables in relation to plant and equipment purchases. Therefore there is no currency price risk and no movement under sensitivity analysis.

## Note 33 - Capital Management

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

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interest of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilizing the Council's assets and not expecting them to

meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the cost of deferred renewals and maintenance.

The Act required the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

## Note 34 - Variances from Budget

Explanations for major variations from the Council's budget figures in the 2018-28 Long Term Plan are as follows:

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The deficit before tax of \$5.23 million is \$13.7 million lower than the budgeted surplus of \$8.5 million in the 2019-20 Annual Plan. The variance is attributable to the following factors: The variance is attributable to the following factors:

#### Revenue (\$4 million 5% less than budget)

- Subsidies and Grants were \$5.5 million less than budget. This was due to
- Roading \$7.6M less than budget, with the primary drivers being works related to Safer Roads Alliance, Te Urewera Route which were deferred to a later year \$9.2M, cancellation of the project for pedestrian bridge from Piripai \$0.5M. This is offset by Storm Damage works project carried forward from 2019 with subsidy income of \$2.4M. This is alongside a number of other minor overs and unders.
- Environmental Sustainability \$2M Favourable due to receiving a higher proportion of funding being received from DIA and BOPRC for the Awatarariki Retreat. This is a timing issue and the budgets in total remain the same.

#### Expenditure (\$9 million 12% higher than budget)

- Environmental Sustainability was \$1.7M unfavourable due to Awatarariki Retreat. This is a timing issue and has an offset in the funding (see above) with a favourable variance of \$2M
- Impairment costs were unfavourable by \$.6 million due to some water pipes being impaired
- Maintenance and repairs on investment property was underspent by \$.6M due to delays to the 'Wally Sutherland' properties redevelopment project.
- Grants and subsidies paid were over budget by \$.5M due to grants being paid to leaseholders and berth holders during the Covid 19 event
- Doubtful debts had an unbudgeted increase of \$.5M to take account of identified debts that were unlikely to be paid
- Recoverable expenses were over budget by \$.4M. Resource consents was over budget by \$235,000 mainly due to the use of recoverable consultant resource to cover staff vacancies, and stormwater was over budget by \$157,000 due to inventory purchases, with notable expense related to replacement water meters.

- Refunds exceeded budget by \$.4M primarily due to refund for incorrectly rated properties \$365,000, and \$50,000 for refunds related to Resource consenting.
- Equipment and materials were over budget by \$.4M including \$158,000 on PDU project (unbudgeted but externally funded) and other waters projects; \$120,000 on various roading projects including \$63,000 on Signs maintenance and streetlights; \$67,000 on Civil Defense Whakaari and Covid 19 requirements, \$60,000 on Parks and Reserves including \$40,000 on responsible camping projects which were fully funded, \$53,000 on Whakatāne Holiday Park which has seen a rise in occupancy.
- Legal costs were over budget by \$.4M including \$221,000 related to the Awatarariki Managed Retreat; \$42,000 related to Investment Strategy; \$34,000 on Takutai Moana Claims; \$27,000 on advice concerning the 2017 floods (Golden Grain Claim); \$22,000 on Weather Claims costs; \$19,000 on Cresswell Otakiri high court appeal; \$18,000 on Rating Tribunal Hearings and \$10,000 regarding Whakaari Eruption.
- Consultant costs report and overall unfavourable variance of \$.2M. This is comprised of an underspend in Awatarariki project for consultant expenditure \$1.2M, and Financial Services \$125,000, offset by a number of overspends including \$456,000 over Newtork and Asset management in Roothing; \$340,000 on consultant resource support for Building, Resource Consent, Public Affairs and Audit & Risk teams though periods of staff vacancy; \$290,000 on consultants costs related to Whakaari and Covid 19 emergency response; \$221,000 in relation to the Town regeneration project; \$120,000 in Human Resources for various support including Pandemic and Crisis management \$32,000 and organisation planning \$10,000; and \$81,000 in Production Services for a number of technology applications including implementation of Adapt (asset Management) system.
- Loss on disposal of assets incurred \$.2M including \$20,000 for vehicles, \$102,000 for disposal of damaged and demolished buildings, and \$63,000 for land at Awakeri.
- Licensing fees were above budget by \$.2M which is driven by an number of factors. These include inflationary rises and changes to licensing structure (ie from council wide to individual user licenses), rising staff numbers, increase in capacity of memory and number of remote worker licenses due to Covid-19, increased number of technology products.
- Monitoring costs over ran budget by \$.2M due to increases in current and term term provision for closed landfills.
- Valuation expenses were \$.2M more than anticipated with most classes of assets (excluding 3 waters) being valued during the financial year
- Bad Debts increased by \$.1M above budget
- As a result of increasing the weathertight homes provision, there were unbudgeted litigation costs of \$.1M

## STATEMENT OF CHANGES IN NET ASSETS AND EQUITY

The Council's equity has been adjusted by the current year total comprehensive revenue and expense, a deficit of \$3.07 million, which is the net of the deficit after tax of \$5.2 million and a net gain on revaluation of \$2.1 million. The remaining movements are a result of movements in restricted reserves and council created reserves.

## STATEMENT OF FINANCIAL POSITION

The Net Assets variance to budget was 2% (\$13.2 million) less than budgeted. Most of the variance was from actual liabilities being \$17.9 million higher than budgeted.

### **Total Assets (\$4.7 million .63 % higher than budget)**

- Non Current Assets were below budget by \$14 million (Operational assets were greater than budget by \$11M but Infrastructural assets were below budget by \$31M). The increase in operational assets was due to mainly to \$11.8M extra in revaluations. The decrease in infrastructural assets was due to a revaluation decrease of \$11.8M and an underspend in capital works.)
- Cash and cash equivalents exceeded budget by \$9.5M due to PGF funding from central government for covid related employment projects and the town regeneration project.
- Work in progress was capitalised by \$5M more than anticipated

### **Total Liabilities (\$18 million 20% more than budget)**

- Payables and deferred revenue exceeded budget by \$14M predominantly due to post covid funding for PGF projects
- Borrowing exceeded budget by \$3 million. The Council chose to pay creditors earlier than due (to ease hardship) during the covid event and extra loans were raised to ensure current liquidity.

### **STATEMENT OF CASHFLOWS**

- There was a positive variance of cash held compared to budget of \$9.5 million.
- Net Cashflows from operating activities were \$8.3 million more than budget, spending more (\$3.3 million) and receiving more income (\$5.3 million). This is mainly reflected in:
  - Rates Income being \$4.7 million more than budgeted- this reflects timing issues as the overall rates variance in the Statement of Comprehensive Income was favourable by only \$0.6 million
  - Subsidies and Grants being \$3.6 million more than budget due to extra PGF grants
  - Fees and Charges were under budget by \$3 million with cashflow timing forecasts - actual fees and charges were over budget by only \$0.5 million
  - Payments to suppliers and employers were under budget by \$2.6 million with significant increases due to suppliers now being paid weekly rather than monthly from April 2020 onwards.
- Net cashflows from investing activities received \$2 million less than budget with capital purchase outflows under budget by \$3.6M and inflows from plant sales going \$1M below budget. This is due to underspending on the capex programme.
- Financing activities were under by \$0.3 million with \$8 million extra in loans being raised compared to budget. However, \$8.5 million of loans were repaid in excess of budget resulting in this net effect. It should be noted that \$5 million was short term loans uplifted and repaid to maintain liquidity.

# Note 35 - Adoption of PBE IPSAS 34 - PBE IPSAS 38

The council has adopted the new group financial statements standards, PBE IPSAS34 to PBE IPSAS38. The council has adopted these standards by restating the comparative year information in accordance with their transitional provisions.

The only financial effect from the adoption of the new standards is the council has changed its accounting for its investment in the Whakatāne Airport to the equity method of accounting. Under the previous joint venture

standard, the council had elected to account for its investment using the proportional consolidation method.

The opening equity accounted balance as at 1 July 2019 has been determined by aggregating into a single balance the previously proportionally consolidated asset and liability balances as at 30 June 2018.

A breakdown of the assets and liabilities as at 1 July 2019 aggregated into the single line equity accounted investment balance of \$4,486,000 is as follows:

	<b>1 JULY 2019</b> <b>\$000</b>
<b>ASSETS</b>	
Current assets	270
Non current assets	8,950
<b>Total Assets</b>	<b>9,220</b>
<b>LIABILITIES</b>	
Current Liabilities	248
Non-current liabilities	-
<b>Total Liabilities</b>	<b>248</b>
Joint Venture's net assets	8,972
<b>Equity accounted investment opening balance</b>	<b>4,573</b>
<b>Adjustments done to Statement of Financial Position (see below)</b>	<b>4,486</b>
<b>Net Adjustment to Equity in Statement of Financial Position</b>	<b>4,486</b>

As only some of the Airport entries passed through the Council financial system and extra revaluation figures were included, the restatement for the previous year was calculated using the following figures:

<b>Equity accounted investment opening balance</b>	<b>4,573</b>
	<b>1 JULY 2019</b> <b>\$000</b>
<b>ASSETS</b>	
Current assets	135
Non current assets	4,475
<b>Total Assets</b>	<b>4,610</b>
<b>LIABILITIES</b>	
Current Liabilities	124
Non-current liabilities	-
<b>Total Liabilities</b>	<b>124</b>
<b>Equity accounted investment opening balance</b>	<b>4,486</b>



The amount of the adjustment to each financial statement line item previously in the 30 June 2019 financial statements for the change from the proportional consolidation to equity method is as follows:

	<b>PREVIOUSLY REPORTED \$000</b>	<b>ADJUSTMENT \$000</b>	<b>RESTATED AMOUNT \$000</b>
<b>Statement of Comprehensive Revenue and Expense</b>			
Fees and Charges	6,797	(107)	6,690
Interest Revenue	33	(2)	31
Personnel Costs	17,107	(7)	17,100
Depreciation and Amortisation Expense	13,444	(49)	13,396
Other Expenses	26,795	(201)	26,594
Net surplus / (deficit) of joint venture	-	(147)	(147)
<b>Statement of Financial Position</b>			
<b>Current assets</b>			
Receivables	14,409	(134)	14,275
<b>Non-current Assets</b>			
Operational assets	82,782	(4,185)	78,597
Work in progress	14,072	(291)	13,781
<b>Current Liabilities</b>			
Payables and Deferred Revenue	10,934	(124)	10,810
<b>Non-Current Liabilities</b>			
	-	-	-
<b>Investment accounted for using the equity method</b>	-	<b>4,486</b>	<b>4,486</b>

# Appendices

## Ngā Tāpiritanga



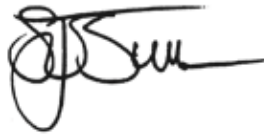
# STATEMENT OF COMPLIANCE

## Te Whakapuakanga Whakau ki ngā Ture

The Council and the Management of the Whakatāne District Council confirm that all the statutory requirements of Section 98 of the Local Government Act 2002 have been complied with.



*Judy Turner*  
Mayor  
18 February 2021



*Steph O'Sullivan*  
Chief Executive  
18 February 2021

# AUDIT REPORT

Arotake Pūtea

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Whakatāne District Council's annual report for the year ended 30 June 2020

The Auditor-General is the auditor of Whakatāne District Council (the District Council). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 18 February 2021. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 93 to 153:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2020;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 27, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- the our activities and services on pages 23 to 77 excluding pages 28, 32, 36, 42, 47, 51, 55, 59, 64, 68 and 74:
  - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2020, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 83 to 86, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s annual plan; and
- the funding impact statement for each group of activities on pages 30 to 76, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan.

## **Report on the disclosure requirements**

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 87 to 92, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

## **Emphasis of matter – Impact of Covid-19**

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out on page 5 to 6 on the financial statements and the service performance information.

## **Basis for our opinion on the audited information**

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our

responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

## **Responsibilities of the Council for the audited information**

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council’s responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

## **Responsibilities of the auditor for the audited information**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council’s annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General’s Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the our activities and services, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 4 and 7 to 26, 28, 32, 36, 42, 47, 51, 55, 59, 64, 68, 74, 78 to 82 and 154 to 155 but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If,

based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independence**

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we carry out a limited assurance engagement related to the District Council's debenture trust deed which is compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Leon Pieterse  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand





## WHAKATĀNE DISTRICT COUNCIL

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Whakatane District Council



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