

Whakarāpopototanga Pūrongo ā-tau Summary 2019/20 Annual Report

This summary briefly outlines the work that Council conducted in the 2019/20 financial year. For the full Annual Report, visit whakatane.govt.nz/annual-reports

Vision

To be the place of choice for people to live, work and play.

How we get there

THRIVING Economy

RESILIENT People and Places

VIBRANT Communities

RESPONSIBLE Money Management



In October 2019, I was privileged to be elected as the Mayor of the Whakatāne District. While the 2019/20 year has been difficult for our communities, it has also demonstrated our remarkable resilience and community spirit.



Judy Turner
Mayor
Manukura

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.

Council staff have worked on 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 such as 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.

This year we continued to deliver our essential services through difficult and challenging times. While the future is still uncertain, we must stay strong, support each other and work collaboratively for the future of our District.

– Judy Turner, Whakatāne District Mayor / Manukura

Our performance against our targets Ā mātou mahi i ngā whāinga tiritiringa

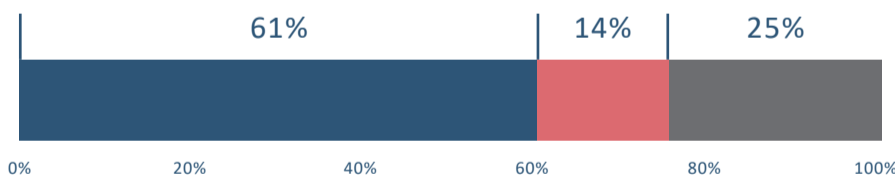
Satisfaction with overall services received:

70%

WHAKATĀNE DISTRICT COUNCIL

59%

NZ BENCHMARK RESULT



Achieved **Not Achieved** **Unable to Compare**



A change in survey methodology means we have been unable to accurately report against a number of our performance measures this year.

We did not achieve 13 performance measures, and 8 of them were either directly or partially due to the impact of the COVID-19 pandemic. Explanations for missing these targets are available in the full Annual Report.

We continued to deliver core services our communities use and rely on every day

I tutuki tonu mātou i ngā ratonga matua i whakamahia e ngā hapori ia rā

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

25 May 2020 – our new engagement website “Kōrero Mai - Let’s 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 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

THRIVING ECONOMY E puāwai ana te ōhanga

Whakatāne Regeneration Programme Te Kaupapa Whakahaumanu Tāone

\$36.8 million funding announced for the Whakatāne Regeneration Programme.

- **Boat Harbour:** Partnership with Te Rāhui Lands Trust, Ngāti Awa Group Holdings Limited, and the Provincial Development Fund.
- **Te Ara Hou (Riverfront Revitalisation Programme):** Regenerate Whakatāne Town Centre and Riverfront in partnership with Te Rūnanga o Ngāti Awa.

Kia Kaha Whakatāne

- \$8.3 million from the Provincial Growth Fund to support workers and contractors affected by economic down-turn.
- Redeployed over 200 people who undertook roading, water, parks and green projects around the District.

VIBRANT COMMUNITIES Ngā hapori whitawhita

Active Whakatāne Strategy Te Rautaki Korikori tinana o Whakatāne

- Active Whakatāne Strategy adopted in June 2020
- Active Whakatāne will make it easier and safer for people to get where they want to go without using a car

War Memorial Hall Upgrades Ngā whakamohoatanga o te Hōro Whakamaumahara Pakanga

- Completed seismic strengthening of War Memorial Hall on time and under budget
- The Hall can now be booked online on Council's website

Whakatāne Skate Park Extension Te torohanga o te Pāka Papa Wīra

- Council and Sport BOP supporting the vision of the Whakatāne Skate Park Committee
- \$426,000 in funding provided by a number of partners for this project
- Work commenced to enhance and modernise the skate park, and create areas suitable for people of all ages and skill levels

RESILIENT PEOPLE AND PLACES Ngā tāngata me ngā wāhi manawaroa

April 2017 Storm Damage Repairs Te mahi whakatika huarahi nā te turakanga āwhā o 2017

All remaining road repairs from April 2017 storms now completed, with final costs coming in under budget.

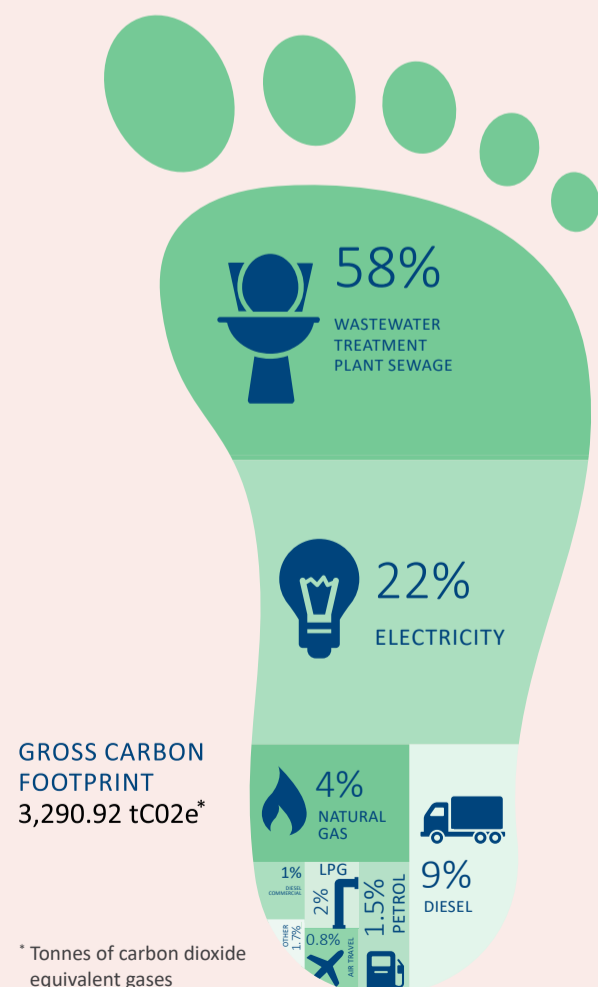
Awatarariki Managed Retreat Te tautanga tūao i Awatarariki

- Investigations confirmed managed retreat as the only viable option.
- Managed Retreat programme has commenced and is anticipated to conclude in 2020/21 Financial Year.
- A collaborative initiative has commenced to decide the future appearance of the affected area.

Climate Change Huringa Āhuarangi

Our carbon footprint:

- Feedback on Council's draft climate change principles saw 800 people, with over 1,100 pieces of feedback received.
- We worked on our Climate Change Strategy and Action Plans, which have now been adopted.

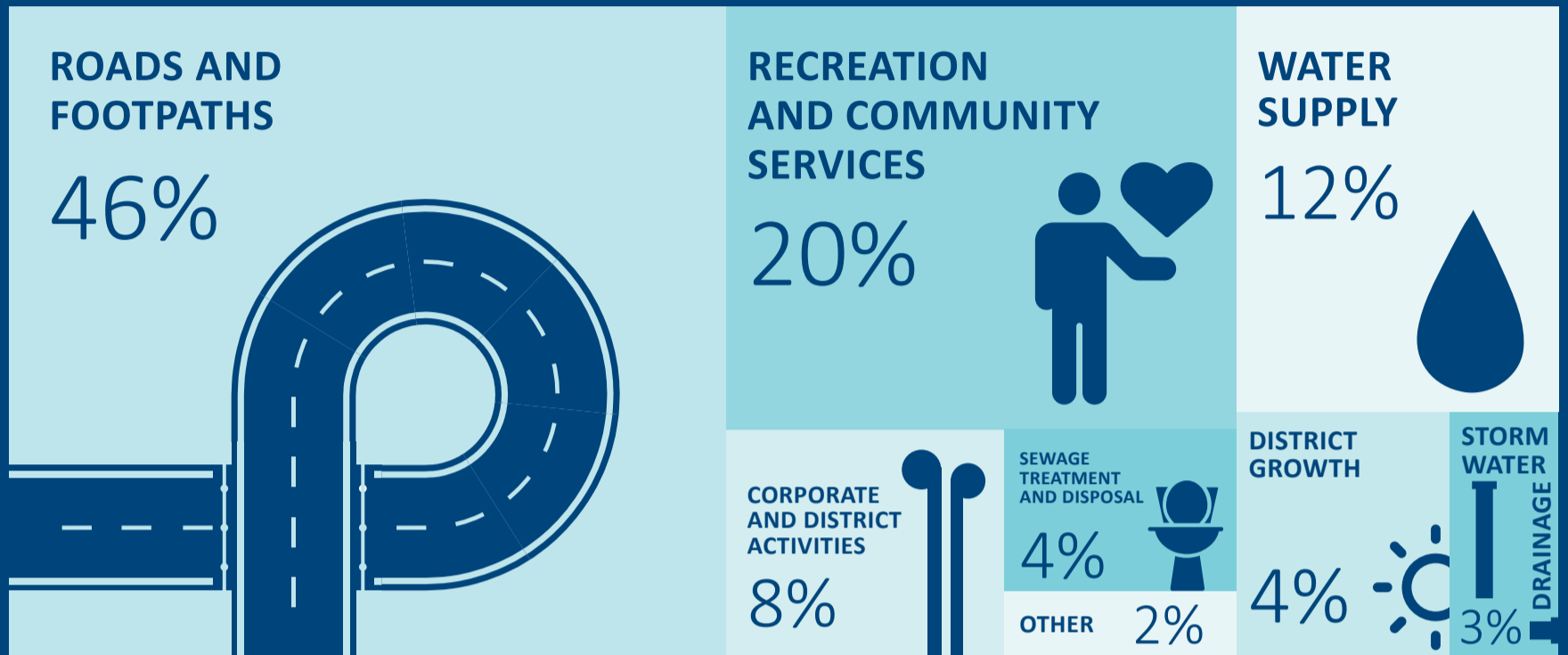


RESPONSIBLE MONEY MANAGEMENT

Te Aronui Whakahaere Pūtea

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:

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

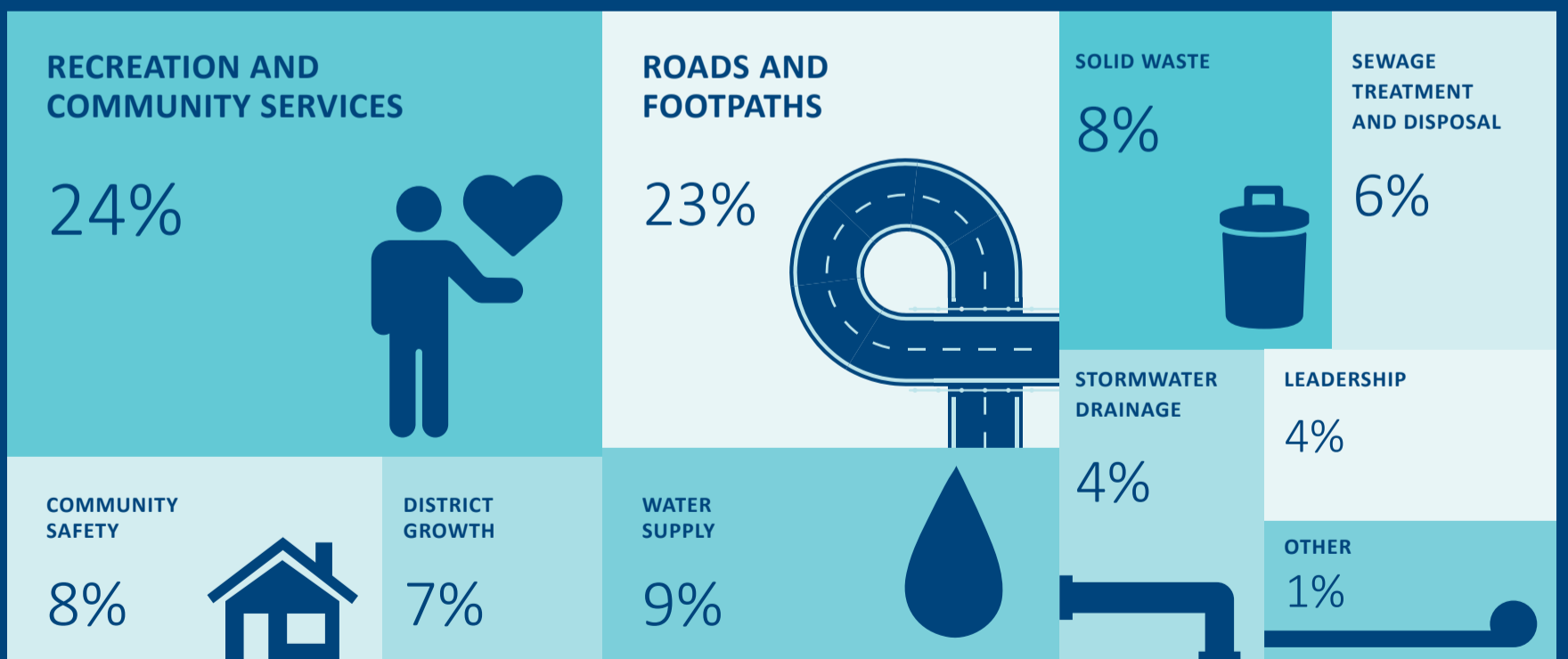


We work in partnership with others to maximise outcomes for our communities

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



SUMMARY FINANCIAL STATEMENTS AND NOTES

Whakarāpopototanga o ngā Whakapuakanga Ahumoni

This table presents the financial performance of the Council for the 2019/20 financial year. It summarises operating revenue and expense, and other comprehensive revenue and expense.

Summary Statement of Comprehensive Revenue and Expense

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

- Environmental Sustainability \$2 million favourable due to receiving a higher proportion of funding being received from Department of Internal Affairs and Bay of Plenty Regional Council for the Awatarariki Retreat. This is a timing issue and the budgets in total remain the same.

Expenditure (\$9 million, 12% higher than budget)

Please see the full Annual report for the complete list of expenditure variations:

- The largest variance was a \$1.7 million unfavourable variance in Environmental Sustainability due to Awatarariki Retreat. This is a timing issue and has an offset in the funding (see above) with a favourable variance of \$2 million.
- Maintenance and repairs on investment property was underspent by \$.6 million due to delays to the 'Wally Sutherland' properties redevelopment project.
- Grants and subsidies paid were over budget by \$0.5 million due to grants being paid to leaseholders and berth holders during the COVID-19 event.
- Doubtful debts had an unbudgeted increase of \$0.5 million to take account of identified debts that were unlikely to be paid
- Recoverable expenses were over budget by \$0.4 million. 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 \$0.4 million 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 \$0.4 million 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 \$0.4 million 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 / White Island eruption.

Major variances explained

We finished the 2019/20 financial year with an operating deficit of \$3.074 million.

Revenue (\$4 million 5% less than budget)

Subsidies and Grants were \$5.5 million less than budgeted. This was due to:

- Roading \$7.6 million less than budget, due to deferrals of works under Safer Road Alliance and Te Urewera route (\$9.2 million) and cancellation of Piripai pedestrian bridge (\$0.5 million). This is offset by Storm Damage works carried forward from 2019 (subsidy income \$2.4 million).

Summary Statement of Financial Position

ACTUAL 2019 \$000		ACTUAL 2020 \$000	BUDGET 2020 \$000
655,732	TOTAL EQUITY	652,951	666,107
23,466	Total Current Assets	34,150	15,000
721,664	Total Non-Current Assets	725,664	740,062
745,129	TOTAL ASSETS	759,814	755,062
21,642	Total Current Liabilities	41,163	27,204
67,755	Total Non-Current Liabilities	65,700	61,751
89,397	TOTAL LIABILITIES	106,863	88,955
655,732	NET ASSETS (Assets minus Liabilities)	652,951	666,107

Summary Statement of Cashflows

This table shows how Council generated and used cash. The overall net increase or decrease represents the change in our cash and cash equivalents arising from operating, investing and financing activities.

ACTUAL 2019 \$000		ACTUAL 2020 \$000	BUDGET 2020 \$000
20,640	Net Cash Flow from Operating Activities	27,391	19,774
(27,055)	Net Cash Flows from Investing Activities	(21,846)	(24,460)
5,500	Net Cash Flow from Financing Activities	2,314	2,000
(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
4,730	Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	12,589	3,052

Major variances explained

There was a positive variance (\$9.5m) of cash held compared to budget

- Net Cashflows from operating activities were \$8.3 million more than budget, spending more (\$3.3 million) and receiving more income (\$5.3 million).

The cost categories that contributed to this were:

- \$4.7 million over budget in rates incomes
- \$3.6 million over budget in subsidies and grants
- \$3.0 million under budget in fees and charges
- \$0.5 million over budget in actual fees and charges
- \$2.6 million under budget in payments to suppliers and employers
- \$2.0 million under budget for net cashflows from investment activities
- \$0.3 million under budget for financing activities

Major variances explained

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 0.63% higher than budget)

- \$14 million variance below budget within Non Current Assets due to revaluations in operational and infrastructural assets and an underspend in capital works.
- \$9.5 million variance over budget in cash and cash equivalents due to PGF funding for Kia Kaha and Whakatāne Regeneration Programme.
- \$5 million variance above expected levels in Works in Progress capitalisations.

Total Liabilities (\$18 million 20% more than budget)

- \$14 million variance over budget in Payables and deferred revenue predominantly due to post COVID-19 funding for PGF projects.
- \$3 million variance over budget for borrowing due to Council choosing to pay creditors earlier than due and extra loans raised to ensure current liquidity.

Summary Statement of Changes in Net Assets and Equity

ACTUAL 2019 \$000		ACTUAL 2020 \$000	BUDGET 2020 \$000
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)
655,732	Balance at 30 June	652,951	666,107

REPRESENTED BY:

ACTUAL 2019 \$000		ACTUAL 2020 \$000	BUDGET 2020 \$000
435,668	Accumulated Funds	431,417	429,555
16,790	Restricted Equity	15,697	17,019
203,274	Asset Revaluation Reserves	205,837	219,533
655,732	TOTAL PUBLIC EQUITY	652,951	666,107

Major variances explained

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.

SUMMARY FINANCIAL NOTES

Whakarāpopototanga Tuhinga Ahumoni

The Summary Financial Statements presented on these pages are for the Whakatāne District Council (the council) for the year ended 30 June 2020. Summary information has been extracted from the full financial report (Annual Report 2019/20) adopted by council on 18 February 2021.

Significant Commitments

The Council has entered into capital commitments of \$5.15 million for work not commenced and has operating lease commitments of \$141,000. For more information, see Note 26 of the Council's full Annual Report 2019/20.

Contingent Liabilities

The Council has contingent liabilities for indemnity claims, and quantified claims relate to alleged building defects. A provision has been made in the financial statements to anticipate weathertight claims. Carter Holt Harvey have indicated potential legal action but a notice of discontinuance was signed on 3 September 2020 and the council is no longer subject to this legal proceeding. Council is also currently in the process of seeking partial funding from Central government and Local Government organisations for a potential "retreat from hazard" payment to owners of property subject to a high loss-of-life-risk in the Awatarariki Stream debris flow fanhead at Matata. This liability is unquantified until agreement has been reached between the parties. A claim of nuisance relating to the Edgecumbe floods has also been received but is unquantified at this stage.

Riskpool (a mutual fund of which the council is a member) have indicated that they will make a call of approximately \$30,000 in the 2023 year.

Contingent Asset

There are no known contingent assets at balance date.

Related Party Transactions

Related Party Transactions totalling \$169,359 were carried out during the year in relation to the Whakatāne Airport joint equity venture. For more information on this and other related party transactions, see Note 24 and Note 28 of the Council's full Annual Report 2019/20.

Reporting Entity

Whakatāne District 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 Council provides local infrastructure, local 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 are for the year ended 30 June 2020 and were authorised for issue by Council on 18 February 2021.

Basis of Preparation

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act, 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. The full financial statements comply with PBE standards. The summary financial statements comply with PBE standards as they relate to summary financial statements. Figures are presented in New Zealand dollars and values rounded to the nearest thousand dollars (\$000). Some rounding variances may occur in the summary financial statements and cannot be expected to provide as complete an understanding as is provided by the full financial statements.

The full financial statements can be found in the Annual Report 2019/20, which is available on the Council's website, whakatane.govt.nz, or from libraries and service centres.

Critical accounting estimates and assumptions

During the 2020 year, independent valuations were carried out on forestry, investment property, museum collection and property held for sale, operational land, operational buildings, park assets, harbour assets, library books, restricted harbour land & recreational reserves. All assets have been valued on the fair value assumption.

Events after Balance Date

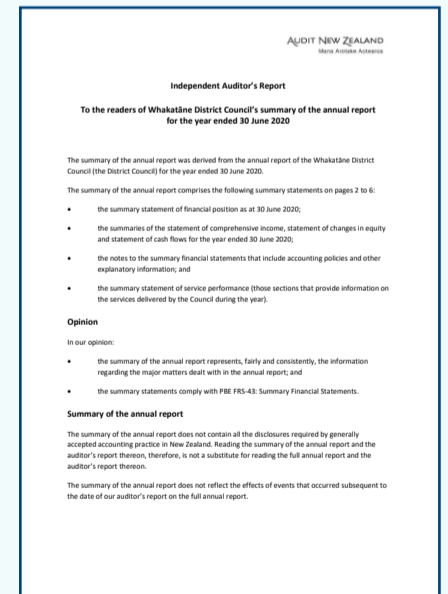
There were no significant events after balance date.

Independent Auditor's Report

Pūrongo o he Kaitātari Kaute motuhake

It is a legal requirement that our Annual Report is audited. This is to ensure that we are complying with accepted accounting practices and legal requirements and that our Annual Report is a fair and accurate reflection of the past year.

The full Annual Report received an unmodified (clear) Audit Report from Audit New Zealand on the audited information.



Want to know more?

For more detailed information about our performance over the past year, refer to the full Annual Report which is available on our website, or from service centres and libraries. If you would like to contact the Council about the information contained in this Annual Report Summary, or for any other reason, we encourage you to do so.