

WHAKATANE DISTRICT COUNCIL ANNUAL REPORT

For the year ended 30 June 2008



Whakatane District Council



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Cover Photo: New Zealand Surf Lifesaving Championships at Ohope Beach April 2008
 Thanks to the local photographers who have supplied photographs used within this document.

MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

We are pleased to present this Annual Report for the year ended 30 June 2008. The Annual Report provides a record of our activities, achievements and performance during the 2007/08 year.

A new Council, which included five new Councillors, was elected in October 2007. Early priorities included completing an induction and training process to enable members to come up to speed with the issues and challenges of the role to which they were elected. A complete review of the governance arrangements was also undertaken to facilitate a Council that is more streamlined in its approach to decision-making and responsive to the community it serves.

This year we have provided readers of the Annual Report with a financial overview. To improve the clarity of reporting we have also changed the way the financial information is presented.

In terms of financial management, we have continued to manage the District's finances and assets prudently. The Council has focussed on implementing changes to our financial management systems and processes that will ensure we are adopting best practice. An example of this is treasury management. Our policies and capabilities have been strengthened considerably. This year we moved to externally borrowing. Up until now, the Council has relied largely on internal reserves to fund capital expenditure. Many of our capital projects benefit not only current ratepayers, but also future generations. Therefore the Council's policy is to fund the cost of these projects from loans repayable over future years. The Council has successfully secured facilities at favourable margins, and as a result, has avoided some of the worst impacts of the changed funding environment.

Our financial result saw a net operating deficit of \$25,000 for the year. This compared to a budgeted surplus in the Annual Plan of \$6.53 million. The Council had budgeted a surplus for the year as it expected to receive subsidies (which are treated as revenue) for capital works related to transport networks and disaster mitigation that did not eventuate. Not all of the transport network projects went ahead in the financial year and, as a result, not all budgeted subsidies were received creating an unfavourable income variance of \$600,000. The Council had also budgeted to receive \$2.7 million of subsidies for the Disaster Mitigation works at Matata. Most of this revenue was received earlier than anticipated and was recognised in the 2007 financial statements with only \$600,000 being recognised in the 2008 financial statements. The valuation of a number of the Council's assets increased in 2007, and this resulted in additional depreciation of \$2.9 million which had not been budgeted for. An additional decrease of \$4.12 million in the value of both harbour assets and assets held for sale, further added to the changes in the 2008 results.

Partially offsetting the deficit was the recognition of an increase in the value of investment property. This includes leasehold land owned by the Council in the Central Business District of Whakatane. There were also interest savings from reduced loan funding requirements due to delays with some capital works. Information about variances at an activity level can be found in the Groups of Activities sections of this Annual Report.

The Council also made decisions to provide unbudgeted funding for expenditure during the year to enable some projects as well as service improvements to proceed. The costs of the court action against the decision of Environment Bay of Plenty were also largely unbudgeted. While this has impacted on the financial situation as reported, some of this expenditure was able to be funded from specifically held reserves. The Council has adopted a much tighter control on expenditure and this has reflected in the results this year.

Disaster mitigation works programmed following the disasters of 2004 and 2005 were progressed during the year. The Otawairere/West End stormwater and wastewater project was completed on time and within budget. A number of the physical works at Matata received resource consents, but regrettably could not be progressed due to appeals being lodged. Lengthy delays are now inevitable while we wait for the matters to be resolved by the Environment Court. The joint Whakatane District Council and Environment Bay of Plenty business case for mitigation works in and around the Edgumbe area was submitted to the Government last November. The Council were disappointed not to receive a response to the request for funding support before the end of the financial year. However planning work for the project continued. The Council expects a response on our application early in the term of the new government. The funding policy for disaster mitigation works was also reviewed during the year.

Many other major planned capital works were completed during the year. These are highlighted in the relevant sections of the Annual Report. Some key ones were:

- Seal extensions including Ruatahuna Road, Paekoa Road and Burt Road.
- Completion of the Commerce Street upgrade project.
- Completion of stages 1 and 2 of the Hinemoa Drain piping project.

Introduction

- Decommissioning of landfills at Murupara and Taneatua.
- Upgrade to the Thornton Boat Ramp.
- Extension of the Whakatane Gardens pathway network.

There were also some unplanned works during the year. One of the most notable ones was the replacement of a waste water main connected to the Hinemoa pump station. This work was necessary because of a pipe collapse. This failure emphasises the importance of having good quality information about the age and condition of the community owned infrastructural assets. To this end work has continued during the year on the development of robust Asset Management Plans for all assets, as well as investigations to determine the quality and functionality of the assets. Problems such as a lack of water in Ohope over the Christmas period, water quality issues as a result of saltwater intrusion into the Whakatane water supply and inadequate water pressures in some of the supply areas serve to highlight priority areas for future works. Without planning and programming the Council has to undertake emergency works, with inevitable cost consequences and service disruptions.

A number of important policies and strategies were completed during the year. A key one, the Town Vision - included a significant consultation period where more than 500 people took the time to give us their feedback. Changes were made to the plan and it was approved by the Council in May.

A comprehensive review of the Council's Bylaws was completed by the end of the 2007-08 year, as required by the Local Government Act 2002.

Managing growth, and the infrastructure needed to provide for growth, was again at the forefront of our minds as we worked through finalising our Transport Asset Management Study and Investigation and Modelling Study. These two documents will provide the basis for managing our transportation networks well into the future.

As an organisation we have continued to improve on capability and capacity across all functions. At the start of the financial year there were a number of vacancies in the organisation at senior levels, as well as being well under our establishment numbers in the finance and information systems area. By the end of the financial year well qualified and experienced staff had joined the organisation. However the challenge to ensure that we have robust systems and process will take time. These issues have had an impact of slowing down the progress in some areas. Nonetheless significant improvements have been made. For example we have focused some effort on improving information technology links between the Civic Centre and our outlying offices – this brings with it the added benefit of improved library services in satellite towns like Murupara, Ohope and Edgcombe.

In other areas we have implemented a number of customer service improvements through new policies and procedures which we expect to improve the quality of service to our ratepayers. The Council approved a significant increase in resourcing the building and planning consent functions in December 2007 with the specific objective of improving the quality of service and timeliness of issuing consents. We were the 25th local authority to become registered as a Building Consent Authority. This was a significant achievement and we thank all those involved for their input, their time and patience as we worked through all the issues around the accreditation process.

At the beginning of the year collective employment contract negotiations were completed amicably and efficiently.

We now turn our attention to 2009 and the development of our 10 year plan. The LTCCP sets out Council's strategic direction and priorities for the next ten years and forms the primary basis for priority setting and decision making.

It is important that the community, its groups, sectors and individuals get involved in this process as it provides the direction for the next 10 years. That does not mean we cannot change the plan in the next 10 years but we do try to ensure it is as complete and comprehensive as possible. Therefore your energy and input is valued and, indeed, essential for the future of this district.

The many achievements outlined in the Annual Report reflect the hard work and commitment of Councillors, Community Board Members, staff and the community as we all work together to progress projects and deliver quality services for the people of our district.



C G H Holmes
MAYOR
31 October 2008



Diane Turner
CHIEF EXECUTIVE
31 October 2008

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

The Council and management of the Whakatane District Council confirm that all the statutory requirements of section 98 of the Local Government Act 2002 have been complied with.

RESPONSIBILITY

The Council and management of Whakatane District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and management of Whakatane District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Whakatane District Council, the annual Financial Statements for the year ended 30 June 2007 fairly reflect the financial position and operations.



C G H Holmes

MAYOR

31 October 2008



G I Hanlen

DEPUTY MAYOR

31 October 2008

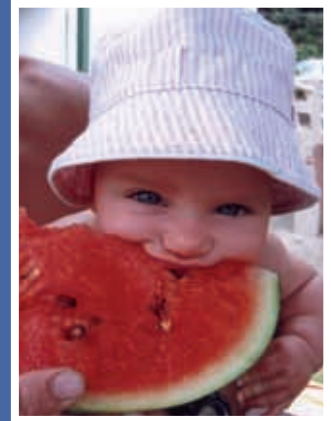


Diane Turner

CHIEF EXECUTIVE

31 October 2008

HIGHLIGHTS



"Summer in the Bay" Photographic Competition April 08



ACTIVITY HIGHLIGHTS

Over the course of the year the Council has undertaken many projects and delivered a wide range of services to the Whakatane community. This section draws together and a selection of highlights from all areas of the Council.

COMMUNITY LEADERSHIP AND GOVERNANCE

Local elections:

Local elections were conducted successfully in October 2007. This included the re-election of Mayor Holmes and the election of ten Councillors. By-elections were held for Murupara and Ohope Beach Community Boards. Elected Members for 2007-2010 triennium received appropriate induction and training.

Community grants:

The Whakatane District Council provided a variety of funding schemes to community groups and voluntary organisations in 2007/08, for activities and projects that contribute to the wellbeing of the District. Through the Annual grants scheme 28 groups and organisations received funding in 2007/08. Major grants included Surf Life Saving, Citizens Advice Bureau, Project Hope and Neighbourhood Support. The Community Boards and Iwi Liaison Committee also provide grants from their Discretionary Funds. These funds have added value to a number of events taking place within the community including Guy Fawkes, Tuna Fiesta, Cultural Festival and Christmas in the Park as well as supporting a number of community organisations.

Bylaws review:

The review of the Whakatane District Bylaws was largely completed by the end of the 2007/08 year. The review ensures that the bylaws are up to date, compliant with best practice, and consistent with the Local Government Act 2002 as well as other legislation and policy. The review process also ensured the bylaws are the most effective, appropriate and reasonable means of addressing Council objectives.

Disaster mitigation funding policy:

During the 2007/08 year the Council reviewed its policy on how it would fund disaster mitigation works in Otarawairere, Matata, Edgcombe and Awatapu, as well as any future disaster mitigation works. The results of the review as well as a draft policy were consulted with the community alongside the draft Annual Plan 2008/09. The revised policy has been implemented through the rates set in 2008/09.



Signing of the extension to the Tūtohunga (memorandum of understanding) between the Council and Iwi Liaison Committee.

Extension of Tūtohunga agreement

The Whakatane District Council and the Iwi Liaison Committee extended their agreement of cooperation with the signing of the Tūtohunga (Memorandum of Understanding) early in 2008. The Tūtohunga is an agreement between Council and the Iwi Liaison Committee to work together in integrating and involving Māori in the Council's decision making processes.

DISASTER MITIGATION WORKS

The Council has made a significant commitment to progressing works in the four areas affected by natural disasters in 2004 and 2005.

Matata regeneration projects:

Three of the Matata Regeneration projects had been granted consent but these decisions have been appealed to the Environment Court. As a result, physical works for these projects are on hold until the Environment Court has considered these appeals.

The projects include:

1. Awatariki Stream Works and Lagoon Regeneration,
2. Debris Disposal area,
3. Waitepuru Stream management works and Awarua Drain Stop Banks.

Resource consent applications have been lodged for Waimea and Ohinekoao during this period.

Awatapu Flood mitigation project:

The Awatapu pump station project was completed in 2008. The station automatically pumps water out of the Awatapu lagoon when it reaches a certain level to ensure there is sufficient space for large volumes of storm water. The system has already been successfully tested by the wet weather this past winter.

Otarawairere/West End stormwater/wastewater disposal project:

The physical works for this project commenced at the end of October 2007 and was completed by the end of June. The project was implemented to reticulate stormwater and wastewater away from the developed area at the top of the West End escarpment. It had been identified that the discharge of water onto the escarpment was an important contributing factor to many of the landslips on 15 July 2004. Conveying the stormwater and wastewater away from the escarpment will reduce, but not totally eliminate, the risk of landslips in the future. Easements over the pipelines on private property will be undertaken in the 2008/2009 financial year.

Blessing of completed disaster mitigation works at Otarawairere/West End in June 2008.



Edgecumbe/Rangitaiki flood mitigation:

The focus for this period has been on community consultation, planning and detail design documentation and preparation of the resource consent application. The resource consent will be lodged in September 2008.

TRANSPORT NETWORKS AND SYSTEMS

Transport Asset Management Plan and Transportation Study:

The completion in this past year of the Transport Asset Management Plan and the Transportation Study are key achievements for Council which will provide the foundational structure and base information to manage the maintenance and growth of the districts transportation networks well into the future.

Additional Funding for Seal Extensions:

Council has also been able to extend the length of seal extensions undertaken this past year due to the successful application of funding assistance from Land Transport New Zealand. 7.5 kilometres of seal extensions were completed in the 2007/08 year.

Commerce Street Upgrade:

This project was successfully completed during 2007/08. The upgrade, including the installation of cycle ways on both sides of the street, is being well received by the community.



View from the northern end of Commerce Street following completion of the upgrade.

Council partnership with Consultants and Contractors:

The 2007/08 Road Resurfacing Contract was completed under budget by over \$80,000. This was in part due to the resurfacing Consultant identifying cheaper alternative treatments for some sites. The Burma Road Bridge Replacement was completed \$20,000 under budget due to the Contractor proposing an alternative design option to that initially proposed in the contract. Both of these are examples of service providers being willing to work with the Council to provide the best value for money.

Bikewise week:

National Bikewise Week continued to raise community awareness of the advantages of cycling. The Bikewise Week which ended in early March, saw a greater level of participation by younger people and included over 500 people participating in the Mayoral challenges throughout the Eastern Bay. The weeks events saw the promotion of cycling for health benefits and for the ability to reduce our carbon footprint. Bike Wise Week events throughout the District were well received in smaller communities as well as in Whakatane.

WATER-RELATED SERVICES

Whakatane water treatment plant:

The level of the Whakatane River over the summer, was at the lowest since 1981 due to prolonged dry weather. Coupled with high spring tides, saline water reached the intake to the Whakatane water treatment plant resulting in water become undrinkable for many consumers. The Council provided tank water to the Whakatane and Ohope public as a temporary solution until the river level rose and water quality returned to normal. The Council has taken action to install a floating intake as a short term solution and has undertaken a study to shift the intake further upstream of the river to provide a long term solution to the problem.

Highlights

Funding for water supply programmes:

The Council has secured funding for the Waimana, Taneatua, Murupara and Matata water supply, from the Capital Assistance Programme of the Ministry of Health to improve these water supplies. On the Council's request, Housing New Zealand Corporation has approved further funding to implement projects to improve Murupara water supply. These projects will be implemented in 2008/09 financial year. Further funding applications will be lodged in future to secure more funds from the Central Government to help improve small water supplies in the District.

Emergency replacement of waste water main:

A waste water main connecting the Hinemoa pump station collapsed due to a gas attack in the pipe line. Immediate action was taken to temporarily pump wastewater from the adjoining manhole to the pump station to avoid a major failure which could have affected more than 1,000 people. Emergency replacement of the failed pipe was carried out at a cost of \$262,000, using funds from the McAlister pipe replacement project and from the Whakatane waste water treatment plant improvement project.

Investigation, modelling and studies for 25 year capital works programme:

During the year, investigations, network modelling and studies were carried out in water related activities. As a result, a number of strategy reports and improvement plans were produced to improve the water related services taking into account present system deficits and future growth in the District. Information from these reports are the basis for preparing the capital works programme for the next twenty five years in the Asset Management Plans and these identified projects will be included in the next LTCCP.

SOLID WASTE MANAGEMENT

Taneatua landfill capping:

Following review of the Taneatua landfill site, resource consents and discussions with Environment Bay of Plenty it was agreed that no further capping works were necessary at this site. As a result of this decision the Council has made a potential saving of \$430,000.

Concrete recycling:

In 2007/08 a project was initiated to reprocess demolition concrete, beneficially using material which would otherwise have been waste. During the course of the project 1600 tonnes of demolition concrete was reprocessed for use as roading aggregate.

Recycling of demolition concrete to be re-used as roading aggregate.



Reduction of waste to landfill:

In 2007/08 there was a further reduction in quantity of material landfilled at Burma Rd, which reflects good recovery of recyclable materials from the waste stream and helps to reduce Council's on going liability for aftercare at the landfill site.

Completion of Murupara landfill site closure:

The capping works, tidy up and fencing of the closed Murupara landfill site have been completed. This has greatly improved the appearance of the site and returned the capped area to pasture.

PROMOTION AND ECONOMIC DEVELOPMENT

Business development initiatives:

In December 2007, a stand at the job expo in Auckland was organised with support from 10 Eastern Bay of Plenty businesses. The stand offered a total of 50 jobs and promoted the lifestyle advantages of the Whakatane District. Also, a series of four workshops for the kiwifruit industry were run through the Enterprise Training Programme in Opotiki and Whakatane over the course of the year, and were well attended. The workshops focused on building the business and management skills within the local industry and also provided opportunities for networking.

Events:

The NZ Surf lifesaving nationals were held at Ohope Beach for the first time in 36 years. The event attracted 1500 athletes and resulted in an economic impact of over \$1.5 million. In several of our other top multi sport events, there has been an increase in the number of entries from outside the District as the result of campaigns promoting the events. This included the Ohope Ordeal with 70% growth in external entries, Monty's Revenge 15% and Toi's Challenge 10%.



New Zealand surf nationals were held at Ohope Beach for the first time in 36 years attracting 1500 competitors.

Promoting Whakatane:

Over the course of the year Whakatane became a partner in "AA 101 Must Do's for Kiwis" campaign. The promotional value was significant and included exposure through the "AA 101 Must Do's" website and stories in both the Sunday Herald and the New Zealand Herald supplement. Whakatane was also recognised as the sunniest place in the North Island and came third in the number of sunshine hours throughout the whole of New Zealand. 2007 was the first full year that Whakatane sunshine hours were measured with NIWA approved equipment.

LIBRARIES AND MUSEUM

Activity restructure:

The Council has completed a review of the structure of the Library, Museum and Gallery, restructuring those activities into a single business unit. As part of the restructure, new staff have been appointed and a Strategic Plan developed for 2007-2012. The Strategic Plan and the organisational structure provides the framework and the direction for the next five years to achieve a more integrated and cohesive service to engage our community. A priority is to eliminate barriers and create opportunities for people to enjoy the rich social, cultural and creative achievements of our region and the wider world.

Highlights

Arts and Culture Centre Project Stage 1:

Arts and Culture Centre Project Stage 1 was adopted by Council in June 2008. The aim of the Project was to engage in a planning process for a dynamic new Arts and Culture Centre for Whakatane which will include the District Library, Museum and Gallery. Possibilities exist to work with other organisations to create a new cultural, environmental and tourism centre in the CBD area.

Library services:

The Library Summer Reading programme was a huge success culminating in a wonderful outdoor, interactive performance for children by storyteller Mary Kippenberger. Also a success was the Murupara Libraries "Mid Winter Christmas" school holiday programme for children that culminated in a bumper party. Another highlight was the introduction of "The Ancestry.com" database which has been extremely popular with people tracing their family histories. It is also noteworthy that the average age of the collection has reduced from 10 years in 04-05 to 6 years in 07-08.

Museum exhibitions

The excellent standard of exhibitions offered during the year received a 95% plus satisfaction rating. The programme included 60% local content and 40% national/international content. Notable highlights include "Tautoko: the artist as museum collaborator" which looked at the potential for museums and their collections to collaborate with contemporary artists. The Molly Morepeth Canada 3D Awards aimed to encourage and promote excellence in glass design and "Misty Frequencies" which featured artworks from nine contemporary artists whose works react to the pervasive influence of the internet and the globalisation of information.

"Got it sussed" was held from May to July 2008 at the Whakatane Museum and exhibited the work of 7 contemporary Maori artists.



RECREATION AND COMMUNITY FACILITIES

Town Vision:

In August 2007 the Council adopted the draft Whakatane Town Vision plan for public consultation. The Council was pleased with the level of response which was reflective of the extensive community consultation that was undertaken. In total 538 submission points were received from the community on the plan. The Council heard submissions during March 2008 and in April the Council made decisions on the plan with consideration also given to the Parking Strategy, the Built Heritage Study and the plans for the Arts and Culture activity. The Council adopted the plan in principle in May 2008 pending a review of the traffic options. Work in 2008/09 will be programmed towards finalising the traffic and reserve detail of the plan and implementing the Council's resolutions.

Whakatane River - Boat ramp central landing pontoon:

This work involved the replacement of the existing fixed 25m central timber jetty with a safer, more modern and user friendly structure. The floating pontoon structure was completed in November 2007 and has proved very successful. The jetty has provided for a safer facility during all tides and has resulted in a faster more efficient use of the boat ramp area during busy periods. The work was able to be completed within existing resource consents and with the support of local iwi.

PARKS, RESERVES AND CEMETERIES

Whakatane Gardens Pathways:

This project continued the network of paths through the Rose Gardens and the Japanese Garden leading through to River Edge Park. The path network provides more walking options for residents and visitors to enjoy our special reserves.

Ohope - Pohutukawa Avenue upgrading work:

The upgrading of beach access ways, which began in the previous year, has continued to be progressed. This has included five accesses between Harbour Road and Ocean Road and completion of the eleven accesses between Maraetotara Reserve and Mahy Reserve. The Ohope information Kiosk also underwent a major upgrade prior to the summer season.



The extended network of pathways allow visitors to enjoy the Whakatane Gardens

Whakatane Crematorium:

Over the course of the 2007/08 the Council has made progress on the Whakatane District Crematorium Project. The resource consent was granted late in 2007 and is in line with feedback from the community on the need for and location of the proposed facility. Architects were engaged to progress the development of the crematorium to be located at Hillcrest Cemetery with construction due to begin in the 2008/09 year. As part of the business case supporting the development of the crematorium it is intended that the project will be completely self funded through user fees and charges.

Pathways to Health:

The Whakatane District Council is a partner in the Pathways to Health project. 2007/08 was the first full year of the project and the outcomes were incorporated into the Sport BOP contract for Recreational Activity. The aim of Pathways to Health is to increase physical activity levels (particularly among the target groups to Maori, youth and families) through both structured and unstructured opportunities. The highlights in the programme for 2007/08 included a published guide containing an inventory of sport and recreation facilities, ACC Clubmark training for four Whakatane District Clubs, the Corporate Challenge Series "It's All About Team", the push play stakeholder road show and Eastern Bay of Plenty Bike wise week. The Recreational Activity Contract continues to support recreation in schools and clubs and also delivers successful school holiday programmes.

ENVIRONMENTAL PLANNING

District Plan Variation 6 – Coastal Hazards:

An analysis of coastal hazards in the Whakatane District has identified areas of land where coastal erosion and inundation is currently occurring and where it is predicted to occur by 2060 and 2100, taking into account the effect of sea level rise. The main areas potentially affected are; Ohope (particularly West End, Pohutukawa Avenue and Plantation Reserve, Ohope stream mouths and Harbour Road area), Coastlands/Piripai, properties adjacent to Ohiwa Harbour and some properties along Clem Elliot Drive, Matata.

Highlights

The information obtained from the analysis will be used to assist the Council in the management of coastal hazards, both in terms of Council's own projects and services and also in terms of managing development throughout the district through the district plan. After several years of technical work and consultation, the Council notified Variation 6 to the Proposed Whakatane District Plan for submissions in April 2008. Independent Commissioners will be appointed to hear and decide on the Variation with these hearings scheduled for the second half of 2008.

Built Heritage Study:

The Built Heritage Study of Whakatane's Central Business District was completed in November 2007. It is a joint initiative undertaken by the Whakatane District Council, Environment Bay of Plenty and the New Zealand Historic Places Trust and builds on the work undertaken by the Whakatane and District Historical Society. The Study was initiated to find out more about the historic buildings in the Whakatane town centre and to suggest management options for the buildings. Buildings of individual and collective historic value in the Central Business District have now been identified. As a result of this study, and public consultation on it, the Council will be reviewing its Earthquake Prone and Insanitary Building Policy to ensure that the policy does not unnecessarily hinder the retention of heritage buildings in town. The Council will also be investigating options to further protect these buildings during 2008/09.

ENVIRONMENTAL CONTROLS

Building Consent Authority Accreditation:

In May 2008 the Whakatane District Council became the 25th local authority within New Zealand to be registered by the Department of Building and Housing as a Building Consent Authority. This result was the culmination of many months of intensive work by staff in the documentation and review of all the practices, policies and operational procedures relating to the processing of building consent applications and the issue of code of compliance certificates.



Whakatane District Council receiving their certificate of registration as a building consent authority from the Department of Building and Housing.

Organisational Restructure and Capacity Building:

The Council decided to develop internal capacity within the Development and Compliance area and reduce the reliance on the use of consultants to process building and resource consents. Additional positions were approved including two planner positions and two building control staff. In addition to extra staff being engaged, the technical administrative functions have been transferred from within the Customer Services Centre to the Development & Compliance division. Resulting benefits from these initiatives are expected to be greater efficiencies and better service delivery to applicants and ratepayers.

ENVIRONMENTAL PROTECTION

Rural fire and Emergency Response:

Both the Rural Fire Team and Emergency Response Team were called on to respond to emergency events over the course of the 2007/08 year. Notable events included members of the Rural Fire Team being deployed by helicopter to a remote site north of Ruatahuna to successfully contain and suppress a 2 ha fire in scrubland. The Emergency Response Team was deployed to assist the Police dive squad in a water rescue and recovery event in the Waioeka Gorge.

COMMUNITY SAFETY

Regional coordination of Civil Defence:

The Whakatane District Council, along with other local authorities in the Bay of Plenty, is a member of the Civil Defence Emergency Management Group. In January 2008 Environment Bay of Plenty appointed a coordinator for the group leading to better coordination between the seven local authorities as they plan for emergency events within their own districts, and also on a regional basis for any large scale emergency event.

Youth Council:

As a result of the recommendation of the Youth Policy a Whakatane District Youth Council was formed in 2008. The Youth Council had 16 young people, who were chosen to be a representative group and a voice for young people in the Whakatane District. The Youth Council had six formal meetings and numerous other meetings in 2007/08. Outcomes included making submissions to the Annual Plan, organising the very successful Eastern Bay Dances Wars in June, participating in local media and debating youth issues. Self nominations will be sought in December for the Youth Council 2009.

Tag-Off:

The Council has initiated and secured funding for a three year programme to clean up tagging in the District. The programme is funded by the Ministry of Justice's Crime Prevention Unit, providing \$18,400 per year for three years. The Tag-Off programme will be implemented in the 2008/09 financial year and enables the employment of a supervisor to oversee the community work of young people to clean off tagging.



Funding has been secured for the Tag-Off programme which will oversee the community work of young people to clean off graffiti.

Alcohol Strategy:

The Alcohol Strategy 2007-2011 was adopted in August 2007. The Strategy identifies a range of initiatives to reduce alcohol-related harm and will be implemented over a five year period. The strategy will also support the development of a Council liquor licensing policy and that will set future parameters to guide the sale of liquor regulatory functions of our Council.

CORPORATE ACTIVITIES

IT service improvements

Over the course of the 2007/08 year efforts have been made to improve connection speeds and provide quality Information Technology (IT) services in a secure environment between the Civic Centre and several remote centres and libraries (Edgecumbe, Murupara and Ohope). The Council's IT department has worked with Eagle Technology to improve the network capacity and resilience as part of an ongoing programme to improve service delivery and IT infrastructure. As well as improving the quality of IT services for the Council, the improved service will also permit the Murupara, Ohope and Edgecumbe libraries to utilise the Whakatane library applications, an improvement on the current manual process.



Over the course of the year improvements have been made to information technology services particularly between the Civic Centre and outlying offices.

Collective Employment Negotiations

Negotiations for the collective employment agreements covering the majority of our employees commenced in July 2007. These were approached in a very constructive and willing manner by all parties. The in-house union, Whakatane District Council Employees Association (WDCEA) negotiated the salary and wage agreements and Amalgamated Workers Union of New Zealand (AWUNZ) negotiated the wages agreement for the Parks and Reserves employees. The negotiations were concluded promptly and all parties came away satisfied with the outcomes reached. This achievement reflects the positive working relationships being developed between the Unions and the Employer and is indicative of increasing industrial relations stability. A joint Union/Employer initiative to undertake a project on creating a participative workplace culture and effective organisational change processes is now a work in progress and is expected to contribute further to strengthening these relationships.

External borrowing

The Council's infrastructural and community assets generally have long economic lives and provide long term benefits for the community. Borrowing (the use of debt) is seen as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers. Typically in the past Council has used internal borrowing mechanisms, borrowing from its reserves, to fund new capital projects. With all reserves now committed, the Council has moved to external borrowing over the course of the 2007/08 year. Any borrowing will be undertaken under the guidelines of the Treasury Management Policy adopted with the 2006/16 LTCCP.

Customer service improvements

Customer Services made significant inroads in improving the service provided to Council's customers during the 2007/08 financial year. This was primarily achieved by ensuring new staff gained the correct knowledge by completing the newly established 12 week induction program. This training, along with the comprehensive online procedures database, has significantly improved the Departments ability to answer more enquiries on the first contact with Customers. Service levels were also established with internal departments to ensure roles and responsibilities were clearly defined to maximise efficiencies.

FINANCIAL OVERVIEW

INTRODUCTION

This section provides an overview of the Council's financial results for the year ended 30 June 2008. For further detailed information please refer to the following sections in this Annual Report: Groups of Activities, Financial Statements, and Notes to the Financial Statements.

FINANCIAL PERFORMANCE AT A GLANCE

This section provides a summary of our comparative financial performance for the 2007/08 actual and budgeted results. The summary below details the revenue and expenditure of the Council, including Council's share in the Whakatane Airport. The financial performance is compared to the annual plan budget.

SUMMARY COST/(SURPLUS) OF SERVICE	2008 Actual (\$000)			2008 Budget
	Cost**	Income**	Net Cost/(Surplus)	Net Cost/(Surplus)
Community Leadership & Governance	\$3,939	\$3,298	\$641	(\$1,772)
Community Safety	\$925	\$762	\$163	\$163
Environmental Controls	\$1,908	\$1,587	\$321	\$143
Environmental Planning	\$2,166	\$1,563	\$603	\$281
Environmental Protection	\$269	\$181	\$88	\$89
Libraries & Museum	\$1,759	\$1,383	\$376	\$39
Parks Reserves & Cemeteries	\$2,845	\$2,992	(\$147)	(\$216)
Promotion & Economic Development	\$937	\$698	\$239	\$162
Recreation & Community Facilities	\$4,052	\$4,055	(\$3)	(\$317)
Solid Waste Management	\$4,346	\$4,665	(\$319)	(\$149)
Transport Networks & Systems*	\$11,869	\$13,634	(\$1,765)	(\$3,708)
Water Related Activities	\$8,198	\$7,979	\$219	\$212
District Income & Expenditure	\$90	\$1213	(\$1140)	(\$994)
Operational Cost/(Surplus) of Service Delivery	\$43,303	\$44,010	(\$724)	(\$6,068)
Revaluation of Council Assets and Provision Adjustments	\$732		\$732	(\$465)
Total Council Deficit/(Surplus)			\$25	(\$6,533)

* Budget has been adjusted to account for the Crown's half share in the Whakatane Airport Joint venture.

** 2008 Actual Income and Expenditure has been shown inclusive of internal charges and interest.

Council's final operating result is a net deficit of \$25,000 compared to a budgeted result of \$6,533,000 Surplus.

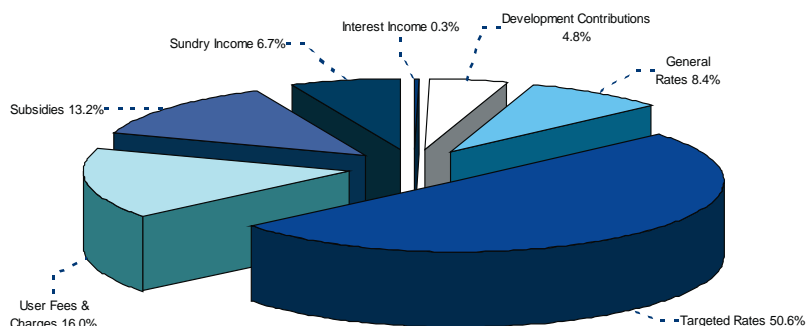
Council budgeted a surplus as it expected to receive subsidies from Land Transport New Zealand to undertake capital works. Not all of these capital works went ahead in the financial year; therefore not all budgeted subsidies were received; creating unfavourable income variance of \$600,000. Council had also budgeted to receive \$2.7 million of subsidies for the Disaster Mitigation works at Matata. Most of this revenue was received early and recognised in the 2007 financial statements; therefore only \$600,000 of subsidy revenue was recognised in the 2008 financial statements creating an unfavourable income variance of \$2.1 million.

Additional depreciation of \$2.9 million over budget has been expenses in the 2008 Financial year. This additional expenditure occurred primarily as a result of Council's assets being revalued in 2007, creating an increased depreciation charge. Because capital works such as the Crematorium and Disaster Mitigation projects were behind schedule for the financial year, and overall interest saving of \$600,000 was achieved from reduced loan funding requirements.

Council's harbour assets and assets held for sale were revalued in the 2008 year resulting in a decrease in value of \$4.12 million. This amount also contributed to the overall Council financial deficit. Partially offsetting this reduction in asset values was the recognition of an increase in the value of Investment property of \$1.75 million.

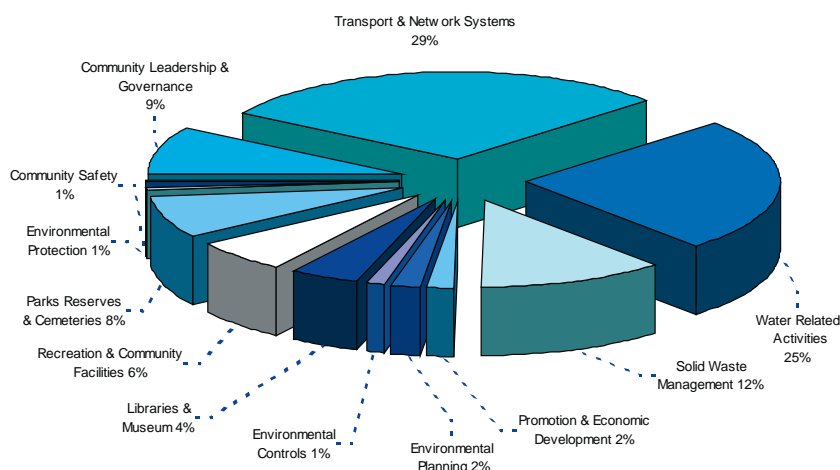
Highlights

WHERE OPERATING REVENUE CAME FROM



The total operating income for the year ending 30 June 2008 is \$43.812 million. Rates are the primary source of funding for Council's activities, and represent 61% of operating revenue. Other sources of revenue for Council include user charges, fees and fines, rentals, and subsidies.

WHERE RATES REVENUE WAS SPENT



WHAT THE RATES PAY FOR

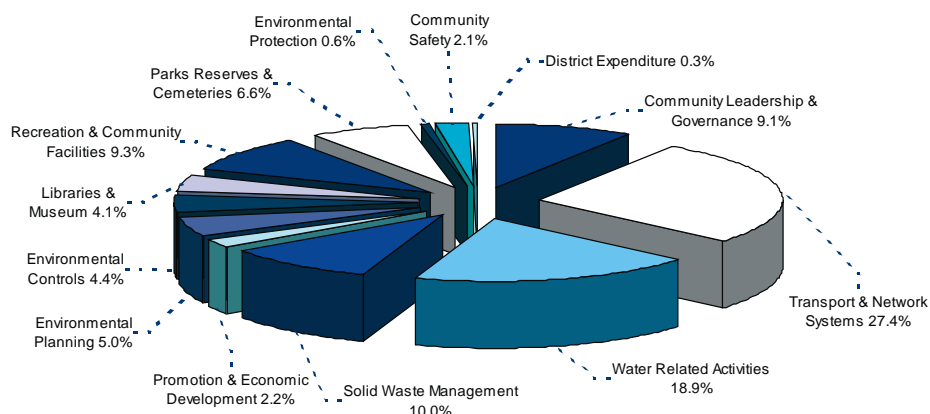
The following table shows where the rates per rateable property fund Council-provided activities. It shows that over 85% of rates income (\$4.04 per day) is used to pay for essential infrastructure, community services and facilities. In the 2007/08 financial year Council utilised \$1.223 million of reserves from prior years to reduce the amount of rates collected throughout the district.

GROUPS OF ACTIVITIES	Rate Income \$000	Rate Income Per Property	Rate Income Per Property Per Day
Community Leadership & Governance	\$2,331	\$155.18	\$0.43
Transport & Network Systems	\$7,674	\$510.75	\$1.40
Water Related Activities	\$6,496	\$432.38	\$1.18
Solid Waste Management	\$3,173	\$211.22	\$0.58
Promotion & Economic Development	\$434	\$28.89	\$0.08
Environmental Planning	\$486	\$32.32	\$0.09
Environmental Controls	\$246	\$16.36	\$0.04
Libraries & Museum	\$1,160	\$77.23	\$0.21
Recreation & Community Facilities	\$1,622	\$107.95	\$0.30
Parks Reserves & Cemeteries	\$2,040	\$135.77	\$0.37
Environmental Protection	\$152	\$10.14	\$0.03
Community Safety	\$280	\$18.67	\$0.05
TOTAL RATE INCOME**	\$26,095	\$1,736.86	\$4.76

*The total number of Rateable Properties in the Whakatane District on the 1st July 2007 was 15,024

**Rate income has been shown gross of penalties, write off's and remissions

HOW OPERATING EXPENDITURE WAS SPENT



The total operating expenditure for the year ending 30 June 2008 is \$43.303 million. Core infrastructure such as Transport, Water, Wastewater and Storm water networks make up 46% of our total operating expenditure.

WHAT IT COSTS TO RUN THE DISTRICT

The following table shows what it costs per resident for Council-provided activities. It shows that most Council expenditure covers essential infrastructure, community services and facilities. The total cost is greater than the net cost in some cases because of user charges and other income or grants that offset costs.

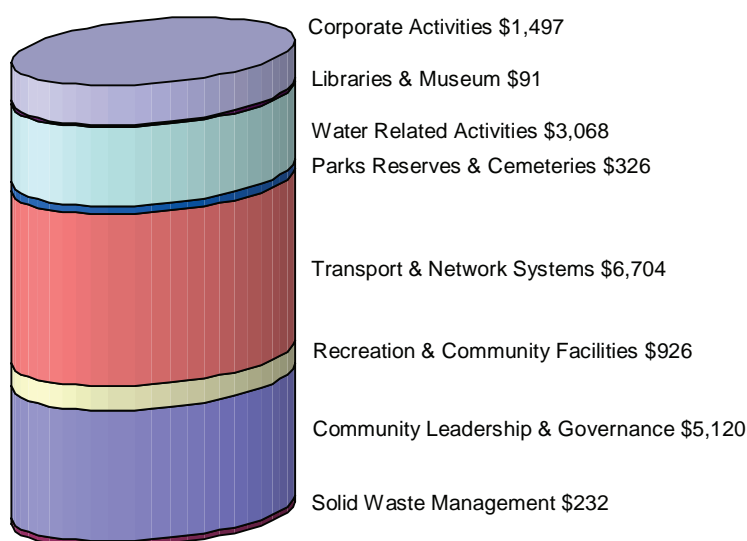
GROUPS OF ACTIVITIES	Total Cost \$000	Cost Per Per Resident	Cost Per Resident Per Day
Community Leadership & Governance	\$3,939	\$114.51	\$0.31
Transport & Network Systems	\$11,869	\$345.03	\$0.95
Water Related Activities	\$8,198	\$238.31	\$0.65
Solid Waste Management	\$4,346	\$126.34	\$0.35
Promotion & Economic Development	\$937	\$27.24	\$0.07
Environmental Planning	\$2,166	\$62.97	\$0.17
Environmental Controls	\$1,908	\$55.47	\$0.15
Libraries & Museum	\$1,759	\$51.13	\$0.14
Recreation & Community Facilities	\$4,052	\$117.79	\$0.32
Parks Reserves & Cemeteries	\$2,845	\$82.70	\$0.23
Environmental Protection	\$269	\$7.82	\$0.02
Community Safety	\$925	\$26.89	\$0.07
District Expenditure	\$90	\$2.61	\$0.01
TOTAL EXPENDITURE	\$43,303	\$1,258.81	\$3.45

*The total number of Residents in the Whakatane District on the 1st July 2007 was estimated to be 34,400

Highlights

The following graph shows where Capital Expenditure such as purchasing, developing and renewing assets was invested by Groups of Activities. Total Capital Expenditure for the 2007/08 year was \$17.964 million. The main sources of funding for capital expenditure are borrowings through loans raised, grants and subsidies received from agencies such as Land Transport NZ Ltd, funding from depreciation reserves, and development contributions charged to developers for their share of the costs associated with growth.

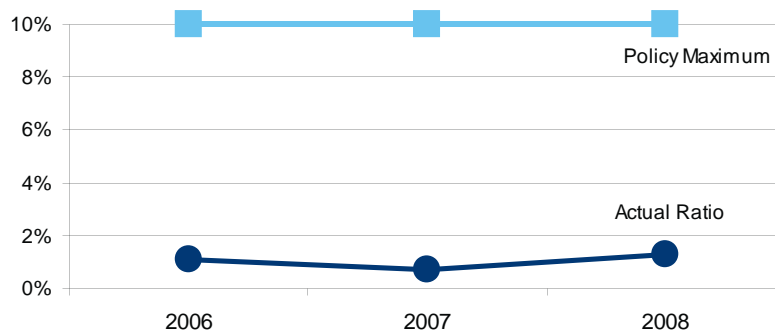
WHERE CAPITAL EXPENDITURE WAS SPENT (\$000)



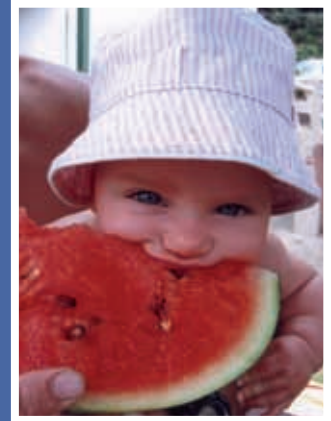
The Council's external borrowings have increased from \$3.532 million at 30 June 2007 to \$9.527 million at 30 June 2008. The increase in Council's level of borrowings reflects the utilisation of funds to complete the 2007/08 capital works programme. The Council borrows to fund the purchase of new or replacement assets.

With the increasing level of debt, the gross interest expense has been increasing, but is still well below the limit contained in the Council's Liability Management Policy of 10%.

INTEREST AS A PERCENTAGE OF OPERATING REVENUE



OUR COUNCIL



"Summer in the Bay" Photographic Competition April 08



PURPOSE AND VISION

PURPOSE

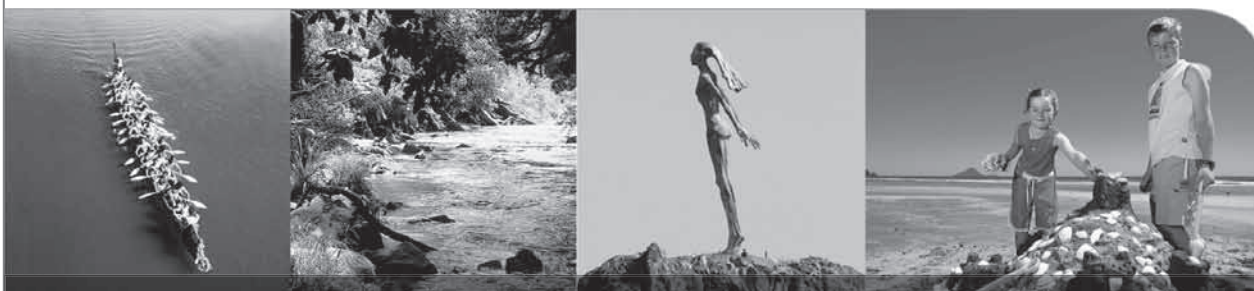
Great services; excellent delivery

- We provide governance, leadership and advocacy for the people of the District;
- We provide quality infrastructure including community facilities, roads, sewerage, water and stormwater systems;
- We deliver regulatory services focused on public health, safety and wellbeing;
- We develop long-term plans and strategies to provide a framework for change and sustainable development in our community.

VISION

To be respected by our community for the provision and delivery of excellent services which ensure that both present and future generations have:

- A quality environment in which to enjoy our great climate;
- A respect for and pride in our history;
- A community that is friendly and caring;
- A place that is known to be the best to live, work and play in and where people want to come.



ELECTED MEMBERS

Local elections were conducted successfully in October 2007. This saw the re-election of Mayor Holmes and five Councillors as well as the welcoming of five new Councillors to the table. The Council holds monthly meetings with extraordinary meetings as required.

CURRENT ELECTED MEMBERS - AS AT 30 JUNE 2008



Standing: (L-R) Cr. G V Johnston, Cr. I J Shearer, Cr. S Jarrett, Cr. R N Orr, Cr. A A Bonne, Cr. W B Clark, Cr. J Te Kurapa

Seated: (L-R) Cr. E R Byrne, Deputy Mayor G I Hanlen, His Worship the Mayor C G H Holmes, Cr. C Chambers, Chief Executive D A Turner

MEMBERSHIP OF STANDING COMMITTEES AS AT 30 JUNE 2008

The following committee structure was established in October 2007 following Council elections. The Hearings Committee meet every 2 weeks, Audit Committee meet three to four times per year and the Iwi Liaison Committee meet six weekly. His Worship the Mayor is "ex officio" a member of all Committees and specifically appointed to the Hearings Committee.

HEARINGS COMMITTEE

Councillor C Chambers (Chairperson)
 Councillor A A Bonne
 Councillor W B Clark
 Councillor R N Orr (Deputy Chairperson)
 His Worship the Mayor C G H Holmes

AUDIT COMMITTEE

His Worship the Mayor C G H Holmes (Chairperson)
 Deputy Mayor G I Hanlen
 Councillor A A Bonne
 Councillor R N Orr
 Mr M Jenkins
 Mr K Iles

IWI LIAISON COMMITTEE

His Worship the Mayor CGH Holmes
 Councillor G V Johnston
 Councillor E R Byrne
 T Te Rupe (Upokorehe)
 W Bird (Ngāti Manawa)
 J Carlson (Ngāti Whare)
 P Hunia (Tūwharetoa ki Oniao)
 To be advised (Ngāti Awa ki Rangitaiki)
 P Ngaropo (Ngāti Awa ki Matata) (Chairperson)
 J Mason (Ngāti Awa ki Whakatane)
 H Pryor (Ngāti Rangitihī) (Deputy Chairperson)
 K McCorkindale (Tuhoe West)
 C Te Pou (Tuhoe East)
 R White/M White (Tuhoe ki Manawaru)

COUNCIL STRUCTURE

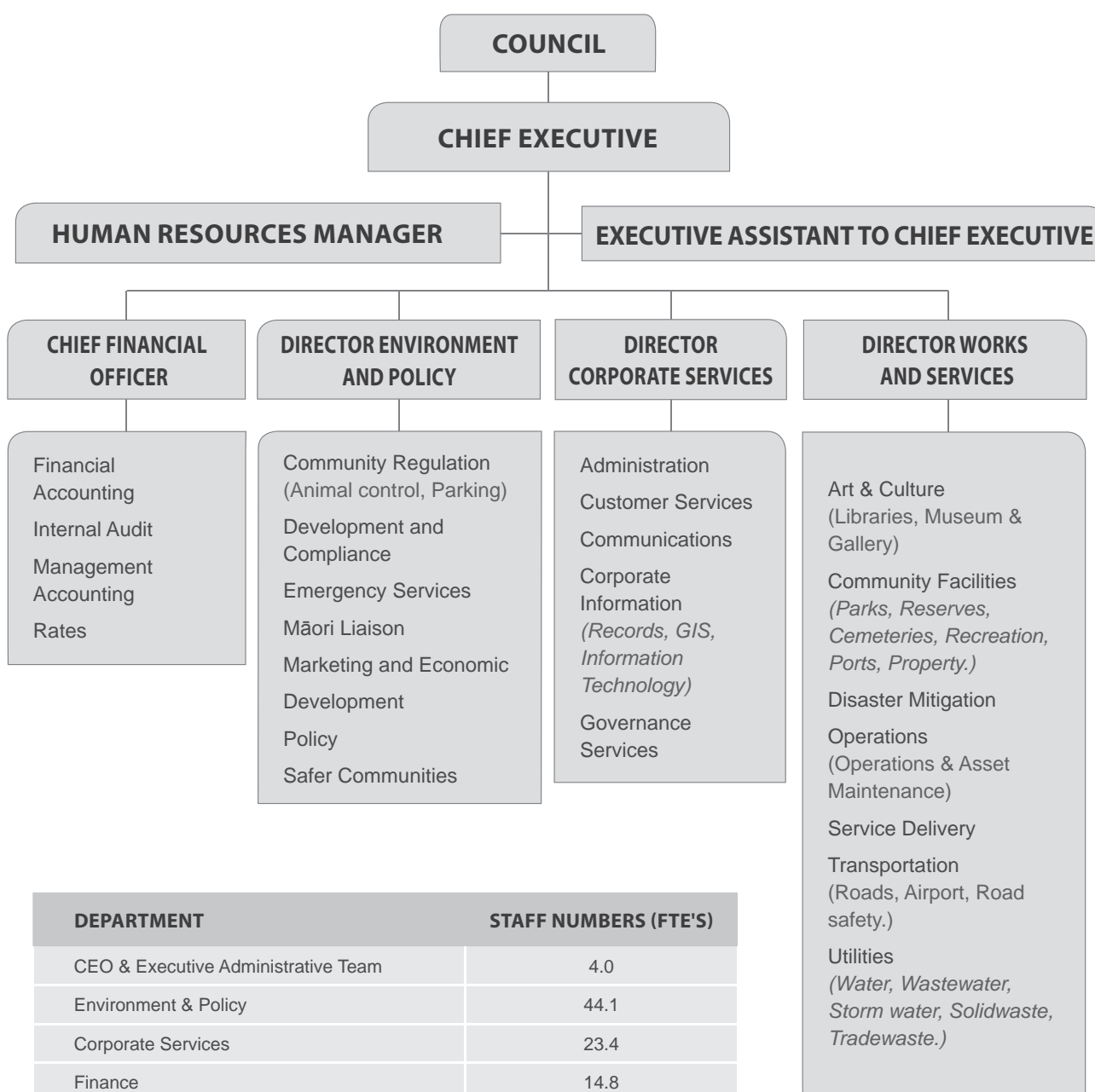
OUR COUNCIL STRUCTURE AS AT 30 JUNE 2008



STAFF STRUCTURE

The Whakatane District Council employs staff through the Chief Executive. The Council is divided into five functional areas as shown in the following organisational chart.

OUR STAFF STRUCTURE AS AT 30 JUNE 2008



DEPARTMENT	STAFF NUMBERS (FTE'S)
CEO & Executive Administrative Team	4.0
Environment & Policy	44.1
Corporate Services	23.4
Finance	14.8
Works & Services	60.9
Human Resources	1.6
Total (FTE'S)	148.8
Vacancies	13.1
Total	161.9

MĀORI CAPACITY IN COUNCIL DECISION-MAKING

The Local Government Act 2002 requires the Council to outline any steps to be taken to foster the development of Māori capacity to contribute to Council decision-making processes in the Long-term Council Community Plan.

The Iwi Liaison Committee is a standing committee of the Council with eleven representatives from the seven Iwi in the District. The Iwi Liaison Committee works for the social, economic, environmental and cultural wellbeing of the whole community. The Committee will provide quality guidance, advice and make recommendations to the Whakatane District Council on issues that impact on hapu, iwi, and Māori.

The Committee brings a Māori perspective to the Council's decision-making processes within the following contexts:

- *Mana Atua – spiritual dimension*
- *Mana Tipuna – ancestral dimension*
- *Mana Whenua – land dimension – landmarks of cultural and/or historical importance*
- *Mana Tangata – community (social input) at waka, iwi and hapu levels*

The Iwi Liaison Committee developed a Terms of Reference (TOR) in October 2007. The purpose of the TOR is to:

- a) Strengthen the relationship between hapu, iwi, and Māori and the Council;
- b) Maintain and improve the capacity of hapu, iwi and Māori to contribute to the Council's decision-making processes and maintain and improve the capacity of the Council to engage with hapu, iwi and Māori; and
- c) Provide high quality advice and recommendations which guide the Council in applying the principles of the Treaty of Waitangi, recognising and providing for hapu and iwi perspectives and ensuring the well-being of Māori generally, in the Council's promotion of the social, economic, cultural and environmental well-being of the Whakatāne District.

A Tūtohunga (Memorandum of Understanding) between the Iwi Liaison Committee and the Whakatane District Council was signed on May 2008. The essence of this document is to formalise the commitment of both parties to work together in good faith and gain an understanding, acceptance and respect for one another's needs. This is a living document that will be reviewed on a triennial basis, shortly after each election.

Te Council employs a Kaitakawaenga (Māori Liaison Officer). This position was established to provide a bridge between the Whakatane District Council and Māori, ensuring that both parties understand each other and that good relationships are developed. The officer will also work with Māori to encourage their participation in Council affairs and provide advice and guidance to the Council and staff on issues of significance to Māori.

The Committee has a discretionary fund to support Māori cultural events/initiatives, promote Māori cultural awareness, encourage and support Te Reo Māori, and to celebrate, promote and protect Māori culture and sports.

In 2007/08 nine group/organisations and individuals received funding to;

- compete in Waka Ama events
- attend Māori Performing Arts and/or Kapa Haka
- participate in the celebration of Matariki
- promote Māori Language Week
- support Mana Wahine week
- compete in the annual Rangatahi (Youth) Debate

The Iwi Liaison Committee can review policies, plans and strategies and make submissions on these documents.

The Committee can formally receive iwi/hapu management plans, and to oversee processes for the Council to receive, respond to and have due regard to those plans.

A Consultation with Māori/Whanau/Hapu/Iwi Policy has been developed to provide clarity for the Council and Māori on how consultation should occur to ensure it is an effective process. It distinguishes between Māori structures of whanau, hapu, iwi and Taurahere and how consultation with each can be different. The policy is to facilitate Māori engagement in Council decision making and to ensure legislative requirements are met. The policy focuses particularly on the processes for consultation under the Resource Management Act 1991 in respect to resource consent applications and plan development.

The Council is committed to increasing awareness and the practice of Māori cultural protocols. It has written cultural protocols for powhiri (formal welcome) and mihi whakatau (semi formal powhiri), tangihanga (bereavement/lying in state), blessings and whakawaatea (removal of tapu). The protocols are not only used for Council events; they also educate Councillors and staff about cultural protocols they will encounter when attending events hosted on Marae. The protocols also outline the Koha policy of the Council and as part of the induction process a powhiri will be held for new staff.

The Council follows best practice to encourage early consultation with iwi and hapu by applicants seeking resource consents to determine the effects on Māori, and their culture and traditions with ancestral lands, water, sites, waahi tapu and other taonga. While the Resource Management Act 1991 does not require consultation with iwi for resource consent applications, the Council has an obligation to consider who potentially affected parties are when a consent application is made. In a district with such diverse Māori history, consultation with iwi or hapu is important to clearly identify the impacts on cultural values.

The settlement of Treaty claims is leading to statutory acknowledgements being formalised through settlement acts. The Council must consider the effects of an application when making decisions about who an affected party might be to an application.

These processes enable Māori to be involved in finalising an application and/or the decision making process as a submitter.

The Council will continue to work with Māori to identify the types of applications that need iwi or hapu input, and in what locations.

The Council undertakes many capital works projects each year, and develops strategic plans and policies. The Council relies on the Iwi Liaison Committee in the first instance, as a sounding board for what their respective iwi may think about a project or an issue; and what further consultation is deemed necessary for the projects and policies planned each year. The Council is committed to meaningful and ongoing consultation in advance of projects commencing.

The Council offers, through the Eastern Bay of Plenty Enterprise Training programme funded from New Zealand Trade and Enterprise, free courses for Māori Trustee training. It provides training to trustees of Māori land to better understand their role and responsibilities. The course is popular and usually over subscribed, but is subject to funding constraints outside the control of the Council.



Mayor Colin Holmes sharing a Hongi with Pouroto Ngaropo after signing the extension of the Tūtohinga

EQUAL EMPLOYMENT OPPORTUNITIES

Equal employment opportunities refers to the operation of the principle of appointment and promotion by merit. It refers to the right to be considered for a job for which one is skilled and qualified without a person's chances of employment, promotion etc being reduced by any irrelevant personal characteristic.

It is aimed at ensuring that preference is given to the person best suited to the position, based on technical and general competencies, team fit and operational needs.

The Council continues to create an awareness of what constitutes unacceptable behaviour in terms of harassment and bullying and investigates issues raised.

COUNCIL POLICY

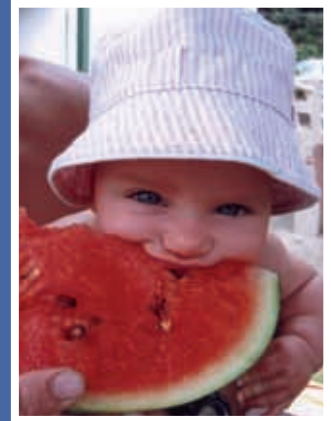
The Whakatane District Council affirms its commitment to the principles of Equal Employment Opportunities for all employees and has adopted the policy of:

1. Eliminating discrimination and ensuring the continued absence of discrimination in employment on the grounds of age, race, creed, sex, marital status, physical disability, sexual or political preference and on any other grounds that shall be deemed to constitute a disadvantage.
2. Promoting equal opportunity in all aspects of employment including recruitment, selection and appointment, education, training and development, career path planning and promotions.

PROGRAMME TO 30 JUNE 2008

1.	Continue to operate an Equal Employment Opportunities (EEO) Programme as prescribed in the Council EEO Policy.	Achieved
2.	Review the organisation's personnel policies assessing their effectiveness in meeting the Council's EEO Policy, reporting back any deficiencies to management, making recommendations for change or inclusion of new policies.	Achieved – Policy updated
3.	Personnel policies reviewed for deficiencies and updated. Training programme covering EEO, harassment and bullying implemented. All staff required to attend	Ongoing

COMMUNITY OUTCOMES



"Summer in the Bay" Photographic Competition April 08



COMMUNITY OUTCOMES

WHAT ARE COMMUNITY OUTCOMES?

The community outcomes are high-level goals for the present and future, identified by the community. They are intended to reflect what the people of the District believe is important for their present and future social, cultural, economic and environmental wellbeing.

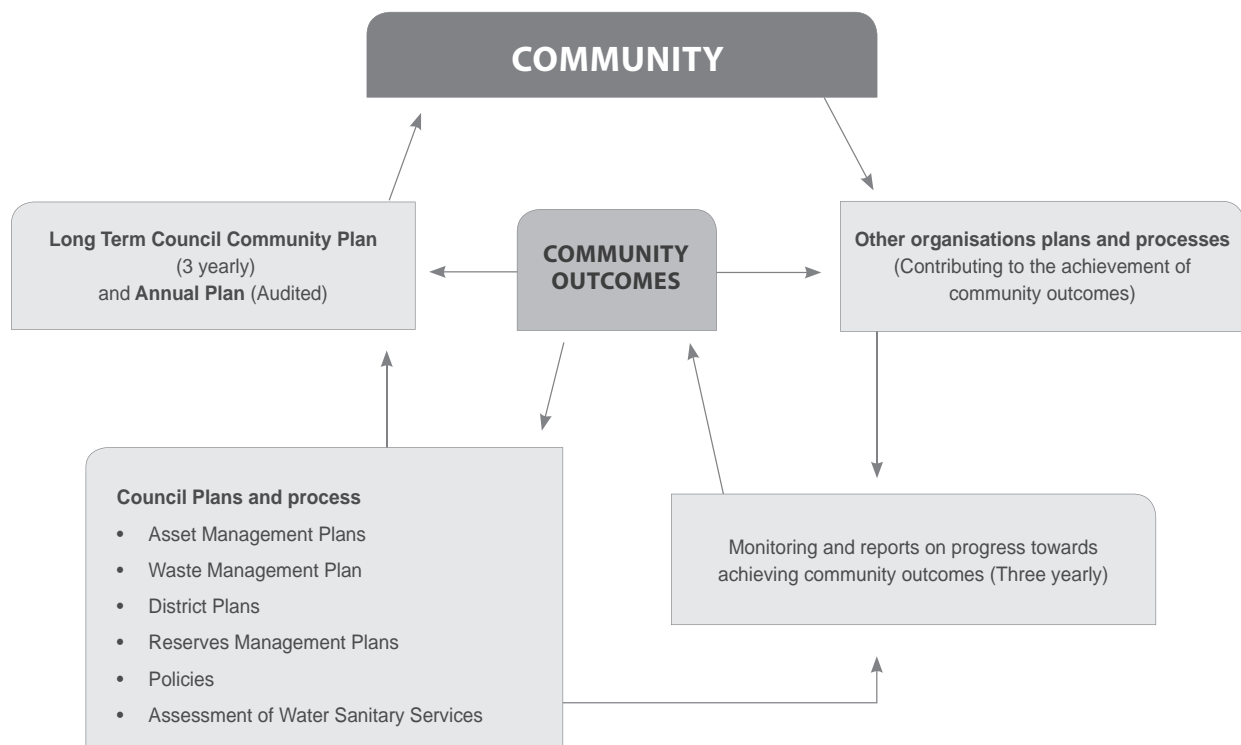
Under the Local Government Act 2002, councils are required to facilitate a process to identify desired community outcomes and priorities for their communities once every six years. This process was last completed in 2005. Information on the community outcomes for the Whakatane District is included in the Council's Ten-year Council Community Plan.

The Council's role in the community outcomes process is to:

- facilitate the process of identifying community outcomes;
- promote or achieve the outcomes (being one of the parties that is capable of doing so and to the extent that the elected Council deems appropriate); and
- monitor and report on progress towards the achievement of community outcomes.

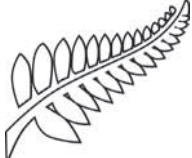



HOW THE COMMUNITY OUTCOMES RELATE TO OTHER PLANS AND PROCESSES






Community outcomes provide the foundations for the planning processes of the Council and other organisations who can contribute to achieving them. They help local authorities and other organisations focus on a community vision for the District.



OUR COMMUNITY OUTCOMES

The following nine community outcomes were identified in 2005 for the Whakatane District.

	<p>CLEAN PROTECTED ENVIRONMENT</p>	<p>Where:</p> <ul style="list-style-type: none"> • The environment is clean and natural resources are protected and conserved. • The community is educated and involved in environmental care. • Natural and cultural heritage places are recognised and protected. • Waste is well managed.
	<p>ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT</p>	<p>Where:</p> <ul style="list-style-type: none"> • Development is planned, managed and controlled sustainably. • Economic growth is balanced with cultural, social and environmental responsibility. • Environmental laws are actively enforced. • Sustainable energy use is encouraged. • There is a sense of pride and enjoyment about how attractive the district is.
	<p>PROSPEROUS ECONOMY</p>	<p>Where:</p> <ul style="list-style-type: none"> • The economy is prosperous in both urban and rural areas. • Business builds on the district's assets to support the economy. • Māori economic development is supported. • New businesses are attracted to the area and all businesses are encouraged. • Employment opportunities are available for all.
	<p>HIGH-QUALITY AFFORDABLE INFRASTRUCTURE</p>	<p>Where:</p> <ul style="list-style-type: none"> • High quality affordable infrastructure supports growth (e.g. transport, water, energy, waste). • Transport links to the district are maintained and enhanced. • Roading is safe, convenient, and appropriate to all users. • People, infrastructure and the environment are protected from natural disasters. • Improvements in communication technology are available throughout the district (e.g. Mobile coverage and fast internet access).

	<p>STRONG, TRANSPARENT AND OPEN LEADERSHIP</p>	<p>Where:</p> <ul style="list-style-type: none"> • Leaders are visible, strong, have a clear vision and listen to all sectors of the community. • Decision making processes are transparent, open and inclusive. • Council, the community and Māori work in partnership. • Council costs are appropriate for the services provided.
	<p>EDUCATION AND TRAINING OPPORTUNITIES FOR ALL</p>	<p>Where:</p> <ul style="list-style-type: none"> • Affordable quality education and training accessible to all . • Education and training supports economic growth. • Participation in education is encouraged and supported, especially for youth. • Education values and promotes cultural heritage.
	<p>SAFECARING COMMUNITY</p>	<p>Where:</p> <ul style="list-style-type: none"> • Communities help themselves and care about each other. • Drug, alcohol and gambling abuse is diminished. • Homes and neighbourhoods are free from fear of violence or crime. • Youth development is supported and youth gain from and contribute to our community.
	<p>HEALTHY PEOPLE AND QUALITY HOUSING</p>	<p>Where:</p> <ul style="list-style-type: none"> • Affordable, quality housing is available for all. • Initiatives are in place to encourage self sufficiency in housing. • Quality primary and secondary health care and facilities accessible to all. • Information and support for preventative health issues is made available to all. • Appropriate support is available for disadvantaged, disabled and those in need.
	<p>DIVERSE, CREATIVE AND ACTIVE COMMUNITY</p>	<p>Where:</p> <ul style="list-style-type: none"> • Facilities and venues are in place to accommodate a wide range activities for all. • Activities and events support and celebrate culture, creativity and recreation. • Parks, reserves and recreational facilities are enhanced and increased. • Māori culture is valued, celebrated, promoted and protected. • Diversity is valued and different cultures, genders and ages are respected. • All forms of art are catered for.

WORKING TOWARDS COMMUNITY OUTCOMES

Under the Local Government Act 2002, it is the role of local councils to facilitate the process of identifying and monitoring outcomes on behalf of their communities. However, community outcomes provide high level goals for the community as a whole rather than specifically for the council.

The activities undertaken by the Whakatane District Council contribute towards the achievement of these goals but the goals cannot be achieved by the Council alone. Achievement of community outcomes requires a collaborative community approach. Significant progress towards the achievement of outcomes will happen when a wide range of groups and organisations including community groups, central government, iwi, business and local councils all play a role in implementation.

The Groups of Activities section of this Annual Report provides an indication of where Council contributes towards community outcomes. Under each activity symbols have been used to note an activity's relation to the community outcomes. For example, the recreation and community facilities activity contributes to:



Prosperous Economy



High-Quality Affordable Infrastructure



Diverse, Creative & Active Community



Healthy People & Quality Housing

REPORTING COMMUNITY OUTCOMES

The Council is required to report every three years on the progress made by the community towards achieving the community outcomes of the District. In 2008, the Council produced its first report on the progress being made towards achieving the community outcomes of the Whakatane District.

Under each community outcome the report uses a series of indicators to monitor progress. Each indicator includes data and information about some aspect of the outcome. As this is the Council's first progress report, the majority of the indicators show baseline data and provide a starting point against which to gauge progress in the future. In some cases historical data has been available and it has been possible to determine progress - showing whether we are getting better, getting worse or staying the same.

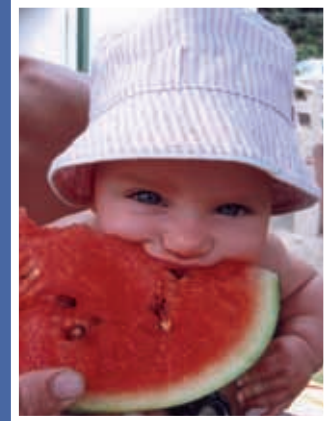
While much of the data in the report is baseline data, it has been possible to determine trends in some areas, as follows:

- Under the 'prosperous economy' outcome, most indicators show improvement. These include increases in the median annual personal income, the total number of businesses, number of annual guest nights in visitor accommodation, levels of employment; and a decrease in unemployment.
- Under the outcome of 'education and training opportunities for all', results are also generally positive. These include a decrease in the proportion of the population with no formal education and an increase in the number of modern apprenticeships being undertaken in the District.
- The 'healthy people and quality housing' outcome showed mixed results with some indicators getting better, some getting worse and others providing baseline results. Areas of concern include a decrease in the affordability of housing, increases in the proportion of low birth-weight babies and the rate of hazardous drinking.

The Council will continue to build on the data collected to allow more trends to be identified and show progress towards the District's community outcomes. The full report is available on the Council website or by contacting the Council.

GROUPS OF ACTIVITIES

STATEMENT OF SERVICE PERFORMANCE



"Summer in the Bay" Photographic Competition April 08



INTRODUCTION

This section provides a detailed commentary on the activities undertaken by the Council in the 2007/08 year. The Council participated in 42 activities during the year and this work is organised into 12 groups, as follows:

- Community Leadership and Governance
- Transport Networks and Systems
- Water-related Services
- Solid Waste Management
- Promotion and Economic Development
- Environmental Planning
- Environmental Controls
- Libraries and Museum
- Recreation and Community Facilities
- Parks, Reserves and Cemeteries
- Environmental Protection
- Community Safety

GUIDE TO THE LAYOUT AND CONTENT OF THE GROUPS OF ACTIVITIES SECTION.

Water-Related Services


WATER-RELATED SERVICES

WHAT WE DO AND WHY WE DO IT


This group of activities is undertaken to provide and maintain efficient, reliable and safe water, wastewater, stormwater and trade waste services. The activities undertaken within this group include:

- **Water supply, wastewater and stormwater services**
The Council undertakes these activities because of statutory obligations and public demand. Under section 130(2) of the Local Government Act 2002, the Council must continue to provide these water services to those communities that have been serviced. Delivery of these network services by non-Council operators has, to date, proved unfeasible to the market or unacceptable to the community.
- **Trade waste**
The Council undertakes this activity because of statutory obligations. The main objectives are to protect the environment, people and community assets required for essential services.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Clean Protected Environment



High-Quality Affordable Infrastructure

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY

The aesthetic quality of water was deteriorated due to mixing of sea water with river water due to very low river level in the prolonged dry period in the summer. The Council has taken measures to solve this problem in the short term and in the long term.

During high storm events overflows have been reported from a number of places in Whakatane, Edgecumbe and Taneatua. The Council has prepared a capital works programme to address these issues in Whakatane using a network model and continuous assessment of pipes conditions through CCTV inspections. These capital works will be included in the next LTCCP. In Edgecumbe studies are underway to identify the works required to address overflow issues. The identified works will be included in the next LTCCP. In Taneatua, a maintenance programme is underway to address overflow issues.

Stormwater flooding was reported from a few places in Whakatane, Taneatua and Edgecumbe. Capital projects will be included in the next LTCCP to address these issues in Whakatane. A stormwater mitigation project in Edgecumbe has been included in 2008/09. A maintenance programme is underway to address the issues in Taneatua.

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What we do and why we do it.

This provides a brief description of the types of functions that are undertaken within the particular Group of Activities and outlines the reason for undertaking each activity in the group.

Which community outcomes do these activities relate to?

The activities undertaken by the Council contribute towards the achievement of the 9 community outcomes of the Whakatane District. The community outcomes listed here are contributed to by this Group of Activities.

What were the significant negative effects on the community?

The activities undertaken by the Council effect the social, cultural, environmental and economic wellbeing of the community. This outlines any significant negative effects that have resulted from this Group of Activities.

GUIDE TO THE LAYOUT AND CONTENT OF THE GROUPS OF ACTIVITIES

SECTION CONTINUED

Water-Related Services			
HOW DID WE PERFORM AGAINST OUR TARGETS?			
SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Carry out required trade waste inspections and accurately record results.	50% of all premises registered are inspected annually.	50% inspected	Achieved - 50% inspected. ☺
Ensure quality customer communication, consultation and service provided.	Minimum 48 hours notification given of planned interruptions to water supply.	>95%	Achieved - 100% ☺
	Faults responded to within 24hrs for wastewater.	>90%	Not achieved - Unable to measure - systems are being implemented to ensure measurement is possible during 2007/08 year. ☹
	Emergencies responded to within three hours for each activity.	>90%	Not achieved - Unable to measure - systems being implemented to ensure measurement possible during 2007/08 year. ☹
WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?			
PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
WATER SUPPLY			
Whakatane water treatment plant improvements and replacements.	Minor plant and equipment replacements have been completed. Further studies were carried out to identify the capital works required to improve the plant performance.	\$305,000	\$34,000
Ongoing investigations of the Paul Road bores in preparation for the Plains Water Supply upgrade.	Plains water supply upgrade investigations continued during the year. A land area has been identified for the test bores. Action has been taken to secure an easement for the identified land.	\$1.74m	\$27,940
WASTEWATER			
Upgrading of Edgcombe pump station.	The project has been deferred until a comprehensive investigation is completed to identify the issues relating to the scheme. A part of the funds allocated to this project has been used for smoke testing of Edgcombe waste water system and improve the rising main from pump station no 5.	\$157,000	25,198
McAlister Street wastewater reticulation renewal - stage 1.	The scope of the project changed after a waste water network analysis was done. Therefore the project was not carried out this year and will be rescheduled in the next LTCCP. The funds allocated to this project had been used to finance a part of the cost incurred in repairing the damaged Hinemoa street waste water pipe.	\$90,000	\$0

This table continues onto the next page

WHAKATANE DISTRICT COUNCIL 2007/08 ANNUAL REPORT



How did we perform against our targets?

The LTCCP 2006-16 outlines the levels of service the Council aims to achieve. It also details the measures and targets used to show whether or not the levels of service are achieved. This table outlines how the Council has performed against those targets and provides an explanation where targets have not been achieved.

Key to tables in the groups of activities section.

The following icons are used as an indication of our achievements against the service performance targets for the year:

- ☺ Target achieved
- ☹ Target not achieved or not able to be measured
- ◆ Target not applicable



What progress was made on major projects?

The Annual Plan for 2007/08 lists the major projects that the Council intended to undertake in the 2007/08 year. This provides a commentary on the progress that was made against those projects and lists the costs associated with each. It also includes information on some other major projects that were undertaken in the year but not included in the Annual Plan.

GUIDE TO THE LAYOUT AND CONTENT OF THE GROUPS OF ACTIVITIES

SECTION CONTINUED

What did these activities cost? 

The Annual Plan for 2007/08 sets a budget for each activity that the Council undertakes. This table compares the expected cost of the activities, as set in the Annual Plan, with the actual cost of the activities over the year.

Water-Related Services				
WHAT DID THESE ACTIVITIES COST?				
	2008 ANNUAL PLAN \$000	2008 ACTUAL \$000	VARIANCE FROM ANNUAL PLAN	
			\$000	%
WATER RELATED SERVICES				
EXPENDITURE				
Water supply	3,726	4,620	(893)	(24%) x
Wastewater	2,102	2,462	(361)	(17%) x
Trade waste	42	42	-	0%
Land drainage systems	1,657	1,074	(583)	(35%) x
	6,927	8,198	(1,271)	(18%) x
REVENUE				
Water supply	3,777	4,207	430	11% ☑
Wastewater	1,800	1,840	141	8% ○
Trade waste	42	43	1	4% ○
Land drainage systems	1,096	1,789	692	63% ☑
	6,715	7,879	1,264	19% ☑
Net Cost of Services	212	219	(7)	(3%) ○
Transfer from surplus/deficit	212	219	(7)	(3%) ○
Capital expenditure	3,290	3,068	221	7% ○
Loan repayments	619	619	-	0%
Payments to reserves	643	2,612	(1,969)	(306%) ○
TOTAL COST OF SERVICES	4,764	6,518	(1,754)	(37%) ○
FUNDED BY:				
Non funded depreciation	452	452	-	0%
Funding from depreciation reserves	1,458	1,122	336	23%
Funding from development contributions	387	140	247	64%
Funding from operational reserves	666	3,960	(3,294)	(495%) ○
Loans raised	1,802	844	958	53%
	4,764	6,518	(1,754)	(37%) ○

The following icons have been used to support the variances in the cost of service statements:

- Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% and \$20,000.
- x Negative variation of greater than 10% and \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 115

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Water-Related Services

HOW DID WE PERFORM AGAINST THE BUDGET

Explanation of budget variances for operational income and expenditure

Overall, there were no significant variances between the actual operational cost of this group of activities compared to the budget for the year, as set out in the annual plan. However at an activity level there were significant variances, as explained below.

Water Supply

Depreciation costs under this activity were higher than budgeted for. This occurred primarily as a result of Council's water supply assets being re-valued in 2007, creating an increased depreciation charge.

Wastewater

Depreciation costs under this activity were higher than budgeted for. This occurred primarily as a result of Council's waste water assets being re-valued in 2007, creating an increased depreciation charge.

Land Drainage Systems

This activity finished the year with higher income than was budgeted being received from development contributions and targeted rates.

Explanation of budget variances for capital expenditure

Whilst the overall variance in Capital Expenditure was not significant, there were a large number of individual projects that cumulatively produced this result. Some were completed on budget and others were over and under spent. Individual projects that did not proceed as planned are outlined below.

Whakatane water treatment plant improvement plan

The Whakatane water treatment plant ten year milestone development plan has been reviewed and a new improvement plan for the treatment plant has been prepared taking into account present Drinking Water Standards. Identified works in the new improvement plan are included in the 2008/09 Annual Plan and in the next LTCCP. As a result capital projects which have been identified to be implemented in this year were not implemented.

Edgecumbe waste water pump station upgrade

Edgecumbe waste water has high inflow and infiltration issues due to the 1987 earthquake. The Council recognised that before upgrading the pump stations, it is important to carry out thorough investigation to identify the defects in the system which cause high inflow and infiltration and address those issues. Therefore, the project to upgrade waste water pump station was deferred until the investigations are completed. Following the investigations a new capital works programme will be included in the next LTCCP.

McAlister waste water pipe renewal project

A waste water network model has been developed for Whakatane waste water system and this model was used to prepare an upgrade strategy for Whakatane waste water system over a 25 year period. The upgrade strategy report identified that a section of McAlister waste water pipe requires upsizing to accommodate more storage capacity in the system. Therefore the McAlister waste water pipe renewal project was not carried out this year and a new project including upsizing a section of McAlister waste water pipe will be included in the next LTCCP.

Whakatane waste water treatment plant

The Council's Consultants reported to the Council that proposed improvements to Whakatane waste water treatment plant are not required at this stage. Therefore, this project was not carried out and the Council engaged the Consultants to do further studies and propose a suitable plan to upgrade the treatment plant in future. The Consultant's proposal will be included in the next LTCCP.

Pump replacement programme

A condition assessment undertaken in the year revealed that the economic lives of the pumps are not expired and were not needed to be replaced in this year. Therefore, this project was cancelled and a new pump replacement programme will be included in the next LTCCP.

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WHAKATANE DISTRICT COUNCIL 2007/08 ANNUAL REPORT

How did we perform against the budget? 

This provides an explanation of any significant variations between what we expected an activity to cost, as set in the Annual Plan, and what it actually cost over the year.

EXPLANATION OF CATEGORIES IN COST OF SERVICE TABLES

What did these activities cost?

Expenditure:	The day to day running costs of this activity e.g. salaries and wages, materials and services, depreciation on assets and interest on borrowings.
Revenue:	Income directly related to the activity e.g. user charges, targeted rates, subsidies.
Net Cost of Services:	Expenditure less Revenue = the total operational cost of running these activities.
Transfer from Surplus/Deficit:	Figures carried down from Net cost of Services line (see above)
Capital Expenditure:	Expenditure on a new asset or extension of an existing asset to provide a greater service than previously provided.
Loan Repayments:	Repayments of loans raised for capital expenditure.
Payments to Reserves:	Money transferred into an account held for a special purpose. This includes transfers from Development Contribution revenue.
Non Funded Depreciation:	The portion of depreciation that the Council did not fund from rates.
Funding from Depreciation Reserves:	Using funds from depreciation reserves to renew existing assets.
Funding from Development Contributions:	Development Contribution Reserves applied to the provision of new assets or extension of existing assets to cater for increased demand due to growth.
Funding from Operational Reserves:	Utilising funds held in reserve to provide an asset or to assist with maintaining existing assets or services.
Loans Raised:	Borrowing money to pay for new assets or parts of assets.

COMMUNITY LEADERSHIP AND GOVERNANCE

WHAT WE DO AND WHY WE DO IT

Within this group of activities, the Council provides leadership, community representation, advocacy, consultation, monitoring, planning, stewardship and accountability to the residents and ratepayers of the Whakatane District. In addition, the Council is responsible for the provision and allocation of community grants. The Council also develops formal policies and the Ten-year Council Community Plan. The activities undertaken within this group include:

- **Democratic services**

The Council undertakes the Democratic Services activity because of statutory obligation. The requirement for elected representation and the democratic decision-making process is included in the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987 and the Local Electoral Act 2001.

- **Council initiatives**

The Council initiatives activity is typically undertaken because of public demand. However, this activity also deals with specific issues that arise unexpectedly and those matters that do not sit specifically with any particular functional area.

- **Disaster mitigation**

The Council will carry out works to protect the community from the risk of future natural hazards. Natural hazard mitigation works are proposed following the two natural disasters in the District in July 2004 and May 2005.

- **Strategic policy**

The requirement for Council to have a Ten-year Council Community Plan is set out in legislation. Strategies and policies are used by the Council to set out the general direction for the Council and to respond efficiently and consistently to the community.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



**Strong, Transparent &
Open Leadership**

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY?

There were no significant negative effects on the four wellbeings that occurred as a result of providing these activities. However, the Council will monitor the course of these activities, and respond to any negative effects that may arise.

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Ensure democratic procedures and triennial election processes meet all statutory requirements for elections in 2007, 2010, and 2013.	All procedural requirements are met in accordance with the Local Government Act 2002, Local Government Official Information and Meetings Act 1987, Standing Orders, Local Electoral Act 2001 and other appropriate legislation.	Complaints upheld by the Ombudsmen.	Achieved - No complaints received for 2007 elections.	☺
		No breaches of the appropriate legislation.	Achieved - For 2007 elections.	☺
Ensure the Council advocates effectively on behalf of the people of the Whakatane District with central government and other organisations through a formal process that identifies external policies and proposals that affect the District.	Public feedback is sought and considered on local and central government issues as and when required.	Submissions sent to central government are publicly available.	Achieved - Submissions sent to Central Government were publicly available through Council agendas and are now available in Council libraries.	☺
	Submissions are prepared and sent to central government as required.	100%	Achieved - Submissions were made on the following issues: <ul style="list-style-type: none"> Local government rates. Bay of Plenty Conservation Management Strategy. Sustainable Land Management and Climate Change Plan. 	☺
Ensure the Council is visible in providing strong leadership in the community and that its decision making processes are open, transparent and inclusive.	The Council communicates its vision and policies to the public in a "user friendly" manner and actively seeks input from the people of the District on their concerns and ideas for the well-being of the District.	Consultation processes developed for all significant processes.	Achieved - The Council consulted on the following processes/decisions: <ul style="list-style-type: none"> Speed Limit Review. Bylaws Review. Parking Strategy. Town Vision. Variation 6 - Coastal Hazards. Divestment of Council Land (Bunyan Road). Built Heritage Study. Alcohol Strategy. Walking and Cycling Strategy. Rangitaiki Flood Mitigations Scheme. Annual Plan including Review of Disaster Mitigation Policy. Small Water Supply Schemes (Public Health Risk Management Plans). 	☺
	The public are kept informed of Council activities through publications of Byways.	Information provided in the Byways tabloid four times per year.	Achieved - Byways was distributed four times in 2007/08.	☺

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HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
The Council will communicate its vision and policies to the public. It will actively seek input from the people of the District on their concerns and ideas for the well-being of the District.	Consultation is carried out with the public and feedback is considered by the Council.	Consult with the public on significant policy issues and others as determined by the Council.	<p>Achieved - The Council consulted on the following processes/decisions:</p> <ul style="list-style-type: none"> • Speed Limit Review. • Bylaws Review. • Parking Strategy. • Town Vision. • Variation 6 - Coastal Hazards. • Divestment of Council Land (Bunyan Road). • Built Heritage Study, Alcohol Strategy. • Walking and Cycling Strategy. • Annual Plan including Review of Disaster Mitigation Policy. 	😊
Ensure compliance with the Local Government Act requirements to prepare a Ten-year Council Community Plan and Annual Plans.	Audit approval of the Ten-year Council Community Plan.	Audit approved.	<p>NA - There were no amendments to the Ten-year Council Community Plan in 2007/08.</p>	◆
The Council will work closely with other organisations, agencies and community groups locally, regionally and nationally to further progress towards identified community outcomes.	Involvement in the Community Outcomes Bay of Plenty Working Group (COBOP) and similar projects.	Continued membership of project.	<p>Achieved - Whakatane District Council continues to be represented on various COBoP working groups, attending meetings and contributing to work streams.</p>	😊

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
Waitepuru Stream flood hazard mitigation (Matata). Partial flow restoration of the stream back through the town watercourse with flood flows being directed to the western lagoon in a flood flow channel past Fairfield Lane.	Resource consent has been granted for this project however, the decision has been appealed to the Environment Court. Awaiting outcome of court hearing before construction can commence.	\$367,000	\$301,000
Waitepuru debris flood hazard mitigation (Matata). Construct a 5m high debris containment bund on the fanhead.	Resource consent has been granted for this project however, the decision has been appealed to the Environment Court. Awaiting outcome of court hearing before construction can commence.	\$600,000	\$273,000
Ohinekoao flood hazard mitigation (Matata Straights SH2). Re-align culverts and bridges to provide a better debris flow path.	The design work has been completed and the resource consent has been approved. Work is due to start 2008/09.	\$90,000	\$14,000
Awatarariki flood hazard mitigation (Matata). Debris detention structure in catchment and debris flood channel on fanhead beside existing Awatarariki Stream watercourse and double span railway bridge.	Resource consent has been granted for the Awatarariki Stream works and Lagoon Regeneration however, the decision has been appealed to the Environment Court. Council is awaiting the outcome of this appeal before construction can commence. Recommendations for the Debris Detention Structure completed and presented to Council. In August 2008 Council resolved to build a Flexible Net Barrier. Application for resource consent is scheduled to be lodged in October 2008.	\$1.00m	\$462,000
Waimea debris and stream management works (Matata). Replacement of culverts, construction of bunds and clearing of stream channels (carried over from 2006/07).	The design work has been completed and the resource consent has been lodged. Awaiting outcome of consent process.	\$290,000	\$52,000
Otarawairere/West End stormwater/ wastewater disposal scheme (disaster mitigation works).	The physical works for this project is completed. Easements over public pipes on private properties will be carried out in 2008/2009.	\$2.74m	\$3.09m

This table continues onto the next page

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
Urban/rural Edgecumbe flood hazard mitigation.	Public consultation and finalisation of design is underway, application for resource consent is scheduled to be lodged in September 2008.	\$1.00m	\$99,000
Review of Bylaws completed by 1 July 2008.	Project partially completed. Further consultation is required on the Traffic and Speed Bylaw and the Tradewaste Bylaw. This will be undertaken early in the 2008/09 year, within the existing budget.	\$55,000	\$50,000
Undertake a poll of electors in conjunction with the 2007 Local Body Elections to determine whether to introduce separate Maori representation in the 2010 and 2013 elections.	The election and poll was held in October 2007. The results of the Maori Representation Poll were 2,894 for the introduction of Maori wards and 6,762 against the introduction of Maori wards.	\$115,000	\$101,000
Grant from the Harbour Fund to the Whakatane Surf Life Saving Club for clubroom renovations.	Grant given to Whakatane Surf Life Saving Club.	\$50,000	\$50,000
Provision for Annual Grants of \$50,000 and Annual Grants from the Harbour Fund of \$60,000.	Grants allocated according to Policy.	\$110,000	\$110,000
Develop strategic partnerships with key community and regional organisations (annually).	Work has been undertaken with Ngati Awa to refine and formalise the relationship and associated processes. Further work is required in 2008/09.	Operating cost only - no specific budget allocation made for this project	
Improve decision making models with respect to communication and the provision of information to and for the public (annually).	Major consultation and communication processes are followed by assessment to identify areas for improvement. These assessments feed into subsequent processes. Work was started on reviewing the Council's decision making framework along with associated processes and tools. This work was put on hold due to the need to concentrate on other work areas. Work will continue on this in 2009/10.	Operating cost only - no specific budget allocation made for this project	

*Excludes property acquisition costs.

Community Leadership and Governance

WHAT DID THESE ACTIVITIES COST?

COMMUNITY LEADERSHIP AND GOVERNANCE	2008	2008	VARIANCE FROM ANNUAL PLAN		
	ANNUAL PLAN \$000	ACTUAL \$000	\$000	%	
EXPENDITURE					
Cost of democracy	2,072	2,518	(446)	(22%)	×
Council initiatives	97	441	(344)	(356%)	×
Strategic policy	601	629	(29)	(5%)	⊙
Disaster mitigation	387	351	35	9%	⊙
	3,156	3,939	(783)	(25%)	×
REVENUE					
Cost of democracy	1,438	1,481	44	3%	⊙
Council initiatives	61	131	70	114%	☑
Strategic policy	346	344	(2)	(1%)	⊙
Disaster mitigation	3,083	1,341	(1,742)	(56%)	×
	4,928	3,298	(1,630)	(33%)	×
Net Cost of Services	(1,772)	641	(2,413)	(136%)	×
Transfer from surplus/deficit	(1,772)	641	(2,413)	136%	
Capital expenditure	9,113	5,120	3,993	44%	☑
Loan repayments	489	489	-	0%	
TOTAL COST OF SERVICES	7,830	6,250	1,580	20%	
FUNDED BY:					
Funding from operational reserves	1,408	2,233	(825)	(59%)	
Loans raised	6,422	4,017	(2,404)	(37%)	
	7,830	6,250	(1,580)	(20%)	

The following icons have been used to support the variances in the cost of service statements:

- ⊙ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% and \$20,000.
- ×

An explanation of the terms used in the cost of service statements is provided on page 115.

HOW DID WE PERFORM AGAINST THE BUDGET?

Explanation of budget variances for Operational income and expenditure

Overall, the actual operational cost of this group of activities finished the year with an unfavourable variance compared to the budget, as set out in the 2007/08 Annual Plan. The significant variances at an activity level are explained below:

Democracy services

This activity was overspent for the year. This was largely due to higher overhead costs compared to budget and to a lesser degree, higher legal costs.

This activity had not budgeted for additional income of \$45,000 received from Environment Bay of Plenty and the Bay of Plenty District Health Board which offset the election costs. The net cost of the election was therefore \$53,000.

Council initiatives

The unfavourable variance under this activity resulted largely from the judicial review. The judicial review was initiated by the Council as a result of Environment Bay of Plenty's decision to relocate their headquarters to Tauranga. The cost of the judicial review proceedings for the year was approximately \$318,000. Financial support for the judicial review was received from Rotorua District Council (\$50,000) and Opotiki District Council (\$5,000). These councils and a number of other organisations and individuals were also parties to the proceedings. The unbudgeted cost for the judicial review has been funded from the General Operating Reserve, an accumulation of prior year's surpluses.

Disaster mitigation projects

The Whakatane District Council budgeted for substantial grants for Matata, Awatapu and Edgecumbe/Rangitaiki Flood Mitigation works over three financial years. The unfavourable variance reflects that \$1.268m was budgeted for Matata for the 2007/08 financial year and only \$600,000 was received. However, the remainder of the expected budget was received in previous years and a favourable variance was recorded in those years.

The unfavourable variance also reflects that a business case for funding for Awatapu and Edgecumbe was only submitted to Central Government in December 2007 so the expected budget (\$808,333) was not received in 2007/08. It is anticipated that grant money will be received in the 2008/2009 financial year.

Explanation of budget variances for capital expenditure

Overall, the actual capital cost of this group of activities finished the year with a significant favourable variance compared to the budget as set out in the 2007/08 Annual Plan. Significant variances contributing to this result are outlined below:

Disaster mitigation projects

Disaster mitigation shows a significant under spend for the 2007/08 year. The unspent component of the budget relates to Edgecumbe/Rangitaiki Flood Mitigation and Matata Regeneration Projects both of which will be carried forward to the 2008/2009 year. These projects are scheduled to be completed by the end of the 2008/2009 financial year, subject to the outcome of resource consent processes.

TRANSPORT NETWORKS AND SYSTEMS

WHAT WE DO AND WHY WE DO IT

Within this group of activities, the Council:

- Provides roading, airports, pedestrian and parking facilities, and public transport infrastructure for the sustainable, safe, convenient, comfortable and cost effective movement of people, goods and vehicles throughout the District, as well as to destinations outside the District;
- Fosters an integrated approach to road safety that includes a range of education, engineering and enforcement initiatives designed to enhance the safety of the environment, the vehicle, the road user, cyclists and pedestrians; and
- Monitors, enforces and administers the Council's Parking Bylaw, as well as vehicle defects such as Warrants of Fitness and Registration.

Generally, this group of activities is provided by Council in response to needs and aspirations of the community to achieve services that will, where necessary, conform to national funding criteria, prudent use of resources and expectations of safety, sustainability and comfort. The activities undertaken within this group include:

Roading

- There are a large number of legislative requirements related to the provision of roading and pedestrian-ways. A territorial authority must prepare programmes, and provide the appropriate service on behalf of the communities within our district. The preparation of a Land Transport Plan must include provisions to: assist economic development, safety and personal security; improve access and mobility; protect and promote public health; and encourage environmental sustainability.

The Regional Land Transport Plan requires that councils in the region prepare a pedestrian and cycling strategy. National funding for roading is contingent on the Council showing how these travel modes are, or will be, provided.

Road safety

The Land Transport Management Act requires the Council to prepare and adopt safety administration outputs as part of its annual Land Transport programme. The Council wants to achieve outcomes that support the New Zealand Road Safety Strategy 2010.

Parking enforcement

This activity is undertaken to regulate the use of defined public parking areas in specific parts of the Whakatane District. Parking provisions are specified in the Traffic and Speed chapter of the Consolidated Whakatane District Bylaw.

Airports

The Council holds public aerodrome licenses for the Whakatane and Galatea airports. The Whakatane Airport is a Council-Controlled Organisation (CCO).

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Prosperous Economy



High-Quality Affordable Infrastructure

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY?

The maintenance and renewal works required to sustain roading assets inconvenienced sections of the community at various times thereby diminishing social wellbeing. Delays to travel times, dust, noise and vibration nuisance were experienced during the works.

The bylaws, rules and regulations concerning activities in the group may have been considered at times to be restrictive. In particular, parking fines may have been considered undesirable. These have been adopted as practical means to encourage effective and efficient use of facilities (to improve economic wellbeing).

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Provide quality network services compliant with all statutory and regulatory requirements and Council policies, procedures and standards.	Number of resource consent infringement and abatement notices received from the regional council.	0	Achieved - No consent infringements or abatement notices served.	☺
	Council Transport Standards and Policies remain relevant and current.	10% reviewed.	Achieved - Footpath policy and seal extension policy reviewed.	☺
Provide a roading network that meets the reasonable needs of the wider community.	Number of service requests regarding deficiencies in the road network.	Annual downward trend.	Not achieved - The number of service requests increased from 668 in 2006/07 to 957 in 2007/08. It is believed that this increase is primarily due to an improved ability to monitor results rather than an increase in network deficiencies. This measure has been reviewed through the LTCCP process with supporting mechanisms established to achieve set targets.	☹
	No increase in the length of pavement considered rough (rough is defined at more than 150 NAASRA counts). Currently there are 32 km of rough pavements.	32km of rough pavements.	Achieved - 31.9km of rough pavements.	☺
	Road network does not suffer unreasonable levels of congestion.	Arterial intersections operate on average at 95% capacity during normal operating conditions.	Achieved - Although it is noted that the Landing Road roundabout causes minor congestion delays in morning peak traffic times.	☺
	Route security issues identified and improvements addressed.	100% issues identified by 2009.	Achieved - On track for achievement by end of 2009.	☺
	At least 3kms of seal extensions completed per year.	3kms.	Achieved - 7.5km of seal extension have been completed for the 2007/08 year.	☺
	New roading systems for growth are planned and provided effectively.	Transport network linking all major nodes shall be provided for users (vehicle, pedestrian, cyclists) based on a transport needs review.	Deficiencies identified through model included in budget forecasts within three years.	Achieved - Deficiencies identified in transportation model to be included in LTCCP.
Percentage of car parks occupied at peak times.		95%.	Achieved - 80% occupancy at peak times. An increase in car park occupancy rates is anticipated over time as the level of demand increases.	☺
An affordable public transport system exists throughout the District.	Subsidising of public transport in line with Council policy and contribution to infrastructure to support the District Public Transport System.	100% of approved funds.	Not achieved - Public Transport is 100% funded by the Regional Council. The District Council contributes by providing adequate and suitable bus stops and bus shelters. A new bus shelter was budgeted for in 2007/08 but installation has been deferred until 2008/09, after the parking bylaw is finalised.	☹

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HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Public satisfaction about how the Council is planning for and implementing road safety.	% satisfaction from attendees at six-monthly focus groups and two public meetings.	>85% satisfied per meeting.	Not achieved - No focus groups were undertaken as there were other 'public' events held as means of achieving this target.	☹
Assist with the campaign to reduce the overall number of road fatalities and casualties for the District.	Number of fatal road crashes per year.	<5	Not achieved - There were 5 fatal road crashes throughout the district in the 2007/08 year. This measure has been reviewed through the LTCCP process with supporting mechanisms established to achieve set targets.	☹
	Number of crashes involving injuries per year.	<78	Not achieved - There were 92 crashes involving injury in the 2007/08 year. This figure is at the higher end of yearly statistics that averaged 82 in the '02 – '06 period. This measure has been reviewed through the LTCCP process with supporting mechanisms established to achieve set targets.	☹
Restricted areas in Whakatane and Kopeopeo have regular parking surveillance.	Patrols are carried out in Whakatane and in Kopeopeo.	3 times per day, 3-4 times a week.	Achieved - As per projected targets. Have increased to 4 times per week for Kopeopeo.	☺
Quality Airport facilities comply with all Civil Aviation Regulations and Council policies, procedures and standards.	Number of non-compliance notices received.	0	Achieved - No non-compliance noticed received.	☺
	Number of Council non-compliances identified from inspections.	0	Achieved - No non-compliances identified.	☺
All airport operations will be managed in a safe and environmentally friendly manner.	Maintain compliance with the Whakatane and Galatea Airport Aviation Services Operational Plans.	95%	Achieved - All airport operations complied with the Whakatane and Galatea Airport Aviation Services Operational Plans.	☺
	Manage and operate the airport amenities and equipment with a minimum number of environmentally related complaints.	5	Achieved - No environmental complaints received.	☺
Assets are well maintained throughout all airport facilities.	Proportion of Whakatane Airport assets (by replacement cost value) in a moderate, good or very good condition.	90%	Achieved - 98% of assets meet condition standard (based on August 2007 condition & valuation report).	☺
	Spot inspections of runway components completed.	Monthly.	Achieved - 12 inspections undertaken in period.	☺
	Emergency works identified actioned.	Within 24 hours.	Achieved - No emergency works undertaken.	☺
	Health and safety works actioned.	Within 24 hours.	Achieved - One unknown substance alert was immediately responded to by the appropriate emergency services. The substance proved to be harmless.	☺

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
Stage Three - Ohope Road, seal widening, intersection improvements and pedestrian/cycle facilities.	Project deferred to 2008/09 due to delays with Resource Consent. Expenditure relates to design & consent costs, plus some minor improvements.	\$1.50m	\$180,000
Seal widening - Wano Road.	Project Completed.	\$60,000	\$59,800
Seal extensions - Ruatahuna Road, Paekoa Road and Burt Road.	Paekoa and Burt Roads completed. The sealing of one section of Ruatahuna Rd deferred to 2008/09 due to unsuitable conditions prevailing.	\$824,000	\$814,900
Burma Road bridge.	Project Completed.	\$87,000	\$68,440
Putiki Road bridge widening.	Deferred to 2008/09 due to changes in NZTA policy and funding stream. Partial purchase of some of the pipes made.	\$127,000	\$50,725
New footpaths - rural.	Design complete. LTNZ subsidy obtained which has allowed for more extensive work to be undertaken within a subsidised work category.	\$10,000	\$14,300
New footpaths - Matata.	Design complete. LTNZ subsidy obtained which has allowed for more extensive work to be undertaken within a subsidised work category.	\$10,000	\$4,300
Investigate non-Council owned bridges on road reserves.	Investigations complete and a report being prepared for Council. Project to continue into 08/09.	\$60,000	\$50,000
Te Teko Roundabout (carried over from 2006/07).	This is a Transit New Zealand project. Currently it does not meet their funding criteria and has been withdrawn from their programme; therefore the Council has resolved to also withdraw its contribution.	\$95,000	\$0
Prepare and deliver an annual Road Safety programme in agreement with Land Transport New Zealand.	An annual road safety programme was prepared and delivered in agreement with Land Transport New Zealand. This included programmes aimed at; <ul style="list-style-type: none"> • Driver licensing and improved driver knowledge. • Use of child restraints. • Safety at intersections and roundabouts. • Overtaking school buses. • Repeat drink driving. • Bikewise Week involving 26 events and over 1000 participants. 	\$210,000	\$201,937
Preparation of an Airport Strategy.	The strategy for the airport (Airport Master Plan) has been completed and adopted by Council.	\$60,000	\$84,400
Review the criteria of the policy that establishes the seal extension priority list.	Policy review completed. Further review work still to occur in 2008/09.	Operating cost only - no specific budget allocation made for this project.	

WHAT DID THESE ACTIVITIES COST?

TRANSPORT NETWORKS AND SYSTEMS	ANNUAL PLAN \$000	2008 ACTUAL \$000	VARIANCE FROM ANNUAL PLAN		
			\$000	%	
EXPENDITURE					
Roading	9,498	11,173	(1,675)	(17%)	×
Road safety	213	203	10	5%	⊙
Parking enforcement	297	333	(36)	(12%)	×
Airports	130	161	(31)	(24%)	×
	10,138	11,869	(1,732)	(17%)	×
REVENUE					
Roading	13,270	12,955	(315)	(3%)	⊙
Road safety	213	205	(9)	(4%)	⊙
Parking enforcement	271	354	83	31%	☑
Airports	91	120	29	31%	☑
	13,846	13,634	(213)	(2%)	⊙
Net Cost of Services	(3,709)	(1,764)	(1,944)	(53%)	×
Transfer from surplus/deficit	(3,709)	(1,764)	(1,963)	(53%)	
Capital expenditure	7,229	6,704	525	7%	⊙
Loan repayments	372	372	-	0%	
Payments to reserves	682	3,635	(4,317)	(633%)	
TOTAL COST OF SERVICES	4,574	8,946	(4,372)	(96%)	
FUNDED BY:					
Non funded depreciation	764	764	-	0%	
Funding from depreciation reserves	2,958	2,958	-	0%	
Funding from operational reserves	446	4,829	(4,383)	(982%)	
Loans raised	405	395	10	(3%)	
	4,574	8,946	(4,372)	(96%)	

The following icons have been used to support the variances in the cost of service statements:

- ⊙ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% and \$20,000.
- ×

An explanation of the terms used in the cost of service statements is provided on page 115.

HOW DID WE PERFORM AGAINST THE BUDGET?

Explanation of budget variances for Operational income and expenditure

Overall, the actual operational cost of this group of activities finished the year with an unfavourable variance compared to the budget, as set out in the 2007/08 Annual Plan. The significant variances at an activity level are explained below:

Roading

This activity reported a significant over-spend for the year largely due to increased depreciation costs being higher than budgeted for. This occurred primarily as a result of Council's roading assets being re-valued in 2007, creating an increased depreciation charge. Other variances contributing to the year end result included expensing of the Transportation Study, Asset Management Plans and CBD Carpark Strategy.

Parking Enforcement

This activity was overspent with additional expenditure relating to salaries and overheads. This was offset by higher than budgeted revenue being received from parking fines, giving a net favourable variance.

Airports

The additional costs under the airport activity are primarily due to an increase in runway maintenance costs for the year and to a lesser extent unbudgeted audit costs. The favourable variance in revenue resulted from higher income received from landing fees and airport land leases than budgeted for.

Explanation of budget variances for capital expenditure

Whilst the overall Capital Expenditure variance was not significant, there were a large number of individual projects that cumulatively produced this result. Some were completed on budget and others were over and under spent. The following projects are those for which their individual variance was greater than 10% or \$20,000 of budget.

Matahi valley bridge 131 replacement

The budget amount of \$115,559 does not appear in the 2007/08 Annual Plan as it is a carry forward from the previous year (2006/07). The project is deferred until the road reserve boundary dispute with Omuriwaka is resolved.

Ohuirehe road seal extension

The budget amount of \$42,324 does not appear in the 2007/08 Annual Plan as it is a carry forward from the previous year (2006/07). The project is deferred until consent and boundary adjustment issues are resolved with the developer.

Wairaka road seal extension

The budget amount of \$80,481 does not appear in the 2007/08 Annual Plan as it is a carry forward from the previous year (2006/07). Additional funding of 119,500 was approved in the 2007/08 Annual Plan, bringing the total revised budget to \$199,981. The project was completed with final costs amounting to \$203,561.

Ohope road safety improvements and seal widening

This project was deferred to 2008/09 due to resource consent application taking longer to process than expected. Funding for this project comes from a number of funding categories, all of which have been carried forward into 2008/09 as follows:

• Ohope Hill (Stage 1) Seal Widening - balance of funds	\$110,809
• Ohope Road Stage 2 Seal Widening (Gorge Rd to Burma Rd)	\$465,590
• Ohope Road Stage 2 Major Drainage	\$202,640
• Ohope Road Stage 2 Pavement Rehabilitation	\$574,282
• Ohope Road Stage 2 Associated Improvements	\$128,605
• Ohope Road Stage 2 Minor Improvements	\$240,166
Total Project Carry Forwards:	\$1,742,092

Commerce street upgrade

The budget amount of \$114,000 does not appear in the 2007/08 Annual Plan as it is a carry forward from the previous year (2006/07). Project costs escalated to \$324,470 due to an increase in the scope of works and other cost increases during construction.

Airport car park stormwater drainage

The budget amount of \$27,000 does not appear in the 2007/08 Annual Plan as it is a carry forward from the previous year (2006/07). This sum remains unspent as the works were able to be completed under maintenance expenditure.

Airport runway slurry seal

The budget amount of \$65,000 does not appear in the 2007/08 Annual Plan as it is a carry forward from the previous year (2006/07). The required works have been further deferred to 2008/09 to tie in with other programmed runway surfacing works.

Transportation study

The budget amount of \$52,000 does not appear in the 2007/08 Annual Plan as it is a carry forward from the previous year (2006/07). \$42,647 was expended in 2007/08 with the balance to be carried forward into 2008/09.

Security cameras

The budget amount of \$60,000 does not appear in the 2007/08 Annual Plan as it is a carry forward from the previous year (2006/07). \$12,291 was expended in 2007/08 and the balance will be carried forward to complete the project in 2008/09.

Te Teko roundabout

The budget amount of \$95,000 does not appear in the 2007/08 Annual Plan as it is a carry forward from the previous year (2006/07). This project is on the State Highway and is therefore a Transit New Zealand project. Currently it does not meet their funding criteria and has been withdrawn from their programme. The Council accepts this position and has accordingly resolved that this budget shall not be carried forward.

Transportation asset management plans

The 2007/08 Annual Plan provided funding to the value of \$88,125. This was added to the sum of \$61,728 carried forward from the previous year (2006/07), giving a total available expenditure of \$149,853. Actual expenditure through the year amounted to \$36,165, with a proposal to carry forward a residual sum of \$20,000 into 2008/09.

Hurinui road seal extension

When the Ohuirehe Road Seal Extension was deferred the Hurinui Road Seal Extension was brought forward in its place. The cost to complete this project was \$38,442.

Unsealed road metalling

The 2007/08 Annual Plan budget was \$247,000 of which \$210,549 was expended. Restricted access up Matahi Valley Road contributed to this budget not being fully expended.

Road resurfacing

The 2007/08 Annual Plan budget was \$2,055,000. The programme was able to be completed under budget for \$1,971,619, presenting a cost saving of \$83,381.

Culvert replacement

The 2007/08 Annual Plan budget was \$158,000. This was over expended by \$24,404 due to more culverts requiring replacement than anticipated.

Burma Road bridge replacement

The 2007/08 Annual Plan budget was \$86,500. The programme was able to be completed under budget for \$68,458 due to an alternative construction method being offered by the successful tenderer.

Signs and road markings

The 2007/08 Annual Plan budget was \$139,000 of which only \$93,797 was required to be spent to meet level of service targets.

Putiki road bridge replacement

The 2007/08 Annual Plan budget was \$127,000 and this sum remains unspent. The funding application to LTNZ was initially approved but then declined. LTNZ later agreed that the works could proceed under the Minor Improvements funding category, however due to the interim delays the only expenditure in 2007/08 was for the purchase of some of the culvert units to the value of \$31,550.

Mill road reconstruction

There was no budget in the 2007/08 Annual Plan budget for this work. It arose as part of a subdivision planning consent which required improvements to the road frontage of the subdivision. Under legislation no more than 50% of the costs of such improvement works can be charged to the developer, and the Council is expected to carry the balance of costs. The \$91,505 unbudgeted expenditure was Councils share of the road widening costs however it should be noted 55% of these costs also attracted a further 55% financial contribution from Land Transport New Zealand.

Walking tracks

The 2007/08 Annual Plan budget was \$60,000. This expenditure was deferred pending the development of funding applications to Land Transport New Zealand and the formation of a Walking and Cycling Working Party / Reference Group in 2008/09.

Cycle tracks

The 2007/08 Annual Plan budget was \$100,000. Some initial development costs of \$10,663 have been incurred with the balance of expenditure deferred pending the development of funding applications to Land Transport New Zealand and the formation of a Walking and Cycling Working Party / Reference Group in 2008/09.

Road safety

A Speed Indicator Trailer was purchased this year for \$18,000. This was 50% funded by ACC with the balance funded by the Whakatane, Kawerau and Opotiki District Councils.

Special purpose roads

The 2007/08 Annual Plan had budgets of \$201,000 for Unsealed Road Metalling and \$165,000 for Drainage Renewals (Culv388 but this was offset by an under spend in drainage renewals of \$108,263.

Matahi Valley Road realignment

This project was unplanned and therefore unbudgeted in the 2007/08 Annual Plan as it is a carry forward from the previous year (2006/07). The works has to be initiated to ensure unrestricted public access was able to be maintained past an area where the road lay on private land and the land owners were unhappy with continued public access across their land. The costs to establish an initial access track came to \$111,270 and is to be funded from within existing 2007/08 budgets.

Footpath renewals

The 2007/08 Annual Plan budget was \$108,619. \$51,332 was expended in 2007/08. The works are continuing into 2008/09 and therefore the balance of funds is to be carried forward into 2008/09.

WATER-RELATED SERVICES

WHAT WE DO AND WHY WE DO IT

This group of activities is undertaken to provide and maintain efficient, reliable and safe water, wastewater, stormwater and trade waste services. The activities undertaken within this group include:

- **Water supply, wastewater and stormwater services**

The Council undertakes these activities because of statutory obligations and public demand. Under section 130(2) of the Local Government Act 2002, the Council must continue to provide these water services to those communities that have been serviced. Delivery of these network services by non-Council operators has, to date, proved unfeasible to the market or unacceptable to the community.

- **Trade waste**

The Council undertakes this activity because of statutory obligations. The main objectives are to protect the environment, people and community assets required for essential services.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Clean Protected
Environment



High-Quality Affordable
Infrastructure

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY?

The aesthetic quality of water was deteriorated due to mixing of sea water with river water due to very low river level in the prolonged dry period in the summer. The Council has taken measures to solve this problem in the short term and in the long term.

During high storm events overflows have been reported from a number of places in Whakatane, Edgecumbe and Taneatua. The Council has prepared a capital works programme to address these issues in Whakatane using a network model and continuous assessment of pipe conditions through CCTV inspections. These capital works will be included in the next LTCCP. In Edgecumbe studies are underway to identify the works required to address overflow issues. The identified works will be included in the next LTCCP. In Taneatua, a maintenance programme is underway to address overflow issues.

Stormwater flooding was reported from a few places in Whakatane, Taneatua and Edgecumbe. Capital projects will be included in the next LTCCP to address these issues in Whakatane. A stormwater mitigation project in Edgecumbe has been included in 2008/09. A maintenance programme is underway to address the issues in Taneatua.

Water-Related Services

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Provide quality water related service systems compliant with all statutory and regulatory requirements and compliant with Council policies, procedures and standards.	Whakatane and Ohope Water Supply complies with current Drinking Water Standards for NZ.	100%	Not achieved - Unable to measure. These targets were not achieved mainly because the monitoring frequency undertaken was not consistent with Drinking Water Standards New Zealand 2005. This does not imply that water was unsafe for drinking purposes. In 2007/08 water supplies complied with guidelines for E-coli. Measures are in place to achieve the set target in 2008/09. ☹️	
	Number and level of water supply gradings received (The Ministry of Health grades water quality between A & E for water source and between a&e for water reticulation. A(a) indicates the highest standard and E(e) lowest. U stands for ungraded).	Whakatane	Aa	Not achieved - Unable to measure. These targets were not achieved mainly because the monitoring frequency undertaken was not consistent with Drinking Water Standards New Zealand 2005. Work has been carried out to improve the frequency of monitoring with automated monitoring equipment. These targets have now been revised in the new Asset Management Plan. The new targets will be included in the next LTCCP and are aimed to be achieved in 2009/10. ☹️
		Ohope	Aa	
		Edgecumbe	U	
Matata		Ca		
Murupara		U		
Taneatua		Ca		
Ruatoki		Ca		
Waimana		Cb		
Plains		U		
Te Mahoe	U			
	Number of resource consent infringement and abatement notices from the regional council.	0	Achieved - No infringement or abatement notices received during the year. 😊	
Provide potable water, and efficient reliable wastewater and stormwater systems to meet the reasonable needs of urban and commercial customers.	Continuous monitoring through water supply pressure loggers shows minimum pressure of 200 KPA (except during outages).	100%	Not achieved - 95% The target is difficult to achieve. A revised target is identified in the new Asset Management Plan and aimed to be achieved in 2009/10. ☹️	
	Frequency of unplanned interruptions to water supply per 1000 customers. (Interruption of water supply for more than 1 hour for more than 100 customers).	<3	Not achieved - However, based on estimates there was only 1 interruption per 1000 customers in 2007/08. This measure is currently based on estimates. More accurate monitoring methods will be implemented in 2008/09. 😊	
	Frequency of wastewater system failures due to blockages or overflows during dry weather flow conditions per 100km of sewer for each scheme.	<20	Achieved - Whakatane 18. Ohope 4. Murupara 1. 😊	
	Stormwater system designed and built to meet one in 10 year rainfall event without damage to public and private property.	100%	Not achieved - Investigations to achieve this target have been completed and the identified projects will be scheduled in the LTCCP to achieve this in future. ☹️	

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HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Carry out required trade waste inspections and accurately record results.	50% of all premises registered are inspected annually.	50% inspected	Achieved - 50% inspected.	😊
Ensure quality customer communication, consultation and service provided.	Minimum 48 hours notification given of planned interruptions to water supply.	>95%	Achieved - Required notification given for 100% of interruptions.	😊
	Faults responded to within 24hrs for wastewater.	>90%	Achieved - 97% of faults responded to within 24 hours.	😊
	Emergencies responded to within three hours for each activity.	>90%	Achieved - 96% of emergencies responded to within three hours.	😊

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
WATER SUPPLY			
Whakatane water treatment plant improvements and replacements.	Minor plant and equipment replacements have been completed. Further studies were carried out to identify the capital works required to improve the plant performance.	\$305,000	\$34,000
Ongoing investigations of the Paul Road bores in preparation for the Plains Water Supply upgrade.	Plains water supply upgrade investigations continued during the year. A land area has been identified for the test bores. Action has been taken to secure an easement for the identified land.	\$1.74m	\$27,940
WASTEWATER			
Upgrading of Edgecumbe pump station.	The project has been deferred until a comprehensive investigation is completed to identify the issues relating to the scheme. A part of the funds allocated to this project has been used for smoke testing of Edgecumbe waste water system and improve the rising main from pump station no 5.	\$157,000	25,198
McAlister Street wastewater reticulation renewal - stage 1.	The scope of the project changed after a waste water network analysis was done. Therefore the project was not carried out this year and will be rescheduled in the next LTCCP. The funds allocated to this project has been used to finance a part of the cost incurred in repairing the damaged Hinemoa street waste water pipe.	\$90,000	\$0

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Water-Related Services

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
Improvements to Whakatane wastewater treatment plant.	The identified improvements were not carried out on the recommendation of the Council's Consultants. A part of the funds allocated to this project has been used to finance the repairs done to damaged Hinemoa waste water pipe and to develop a network model for Whakatane waste water system.	\$543,000	\$0
STORMWATER			
Whakatane pump replacement.	This project was not required as the pump conditions were good.	\$202,000	\$0
St Joseph's pump station.	Identified works in this project were completed. The surplus funds of this project will be used to complete the upgrading of Riverside Drive pump station.	\$132,000	\$19,500
Hinemoa drain construction, Whakatane.	Stage 1 and Stage 2 of Hinemoa Drain piping project were combined and implemented. The Council approved a total sum of \$914,500 to complete this project. Approximately 90% of this project has been completed.	\$375,000	\$301,200
Upgrade Riverside Drive pump station.	This project is in progress and the total cost of the project is expected to be approximately \$206,000. The Council approved to use \$41,000 from St Josephs pump station project to complete this project. Approximately 50% of the project completed in 2007/08 financial year and the full project will be completed in 2008/09 year.	\$172,000	65,600

WHAT DID THESE ACTIVITIES COST?

WATER RELATED SERVICES	2008	2008	VARIANCE FROM ANNUAL PLAN		
	ANNUAL PLAN \$000	ACTUAL \$000	\$000	%	
EXPENDITURE					
Water supply	3,726	4,620	(893)	(24%)	×
Wastewater	2,102	2,462	(361)	(17%)	×
Trade waste	42	42	-	0%	○
Land drainage systems	1,057	1,074	(17)	(2%)	○
	6,927	8,198	(1,271)	(18%)	×
REVENUE					
Water supply	3,777	4,207	430	11%	☑
Wastewater	1,800	1,940	141	8%	○
Trade waste	42	43	1	4%	○
Land drainage systems	1,096	1,789	692	63%	☑
	6,715	7,979	1,264	19%	☑
Net Cost of Services	212	219	(7)	(3%)	○
Transfer from surplus/deficit	212	219	(7)	(3%)	
Capital expenditure	3,290	3,068	221	7%	○
Loan repayments	619	619	-	0%	
Payments to reserves	643	2,612	(1,969)	(306%)	
TOTAL COST OF SERVICES	4,764	6,518	(1,754)	(37%)	
FUNDED BY:					
Non funded depreciation	452	452	-	0%	
Funding from depreciation reserves	1,458	1,122	336	23%	
Funding from development contributions	387	140	247	64%	
Funding from operational reserves	666	3,960	(3,294)	(495%)	
Loans raised	1,802	844	958	53%	
	4,764	6,518	(1,754)	(37%)	

The following icons have been used to support the variances in the cost of service statements:

- Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% and \$20,000.
- ×

An explanation of the terms used in the cost of service statements is provided on page 115

HOW DID WE PERFORM AGAINST THE BUDGET?

Explanation of budget variances for operational income and expenditure

Overall, there were no significant variances between the actual operational cost of this group of activities compared to the budget for the year, as set out in the annual plan. However at an activity level there were significant variances, as explained below:

Water Supply

Depreciation costs under this activity were higher than budgeted for. This occurred primarily as a result of Council's water supply assets being re-valued in 2007, creating an increased depreciation charge. This was partially offset by an increase in revenue as a result of acquiring vested assets from subdivisions and developers.

Wastewater

Depreciation costs under this activity were higher than budgeted for. This occurred primarily as a result of Council's waste water assets being re-valued in 2007, creating an increased depreciation charge.

Land Drainage Systems

This activity finished the year with significantly higher revenue than was budgeted for. This was largely as a result of acquiring vested assets and to a lesser degree increased income from development contributions and targeted rates.

Explanation of budget variances for capital expenditure

Whilst the overall variance in Capital Expenditure was not significant, there were a large number of individual projects that cumulatively produced this result. Some were completed on budget and others were over and under spent. Individual projects that did not proceed as planned are outlined below.

Whakatane water treatment plant improvement plan

The Whakatane water treatment plant ten year milestone development plan has been reviewed and a new improvement plan for the treatment plant has been prepared taking into account present Drinking Water Standards. Identified works in the new improvement plan are included in the 2008/09 Annual Plan and in the next LTCCP. As a result capital projects which have been identified to be implemented in this year were not implemented.

Edgecumbe waste water pump station upgrade

Edgecumbe waste water has high inflow and infiltration issues due to the 1987 earthquake. The Council recognised that before upgrading the pump stations, it is important to carry out thorough investigation to identify the defects in the system which cause high inflow and infiltration and address those issues. Therefore, the project to upgrade waste water pump station was deferred until the investigations are completed. Following the investigations a new capital works programme will be included in the next LTCCP.

McAlister waste water pipe renewal project

A waste water network model has been developed for Whakatane waste water system and this model was used to prepare an upgrade strategy for Whakatane waste water system over a 25 year period. The upgrade strategy report identified that a section of McAlister waste water pipe requires upsizing to accommodate more storage capacity in the system. Therefore the McAlister waste water pipe renewal project was not carried out this year and a new project including upsizing a section of McAlister waste water pipe will be included in the next LTCCP.

Whakatane waste water treatment plant

The Council's Consultants reported to the Council that proposed improvements to Whakatane waste water treatment plant are not required at this stage. Therefore, this project was not carried out and the Council engaged the Consultants to do further studies and propose a suitable plan to upgrade the treatment plant in future. The Consultant's proposal will be included in the next LTCCP.

Pump replacement programme

A condition assessment undertaken in the year revealed that the economic lives of the pumps are not expired and were not needed to be replaced in this year. Therefore, this project was cancelled and a new pump replacement programme will be included in the next LTCCP.

SOLID WASTE MANAGEMENT

WHAT WE DO AND WHY WE DO IT

Within this group of activities, the Council provides a weekly refuse and recycling collection in serviced areas of the District, through a contractor. The areas serviced are based on customer demand and capabilities of the contractor's resources. Following the commissioning of the Recycling Park in 2005/06, there is one landfill site in the Whakatane District with a transfer station at Murupara. The Council is implementing its zero waste policy.

The Council undertakes the activities within this group in response to the needs and aspirations of the people of the District for aesthetic and health reasons. The activities undertaken within this group and the key requirements for each are as follows:

Refuse collection

With regard to the Council's Waste Management Plan and section 25 of the Public Health Act 1956, the Council provides collection services to mitigate possible adverse health risks to the District's residents. The particular services are provided in response to the needs of the community and have been designed to maximise benefit to the community.

Refuse disposal

With the opening of the Recycling Park, the Council provides one landfill for the management and disposal of collection service refuse, bulk industrial/commercial waste and waste disposal from the recycling centre. The reduction in residual waste disposed of at the Burma Road landfill benefits the community by reducing the potentially harmful environmental impact of such disposal, saving valuable landfill space and reducing resource use. The Burma Road landfill provides controlled management processes for the disposal of residual waste in accordance with Ministry for the Environment and Resource Consent requirements.

Refuse recycling

A Recycling Park opened in April 2006. This will improve recycling practices and reduce the volume of waste that gets sent to the landfill. Residents of the greater Whakatane area will use the collection service and Recycling Park for waste disposal, and the collection contractor will continue to have access to the Burma Road landfill. Disposers of sorted-by-type bulk industrial/commercial waste will be able to arrange direct access to the landfill. Residents in the south of the District have access to the transfer station at Murupara.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Clean Protected Environment



High-Quality Affordable Infrastructure

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY?

The landfill provided by the Council is susceptible to odour, gas, leachate, litter, vermin and noise pollutions that can potentially have adverse effects on the social, environmental and cultural wellbeing of the Whakatane community. Within the constraints of the site and existing infrastructure, the operation was able to be managed so as to minimise these effects. Two complaints were received about odour from the site.

The District has a number of old landfill sites which whilst covered, may emit leachate. Additionally, the long-term loss of productive land creates economic losses for the District. The Council seeks to mitigate these negative effects through specific abatement measures, compliance with resource consent conditions and monitoring the impact of its activities. Monitoring of the closed landfills as per the resource consents has not identified any off site impacts of concern.

In line with the Council's commitment to reducing the level of waste going to landfills, the Council opened the new Recycling Park in April 2006. This will not only reduce waste but also minimise the harmful effects that the landfill has on the wellbeing of the community. The park operation has been successful in diverting some 4130 tonnes of materials from landfill in 2007/08 (excluding concrete).

Solid Waste Management

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Provide quality solid waste services compliant with all statutory and regulatory requirements in addition to all Council policies, procedures and standards.	Number of resource consent infringement and abatement notices from the regional council.	0	Achieved - No infringement or abatement notices received.	😊
	Number of Council non-compliances identified from audit of projects.	0	Achieved - No non-compliances identified.	😊
	Council standards and policies remain relevant and current.	One third reviewed.	Achieved - Standards and Policies were reviewed through preparation of the Solid Waste Asset Management Plan.	😊
Provide efficient reliable solid waste management system to service solid waste for customers within budget.	Ensure the number of missed refuse and recycling collections per year are less than 0.1% of annual lifts.	<0.1%	Achieved - (note missed bin calls are followed up by Contractor to ensure service provided).	😊
	Provide access to community based recycling facilities.	95% of the community.	Achieved - 95% (4095 tonnes) of greenwaste diverted. Approximately 179 tonnes of greenwaste had to be dumped due to contamination (4%).	😊
	Divert greenwaste from landfill to beneficial reuse.	60% of greenwaste diverted.	Achieved - 95% (4095 tonnes) of greenwaste diverted. Approximately 179 tonnes of greenwaste had to be dumped due to contamination (4%).	😊
	More than 95% of sewage sludge currently disposed of to landfill will be composted, beneficially reused or appropriately treated to minimise the production of methane and leachate.	95% by 2007/08.	NA - Target not applicable at present. Sewage from community schemes is currently stored in oxidation ponds pending eventual removal. No de-sludging activities undertaken in period.	◆
	There will be a reduction of construction and demolition waste to landfills of 50% of December 2005 levels measured by weight.	50% reduction.	Achieved - 1600 tonnes of concrete reprocessed in period Feb - June 2008.	😊
	Reduce residual waste to landfill/transfer station through recycling.	16,000 Tonne to landfill in 2007/08	Achieved - 14,260 tonnes disposed of to Burma Rd landfill in period, 11% improvement over target.	😊

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
Decommission Murupara landfill.	The remaining area of capping of 5200 m2 was completed over summer 2007-2008.	\$126,000	\$220,232
Decommission Taneatua landfill.	Following review of the site resource consents and discussions with Environment BOP it was agreed that no further capping works were necessary at this site.	\$95,000	\$0
Transfer station building and installation.	Work commenced to amend air discharge consents for the site to allow handling of kerbside refuse. Facilities for the storage of hazardous chemicals and waste oil were upgraded. The project has been carried over to be completed in 2008/09.	\$139,000	\$14,000
Continue the green waste collection service.	The ongoing green waste collection service ran smoothly in 2007/08.	\$372,000	\$385,742
Waste management education programmes.	The programme was implemented successfully with the number of schools involved in the programme increasing in the 2007/08 year.	\$18,000	\$28,890
Demolition concrete processing.	1600 tonnes of waste concrete was reprocessed back into roading aggregate, beneficially using material which would otherwise have been landfilled.	\$0	\$7,000

Solid Waste Management

WHAT DID THESE ACTIVITIES COST?

SOLID WASTE MANAGEMENT	2008	2008	VARIANCE FROM ANNUAL PLAN		
	ANNUAL PLAN \$000	ACTUAL \$000	\$000	%	
EXPENDITURE					
Refuse Collection	1,529	1,712	(183)	(12%)	×
Refuse Disposal	1,249	2,013	(764)	(61%)	×
Refuse Recycling	462	621	(158)	(34%)	×
	<u>3,241</u>	<u>4,346</u>	<u>(1,105)</u>	<u>(34%)</u>	×
REVENUE					
Refuse Collection	1,466	1,958	492	34%	☑
Refuse Disposal	1,462	2,002	540	37%	☑
Refuse Recycling	462	706	243	53%	☑
	<u>3,390</u>	<u>4,665</u>	<u>1,275</u>	<u>38%</u>	☑
Net Cost of Services	<u>(149)</u>	<u>(319)</u>	<u>(170)</u>	<u>114%</u>	☑
Transfer from Surplus/Deficit	(149)	(319)	170	(114%)	
Capital Expenditure	442	232	210	47%	☑
Loan Repayments	179	179	-	0%	
Payments to Reserves	15	333	(318)	(2109%)	
TOTAL COST OF SERVICES	<u>487</u>	<u>426</u>	<u>62</u>	<u>13%</u>	
FUNDED BY:					
Non Funded Depreciation	11	11	-	4%	
Funding from Depreciation Reserves	19	199	(-)	(0%)	
Funding from Development Contributions	63	-	63	100%	
Funding from Operational Reserves	34	155	(121)	(355%)	
Loans Raised	359	241	(119)	(33%)	
	<u>487</u>	<u>426</u>	<u>62</u>	<u>(13%)</u>	

The following icons have been used to support the variances in the cost of service statements:

- Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% and \$20,000.
- × Negative variation of greater than 10% and \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 115

HOW DID WE PERFORM AGAINST THE BUDGET?

Explanation of budget variances for operational income and expenditure

Overall, the actual operational cost of this group of activities finished the year with a significant favourable variance compared to the budget, as set out in the 2007/08 Annual Plan. The significant variances at an activity level are explained below:

All activities within this group were overspent for the year. This was largely as a result of increased depreciation costs resulting from Council's Solid Waste Management assets being re-valued in 2007. Other variances contributing to this result were expensing of the asset management plans and increased expenditure on processing costs.

The additional costs were offset by significant increases in revenue. These included a downward review of the provisions for the Landfill Aftercare Programme as well as increases in income from the recycling parks and targeted rates.

Explanation of budget variances for capital expenditure

Overall, the actual capital cost of this group of activities finished the year with a significant favourable variance compared to the budget as set out in the 2007/08 Annual Plan. At a project level, the significant variances contributing to this result are outlined below:

Taneatua landfill capping

The main variance to capital budgets was the deletion of the capping work at the Taneatua landfill from the programme. Further investigation of the existing capping and subsequent negotiation with Environment BOP resulted in agreement that further capping was of minimal environmental benefit. This saved potentially up to \$420,000 based upon tenders received for capping of the entire site to the original consent specification.



Council provides weekly refuse and recycling collection in various areas of the District

PROMOTION AND ECONOMIC DEVELOPMENT

WHAT WE DO AND WHY WE DO IT

This group of activities is undertaken to provide a framework for the sustainable growth and development of the District. These activities aim to attract businesses and people to the District and to support the growth and development of existing businesses within the District.

The Council is a member of the Eastern Bay of Plenty Regional Economic Development Agency (Toi-EDA). The Agency is an association of Eastern Bay of Plenty territorial authorities and the Mataatua iwi Forum and was formed to develop and implement a regional development strategy.

In 2008 the Council merged the activities of the Eastern Bay of Plenty Development Board with Toi-EDA who now provide governance and management for the promotion and development activity which includes economic development, marketing and visitor services. These activities include print and TV advertising, editorial promotions, visitor guides, trade shows and managing government contracts for business management training.

The activities undertaken within this group include:

Promotion and economic development

The Council undertakes this activity because of public demand for Council to take a leadership role.

Visitor information

The Council undertakes this activity because of public demand to represent and promote tourism and business operators, and encourage tourism and business activity.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Prosperous Economy



Diverse, Creative & Active Community

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY?

There were no significant negative effects on the four wellbeings that occur as a result of providing these activities. However, the Council will monitor the course of these activities, and respond to any negative effects that may arise.

Promotion and Economic Development

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Attract more people to visit and live in the District.	Increase in visitor numbers.	5% increase on previous year.	Achieved - 14% increase in visitor numbers on previous year.	😊
Grow existing events.	Results measured by economic impact analysis.	>Two per year.	Achieved - 3	😊
Support existing businesses and encourage strengthening and expansion.	Enterprise Training Programme provided throughout the Eastern Bay of Plenty.	>200 businesses.	Achieved - 231 businesses.	😊
	Provide BIZ enquiry assistance.	>40 enquiries monthly	Achieved - 50 per month.	😊
	Facilitate mentor matches for the Business in the Community Mentor Programme.	>15	Not achieved - There has been a decrease in demand for this service as needs are being met through the Enterprise Training Programme.	😞
Grow website use by increased participation and linkage.	Increase in website use.	>3500 visitors per month	Achieved - 11,500 visits per month.	😊
Ensure quality customer communication, consultation and service provided at the Visitor Information Centre.	% Satisfaction with the quality of information provided from Information Centre.	>85%	Achieved - 90% satisfaction.	😊
The Visitor Information Centre is available when it is needed.	Provide access to visitor information 24 hours a day, seven days a week.	364 day operation	Achieved - 364 days.	😊

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
Develop and implement the Eastern Bay of Plenty Development Board's economic development, marketing, events and communications plans (annually).	Economic development, marketing, events and communication plans developed and implemented. The Eastern Bay of Plenty Development Board merged with Toi-EDA during this financial year but has continued with the project.	\$145,000	\$147,089
Coordinate the production of marketing resources including a website (annually) website.	Marketing resources developed. Website regularly updated.	Budget included in project above.	
Deliver business management training and support.	Business management training and support delivered through BIZ, Enterprise Training Programme, and Business in the Community.	\$203,000	\$272,386
Provide visitor information services (annually).	Visitor Information Services continued to be provided over the 2007/08 year.	\$214,000	\$255,363

Promotion and Economic Development

WHAT DID THESE ACTIVITIES COST?

PROMOTION AND ECONOMIC DEVELOPMENT	2008	2008	VARIANCE FROM ANNUAL PLAN		
	ANNUAL PLAN \$000	ACTUAL \$000	\$000	%	
EXPENDITURE					
Promotion and Economic Development	601	603	(2)	0%	⊙
Visitor Information	285	334	(49)	(17%)	×
	<u>885</u>	<u>937</u>	<u>(51)</u>	<u>(6%)</u>	<u>⊙</u>
REVENUE					
Promotion and Economic Development	512	503	(9)	(2%)	⊙
Visitor Information	212	196	(16)	(8%)	⊙
	<u>724</u>	<u>699</u>	<u>(25)</u>	<u>(3%)</u>	<u>⊙</u>
Net Cost of Services	<u>162</u>	<u>238</u>	<u>(76)</u>	<u>(47%)</u>	<u>×</u>
Transfer from Surplus/Deficit	162	238	(76)	(47%)	
TOTAL COST OF SERVICES	<u>162</u>	<u>238</u>	<u>(76)</u>	<u>(47%)</u>	
FUNDED BY:					
Funding from Operational Reserves	162	238	(76)	(47%)	
	<u>162</u>	<u>238</u>	<u>(76)</u>	<u>(47%)</u>	

The following icons have been used to support the variances in the cost of service statements:

- ⊙ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% and \$20,000.
- ×

An explanation of the terms used in the cost of service statements is provided on page 109

HOW DID WE PERFORM AGAINST THE BUDGET?

Explanation of budget variances for operational income and expenditure

Overall, the actual operational cost of this group of activities finished the year with a significant unfavourable variance compared to the budget, as set out in the 2007/08 Annual Plan. The significant variances at an activity level are explained below:

Visitor information

The visitor information centre activity was overspent for the year. This variance relates to unbudgeted increases in staff and overhead costs.

Promotion and economic development

Although not considered significant the variance for promotion and economic development also contributed to the overall result. This included a reduction in income from the Enterprise Training Programme grant after the budget was set and unbudgeted expenses relating to Toi-Economic Development Agency.

Explanation of budget variances for capital expenditure

There were no significant asset acquisitions or replacements, and no significant variations between the Annual Plan 2007/08 projections of capital expenditure and the actual expenditure during the year.



The Visitor Information Centre provides visitor information 364 days of the year

ENVIRONMENTAL PLANNING

WHAT WE DO AND WHY WE DO IT

Within this group of activities, the Council:

- Is involved in resource management planning (development and monitoring of the District Plan and associated strategies and policy);
- Assesses the state of the environment;
- Processes resource consent applications to use, develop and subdivide land; and
- Monitors compliance with the conditions of consent to ensure effects on the environment are avoided, remedied or mitigated.

The activities undertaken within this group include:

Planning policy

The Council has a statutory obligation under the Resource Management Act 1991 to have a District Plan, through which natural and physical resources are sustainably managed. It includes objectives, policies and methods to enable future growth and development of the District whilst managing the environmental effects of activities. The Council has a statutory obligation to monitor the efficiency and effectiveness of its District Plan policies, rules and other methods.

Planning implementation and monitoring

The Council has a statutory obligation to implement the District Plan rules, and other methods in respect to the subdivision, use and development of land. It also has a statutory obligation to process and decide resource consent applications, and to monitor compliance with conditions of resource consents.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Clean Protected Environment



Environmentally Responsible Development








Prosperous Economy

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY?

Structured around the Resource Management Act 1991, these activities focus on protecting environmental wellbeing. Thus, adverse effects may arise on other wellbeings, particularly economic wellbeing. The need to avoid, remedy or mitigate adverse environmental effects of activities means that costs may be incurred in developing and using land or that an activity can not maximise the potential of the land.

The Council will monitor the effectiveness of its policies and the State of the Environment to ensure any necessary intervention is carried out in order to achieve the purpose of the Resource Management Act 1991.

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Planning policy supports growth.	Demographic and economic indicators are monitored and reported on.	By 30th September.	Achieved - Analysis of demographic and economic indicators has been undertaken, and reported to Council, through a number of work streams, including growth strategy work, community outcome reporting and community profile work.	
Decision making is fair, Council is consistent, and the policies and plans are reasonable and appropriate.	Statutory processes are followed to receive and hear submissions to proposals.	No judgement is made to substantiate a claim that the Council has failed to comply with statutory processes.	Achieved - No judgments were made by the Court that concluded the Council had failed to comply with statutory processes.	
Resource consent applications will be processed in a timely and effective manner.	Applications will be processed within the statutory timeframes under the Resource Management Act 1991.	100%	Not achieved - Land use 90% (162/180). Subdivision 78% (103/132). During the 2007/08 year the Council has built internal capacity in this area. This measure has also been reviewed through the LTCCP process and supporting mechanisms established to achieve set targets.	
Compliance with consent conditions will be monitored and enforced.	Land use consents (excluding consents to remove trees) granted in the previous financial year are monitored for compliance with conditions or consent by 30 June each year.	100% of consents.	Achieved - 100% (141) of consents were monitored (excluding consents to remove trees). In addition, 24 additional land use consents were monitored as a consequence of the timing of development.	
Ensure quality customer communication, consultation and service provided.	Customer perception surveys - feedback questionnaire for all applicants.	>75% of responses are satisfied overall.	Achieved - 7 responses received. 100% of responses were satisfied overall.	

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
Monitoring the environmental effects of the rural provisions of the proposed Whakatane District Plan.	Partially completed. Work started in 2007/08 on a review of rural residential provisions of the Proposed Whakatane District Plan. Further work will be undertaken in 2008/09.	\$50,000	\$28,494
Undertake natural hazard planning.	Not completed. While initial scoping work was started, this project has been deferred to 2008/09.	\$66,000	\$0
Coastal hazards plan change.	Underway. Variation 6 - Coastal Hazards - to the Proposed Whakatane District Plan was notified. The submission process is currently underway and will be completed in 2008/09.	\$40,000	\$21,550
Industrial Growth Strategy (Implementation).	Underway. Work on the industrial growth strategy has indicated a need to work closely with Kawerau District Council to consider finding suitable land on the borders of Kawerau District.	\$30,000	\$20,027
Residential Growth Strategy (Implementation).	Underway. Areas of potential residential growth have been considered and constraints identified. Further work is required to integrate this with other relevant growth strategies.	\$43,000	\$22,918
Retail Strategy (Implementation).	The conclusions of the Retail Strategy were reviewed and included as part of a wider strategy covering residential, industrial and retail sectors. The Strategy known as "Future Whakatane" looks at growth in Whakatane and Ohope over the next 10, 25 and 40 years.	\$21,000	\$21,000
Notify a new financial contributions policy (Variation 9).	This work has been combined into a review of the Development Contributions Policy. This work is underway and will be completed in 2008/09.	\$10,000	Nil
Conduct organisational and operational reviews of its resource consent activity, and where appropriate, initiate changes to ensure that future business practices match or exceed industry best practice.	Organisational and operational reviews completed, implementation of action plans ongoing.	Operating cost	

WHAT DID THESE ACTIVITIES COST?

ENVIRONMENTAL PLANNING	2008 Annual Plan	2008 Actual	Variance from Annual Plan		
	\$000	\$000	%000	%	
EXPENDITURE					
Monitoring and Implementation	1,002	1,445	(443)	(44%)	x
Planning Policy	571	720	(149)	(26%)	x
	<u>1,573</u>	<u>2,165</u>	<u>(592)</u>	<u>(38%)</u>	x
REVENUE					
Monitoring and Implementation	929	1,203	274	29%	☑
Planning Policy	363	360	(3)	(1%)	⊙
	<u>1,292</u>	<u>1,563</u>	<u>(271)</u>	<u>21%</u>	x
Net Cost of Services	<u>281</u>	<u>602</u>	<u>(321)</u>	<u>(114%)</u>	x
Transfer from Surplus/Deficit	281	602	(321)	(114%)	
TOTAL COST OF SERVICES	<u>281</u>	<u>602</u>	<u>(321)</u>	<u>(114%)</u>	
FUNDED BY:					
Funding from Operational Reserves	281	602	(321)	(114%)	
	<u>281</u>	<u>602</u>	<u>(321)</u>	<u>(114%)</u>	

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HOW DID WE PERFORM AGAINST THE BUDGET?

Explanation of budget variances for operational income and expenditure

Overall, the actual operational cost of this group of activities finished the year with a significant unfavourable variance compared to the budget, as set out in the 2007/08 Annual Plan. The significant variances at an activity level are explained below:

Planning policy

This activity ended the year over budget compared to the 2007/08 Annual Plan. This was a result of the legal and consultancy costs associated with appeals at Environment Court. These costs are very difficult to budget for as all efforts are made to negotiate resolutions to appeals outside of Environment Court, with the Court only becoming an option where a resolution can not be achieved.

Planning implementation and monitoring

Expenditure was higher than budgeted for under this activity. This was partially due to increased recoverable expenses which were subsequently offset by increased income generated from recoveries through fees and charges. Over the course of the year staff levels were increased, building internal capacity to meet demand and reduce reliance on consultants. Other costs contributing to this variance included unbudgeted court costs and increased legal expenses.

Explanation of budget variances for capital expenditure

There were no significant asset acquisitions or replacements, and no significant variations between the Annual Plan 2007/08 projections of capital expenditure and the actual expenditure during the year for these activities.

ENVIRONMENTAL CONTROLS

WHAT WE DO AND WHY WE DO IT

Within this group of activities, the Council:

- Processes building consents and inspects building work for compliance with the New Zealand building code. Building warrants of fitness covering specialist safety systems in buildings are monitored and an advisory service is provided;
- Issues liquor licences and monitors the use of these licences. Information and advisory services are provided; and
- Issues licences to all registered premises (food, camping grounds, hairdressers, mortuaries, offensive trades) and monitors those who hold licences. Investigation and monitoring of private water supplies, environmental noise and contaminated land is also carried out. An advocacy, advisory and complaints service is provided.

The activities undertaken within this group include:

Building inspection

The Council's statutory responsibilities for buildings are detailed in the Building Act 2004 and its regulations. Through consenting and monitoring processes the Council is charged with the responsibility of ensuring that buildings are safely constructed and are safe to use. The Council also has an educational and advisory role to those involved in the building industry.

Licensing (liquor and gambling)

The Council has a statutory obligation to undertake this activity. Under the provisions of the Sale of Liquor Act 1989 the Council takes on the role of the District Licensing Agency. The Gambling Act requires the Council to develop and administer policies for Class four Venues (Gaming machine venues excluding casinos) and Board Venues (TABs).

Environmental health

The Council has a statutory obligation to undertake this activity. The Council's authority comes from the Health Act 1956, the Food Act 1981 and associated regulations and bylaws.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Safe Caring Community



Healthy People & Quality Housing

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY?

There were no significant negative effects on the four wellbeings that occur as a result of providing these activities. However, the Council will monitor the course of these activities, and respond to any negative effects that may arise.

Environmental Controls

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Building consent applications will be processed in a timely and effective manner.	Building consent applications not requiring additional information are processed within 18 days.	95% of the time.	Not achieved - 90% of building consents were processed within the 18 day period. During the 2007/08 year the Council has built internal capacity in this area. The measure has also been reviewed through the LTCCP process and supporting mechanisms established to achieve set targets.	☹
Council is acting legally in administration of the laws.	Determination decisions from the Department of Building and Housing support the Council's decisions.	100% of the time.	Achieved - 100% (2 applications).	☺
Audit of swimming pools listed on Council's register on a three year cycle.	Number of pools inspected where: a) Pool fencing complies with the Fencing of Swimming Pools Act b) Pools comply with the New Zealand building code c) Enforcement actions are implemented against non-complying owners.	a) 33% b) 33% c) 100% annually.	a) Not achieved - 13 of 180 pools inspected (7%). b) Achieved - 12 of 13 complied (92%). c) Not achieved - 1 of 2 not completed remedial works (50%).	☹
The Council consistently delivers an effective and efficient building control service.	Council building control systems, processes and procedures satisfy the requirements of AS/NZS17020 or other approved Quality Standard.	100% of the time.	Achieved - The Council was accredited by International Accreditation New Zealand and registered as a Building Consent Authority by the Department of Building and Housing.	☺
Licensing registration applications will be processed in a timely and effective manner.	Number of new and renewed manager's certificates issued within one month of receipt.	>90%	Not achieved - 145 of 164 (87%). Applications from applicants who did not hold the License Controller Qualification (LCQ) resulting in applications being placed on hold was the reason for non-compliance.	☹
	Number of new and renewed On-Off- and Club licenses issued within three months of receipt.	>90%	Achieved - 32 of 34 (94%)	☺
Carry out inspections of all licensed premises and accurately record results.	Inspections completed by 1 December annually.	Completed by 1 December	Achieved - all inspections completed within target timeframe.	☺
Compliance with appropriate legislation for all businesses required to be registered under the Food Hygiene Regulations 1974 and the Food Act 1981, the Camping Ground Regulations 1985, and the Health (Hairdressers) Regulations 1980.	Number of premises compliant.	100% annually.	Achieved - 100%. By 1 December 2007, 233 premises had been inspected. 34 of the 233 (14.6%) premises were subject to requisition and further inspections were required during the latter half of the financial year in order to establish compliance and registration.	☺
	Enforcement actions are implemented against non-complying building owners.	100% annually.	Achieved - Requisitions were served against 34 of 233 premises. No formal court proceedings were instigated as compliance was achieved.	☺
Compliance of public and school swimming pools with the New Zealand Standard for Public Pools.	Number of public and school pools compliant annually, or with a development programme in place.	100% annually.	Not achieved - 5 of 30 premises (16.7%) with swimming pools were inspected for compliance with pool water quality criteria in 2007/08 year. Staff resources are being focussed onto this target to achieve it in the coming year.	☹
Council is proactive in re-licensing premises.	Licensees advised on licence renewals three months prior to licence expiry.	100% of the time.	Achieved - 100%	☺

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS DID WE MAKE ON OUR PROJECTS?

PROJECT	PROGRESS
<p>Register as a Building Consent Authority no later than 30 November 2007 (cost to gain accreditation in 2007/08 is \$55,000).</p>	<p>This project has been completed with the Council registering as a building consent authority on 25 April 2008.</p>
<p>Implement a quality assurance programme that satisfies the requirements of AS/NZS 17020: 2000 (or other alternative quality system approved by the Department of Building and Housing); continue to proactively work with other departments, customers and agencies; audit 10% of all consents. Continuing to monitor the Weathertight Homes Resolution Service's adjudication decisions and adjust its operating processes and procedures to reflect best practice and any changes in statutory liability exposure that arise as a consequence of the decisions (ongoing).</p>	<p>The Council was accredited by International Accreditation New Zealand against the Building (Accreditation of Building Consent Authorities) Regulations 2006 on 16 April 2008.</p>
<p>The completion of an Alcohol Strategy in 2006/07 may lead to the development of Sale of Liquor Policies.</p>	<p>The Alcohol Strategy was approved by Council on 29 August 2007. The Alcohol Policy is being prepared for public submission in the 2008-09 financial year.</p>
<p>Work in partnership with clubs to raise awareness of responsible drinking; monitor the social and economic impact of gambling and sale of liquor on the community (ongoing).</p>	<p>Inspections of licensed clubs together with processing of renewals of on-licences and the issuing of new and renewed manager's certificates is the foundation for working in partnership with licensed Clubs to raise and monitor awareness of responsible drinking. Work on identifying social and economic indicators associated with gambling and sale of liquor will be carried out in the 2008-09 financial year as part of developing the Alcohol Policy. Once identified, the indicators will be monitored in subsequent years.</p>
<p>Continue to facilitate provision of food safety courses to members of the community (ongoing).</p>	<p>40 people have successfully completed a one-day training course in food safety since October 2007.</p>
<p>The Health (Drinking Water Amendment) Bill 2006 proposes amendments to the Health Act 1956 and to strengthen provisions relating to the delivery of safe drinking-water. The future role of the Council in monitoring of private community water supplies is uncertain. The Council will continue to monitor the progress and content of the Bill and respond accordingly (ongoing).</p>	<p>The Health (Drinking Water) Amendment Act 2007 introduced changes to the Health Act to recognize the New Zealand Drinking Water Standards. Council staff will be involved in establishing compliance with these standards for private individual water supplies. Private small community water supplies serving between 100 and 5000 people will be monitored by the Ministry of Health.</p>
<p>Develop and maintain strong relationships with owners of known contaminated sites; monitor land use activities on contaminated sites in conjunction with the Bay of Plenty Regional Council; monitor national and international research on contaminated site remediation methodologies (ongoing)</p>	<p>The Resource Management Amendment Act 2005 clarified that regional councils had the legislative responsibility to investigate, identify, and monitor contaminated land. The Whakatane District Council's role has been reduced accordingly. Applications for resource consents on known contaminated sites are assessed against the information held by the Council including active and draft contaminated site management plans.</p>

Environmental Controls

WHAT DID THESE ACTIVITIES COST?

ENVIRONMENTAL CONTROLS	2008	2008	VARIANCE FROM ANNUAL PLAN		
	ANNUAL PLAN \$000	ACTUAL \$000	\$000	%	
EXPENDITURE					
Licensing (Liquor/Gambling)	75	83	(8)	(11%)	⊙
Building Inspection	1,127	1,566	(438)	(39%)	×
Environmental Health	230	259	(29)	(13%)	×
	1,432	1,908	(476)	(33%)	×
REVENUE					
Licensing (Liquor/Gambling)	74	59	(14)	(19%)	⊙
Building Inspection	1,045	1,356	311	30%	☑
Environmental Health	171	172	1	1%	⊙
	1,289	1,587	298	23%	☑
Net Cost of Services	142	320	(178)	(125%)	×
Transfer from Surplus/Deficit	142	320	(178)	(125%)	
TOTAL COST OF SERVICES	142	320	(178)	(125%)	
FUNDED BY:					
Funding from Operational Reserves	142	320	(178)	(125%)	
	142	320	(178)	(125%)	

The following icons have been used to support the variances in the cost of service statements:

- ⊙ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% and \$20,000.
- ×

An explanation of the terms used in the cost of service statements is provided on page 115

HOW DID WE PERFORM AGAINST THE BUDGET?

Explanation of budget variances for operational income and expenditure

Overall, the actual operational cost of this group of activities finished the year with a significant unfavourable variance compared to the budget, as set out in the 2007/08 Annual Plan. The significant variances at an activity level are explained below:

Building inspection

This activity was over spent for the year. A large proportion of this related to increased recoverable expenses which were partially offset by increased income generated from those recoveries through fees and charges. Other costs that were not fully budgeted for and contributing to this variance included legal expenses, vehicle costs, overheads, and the use of contractors to meet demand for services.

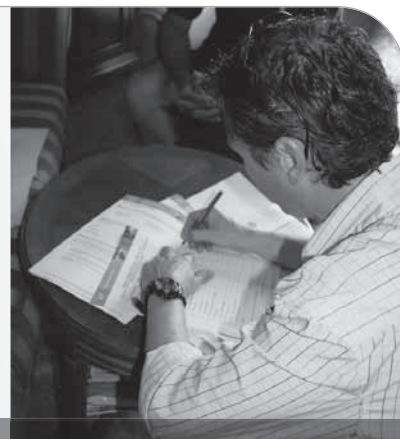
Environmental Health

This activity was overspent for the year. This related to increased depreciation and overhead costs.

Explanation of budget variances for capital expenditure

There were no significant asset acquisitions or replacements, and no significant variations between the Annual Plan 2007/08 projections of capital expenditure and the actual expenditure during the year.

Council's building inspectors ensure that consents comply with the New Zealand Building code



LIBRARIES AND MUSEUM

WHAT WE DO AND WHY WE DO IT

Within this group of activities, the Council provides libraries, located in Whakatane, Murupara, Edgecumbe and Ohope that provide a collection of print, audio, visual, full text online databases and internet access. The Council also provides a Museum & Gallery that accommodates a collection, displays, and genealogical and general archival research. The gallery offers communal space for a changing range of arts and crafts. Activities include acquisition and collection management, developing and maintaining archives, public programmes and provision of information. The activities within this group include:

Library services

The Council provides this service because of public advocacy and demand, and endorses the educational, leisure and community value of libraries. Many individuals cannot afford to buy books and source other information and recreational material. Nationally, the most widely used format is council ownership.

Museum & Gallery

The Council is the local organisation currently in the best position to provide these services. The Council responds to public advocacy and demand, and endorses the educational, leisure and community value of these facilities. The Council provides guardianship and stewardship of local and national treasures including taonga on behalf of the entire community.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Education & Training
Opportunities For All












Diverse, Creative &
Active Community

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY?

There are no significant negative effects resulting from participation in these activities. However, for the effective delivery of these services there are rules and regulations that some people may see as restrictive to their social wellbeing. If any such negative impacts are identified, the Council will seek to address them.

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
The Museum & Gallery will comply with national standards for the management of the facility.	Overall standard achieved against the National Services Standards Scheme.	>70% of criteria met for 2006/2009.	Not achieved - The Museum & Gallery is participating in ongoing communications with Te Papa National Services. Targets will be informed by new policy developments over next 3 years.	
Information from the Museum is able to be retrieved in a timely way.	Number of complaints about retrieval of information.	<30	Achieved - 1 complaint received.	
An environment is created for people to experience the collections in a way that is relevant for them.	% of users are satisfied about their experience at the Museum & Gallery.	>75%	Achieved - 98.7% Positive response to Gallery.	
Level of appeal of the collections.	Number of Museum & Gallery admissions.	>14,500	Not achieved - 10,322 admissions, this represents approximately 30% of the Whakatane District and is nevertheless a good return compared with population. This target has been reviewed and supporting mechanisms established through the LTCCP process.	
	% of users think that the Museum & Gallery collections are relevant and high quality.	>75%	Achieved - 96.2% Positive response to Museum.	
The District Libraries provide a wide range of educational information, and recreational and cultural enrichment opportunities.	% of population holding membership.	>45%	Not achieved - 44% of population holding membership. Result partially due to a cleanup of borrower records that have been inactive to >2 yrs.	
	Library visits per capita (including electronic visits to the Library's website).	4 in 2007/08	Achieved - 4 visits per capita in 2007/08.	
	Number of issues per capita.	>8	Not achieved - 7 issues per capita in 2007/08.	
The quality and relevance of library stock.	Rate of purchase of library items (2004/05 is approximately 8.3%).	>9%	Achieved - The rate of purchase of library items in period was 11.3%.	
	Average age of the collection (2004/05 is 9.96 years).	<9 years	Achieved - Average age of collection is 6 years.	

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
Explore more grant funding from sources such as the Ministry of Education (ongoing).	As part of the Arts and Culture Development Plan Stage 1 approved by council in 2007/08, funding sources were researched & customer interviews conducted. Economic modelling will follow as part of stage 2 in 2008/09.	See Arts and Culture Development Plan Stage 1.	
Develop business information support service; make qualified staff available at all libraries; develop homework learning programme support; develop information technology; investigate improving sharing of services with other libraries; strengthen partnerships with businesses and education to develop shared services (ongoing).	The Arts and Culture Strategic Plan was developed in 2007/08 and approved by Council. The plan is being implemented and progresses the activities listed.	Operating cost.	
Arts and Culture Development Plan Stage 1.	The Arts and Culture Development Plan Stage 1, was advanced from 2008/09 to 2007/08. Council approved stage 1 report and agreed to proceed with stage 2 of the Arts and Culture Centre.	\$0 (\$151,000 advanced from 2008/09 to 2007/08)	\$52,378
Arts and Culture Information & Collections Management.	Arts and Culture Information and Collections Management project, was advanced from 2008/09 to 2007/08. Project initiated and continues to be reported against monthly.	\$0 (\$233,000 advanced from 2008/09 to 2007/08)	\$142,500

Libraries and Museum

WHAT DID THESE ACTIVITIES COST?

LIBRARIES AND MUSEUMS	2008	2008	VARIANCE FROM ANNUAL PLAN		
	ANNUAL PLAN \$000	ACTUAL \$000	\$000	%	
EXPENDITURE					
Library Services	1,029	1,165	(136)	(13%)	×
Museum and Gallery	470	594	(124)	(26%)	×
	<u>1,499</u>	<u>1,759</u>	<u>(260)</u>	<u>(17%)</u>	×
REVENUE					
Library Services	1,152	1,073	(78)	(7%)	⊙
Museum and Gallery	309	310	1	0%	⊙
	<u>1,460</u>	<u>1,383</u>	<u>(77)</u>	<u>(5%)</u>	⊙
Net Cost of Services	<u>38</u>	<u>376</u>	<u>(338)</u>	<u>877%</u>	×
Transfer from Surplus/Deficit	38	376	(338)	(877%)	
Capital Expenditure	212	91	121	57%	☑
Payments to Reserves	162	122	40	25%	
TOTAL COST OF SERVICES	<u>413</u>	<u>589</u>	<u>(176)</u>	<u>(43%)</u>	
FUNDED BY:					
Non Funded Depreciation	24	24	-	0%	
Funding from Depreciation Reserves	102	91	11	11%	
Funding from Operational Reserves	286	474	(188)	(65%)	
	<u>413</u>	<u>589</u>	<u>(176)</u>	<u>(43%)</u>	

The following icons have been used to support the variances in the cost of service statements:

- ⊙ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% and \$20,000.
- ×

An explanation of the terms used in the cost of service statements is provided on page 115

HOW DID WE PERFORM AGAINST THE BUDGET?

Explanation of budget variances for operational income and expenditure

Overall, the actual operational cost of this group of activities finished the year with a significant unfavourable variance compared to the budget, as set out in the 2007/08 Annual Plan. The significant variances at an activity level are explained below:

Library Services/Museum and Gallery

These activities were both significantly overspent for the year. This was due to expensing of asset management plans as well as increased salary costs resulting from the organisational restructure undertaken in the year.

Explanation of budget variances for capital expenditure

Overall, the actual capital cost of this group of activities finished the year with a significant favourable variance compared to the budget as set out in the 2007/08 Annual Plan. At a project level, the significant variances contributing to this result are outlined below:

Libraries collection renewal

The Libraries Mixed Collection Renewal is an ongoing project and had a favourable variance for the year.

Vernon museum system

The Vernon Museum System had a favourable variance of 100%. Due to delays with the implementation the project was \$25,800 under spent.

Arts and culture centre stage 1

The Arts and Culture Centre Stage 1 was under spent. This was due to savings achieved in preparing reports for Council and delays in temporarily relocating the Council Archives.

The District's Libraries provide a wide range of educational information and activities



RECREATION AND COMMUNITY FACILITIES

WHAT WE DO AND WHY WE DO IT

Within this group of activities, the Council provides:

- A range of programmes and supports regional initiatives which encourage active living;
- Halls, public conveniences, pensioner housing and “other” community use property that includes sports pavilions, the Youth Centre and the Rugby Park grandstand, harbour land, and commercial properties;
- Strategic and investment property that is managed by the Council to provide an acceptable financial return or community advantage;
- Harbour lease property including harbour land and commercial properties; and
- Port activities include leasing, harbour operational activities, asset management activities and maritime services activities.

The activities undertaken within this group include:

Recreation and swimming pools

The Council undertakes these activities because of public advocacy and demand. Recreation facilities contribute to the health and vitality of the District by enhancing individual health and well being, including personal development and quality of life, increasing social cohesion and people’s sense of belonging and promoting healthy communities. Recreation facilities also attract visitors and therefore provide economic benefits to the District, enhancing the District’s environment.

Whakatane wharf provides the community with safe access to the river and coastal waters



Halls

The Council provides and administers urban and community based halls in consideration of public advocacy and demand. The halls are community facilities that provide public venues for recreational, cultural and social purposes. Council-owned halls are located in Whakatane, Edgecumbe, Murupara, Ohope, Manawahe, Galatea, Te Teko, Waimana, Otakiri, Awakeri and Taneatua.

Public conveniences

Provision of public conveniences is a statutory responsibility. The Council provides public convenience facilities in strategic locations throughout the District.

Pensioner housing

The Council contributes to the stock of rental accommodation for the District’s pensioners in consideration of public advocacy and demand. The accommodation owned provides an affordable, safe and well maintained independent living environment for the elderly in Whakatane and Murupara.

Recreation and Community Facilities

Strategic and investment property

The Council holds strategic and investment property to provide an acceptable financial return or community advantage to the Council.

Harbour lease properties

Part of the Council's property portfolio is the harbour lease properties which are either sited on reclaimed land or land purchased using harbour generated funds.

Ports

The Council undertakes this activity in consideration of public advocacy and demand as well as statutory responsibilities. Port facilities include wharves, jetties, launching ramps and navigational aids at Whakatane and a wharf, slipway and launching ramp at Ohiwa Harbour and a launching ramp and jetty at Thornton. These facilities provide commercial berthage and access to the sea for recreational fishing. The port income supports waterfront enhancement development and navigational channel maintenance at Whakatane.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Healthy People &
Quality Housing



High-Quality Affordable
Infrastructure



Diverse, Creative &
Active Community



Prosperous Economy

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY?

The provision of land for recreational use forfeits more productive uses for that land, thus adversely affecting the economic wellbeing of the community. During 2006/07 there were no known significant negative effects on the four wellbeings.

Council as the landlord of property may from time to time be notified of dangerous, hazardous or illegal activity on its property, which may impact on the social, cultural and environmental wellbeing of the community. If the Council becomes aware of any undesirable activity these are addressed urgently.

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Provide quality recreation and community facilities that are compliant with all statutory and regulatory requirements in addition to all Council policies, procedures and standards.	Number of resource consent infringement or abatement notices received from the regional council.	0	Achieved - No enforcement notices have been received this year.	☺
	Playgrounds built and maintained in accordance with New Zealand Playground safety standard NZAS 1487 2001.	100%	Not Achieved - 81% of maintenance works identified by playground safety audit under NZS 5828:2004 were remedied in 2007/08. Remaining works will be addressed in early 2008/09.	☹
	Swimming pool water tests will be compliant with NZS 5826 1998.	95% of the time.	Achieved - 95% of tests for Whakatane Aquatic Centre complied with NZS 5826:2000. target was not achieved for Murupara as results were not available.	☺
Sufficient recreation facilities to meet community demand.	One playground per 1,000 people (on Council owned land and in accordance with Council policy for the provision of playgrounds in rural areas where there is no Council owned land).	100%	Achieved - 35 Playgrounds are provided or contributed to (34.5 playgrounds are required to meet this target).	☺
	Number of regional skate parks and regional playgrounds for children of all abilities.	1 regional playground and one regional skate park.	Achieved - One Regional Playground & Skate Park.	☺
Affordable pensioner housing provided to people who meet the Whakatane District Council eligibility criteria.	Pensioner housing is kept to a standard of repair that is in keeping with the Whakatane District Council Property Standards.	90% of the time.	Achieved - 95% of components in pensioner units are assessed in average condition or higher. It is acknowledged that condition data requires updating and a programme has been put in place to do so beginning in 2008/09.	☺
	Number of units overdue for refurbishment based on seven year cycle or between tenancies.	<15% at any one time.	Not achieved - Unable to measure. A system has been developed to enable reporting in the new Asset Management Plan and will be employed following adoption of the LTCCP 2009-19.	☹
	Number of qualifying applications wait-listed.	<20 (12 month average).	Achieved - 12 month average for 2007/08 is 5.5 wait listed applications.	☺
	Occupancy rate.	95% at any one time.	Achieved - Occupancy rate is 98.4% averaged over the year.	☺
	Number or units provided per capita.	One unit per 50 people over 65 years.	Not Achieved - 79 units are provided where the current target is 90 units based on inter-censal estimates. This measure has been reviewed through the LTCCP process and supporting mechanisms established to achieve set targets.	☹
	% of tenants with payment arrears (of \$100 or more).	3.5 % or less.	Not Achieved - The average for the year is 5.6%. This measure has been reviewed through the LTCCP process and supporting mechanisms established to achieve set targets.	☹

This table continues onto the next page

Recreation and Community Facilities

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Adequate public conveniences will be provided where the community need them.	Number of public conveniences located in each major recreational area, each town centre and each main beach location.	At least one.	Not achieved - Unable to measure. A system has been developed to enable reporting in the new Asset Management Plan and will be employed following adoption of the LTCCP 2009-19.	
	Cold showers and fresh water drinking facilities will be provided in association with public conveniences on major recreational areas or beach reserves.	50% by 2008.	Not achieved - Unable to measure. A system has been developed to enable reporting in the new Asset Management Plan and will be employed following adoption of the LTCCP 2009-19 (5 water fountains installed 2006/07, 4 planned for 08/09).	
Buildings and associated facilities support disabled access requirements.	Buildings with disabled access in accordance with national standards including parking, entry, toilet and other facilities by 2016.	50% by 2008	Achieved - 51% of buildings comply.	
Property is well maintained.	Proportion of assets (by replacement cost value) in a moderate, good or very good condition.	80% (90% for indoor recreation and park facilities).	Achieved - 98% of assets (also 98% for indoor park and recreation facilities) are in moderate or better condition. It is acknowledged that condition data requires updating and a programme has been put in place to do so beginning in 2008/09.	
	Works identified actioned.	Within seven days.	Not Achieved - 99% of requests for service were actioned within 7 days (518 out of 522).	
	Health and safety works actioned.	Within 24 hours.	Achieved - 100% of health & safety Requests For Service were actioned within 24 hours.	
The facilities provided to the community will provide safe access to rivers and coastal water within the general vicinity of the Whakatane CBD, Ohiwa Harbour and Thornton domain for boat launching and berthage/ mooring (Whakatane and Ohiwa only).	Boat ramp lanes provided in each community located within 5 km of the sea.	One lane per 3500 people.	Whakatane: Not achieved - 4 lanes provided (target 4.3); Thornton / Matata: Achieved - 5 lanes provided (target 1.3); Ohope: Achieved - 2 lanes provided (target 0.9).	
All port operations will be managed in a safe and environmentally friendly manner.	Manage and operate the port amenities and equipment with a minimum number of environmentally related complaints.	< Five.	Achieved - No environmentally related complaints have been received this year.	

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
Refurbishment and renewal works at the Whakatane War Memorial Hall.	This work involved an upgrade to ventilation equipment, minor paint works, stove replacement and an upgrade of lighting in the Stadium.	\$41,000	\$34,356
Second year of a two year project to improve the housing standard provided for existing Pensioner Housing units.	Stage two of this project involved security upgrades to all of the Councils pensioner units (Items included door hardware, window stays, security doors and lighting). Car parking improvements at the Lovelock Court units were also completed.	\$84,378 (Including carry forward of unspent budget from 2006/07, the revised budget for this project was \$168,172).	\$137,605
Whakatane River Quay St. to Wairere Stream wharf extension.	This item was reported to the Council and a decision on options was deferred pending more consultation.	\$796,537 (Including carry forward of unspent budget from 2006/07, the revised budget for this project was \$864,534).	\$25,471
Whakatane River Quay St. Central Wharf extension.	This item was reported to the Council and a decision on options was deferred pending more consultation.	\$900,000	\$6,234
Refurbish main wharf.	This item has been deferred pending confirmation of final report on works programme.	\$684,000	\$2,270
Development of the Heads Reserve.	The Council adopted a draft plan for public consultation for the upgrade of the Heads Reserve, physical works have been deferred to 2008/09.	\$253,000	\$22,262
Establish new swimming area at the Whakatane Heads.	Resource consent was granted for this work however the project has been deferred pending further consultation with the community.	\$80,000	\$9,867
Waka Shelter Extension.	The Waka Shelter located at Mataatua Reserve was extended to accommodate the Hinemoana Waka.	\$43,000	\$18,614
Thornton Boat Ramp - Stage II.	Stage two of the Thornton Boat ramp upgrade included improvements to the northern ring road and landscaping of the reserve adjacent to the Thornton boat ramp and wharf area.	\$74,633	\$82,352

Recreation and Community Facilities

WHAT DID THESE ACTIVITIES COST ?

RECREATIONAL AND COMMUNITY SERVICES	2008	2008	VARIANCE FROM ANNUAL PLAN		
	ANNUAL PLAN \$000	ACTUAL \$000	\$000	%	
EXPENDITURE					
Recreational	84	171	(88)	(105%)	x
Swimming Pools	743	798	(56)	(7%)	⊙
Halls	706	735	(29)	(4%)	⊙
Public Conveniences	510	490	20	4%	⊙
Pensioner Housing	262	309	(47)	(18%)	x
Strategic and Investment Prop	286	362	(77)	(27%)	x
Port	839	1,047	(207)	(25%)	x
Harbour Leases	129	140	(10)	(8%)	⊙
	3,558	4,052	(493)	(14%)	x
REVENUE					
Recreation	291	231	(60)	(21%)	x
Swimming Pools	713	794	81	11%	☑
Halls	476	414	(62)	(13%)	x
Public Conveniences	501	470	(31)	(6%)	⊙
Pensioner Housing	366	382	16	4%	⊙
Strategic and Investment Prop	252	169	(83)	(33%)	x
Port	116	136	20	17%	⊙
Harbour Leases	1,160	1,461	301	26%	☑
	3,875	4,055	180	5%	⊙
Net Cost of Services	(317)	(4)	(313)	(99)%	x
Transfer from Surplus/Deficit	(317)	(4)	(313)	(99)%	
Capital Expenditure	3,616	926	2,690	74%	☑
Loan Repayments	189	189	-	0%	
Payments to Reserves	1,499	2,262	(763)	(51%)	
TOTAL COST OF SERVICES	4,987	3,373	1,614	32%	
FUNDED BY:					
Non Funded Depreciation	152	152	-	0%	
Funding from Depreciation Reserves	160	201	(41)	(26%)	
Funding from Development Contributions	-	5	(5)		
Funding from Operational Reserves	4,674	3,010	1,665	36%	
Loans Raised	-	5	(5)		
	4,985	3,373	1,614	32%	

The following icons have been used to support the variances in the cost of service statements:

- ⊙ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% and \$20,000.
- x Negative variation of greater than 10% and \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 115

HOW DID WE PERFORM AGAINST THE BUDGET?

Explanation of budget variances for operational income and expenditure

Overall, the actual operational cost of this group of activities finished the year with a significant unfavourable variance compared to the budget, as set out in the 2007/08 Annual Plan. The significant variances at an activity level are explained below:

Recreation

The Recreation activity reported an unfavourable variance for the year resulting from expensing of the asset management plans.

Halls

The Hall activity reported a net unfavourable variance for the year. This variance was mainly due to expensing of asset management plans.

Pensioner Housing

Pensioner Housing reported a net unfavourable variance attributable mainly to increases in overheads and rates.

Strategic and Investment Property

Strategic and Investment Property reported a net unfavourable variance for the year. This variance related to Council decisions to provide non cash grants and to additional unbudgeted overhead costs.

Ports

Ports report a favourable income variance for the year which related mainly to increased berthage income. This position is offset by an unfavourable expenditure variance relating to under budgeted depreciation and overhead costs.

Harbour Leases

Harbour Leases report a favourable income variance. This was attributable to income from rent reviews that were not fully budgeted.

Explanation of budget variances for capital expenditure

Overall, the actual capital cost of this group of activities finished the year with a significant favourable variance compared to the budget as set out in the 2007/08 Annual Plan. At a project level, the significant variances contributing to this result are outlined below:

Whakatane River wharf extensions

The Whakatane River wharf extension projects to provide additional berthage in Whakatane were investigated to the concept and options stage. This included the Quay St. to Wairere Stream wharf extension and the Quay St. Central Wharf extension. After consideration of the proposal by the Council it was determined that more consultation was required with the Wairaka Community before the proposals could be developed further. These projects have been delayed pending the result of direct consultation.

Army Hall

The development of a concept plan and the acquisition costs for this site were deferred pending a Court decision on the future ownership. This decision has now been released and the Judge ruled that the Crown had erred in offering the property for purchase to the Whakatane District Council.

Swimming Area Upgrade – The Heads

This project to relocate or upgrade the natural swimming area at the Heads was deferred following concern from the Wairaka Community. The project will be carried forward to the 2008/09 year.

Eastern Infill – Main Wharf

This project involves decking the area between the eastern wharf and the river/harbour edge. It was the subject of a notified resource consent process. As at June 2008 the consent was yet to be granted by Environment Bay of Plenty.

Edgecumbe Domain Public toilet facilities

This project to replace the toilet facilities at the Edgecumbe Domain was delayed pending investigation of waste water disposal options. Additional budget was required to provide for a pump system and this has been allowed for in the 2008/09 financial year.

PARKS, RESERVES AND CEMETERIES

WHAT WE DO AND WHY WE DO IT

Within this group of activities, the Council:

- Provides, maintains, manages and develops parks, reserves and public gardens, sports fields, walking tracks; historic reserves, scenic reserves, coastal reserves, special collection/feature gardens, streetscapes and street trees; and
- Administers cemeteries at Hillcrest (Whakatane), Galatea/Murupara, Taneatua and Waimana.

The Council undertakes the activities within this group because of public advocacy, demand and legislative requirement. The activities undertaken within this group include:

Parks, reserves, gardens and sports fields

Active and passive reserves contribute to the health and vitality of the District by enhancing individual health and well being, including personal development and quality of life, increasing social cohesion and people's sense of belonging and promoting healthy communities. Recreation facilities also attract visitors and therefore provide economic benefits to the District, enhancing the District's environment.

Cemeteries

The provision of cemeteries by local authorities is provided for by the Burials and Cremations Act 1964.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Clean Protected Environment



Diverse, Creative & Active Community



Environmentally Responsible Development

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY

The provision of land for recreational use incurs the loss of that land for more productive uses, thus creating an adverse affect upon the economic wellbeing of the community. However this is balanced by the social and environmental benefits to the community of land set aside for recreational purposes. During 2007/08 there were no known significant negative effects on the four wellbeings.

Parks, Reserves and Cemeteries

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Parks, reserves and cemeteries compliant with all statutory and regulatory requirements, in addition to all Council policies, procedures and standards.	Number of resource consent infringement notices received from the regional council.	0	Achieved - No enforcement notice received.	
	Reserves managed in accordance with their designation under the Reserves Act 1977.	100% of the time.	Achieved - No complaints received regarding management of reserves in accordance with designation.	
Sports fields are provided to meet the needs of users.	Feedback indicates a high level of satisfaction.	80% satisfied.	Not achieved - Unable to report as user satisfaction surveys were developed in 2007/08. As yet, quantum of data not useful.	
Sports fields should be kept to a high standard by regular mowing, herbicide applications, and specialised turf grass treatments.	Compliance with the New Zealand Turf Grass Institute assessment of turf grass fields recommendations.	80% compliance.	Achieved - 100% compliance.	
Adequate sports grounds and reserves provided.	Active recreation space provided per 1000 persons.	1.5 hectares	Achieved - 1.6 ha of sportsfields & court space is provided per 1000 people.	
	Mowed open space provided per 1000 persons.	2.4 hectares	Achieved - 4.9 ha of mowed open space is provided per 1000 people.	
Assets are well maintained throughout all parks facilities to provide a high standard of appearance and functionality.	Proportion of assets (by replacement cost value) in a moderate, good or very good condition.	90%	Achieved - 97% of assets are in an average or better condition.	
Cemetery facilities and sexton services available at Hillcrest cemetery, Galatea, Taneatua, Waimana and Awakaponga.	Burial plots available.	Sufficient sites to meet 120 burials at any one time.	Achieved - 230 prepared cemetery plots available in Hillcrest cemetery alone. Total availability of space well in excess of target.	
	Interment services available (as per the Whakatane District Council Consolidated Bylaw).	Six days per week.	Achieved - Services are provided six days a week.	

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
West End – car park upgrade.	Project deferred until completion of flood mitigation works, rescheduled for early 2008/09.	\$35,000	\$0
West End Road acquisition of land to become reserve.	Provision for reserve land purchase in coastal areas in conjunction with subdivision works.	\$206,000	\$0
Anne Street/ Phillip/ Hoterini Beach access.	Itemized works were completed in conjunction with Pohutukawa Ave upgrades.	\$10,000	\$10,000
Whakatane Gardens pathway.	Staged works completed, remaining path work scheduled for 2008/09.	\$54,000	\$68,883
Warren Cole cycleway/ walkway.	Project deferred pending approval of subsidy from LTNZ. Works deferred to 2008/09.	\$76,000	\$4,646

Parks, Reserves and Cemeteries

WHAT DID THESE ACTIVITIES COST?

PARKS, RESERVES AND CEMETERIES	ANNUAL PLAN	2008 ACTUAL	VARIANCE FROM ANNUAL PLAN		
	\$000	\$000	\$000	%	
EXPENDITURE					
Parks reserves and gardens	1,958	2,331	(373)	(19%)	x
Sportsfields	253	268	(15)	(6%)	⊙
Cemeteries & crematoria	305	246	59	19%	☑
	2,516	2,845	(271)	(11%)	x
REVENUE					
Parks reserves and gardens	2,193	2,616	423	19%	☑
Sportsfields	237	204	(34)	(14%)	x
Cemeteries & crematoria	301	172	(129)	(43%)	x
	2,732	2,992	261	10%	⊙
Net Cost of Services	(216)	(147)	(69)	(32%)	x
Transfer from surplus/deficit	(216)	(147)	(69)	(32%)	
Capital expenditure	465	326	138	30%	☑
Loan repayments	62	62	-	0%	
Payments to reserves	339	1,275	(936)	(276%)	
TOTAL COST OF SERVICES	650	1,517	(827)	(133%)	
FUNDED BY:					
Non funded depreciation	101	101	-	0%	
Funding from depreciation reserves	40	41	(1)	(3%)	
Funding from development contributions	458	-	458	100%	
Funding from operational reserves	50	1,229	(1,179)	(2,358%)	
Loans raised	-	146	(146)		
	650	1,517	(867)	(133%)	

The following icons have been used to support the variances in the cost of service statements:

- ⊙ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% and \$20,000.
- x Negative variation of greater than 10% and \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 115

HOW DID WE PERFORM AGAINST THE BUDGET?

Explanation of budget variances for operational income and expenditure

Overall, the actual operational cost of this group of activities finished the year with a significant favourable variance compared to the budget, as set out in the 2007/08 Annual Plan. The significant variances at an activity level are explained below:

Parks, Reserves and Gardens

This activity was overspent for the year. This was largely as a result of depreciation costs being higher than budgeted for. This occurred primarily as a result of Council's assets being re-valued in 2007, creating an increased depreciation charge. Increased overheads also contributed to this result.

There was a favourable income variance over the year in the Parks, Reserves and Gardens activity from income that was budgeted in Strategic Investment Property (under the Recreation and Community Facilities group) and Sports-fields but received here. As such there was a correlating unfavourable income variance in the Strategic and Investment Property and Sports-fields activity.

Cemeteries

The Cemeteries activity reports a net unfavourable variance for the year. This result is driven by under-recovered income since the crematorium was not completed. Operational expenditure and interest costs ran under budget for the same reason.

Explanation of budget variances for capital expenditure

Overall, the actual capital cost of this group of activities finished the year with a significant favourable variance compared to the budget as set out in the 2007/08 Annual Plan. At a project level, the significant variances contributing to this result are outlined below:

West End – car park upgrade (Whakaari Park)

This project was delayed pending completion of the Otarawairere Flood Mitigation works. It is anticipated that the project will be completed early in the 2008/09 financial year.

West End and Coastal acquisition of land to become reserve

This item enables for provision to purchase coastal land for reserve and access purposes in coastal localities in conjunction with private subdivisions and consents. None were purchased in 2007/08 however there are areas that are being sought in association with consents currently being processed. This allocation will be carried forward to 2008/09.

Hillcrest Crematorium

This development was delayed by the issue of Resource Consent and Council review of the design and corresponding budget. It is anticipated that the project will be completed in the 2008/09 financial year subject to tender approval by Council.

Matata Carpark and Reserve Upgrade

This item was deferred pending progress on the flood mitigation works in Matata. It relates to the development of carparking at Richmond Park and Graham Conn Reserve (beachfront area)

ENVIRONMENTAL PROTECTION

WHAT WE DO AND WHY WE DO IT

Within this group of activities, the Council:

- Administers Hazardous Substances and New Organisms (HASNO) legislation through responding to complaints and emergencies, and public education;
- Prepares and responds to rural fires, and trains the Rural Fire Crew. The Council also enforces rural fire legislation and promotes public awareness of fire danger, fire season opening and closing, and investigates causes of fires; and
- Responds to litter, rubbish, fire, long grass and abandoned vehicle complaints; removes obstructions from public places (e.g. overgrown trees on footpaths); licenses street stalls and considers applications for parades; prohibits urban fires during periods of high risk; removes illegally parked vehicles; educates the public to encourage compliance with legislation and bylaws.

The activities undertaken within this group include:

Hazardous substances

The Council is required under section 97 of the HASNO Act to enforce the provisions of the Act in public places and residential properties. The Council is involved in attendance, when notified, at incidents involving hazardous substances in an advisory capacity to the New Zealand Fire Service and the Police. As categories of dangerous goods are transferred to the Hazardous Substances and New Organisms Act 1996 regime, the Council's role in the licensing of premises will reduce.

Rural fire control

The Council has a statutory obligation with respect to Rural Fire Control. The Council provides a rural fire fighting service in accordance with the Rural Fires Act 1977 and under the guidance of the Forest and Rural Fire Regulations 2005.

General inspections

Bylaws have been developed generally in response to public demand to deal with issues of nuisance, public health and safety and offensive behaviour. The Council also has statutory obligations under the provisions of the Local Government Acts 1974 and 2002 and the Litter Act 1979.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Clean Protected
Environment



Safe Caring Community

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY?

There were no significant negative effects on the four wellbeings that occur as a result of providing these activities. However, a minor economic impact occurred due to an inability to fully recover all suppression costs for vegetation fires over the 2007/08 financial year. The Council will continue to monitor the course of these activities, and respond to any negative effects that may arise.

Environmental Protection

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
The public is aware of how to dispose of hazardous substances.	A public education programme is developed and implemented.	100%	Not achieved - The Council helps implement, rather than develop, the Hazmobile programme for the collection of domestic waste.	
Public safety and comfort is protected from hazardous substances and rural fires.	Emergency response is initiated for hazardous substances.	Within one hour.	Achieved - 3 minor events were attended all well within the one hour target.	
	Rural fires are suppressed.	100% of fires.	Achieved - All Fires attended were suppressed and declared 'out' by Principal Rural Fire Officer or deputy.	
	A rural fire crew is assembled when Northern Communication Centre request assistance.	Within 15 minutes of request	Achieved - All requests were assisted within target timeframe.	
Readiness for a rural fire emergency.	Equipment is inspected and maintained during Restricted Fire Season.	Weekly.	Not achieved - The Rural Fire Team trains fortnightly to alternate with the Urban Search and Rescue Team training. Should fire danger increase to a status of very high or extreme, weekly inspection would be initiated. This measure has been reviewed through the LTCCP process with supporting mechanisms established to achieve set targets.	
The Rural Fire team has all of the skills and knowledge to undertake an emergency response.	Rural fire personnel are certified to the required standard.	90% of personnel.	Not achieved - As a result of attrition during the year 85% of personnel are certified with 15% working towards certification (17 Crew members, 3 trainees). Council continues to aim to achieve this target as crew members continue to work towards required standards.	
Rural Fire responses are timely.	Initial contact is made with the Northern Communication Centre within five minutes of notification of a rural fire.	95% of the time.	Achieved - In all cases contact was made within target timeframes.	
Council will respond to complaints about general inspection issues.	Number of complaints investigations initiated within 24 hours.	100% of the time.	Achieved - All complaints were responded to within 24 hours and action documented.	

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS
Obtain subsidies for fire equipment from the National Rural Fire Authority and charitable trusts (ongoing).	Completed.
Maintain rural fire training and equipment (Ongoing).	Fire equipment has been maintained over the course of the year and training undertaken fortnightly. Options will be assessed in 2008/09 for a replacement Fire Appliance.
Update the qualifications of the Whakatane Emergency Response Team (ongoing).	Training of the Whakatane Emergency Response Team is undertaken fortnightly. Twelve crew members have made progress or completed qualifications over the course of the year in swift water rescue, rope rescue and flood and storm response.

Environmental Protection

WHAT DID THESE ACTIVITIES COST?

ENVIRONMENTAL PROTECTION	2008	2008	VARIANCE FROM ANNUAL PLAN		
	ANNUAL PLAN \$000	ACTUAL \$000	\$000	%	
EXPENDITURE					
Hazardous Substances	-	-	-	-	
Rural Fire Control	167	193	(26)	(15%)	×
General Inspections	86	76	10	11%	○
	<u>253</u>	<u>269</u>	<u>(16)</u>	<u>(7%)</u>	○
REVENUE					
Hazardous Substances	-	-	-	-	
Rural Fire Control	110	127	17	16%	○
General Inspections	55	54	(1)	(2%)	○
	<u>165</u>	<u>181</u>	<u>16</u>	<u>10%</u>	○
Net Cost of Services	<u>88</u>	<u>88</u>	<u>-</u>	<u>(0%)</u>	○
Transfer from Surplus/Deficit	88	88	-	(0%)	
TOTAL COST OF SERVICE	<u>88</u>	<u>88</u>	<u>-</u>	<u>(0%)</u>	
FUNDED BY:					
Funding from Operational Reserves	88	88	-	(0%)	
	<u>88</u>	<u>88</u>	<u>-</u>	<u>(0%)</u>	

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- ☑ Favourable variation of greater than 10% and \$20,000.
- × Negative variation of greater than 10% and \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 115

HOW DID WE PERFORM AGAINST THE BUDGET?

Explanation of budget variances for operational income and expenditure

Overall, there were no significant variances between the actual operational cost of this group of activities compared to the budget for the year, as set out in the Annual Plan. However, at an activity level there were significant variances, as explained below:

Rural fire control

Although offset by increased revenue, this activity was overspent for the year. This resulted largely from higher staff and overhead costs than budgeted.

Explanation of budget variances for capital expenditure

There were no significant asset acquisitions or replacements, and no significant variations between the Annual Plan 2007/08 projections of capital expenditure and the actual expenditure during the year.

*Councils rural fire crew in attendance
at the Wairaka fire in January 2008.*

Photo supplied by the Whakatane Beacon



COMMUNITY SAFETY

WHAT WE DO AND WHY WE DO IT

Within this group of activities, the Council:

- Maintains preparedness for civil defence emergencies, responds to events, assists with the recovery and educates the community;
- Provides a cost effective and professional dog control service through enforcement and education. This includes registration, street patrols, enforcement and educational activities, as well as responding to complaints;
- Provides a district-wide response to complaints about stock nuisance or danger, and ensures compliance of Council's Stock Control Bylaws and the Stock Impounding Act; and
- Targets crime prevention. Local programmes and initiatives have been developed within the framework of national strategies.

The activities undertaken within this group include:

Civil defence

The Council has a statutory responsibility pursuant to the Civil Defence Emergency Management Act 2002 to plan and provide for civil defence emergency management within the District. The planning and preparation for emergencies, response and recovery in the event of an emergency is a Bay of Plenty regional collective responsibility.

Dog control

The Council has statutory responsibilities under the Dog Control Act 1996.

Stock control

The Council has statutory responsibilities under the Stock Impounding Act 1955.

Community development

This activity is undertaken by the Council because of public demand and the need for community safety.

WHICH COMMUNITY OUTCOMES DO THESE ACTIVITIES CONTRIBUTE TO?



Safe Caring Community

WHAT WERE THE SIGNIFICANT NEGATIVE EFFECTS ON THE COMMUNITY?

There are no significant negative effects on the four wellbeings that occur as a result of providing these activities. However, the Council will monitor the course of these activities, and respond to any negative effects that may arise.

Community Safety

HOW DID WE PERFORM AGAINST OUR TARGETS?

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Council will undertake its statutory responsibilities.	Council has an Emergency Management Plan which is up-to-date.	Plan updated.	Achieved - Emergency Management Plan updated.	😊
Readiness for a Civil Defence emergency.	Civil Defence equipment is inspected and maintained.	Inspected and maintained.	Achieved - Rescue equipment used for training and service was checked on a fortnightly basis. Regional radio checks carried out weekly.	😊
The emergency management team has all of the skills and knowledge to undertake an emergency response.	Training courses are attended.	One course attended.	Achieved - Emergency Management Officer progressing well with post graduate certificate in emergency management. A number of staff members attended a Coordinated Incident Management Systems course.	😊
	A simulated or desktop exercise is held.	One event held.	Achieved - The emergency management team participated in exercise Ruamoko. Staff members participated in the exercise by attending the Emergency Operations Centre at Environment Bay of Plenty headquarters.	😊
Civil Defence emergency declarations are timely.	Declarations are made as soon as any emergency service is overburdened with the size and intensity of the disaster.	100% of the time.	NA - No emergency events that justified a declaration.	◆
	An Emergency Operations Centre is assembled within 1 hour of the emergency.	100% of the time.	Achieved - The Emergency Operations Centre was set up within 1 hour to test new floor layout and for IT to set up phones and computers.	😊
Dog registrations will be processed in a timely and effective manner.	Registrations processed within 24 hour period.	100% of forms received.	Achieved - A system to collect this information was implemented in 2007/08 and all registrations were processed within 24 hour period.	😊
Public safety and comfort is protected.	Response to aggressive dog complaints, attacks and menacing.	Within one hour.	Achieved - Note that 6 out of 282 complaints were unable to be followed up within the timeframe due to the inability to contact complainant for additional information.	😞
	Respond to all complaints about wandering stock on public roads.	Within 30 minutes.	Achieved - 186 complaints were received, all of which were responded to within 30 minutes.	😊
Deliver projects funded by the Crime Prevention Unit in accordance with the approved project plan.	Reports to Crime Prevention Unit, including individual crime figures and expenditure.	6-monthly report completed within timeframes.	Achieved - 6 monthly reports completed as required.	😊
The Crossroads Programme which offer a chance for youth offenders to make a positive change in their lives.	Number of candidates on the programme.	>4.	Not achieved - An average of 4 candidates per month were sponsored under the Crossroads Programme over the course of the 2007/08 year. This measure has been reviewed through the LTCCP process with supporting mechanisms established to achieve set targets.	😞
	% reduction in the total number of crimes committed by candidates while they are on the programme.	>80%.	Achieved - 85% reduction was achieved.	😊

An explanation of the icons used in this table is provided on page 34

WHAT PROGRESS WAS MADE ON MAJOR PROJECTS?

PROJECT	PROGRESS	BUDGET 2007/08	ACTUAL 2007/08
Dog pound extensions.	Project delayed due to additional design requirements and review of the Transfer Station proposal. Project carried over for completion in 2008/09.	\$52,000	\$4,800
Implement and give effect to the responsibilities under the Civil Defence Emergency Management Group Plan for the Bay of Plenty Region, and its ultimate implementation, maintenance and evaluation.	The implementation of the Civil Defence Emergency Management Group Plan for the Bay of Plenty Region is ongoing. The Whakatane District Council continues to contribute to the coordination of Civil Defence Emergency Management across the region, involving 7 territorial authorities.	Operating cost	Operating cost
Continue to offer dog-related education programmes to schools and community groups (ongoing).	All schools have been sent Dog Resource Kits from Department of Internal Affairs for inclusion in the school syllabus & local District Nurses have been given a presentation on Bite Prevention.	Operating cost	Operating cost
Revise Civil Defence standard operating procedures and community response plans.	Work is ongoing with the Group Emergency Management office to ensure consistent standard operating procedures across the Region.	Operating cost	Operating cost
Implement the statutory requirements of the Dog Control Amendment Act 2003 and Dog Control Bylaws.	All requirements have been implemented as necessary over the 2007/08 year.	Operating cost	Operating cost
Assist Neighbourhood Support to develop the number of support groups through the safer communities activity.	Developed a pamphlet (3,500) to help make Neighbourhood Support Groups safer for kids. Another flyer has been developed (5,000) giving 10 reasons why Neighbourhood Support Groups create Safer Communities.	Operating cost	Operating cost
Develop a programme to emphasise honesty, with extensive community involvement through the Safer Communities activity.	The honesty awards continue. Work on the upgrade of CCTV cameras in the District is well underway. Cameras are being installed in Murupara, Kopeopeo and at Wateredge Park in Whakatane.	Operating cost	Operating cost

WHAT DID THESE ACTIVITIES COST?

COMMUNITY SAFETY	2008	2008	VARIANCE FROM ANNUAL PLAN		
	ANNUAL PLAN \$000	ACTUAL \$000	\$000	%	
EXPENDITURE					
Civil Defence	187	175	12	7%	○
Dog Control	411	433	(22)	(5%)	○
Stock Control	51	69	(18)	(37%)	○
Community Development	259	248	11	4%	○
	908	925	(17)	2%	○
REVENUE					
Civil Defence	119	128	9	8%	○
Dog Control	396	405	9	2%	○
Stock Control	33	43	9	27%	○
Community Development	197	186	(11)	(6%)	○
	745	762	17	2%	○
Net Cost of Services	162	163	(1)	(1%)	○
Transfer from Surplus/Deficit	162	163	(1)	(1%)	
TOTAL COST OF SERVICES	162	163	(1)	(1%)	
FUNDED PROVIDED FROM:					
Funding from Operational Reserves	162	163	(1)	(1%)	
	162	163	(1)	(1%)	

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- ✕ Negative variation of greater than 10% and \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 115

HOW DID WE PERFORM AGAINST THE BUDGET?**Explanation of budget variances for operational income and expenditure**

Overall, there was no significant variation between the actual operational cost of this group of activities compared to the budget for the year, as set out in the Annual Plan. At an activity level there were also no significant variances.

Explanation of budget variances for capital expenditure

There were no significant asset acquisitions or replacements, and no significant variations between the Annual Plan 2007/08 projections of capital expenditure and the actual expenditure during the year.

COUNCIL CONTROLLED ORGANISATIONS



"Summer in the Bay" Photographic Competition April 08



COUNCIL CONTROLLED ORGANISATIONS

INTRODUCTION

This section summarises the information required under the Local Government Act 2002 relating to each council-controlled organisation (CCO) in which the Council is a shareholder. A CCO is a company or organisation in which a Council or Councils hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers.

The Whakatane District Council is a shareholder in two Council Controlled Organisations including the Whakatane Airport and the Bay of Plenty Local Authority Shared Services Limited (BOP LASS Ltd).

WHAKATANE AIRPORT

SHAREHOLDERS

The Whakatane Airport is a joint venture between the Whakatane District Council and the Ministry of Transport with each party owning a 50% share. The Airport is seen as a valued community asset that contributes to the wellbeing of residents, and is crucial to the economy of the District.

SIGNIFICANT POLICIES AND OBJECTIVES OF THE WHAKATANE AIRPORT

The following policies and objectives implemented and achieved over the 2007/08 financial year were:

- To promote a safe, accessible, affordable and reliable air transport system for the benefit of the economic and social development of the Eastern Bay of Plenty region.
- To ensure the present level of facility is maintained and increased where practicable and economic.
- To ensure that the airport is administered efficiently and effectively, to the benefit of scheduled flight operations.

NATURE AND SCOPE OF ACTIVITIES PROVIDED BY THE WHAKATANE AIRPORT

The nature and scope of activities provided by the Whakatane Airport during 2007/08 were that:

- The airport was maintained as a non-certificated aerodrome in accordance with the Civil Aviation Authority Aerodrome design for aircraft at or below 5,700kg Maximum Combined Take-off Weight (MCTOW). Air New Zealand Link provides daily return services to Auckland and Wellington.
- Land surplus to the airport's present requirements was leased for grazing. Areas of the terminal building were leased for activities compatible with the operation of the airport. Lease of the airport land was also available to commercial operators and associated industry.

Council Controlled Organisations

KEY PERFORMANCE TARGETS FOR THE WHAKATANE AIRPORT

The following performance targets were identified in the Council's Long-term Council Community Plan.

MEASURES	LTCCP BUDGET 2007/08 \$000	ACTUAL 2007/08 \$000	COMMENTS
Operate and maintain the airports assets within an operational budget (excluding corporate overheads and depreciation).	\$154,570	\$106,000	Actual costs and revenue were both higher than anticipated, but the net result was a lower overall cost to Council

Function performance

MEASURES	ACHIEVEMENT
The maintenance of the airport as a non-certificated aerodrome in accordance with Civil Aviation Authority Aerodrome design for aircraft at or below 5,700kg MCTOW.	Achieved

Air New Zealand link provides daily services to Auckland and Wellington



BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES (BOPLASS)

The Whakatane District is a shareholder in BOP LASS Ltd, a CCO owned by the councils in the Bay of Plenty Region. It is a joint venture with each of the following eight councils in the region holding a 12.5% share:

- Whakatane District Council
- Opotiki District Council
- Tauranga City Council
- Rotorua District Council
- Kawerau District Council
- Taupo District Council
- Western Bay of Plenty District Council
- Environment Bay of Plenty Regional Council

BOP LASS Ltd is a new CCO being legally constituted in January 2008. The company Statement Of Intent was approved in May 2008 and the financial forecast for 2008/09 was approved in June 2008.

OBJECTIVES OF BOPLASS LTD

BOPLASS has been set up to provide the Bay of Plenty Region councils with an umbrella vehicle to investigate, procure, develop and deliver shared services. Such services will be initiated under the umbrella of this company where a business case shows that they provide benefit to the (voluntary) council users by either improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

NATURE AND SCOPE OF ACTIVITIES PROVIDED BY BOPLASS

The principle nature and scope of the activity of BoP LASS Ltd is to:

- Enable the provision of shared services to any or all local authorities within the Bay of Plenty Region. BoP LASS Ltd may also sell "shared" processes and systems as set up under individual agreements to local authorities outside the Region.
- Pursue all opportunities to procure shared services that will benefit the community in the widest sense, through enhanced back office services and/or reduced costs for councils.
- Explore all possible avenues to provide these services itself or contract them from outside parties, each depending on a rigorous business case and risk assessment.

BoP LASS Ltd also acts as a true regional vehicle to attract government and other funding, if or when it is made available.

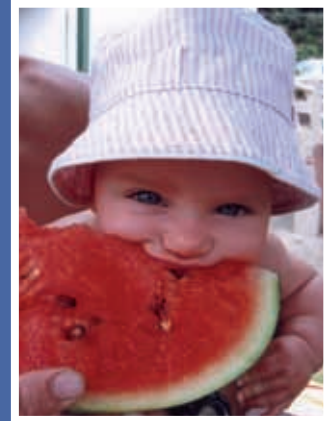
Council Controlled Organisations

PERFORMANCE TARGETS FOR BOPLASS

While BOP LASS has been operational for only a short time, progress has been made against performance targets. The following is a report of performance against targets relevant to the 2007/08 year, as set out in the company Statement of Intent

PERFORMANCE TARGETS FOR 2008	PERFORMANCE INDICATORS	ACTUAL	TARGET
Initial targets			
Get umbrella company operating effectively in both Government and Management terms.	Legal documentation completed. Management reporting initiated Accounting system set up and providing reports.	30th June 2008	30th June 2008
Develop draft operational principles regarding developing and approving shared services.	Draft Policy statement prepared for approval. Draft Business case templates set up.	30th June 2008	30th June 2008
		9th May 2008	30th June 2008
Develop communication lines with each shareholding council at appropriate levels.	Management team meetings with constituent Councils.	9th May 2008	30th June 2008
Develop communication lines with shared service CCOs of neighbouring regions.	Regular contact initiated.	Contact made with one LASS.	30th June 2008
Ongoing targets			
Achieve effective operation of at least 5 shared services with each service contributing appropriately to the costs of the umbrella vehicle.	Advisory group established. Service levels agreed and implemented. Cost recovery /levy applied.	1 service approved, 5 groups established. Levies agreed for established groups.	5 services by 30th June 2009
Operate within agreed budgets.	Budget approved annually.	Budget approved 9th May 2008	Budget approved 1st July 2008
Maintain positive cash flow.	Cash flow reports provided.	26th June 2008	30th June 2008

FINANCIAL STATEMENTS



"Summer in the Bay" Photographic Competition April 08



STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2008

ACTUAL 2007 \$000			ACTUAL 2008 \$000	BUDGET 2008 \$000
	Revenue			
23,400	Rates revenue	Note 2	26,181	25,361
17,163	Other revenue	Note 3	18,241	15,570
247	Finance income	Note 6	132	150
6,303	Gains	Note 7	1,822	465
47,113	Total Income		46,376	41,546
	Expenditure			
7,489	Personnel costs	Note 4	8,710	8,470
9,547	Depreciation and amortisation	Note 5	10,884	7,522
21,839	Other expenses	Note 5	26,227	16,988
346	Finance costs	Note 6	580	1,973
39,221	Total Operating Expenditure		46,401	34,953
7,892	Surplus/(Deficit)		(25)	6,593

Explanations of significant variances against budget are included in Note 35

The Notes and the Statement of Accounting Policies on pages 123 to 164 form part of the Financial Statements

STATEMENTS OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2008

ACTUAL 2007 \$000		ACTUAL 2008 \$000	BUDGET 2008 \$000
448,468	Balance as at 1 July	544,891	450,611
7,892	Surplus/(Deficit) for the year	(25)	6,593
<u>88,531</u>	Increase in asset revaluation reserves	<u>-</u>	<u>11,977</u>
96,423	Total recognised income	(25)	18,570
<u>544,891</u>	Balance as at 30 June	<u>544,866</u>	<u>469,181</u>

Explanations of significant variances against budget are included in Note 35

The Notes and the Statement of Accounting Policies on pages 123 to 164 form part of the Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008

ACTUAL 2007 \$000			ACTUAL 2008 \$000	BUDGET 2008 \$000
Equity				
444,769	Retained earnings	Note 24	444,744	445,704
10,812	Restricted equity	Note 24	10,812	11,500
89,310	Asset revaluation reserves	Note 24	89,310	11,977
544,891	TOTAL EQUITY		544,866	469,181
Assets				
Current Assets				
883	Cash and cash equivalents	Note 9	820	6,000
88	Inventories	Note 10	87	100
6,732	Debtors and other receivables	Note 11	5,725	4,000
18,000	Assets held for sale	Note 18	-	-
-	Derivative financial instruments	Note 12	67	-
-	Other financial assets	Note 13	-	41
25,703	Total Current Assets		6,699	10,141
Non-Current Assets				
51,989	Operational assets	Note 14	51,470	51,000
406,831	Infrastructural Assets	Note 14	415,394	349,514
129	Intangible assets	Note 16	1,086	-
45	Forestry assets	Note 17	45	45
33,213	Investment property	Note 18	34,954	46,000
35,848	Restricted assets	Note 19	35,848	36,000
6,934	Work in progress	Note 14	3,756	500
-	Assets held for sale	Note 18	15,706	-
37	Other financial assets	Note 13	44	65
535,026	Total Non-Current Assets		558,303	483,124
560,729	Total Assets		565,002	493,265
Liabilities				
Current Liabilities				
7,974	Creditors and other payables	Note 20	7,500	4,200
1,460	Provisions	Note 21	807	930
181	Employee entitlements	Note 22	188	-
3,505	Borrowings	Note 23	5,514	992
13,120	Total Current Liabilities		14,009	6,122
Non-Current Liabilities				
2,303	Provisions	Note 21	1,511	1,928
388	Employee entitlements	Note 22	501	-
27	Borrowings	Note 23	4,115	16,034
2,718	Total Non-Current Liabilities		6,127	17,962
15,838	Total Liabilities		20,136	24,084
544,891	Net Assets		544,866	469,181

Explanations of significant variances against budget are included in Note 35

The Notes and the Statement of Accounting Policies on pages 123 to 164 form part of the Financial Statements

STATEMENT OF CASHFLOWS FOR YEAR ENDED 30 JUNE 2008

ACTUAL 2007 \$000		ACTUAL 2008 \$000	BUDGET 2008 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
22,903	Receipts from rates	26,157	25,362
7,372	Government grants	5,497	8,699
---	GST (net)	529	-
13,128	Receipts from customers	11,614	7,586
175	Interest	134	150
(32,631)	Payments to suppliers & employees	(33,730)	(22,576)
-	Movement in agency accounts	22	-
(221)	Interest paid	(546)	(977)
(46)	GST (net)	-	-
10,680	Net Cash Flows from Operating Activities	9,677	18,244
	Note 26		
CASH FLOWS FROM INVESTING ACTIVITIES			
245	Sale of fixed assets	7	-
2,110	Investments uplifted	-	-
(15,909)	Purchase of fixed assets	(15,846)	(26,391)
-	Purchase of investments	-	(801)
(125)	Purchase of intangible assets	-	-
(13,679)	Net Cash Flows from Investing Activities	(15,839)	(27,192)
CASH FLOWS FROM FINANCING ACTIVITIES			
921	Sinking funds uplifted	-	-
3,500	Term loans raised	41,999	9,940
(3,604)	Term loan repayments	(35,900)	(992)
817	Net Cash Flows From Financing Activities	6,099	8,948
(2,182)	Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(63)	0
3,065	Cash, cash equivalents and bank overdrafts at the beginning of the year	883	500
883	CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	820	500

Explanations of significant variances against budget are included in Note 35

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

The GST (net) has been presented on a basis net, as the gross amounts do not provide meaningful information for financial statement purposes.

The Notes and the Statement of Accounting Policies on pages 123 to 164 form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Whakatane District Council is a territorial authority governed by the Local Government Act 2002. The principal accounting policies adopted in the preparation of this financial report are set out below. The financial report consists of the financial statements of Whakatane District Council (the Council) and includes the Whakatane Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport.

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

The financial statements of the Council are for the year ended 30 June 2008. The financial statements were authorised for issue by the Council on 31 October 2008.

BASIS OF PREPARATION

Statement of Compliance

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement Base

These financial statements have been prepared on a historical basis, modified by the revaluation of land and buildings, certain infrastructural assets, financial instruments (including derivative instruments) investment property, and forestry assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Council is New Zealand dollars.

Basis of consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances transactions, income and expenses are eliminated on consolidation.

Joint venture

For jointly controlled assets Council recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its share of liabilities and expenses incurred jointly, and income from the sale or use of its share of the output of the joint venture.

Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

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

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised

Notes to the Financial Statements

standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives the Council the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Council intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

- NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow on effects to depreciation expense. The Council intends to adopt this standard for the year ending 30 June 2010 and has not yet quantified the potential impact of the new standard.

Revenue

Revenue is measured at the fair value as consideration as received or receivable.

Rates

Rates are set annually by a resolution from the Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable. Rates collected on behalf of the Bay of Plenty Regional Council (EBOP) are not recognised in the financial statements as the Council is acting as an agent for EBOP. Rates collected on behalf of the EBOP is not included in the Statement of Financial Performance as it does not belong to the Council. It is however, included as a receipt and payment in the Statement of Cash Flows. Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Licences and permits

Revenue derived from licences and permits is recognised on application.

Development and financial contributions

Development contributions are classified as part of "Other revenue".

Financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise financial contributions are transferred to reserves until such time the Council provides, or is able to provide, the service.

Sales of goods

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

Provision of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Commissions

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission on the transaction. The Council collects rating revenue on behalf of the Bay of Plenty Regional Council on an ongoing basis.

Rental revenue

Rental revenue is recognised in the period that it relates to.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as Income.

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are issued.

Grants and subsidies

Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Other grants and subsidies are recognised when receivable.

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to the balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the statement of financial performance.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Finance costs

Finance costs incurred in the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use - for Council the period being over two years or greater. All other finance costs are recognised as an expense in the period in which they are incurred.

Borrowing costs

Borrowing costs are expensed 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 a successful applicant has been notified of the Council's decision.

Income tax

The Council does not pay income tax as Section CW39 of the Income Tax Act 2007 specifically exempts income derived by a local authority from income tax, unless that income is derived from a Council Controlled Organisation, a port related commercial undertaking or as a trustee.

Goods and Services Tax (GST)

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

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

Notes to the Financial Statements

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.

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 statement of financial performance 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 straightline basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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 on the statement of financial position.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost, less any provision for impairment.

Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost, adjusted when applicable for any loss of service potential.

Financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the statement of financial performance.

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.

The Council classifies its financial assets into the following categories: fair value through profit or loss, held-to maturity investments, loans and receivables and fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss 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. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. The Council's financial assets at fair value through profit and loss include derivatives that are not designated as hedges.

After initial recognition they are measured at their fair values with gains or losses on re-measurement recognised in the statement of financial performance.

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. The Council's loans and receivables comprise cash and cash equivalents, debtors and other receivables, term deposits, and related party loans.

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 statement of financial performance.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council has the positive intention and ability to hold to maturity. 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 statement of financial performance.

Financial assets at fair value through equity

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date. Council's financial assets at fair value through equity comprise local authority stock and investments in quoted and unquoted shares. The Council includes 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.

The Council's investments in its and associate entities are not included in this category as they are held at cost (as allowed by NZ IAS 28: *Investments in Associates*) whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value, with gains and losses recognised directly in equity except for impairment losses, which are recognised in the statement of financial performance.

On de-recognition the cumulative gain or loss previously recognised in equity is recognised in the statement of financial performance.

Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted expected cash flows, are used to determine fair value for the remaining financial instruments.

Impairment of financial assets

At each balance sheet date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the statement of financial performance.

Loans and other receivables

Impairment of a loan or a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered 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 statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For local authority stock and government stock impairment losses are recognised directly against the instruments carrying amount.

Notes to the Financial Statements

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Derivative financial instruments

The Council uses derivative financial instruments (interest rate swaps) to hedge exposure to interest rate risks arising from 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 remeasured at their fair value at each balance date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Council has elected not to hedge account for its interest rate swaps.

The associated gains or losses of these derivatives (that are not hedge accounted) are recognised in the statement of financial performance.

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 statement of financial performance. 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, library books, plant and equipment, Museum Collection, motor vehicles and work in progress.

Restricted assets

Restricted assets are parks and reserves owned and harbour assets by the Council which 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 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.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation

Land, buildings (operational and restricted), 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. All other asset classes are carried at depreciated historical cost.

The Council assesses the carrying values of its re-valued 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.

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance.

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

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. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, 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 the statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Depreciation is provided on a straight-line basis on all buildings, bridges and other structures and diminishing value for motor vehicles, plant and equipment, office equipment and furnishings. Land is non depreciable. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

The expected lives, in years, of major classes of fixed assets are as follows:

INFRASTRUCTURE ASSETS:	YEARS:	INFRASTRUCTURE ASSETS:	YEARS:
Roading:		Stormwater:	
Land – road reserve	N/A	Stormwater lines	80
Road formation	N/A	Manholes	70-80
Pavement Basecourse	22-90	Open drains and channels	50-90
Sealed Pavement surface	2-20	Pump stations – structure	80-100
Unsealed roads	2-7	Pump station – contents	12-40
Traffic control device	50	Retention dams	80-90
Road signs and markers	7-15	Floodgates	50
Kerbs and channels and cesspits	40-60	Sewer:	
Surface water Channel	15-50	Sewer lines and service lines	60-80
Street Railings	10-20	Manholes	70-80
Traffic Islands	50	Pump station – structure	60-70
Street lighting	10-50	Pump station – contents	12-25
Footpaths	20-50	Ponds – structure	60
Bridges – concrete	100	Ponds – plant and equipment	15-25
Bridges – wooden	30	Refuse:	
Car-parks	50	Whakatane landfill	8.5
Water:		Murupara landfill	2
Treatment plant – structure	70-90	OPERATIONAL ASSETS:	
Treatment plant – contents	15-50	Museum assets	N/A
Pump stations – structure	80-100	Land	N/A
Pump stations – contents	10-50	Buildings	40-100
Reservoirs – concrete and wooden	70-90	Vehicles	5
Water lines and service lines	50-80	Plant and machinery – heavy	8-12.5
Valves and hydrants	30-65	Plant and machinery – light	2-5
Water meters	15-25	Furniture and fittings	10
Wharves:		Library books	7
Wharves (concrete)	50	Office equipment	4-5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Intangible assets

(i) 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.

Cost associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives not exceeding 10 years.

(ii) Easements

Easements are recognised at cost, being purchase price and any directly attributable costs in bringing the asset to its intended use. Easements have an indefinite useful life and consequently are not amortised, but are instead tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a re-valued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a re-valued amount the reversal of an impairment loss is recognised in the statement of financial performance.

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 as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of financial performance.

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax 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 biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the statement of financial performance.

The costs to maintain forestry assets are included in the statements of financial performance.

Creditors and other payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently 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.

Provisions

Provisions are recognised when: the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax 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.

(i) Landfill post-closure costs

The Council, as operator of the Whakatane and Murupara landfills, has a legal obligation under the resource consent, to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for postclosure costs arises. The provision is based on all the costs involved to remediate and monitor the landfill post-closure. A provision has been made for those old landfill sites now closed in Te Teko, Matata, Taneatua, Awatapu and Murupara. Provision is made for the present value of closure and postclosure costs. The calculations assume no change in the legislative requirements or technological changes for the closure and post-closure treatment. The discount rate used reflects current market assessments of the time value of money. Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits. Components of the capitalised landfill asset are depreciated over their useful lives, generally being the life of the landfill or a particular cell.

(ii) Changes in Existing Decommissioning, Restoration and Similar Liabilities, changes in the measurement of an existing decommissioning, restoration or similar liability (such as a landfill aftercare liability) that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, are required to be accounted for as follows:

Changes in the liability alter the revaluation surplus or deficit previously recognised on that asset. Thus, a decrease in the liability should be credited directly to the revaluation surplus in equity (except that it should be recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss), and an increase in the liability should be recognised in profit or loss (except that it should be debited directly to the revaluation surplus in equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset). In the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess must be recognised immediately in profit or loss. A change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance date. If a revaluation is necessary, all assets of that class must be revalued.

Employee entitlements

Short-term employee entitlements

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values 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, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Council recognises a liability for sick leave 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 that the Council anticipates it will be used by staff to cover those future absences.

The Council recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, 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.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation scheme

The Council belongs to the Jacques Martin Super Trust contributory scheme and the National Provident Fund Lump Sum contributory scheme, both managed by the board of trustees of the National Provident Fund.

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

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 a number of reserves. Reserves are a component of equity generally representing a particular use for which various parts of equity have been assigned.

The components of equity are:

- retained earnings;
- restricted reserves;
- property, plant and equipment reserves; and
- fair value through equity reserves

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 Council.

Restricted reserves are those subject to specific conditions accepted as binding by 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 the 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.

Internal transactions - cost allocation

Each significant activity is stated after the recording of internal costs and revenues. In order to present a true and fair view in the cost of services statements of the Council, the support service costs have been fully allocated to the activities. This method has no effect on the operating result for the year. All significant internal transactions have been eliminated in the financial statements.

Budget figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements Council has made estimates and assumptions 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:

Landfill aftercare provision

Note 21 presents an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the assets, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of financial performance. To minimise this risk Council's infrastructural assets useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines, published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

NOTE 2 - RATES REVENUE

ACTUAL 2007 \$000		ACTUAL 2008 \$000	BUDGET 2008 \$000
5,927	General rates	3,871	4,063
	Targeted rates attributable to activities		
382	Democracy	831	727
5,604	Roading	7,674	7,290
5,706	Water/Waste waters	6,483	6,217
2,159	Refuse	3,187	3,157
147	Commercial promotion	155	156
1,745	Parks	1,956	2,020
728	Library/Museum	885	927
730	Recreation	887	804
382	Penalties charged	375	-
<u>23,510</u>		<u>26,304</u>	<u>25,361</u>
<u>(110)</u>	Less Remissions	<u>(123)</u>	<u>-</u>
<u>23,400</u>		<u>26,181</u>	<u>25,361</u>

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, and land protected for historical or cultural purposes.

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.

NOTE 3 - OTHER REVENUE

ACTUAL 2007 \$000		ACTUAL 2008 \$000	BUDGET 2008 \$000
1,431	User charges	1,808	1,587
2,010	Regulatory income	2,650	2,200
422	Infringement & fines	456	431
6,424	Land transport NZ subsidies	5,003	5,195
2,183	Rental income	2,243	2,200
255	Petrol tax	264	260
773	Vested assets	716	-
196	Dividends	2	-
949	Development contributions	2,134	2,778
1,130	Other services	488	630
1,390	Government grants	842	1,305
-	Internal income adjustment	-	(1,016)
-	Write down of provisions*	1,635	-
<u>17,163</u>		<u>18,241</u>	<u>15,570</u>

* excluded from cost of service statements

NOTE 4 - PERSONNEL COSTS

ACTUAL 2007 \$000		ACTUAL 2008 \$000	BUDGET 2008 \$000
	Employee benefit expenses		
7,972	Salaries and wages	8,578	8,470
2	Employer contributions to multi-employer defined benefit plans	-	-
(485)	Increase/(decrease) in employee benefit liabilities	132	-
<u>7,489</u>	Total Personnel Costs	<u>8,710</u>	<u>8,470</u>

NOTE 5 - DEPRECIATION & OTHER EXPENSES

ACTUAL 2007 \$000			ACTUAL 2008 \$000	BUDGET 2008 \$000
	Depreciation and amortisation			
1,039	Operational assets	Note 14	1,215	1,443
8,506	Infrastructural assets	Note 14	9,443	5,869
2	Intangible assets	Note 16	226	210
<u>9,547</u>	Total Depreciation and Amortisation		<u>10,884</u>	<u>7,522</u>
88	Audit fees		95	100
10	Audit fees LTCCP, other services		3	4
8	Audit fees other entities		13	12
1	Donations		1	-
266	Operating leases		222	-
186	Impairment of receivables		325	190
184	Investment property expenses		-	-
77	Loss on sale of assets		56	-
21,019	Other operating expenses		21,390	16,682
-	Revaluation adjustments*		4,122	-
<u>21,839</u>	Total other expenses		<u>26,227</u>	<u>16,988</u>

* excluded from cost of service statements

Notes to the Financial Statements

NOTE 6 - FINANCE INCOME & FINANCE COSTS

ACTUAL 2007 \$000		ACTUAL 2008 \$000	BUDGET 2008 \$000
247	Interest income from deposits	132	150
	Interest expense		
190	Interest on bank borrowings	580	1,973
156	Discount unwinding	-	-
<u>(99)</u>	Net finance income/(cost)	<u>(448)</u>	<u>(1,823)</u>

NOTE 7 - GAINS

ACTUAL 2007 \$000		ACTUAL 2008 \$000	BUDGET 2008 \$000
6,303	Investment property revaluation*	1,751	465
-	Share revaluation*	4	-
-	Fair value gains on derivative financial instruments	67	-
<u>6,303</u>		<u>1,822</u>	<u>465</u>

NOTE 8 - TAX DISCLOSURE

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	Components of tax expense	
-	Current tax expenses	-
-	Adjustments to current tax in prior year	-
-	Deferred tax expenses	-
<u>-</u>	Income tax expense	<u>-</u>
	Relationship between tax and accounting profit	
7,982	Surplus/(deficit) before tax	(25)
2,634	Tax @ 33%	-
(2,671)	Non-deductible expenditure	(138)
0	Non-taxable income	-
37	Tax loss not recognised	135
0	Prior year adjustment	3
-	Tax expense	-

Additional Disclosures

A deferred tax asset has not been recognised in relation to deductible temporary differences of \$60,723

A deferred tax asset has not been recognised in relation to unused tax losses of \$3,104,381

* excluded from cost of service statements

NOTE 9 - CASH AND CASH EQUIVALENTS

ACTUAL 2007 \$000		ACTUAL 2008 \$000
883	Cash at bank and on hand	820
<u>883</u>		<u>820</u>

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 investments (current and non current) and associated repricing maturities were:

	2008	2007
Short-term deposits	8.25%	8%

NOTE 10 - INVENTORIES

ACTUAL 2007 \$000		ACTUAL 2008 \$000
88	Held for distribution: Water and sewerage spare parts	87

No inventories are pledged as security for liabilities (2007 \$ 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 2008 amounted to \$ Nil (2007 \$Nil). The loss in service potential of inventories held for distribution is determined on the basis of obsolescence.

NOTE 11 - DEBTORS AND OTHER RECEIVABLES

ACTUAL 2007 \$000		ACTUAL 2008 \$000
2,305	Rates debtors	2,159
1,416	Metered water debtors	1,574
4,069	General debtors	3,373
<u>7,790</u>		<u>7,106</u>
(1,143)	Less provision for impairment of receivables	(1,468)
<u>6,647</u>		<u>5,638</u>
85	Prepayments	87
<u>6,732</u>		<u>5,725</u>

FAIR VALUE

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

IMPAIRMENT

Council does not provide for impairment on rates receivable, however, it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. 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 impact of discounting is material.

These powers allow Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$Nil (2007 \$Nil).

	2008 GROSS IMPAIRMENT		2007 GROSS IMPAIRMENT	
	\$000	\$000	\$000	\$000
Not past due	5,631	371	7,116	490
Past due 1 - 60 days	98	20	55	40
Past due 61 - 120 days	119	71	166	160
Past due > 120 days	1,258	1,006	453	453
	<u>7,106</u>	<u>1,468</u>	<u>7,790</u>	<u>1,143</u>

Movement in the provision for impairment of receivables is as follows:

	2008 \$000	2007 \$000
As at 1 July	1,143	1,242
Additional provisions made during the year	419	87
Receivables written off during the year	(94)	(186)
Balance as at 30 June	<u>1,468</u>	<u>1,143</u>

NOTE 12 - DERIVATIVE FINANCIAL INSTRUMENTS

	2008 \$000	2007 \$000
Current Asset portion		
Interest rate swaps	67	-
Non-current Asset portion		
Interest rate swaps	-	-
Total derivative financial instrument assets	<u>67</u>	<u>-</u>

FAIR VALUE

The fair value of interest rate swaps have been determined using a discounted cash flows valuation technique based on quoted market prices. The valuation has been performed by ETOS independent valuers

INTEREST RATE SWAPS

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$ 4,000,000 (2007: \$Nil). At 30 June 2008 the fixed interest rates of cash flow hedge interest rate swaps were 7.84% (2007:\$Nil).

Unrealised gains and losses recognised on interest rate swap contracts as at 30 June 2008 are released to the statement of financial performance as interest is paid on the underlying debt.

NOTE 13 - OTHER FINANCIAL ASSETS

	2008 \$000	2007 \$000
Current Asset Portion		
<i>Total current portion</i>	-	-
Non-current asset portion		
Shares - NZ Local Government Insurance Corporation: 13,394 shares @ \$3.11	43	37
Shares - Bay of Plenty Local Authority Shared Services Ltd: 1 share @ \$1,000	1	-
Total non-current asset portion	<u>44</u>	<u>37</u>
Total other financial assets	44	37

FAIR VALUE

The carrying amount of term deposits approximates their fair value.

UNLISTED SHARES

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

IMPAIRMENT

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

NOTE 14 - OPERATIONAL ASSETS AND INFRASTRUCTURAL ASSETS

2007	Cost/ Revaluation 1 July 2006 \$000	Accumulated Depreciation and Impairment 1 July 2006 \$000	Net Book Value 1 July 2006 \$000	Additions Current Year \$000	Disposals Current Year \$000	Impairment Current Year \$000	Depreciation Current Year \$000	Revaluation Current Year \$000	Revaluation 30 June 2007 \$000	Accumulated Depreciation and Impairment 30 June 2007 \$000	Net Book Value 30 June 2007 \$000
	OPERATIONAL ASSETS										
Land	15,799	-	15,799	819	(251)	-	-	-	16,367	-	16,367
Buildings	26,553	780	25,773	369	-	-	433	-	26,922	1,213	25,709
Plant & equipment	2,152	1,525	627	24	-	-	88	-	2,176	1,613	563
Furniture & fittings	650	233	417	-	-	-	6	-	650	239	411
Office equipment	4,452	2,945	1,507	997	-	-	284	-	5,449	3,229	2,220
Motor vehicles	1,323	968	355	45	(6)	-	116	-	1,362	1,084	278
Harbour vessels	91	91	-	-	-	-	-	-	91	91	-
Museum collection	5,860	-	5,860	-	-	-	-	-	5,860	-	5,860
Library books	714	112	602	91	-	-	112	-	805	224	581
Total Operational Assets	57,594	6,654	50,940	2,345	(257)	-	1,039	-	59,682	7,693	51,989
INFRASTRUCTURAL ASSETS											
Land roading	91,363	-	91,363	-	-	-	-	-	91,363	-	91,363
Roading	152,221	3,875	148,346	5,143	-	-	4,588	50,912	199,813	-	199,813
Water	31,103	2,535	28,568	58	(55)	-	1,274	18,478	47,049	1,274	45,775
Sewage	26,740	2,726	24,014	2,095	(10)	-	961	11,200	37,299	961	36,338
Land drainage	14,434	860	13,574	307	-	-	348	4,249	18,130	348	17,782
Harbour	6,474	743	5,731	302	-	-	248	-	6,776	991	5,785
Parks	5,455	1,392	4,063	148	-	-	991	3,692	6,912	-	6,912
Refuse	5,078	1,945	3,133	26	-	-	96	-	5,104	2,041	3,063
Total Infrastructural Assets	332,868	14,076	318,792	8,079	(65)	-	8,506	88,531	412,446	5,615	406,831

Harbour assets were valued on the 30 June 2008. Valuations were made on the basis of market value. The revaluation surplus net of applicable deferred income taxes were credited to reserves in equity.

NOTE 14 - OPERATIONAL ASSETS AND INFRASTRUCTURAL ASSETS CONT

2008	Cost/ Revaluation 1 July 2007 \$000	Accumulated Depreciation and Impairment 1 July 2007 \$000	Net Book Value 1 July 2007 \$000	Additions Current Year \$000	Disposals Current Year \$000	Impairment Current Year \$000	Depreciation Current Year \$000	Revaluation Current Year \$000	Cost/ Revaluation 30 June 2008 \$000	Accumulated Depreciation and Impairment 30 June 2008 \$000	Net Book Value 30 June 2008 \$000
OPERATIONAL ASSETS											
Land	16,367	-	16,367	7	(7)	-	-	-	16,367	-	16,367
Buildings	26,922	1,213	25,709	184	-	-	455	-	27,106	1,668	25,438
Plant & equipment	2,176	1,613	563	-	-	-	60	-	2,176	1,673	503
Furniture & Fittings	650	239	411	132	-	-	8	-	782	247	535
Office Equipment	5,449	3,229	2,220	264	-	-	475	-	5,713	3,704	2,009
Motor Vehicles	1,362	1,084	278	37	-	-	105	-	1,399	1,189	210
Harbour Vessels	91	91	-	-	-	-	-	-	91	91	-
Museum Collection	5,860	-	5,860	-	-	-	-	-	5,860	-	5,860
Library Books	805	224	581	79	-	-	112	-	884	336	548
Total Operational Assets	59,682	7,693	51,989	703	(7)	-	1,215	-	60,378	8,908	51,470
INFRASTRUCTURAL ASSETS											
Land Roothing	91,363	-	91,363	-	-	-	-	-	91,363	-	91,363
Roothing	199,813	-	199,813	9,843	-	-	5,183	-	209,656	5,183	204,473
Water	47,049	1,274	45,775	4,000	(56)	-	1,329	-	50,993	2,603	48,390
Sewage	37,299	961	36,338	3,829	-	-	1,012	-	41,128	1,973	39,155
Land Drainage	18,130	348	17,782	613	-	-	354	-	18,743	702	18,041
Harbour	6,776	991	5,785	176	-	-	341	(1,621)	5,331	1,332	3,999
Parks	6,912	-	6,912	347	-	-	699	-	7,259	699	6,560
Refuse	5,104	2,041	3,063	875	-	-	525	-	5,979	2,566	3,413
Total Infrastructural Assets	412,446	5,615	406,831	19,683	(56)	-	9,443	(1,621)	430,452	15,058	415,394

Work in progress in the course of construction total \$ 3,756,000 (2007 \$6,934,000)

No property, plant and equipment is pledged as security

NOTE 15 - VALUATION

OPERATIONAL AND RESTRICTED LAND AND BUILDINGS

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value and the valuation is effective as at 1 July 2006.

INFRASTRUCTURAL ASSET CLASSES

LAND

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value and the valuation is effective as at 1 July 2006.

LAND UNDER ROADS

The road reserve land for formed roads only has been valued. 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.

WASTEWATER AND STORMWATER

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by GHD Ltd, and the valuation is effective as at 1 July 2006.

WATER

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by GHD Ltd and the valuation is effective as at 1 July 2006.

ROADING

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Opus International Consultants Ltd, and the valuation is effective as at 30 June 2007.

VESTED INFRASTRUCTURAL ASSETS

Valued based on the actual quantities of infrastructural components vested and the current in-ground cost of providing identical services. Assets vested to Whakatane District Council are recognised in the Statement of Financial Performance as revenue and in the Statement of Financial Position as property, plant and equipment.

LIBRARY COLLECTIONS

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ in May 2002. Library stock has been valued effective 1 July 2005 by independent registered valuers, Maunsell Ltd.

WORK IN PROGRESS

The total amount of property, plant and equipment in the course of construction is \$3,756,000 (2007 \$6,934,000).

IMPAIRMENT

There were no impairment losses for 2008 (2007 \$Nil).

HARBOUR ASSETS

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Mausell Ltd and the valuation is effective as at 30 June 2008.

MUSEUM AND PARKS

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Mausell Ltd and the valuation is effective as at 1 July 2005.

NOTE 16 - INTANGIBLE ASSETS

2007	Cost/ Revaluation 1 July 2006 \$000	Accumulated Depreciation and Impairment 1 July 2006 \$000	Net Book Value 1 July 2006 \$000	Additions Current Year \$000	Disposals Current Year \$000	Impairment Current Year \$000	Depreciation Current Year \$000	Revaluation Current Year \$000	Accumulated Depreciation and Impairment 30 June 2007 \$000	Cost/ Revaluation 30 June 2007 \$000	Net Book Value 30 June 2007 \$000
	COMPUTER SOFTWARE	594	588	6	125	-	-	2	-	590	719
2008	Cost/ Revaluation 1 July 2007 \$000	Accumulated Depreciation and Impairment 1 July 2007 \$000	Net Book Value 1 July 2007 \$000	Additions Current Year \$000	Disposals Current Year \$000	Impairment Current Year \$000	Depreciation Current Year \$000	Revaluation Current Year \$000	Accumulated Depreciation and Impairment 30 June 2008 \$000	Cost/ Revaluation 30 June 2008 \$000	Net Book Value 30 June 2008 \$000
COMPUTER SOFTWARE	716	587	129	1,183	-	-	226	-	813	1,899	1,086

Council has easements giving right to access to private property where infrastructural assets are located. It has not been feasible to value these at this stage and when valued are not expected to be material.

There are no restrictions over the title of Councils intangible assets, nor are there any intangible assets pledged as security for liabilities.

NOTE 17 - FORESTRY ASSETS

ACTUAL		ACTUAL
2007		2008
\$000		\$000
45	Balance at 1 July	45
<u>45</u>	Balance 30 June	<u>45</u>

Council owns 21 hectares of pinus radita which mature in 13-20 years. No forests have been harvested during the period (2007: nil). Plantation forests have been valued by P.F. Olsen and Co, independent valuers, on the basis of arms length market transaction of current market evidence as at 30 June 2005.

NOTE 18 - INVESTMENT PROPERTY & NON CURRENT ASSETS HELD FOR SALE

ACTUAL		ACTUAL
2007		2008
\$000		\$000
	Investment property	
44,910	Balance at 1 July	33,213
(18,000)	Transfer to assets held for sale	(10)
6,303	Fair value gains/(losses) on valuation	1,751
<u>33,213</u>	Balance at 30 June	<u>34,954</u>

All investment properties held by council were valued at fair value by registered valuers Reid and Reynolds Ltd as at 30 June 2008

Restricted land within the investment category:\$0 (2007 \$0)

ACTUAL		ACTUAL
2007		2008
\$000		\$000
	Current assets	
18,000	Balance at 1 July (land)	-
	Non current assets	
-	Balance at 1 July (land)	18,000
-	Transfer to assets held for sale from operational land and investment property	206
	Fair value gains/(losses) on valuation	(2,500)
<u>18,000</u>		<u>15,706</u>

The assets held for sale relate to property currently held but on the market.

NOTE 19 - RESTRICTED ASSETS

2007	Cost/ Revaluation 1 July 2006 \$000	Accumulated Depreciation and Impairment 1 July 2006 \$000	Net Book Value 1 July 2006 \$000	Additions Current Year \$000	Disposals Current Year \$000	Impairment Current Year \$000	Depreciation Current Year \$000	Revaluation Current Year \$000	Revaluation 30 June 2007 \$000	Cost/ Revaluation 30 June 2007 \$000	Accumulated Depreciation and Impairment 30 June 2007 \$000	Net Book Value 30 June 2007 \$000
	7,448	-	7,448	-	-	-	-	-	7,448	7,448	-	7,448
	28,385	-	28,385	15	-	-	-	-	28,385	28,385	-	28,400
Total	35,833	-	35,833	15	-	-	-	-	35,833	-	-	35,848
2008												
2008	Cost/ Revaluation 1 July 2007 \$000	Accumulated Depreciation and Impairment 1 July 2007 \$000	Net Book Value 1 July 2007 \$000	Additions Current Year \$000	Disposals Current Year \$000	Impairment Current Year \$000	Depreciation Current Year \$000	Revaluation Current Year \$000	Revaluation 30 June 2008 \$000	Cost/ Revaluation 30 June 2008 \$000	Accumulated Depreciation and Impairment 30 June 2008 \$000	Net Book Value 30 June 2008 \$000

Refer to note 15 for revaluation details.

NOTE 20 - CREDITORS AND OTHER PAYABLES

ACTUAL 2007 \$000		ACTUAL 2008 \$000
5,357	Trade creditors	4,894
238	Accrued expenses	182
396	Regional Council rates	418
78	Related parties	-
2	Accrued interest on public debt	-
1,393	Income received in advance	926
510	Deposits	1,080
<u>7,974</u>		<u>7,500</u>

Creditors and other payables are 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 21 - PROVISIONS

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	Provisions are Represented by:	
	Landfill Aftercare Provision	
1,958	Opening balance	2,383
691	Provision additions	
156	Provision unwinding	(1,057)
(440)	Provision used	(23)
18	Increase/(decrease) in net present value	440
<u>2,383</u>	Closing balance	<u>1,743</u>
1,080	Current portion	434
<u>1,303</u>	Non current portion	<u>1,309</u>
<u>2,383</u>		<u>1,743</u>
	Forestry Provision	
1,000	Opening balance	1,000
-	Provision used	(48)
-	Increase/(decrease) in net present value	(750)
<u>1,000</u>	Closing Balance	<u>202</u>
-	Current portion	-
<u>1,000</u>	Non current portion	<u>202</u>
<u>1,000</u>		<u>202</u>
	Leaky Building Provision	
380	Opening balance	380
-	Increase/(decrease) in net present value	(7)
<u>380</u>	Provision brought in for the first time	<u>373</u>
380	Current portion	373
-	Non current portion	-
<u>380</u>	Closing balance	<u>373</u>
	Summary of Provisions	
1,460	Current provisions	807
<u>2,303</u>	Non current provisions	<u>1,511</u>
<u>3,763</u>		<u>2,318</u>

Provision for forestry rates refunds relates to valuation objections that are outstanding on certain forestry properties.

These objections relate to valuations that Council has rated on since 1 July 2002 and in the event of the objections being upheld then Council will be required to refund a portion of the rates charged on those properties since 1 July 2002.

LANDFILL AFTERCARE COSTS

Councils responsibilities include:

Closure costs;
Final cover application and investigation
Incremental drainage control features
Facilities for leachate collection and monitoring
Facilities for water quality monitoring

Post closure costs include;

Treatment and monitoring of leachate
Groundwater surface monitoring

FORESTRY PROVISION

Provision for forestry rates refunds relates to valuation objections that are outstanding on certain forestry properties. These objections relate to valuations that Council has rated on since 1 July 2002 and in the event of the objections being upheld then Council will be required to refund a portion of the rates charged on those properties since 1 July 2002. The provision is a best estimate of the possible refund, given the uncertainties involved.

WEATHERTIGHTNESS CLAIMS PROVISION

Claims have been lodged with the Weathertight Homes Resolution Service (WHRS) for buildings located with Whakatane District. A total of 14 claims were registered on the WHRS website for the Whakatane District as at 30 June 2008. Claims are being dealt with on a case by case basis.

Council's liability in relation to these claims has not been established and it is not possible to determine the likely outcome of the claims at this stage. Council's maximum exposure to the above claims is the insurer's excess for new claims which is estimated at \$50,000, and \$10,000 for older claims. This potential liability has been provided for in the 2007/2008 financial statements at \$ 373,000. In 2006/2007 Council recognised all such claims at \$380,000.

NOTE 22 - EMPLOYEE ENTITLEMENTS

ACTUAL 2007 \$000		ACTUAL 2008 \$000
19	Gratuities	-
169	Accrued pay	176
369	Annual and long service leave	501
12	Sick leave	12
<u>569</u>	Total employee entitlements	<u>689</u>
	Comprising:	
181	Current	188
<u>388</u>	Non-current	<u>501</u>
<u>569</u>		<u>689</u>

NOTE 23 - BORROWINGS

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	Current	
3,505	Secured loans	5,514
	Non-Current	
27	Secured loans	4,115
<u>3,532</u>	Total Borrowings	<u>9,629</u>
	The fair values of borrowings equate to their carrying values.	
	Maturity Profile	
3505	Maturing in under one year	5,514
5	Maturing in 1 - 2 years	-
5	Maturing in 2 - 3 years	7
6	Maturing in 3 - 4 years	-
4	Maturing in 4 - 5 years	4,088
7	Maturing in 5 years +	20
<u>3,532</u>	Borrowings (including current portion)	<u>9,629</u>

Interest rates range from 3.5% to 8.81% (2007: 3.5% to 8.5%) with a weighted average rate of 8.4% (2007: 3.5%).

The public debt is secured over future rating income.

Interest expense for 2007/08 \$580,000 (2007: \$180,219)

NOTE 24 - EQUITY

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	Equity	
444,769	Retained earnings	444,744
10,812	Restricted equity	10,812
89,310	Asset revaluation reserves	89,310
<u>544,891</u>	Total Closing Public Equity	<u>544,866</u>
	Retained Earnings	
433,111	Opening balance 1 July 2007	442,994
7,892	Net surplus (deficit)	(25)
	Less Appropriation	
(1,632)	To restricted reserves	-
	Funds Applied from	
1,725	Council created reserves	-
978	Restricted reserves	-
920	Sinking funds	-
<u>442,994</u>	Closing Balance 30 June 2008	<u>442,969</u>
	Council Created Reserves (Including Depreciation Reserves)	
3,500	Opening balance 1 July 2007	1,775
(1,725)	Less: application of funds	-
<u>1,775</u>	Closing Balance 30 June 2008	<u>1,775</u>
<u>444,769</u>	Total Retained Earnings	<u>444,744</u>
	Restricted Equity	
11,078	Opening balance 1 July 2007	10,812
1,632	Add appropriation	-
(1,898)	Less application of funds	-
<u>10,812</u>	Closing Balance 30 June 2008	<u>10,812</u>
	Asset Revaluation Reserve	
779	Opening balance 1 July 2007	89,310
50,913	Revaluation of roading	-
18,478	Revaluation of water	-
11,200	Revaluation of sewerage	-
4,249	Revaluation of land drainage	-
3,691	Revaluation of parks	-
<u>89,310</u>	Closing Balance 30 June 2008	<u>89,310</u>
<u>100,122</u>	Total Reserves	<u>100,122</u>

NOTE 25 - JOINT VENTURE

The audited results of the Whakatane Airport have been consolidated into the Financial Accounts. Whakatane Airport is a joint equity venture between the District Council and the Ministry of Transport (Air Transport Division).

Council Control: 50%

Balance Date: 30 June

The values of the joint venture that have been consolidated into the reports are:

ACTUAL 2007 \$000		ACTUAL 2008 \$000
185	Current assets	83
602	Non-current assets	582
42	Current liabilities	38
-	Non-current liabilities	-
197	Income	98
231	Expenses	157

Land & Buildings have been revalued to \$5,246,000 at 30 June 2006 and 50% of this has been included in the above figures. No related party debts have been written off or forgiven during the year.

There are no contingent liabilities or capital commitments arising from the Joint Venture.

NOTE 26 - RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

ACTUAL 2007 \$000		ACTUAL 2008 \$000
7,892	Net Surplus/(Deficit)	(25)
	Plus (Less) Non Cash Items	
9,547	Depreciation	10,874
(773)	Vested assets income	(716)
77	Net loss on disposal of assets	56
(6,303)	Revaluation gains property/shares	(1,755)
-	Revaluation losses harbour assets	4,122
269	Write down of provisions	(1,635)
156	Unwinding landfill interest	-
-	Impairment of receivables	325
	Add (less) Movements in other Working Capital items	
(13)	Decrease (increase) in debtors	1,382
56	Decrease (increase) in inventory	1
(44)	Decrease (increase) prepayments	(2)
-	Decrease (increase) in financial derivative assets	(67)
(151)	Increase (decrease) in creditors	(1,002)
(115)	Increase (decrease) receipts in advance	-
-	Increase (decrease) employee entitlements	(646)
(125)	Decrease in GST asset/liability	529
85	Increase (decrease) in deposits	-
	Less Cash Inflow from Investing Activities	
(73)	Less movement in regional Council rates	(22)
195	Less movement in creditors classified as investing	-
-	Increase in creditors for fixed asset purchases	(1,742)
<u>10,680</u>	Net Cash from Operations	<u>9,677</u>

NOTE 27 - CAPITAL COMMITMENTS AND OPERATING LEASES

This statement shows the extent to which the Whakatane District Council is committed to spend in future. Contracts have been entered into for the following capital projects.

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	Capital Commitments	
2,589	Roading improvements	983
104	Bridge replacement	11
1,381	Utility projects	781
106	Landfill	106
79	Properties	57
1,035	Pump station	218
209	Oxidation ponds	-
609	Parks and gardens	-
291	Cleaning	-
9,060	Professional services	-
-	Information systems	603
<u>15,463</u>		<u>2,759</u>

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	Non-cancellable operating leases as lessee	
62	Not later than one year	62
85	Later than one year and not later than five years	23
<u>147</u>	Total non-cancellable operating leases	<u>85</u>

NOTE 28 - CONTINGENCIES

ACTUAL 2007 \$000		ACTUAL 2008 \$000
Contingent Liabilities		
25	Employment dispute	20
300	Other claims	300
<hr/> 325 <hr/>		<hr/> 320 <hr/>

Employment Dispute

Employment related claims have been estimated at \$20,000 (2007 \$25,000).

Weathertightness Claims

See note 20. The council has now included a provision in the accounts for the potential liability in relation to building Weathertightness claims. The calculation is based on the number of homes currently registered with the Weathertight Homes Resolution claims.

The calculation is based on the number of homes currently registered with the Weathertight Homes Resolution Service. It is possible that further claims will be made in this regard.

Other Claims

A claim has been made under the Public Works Act for compensation for injurious affection relation to stream diversion and drainage works undertaken as part of the emergency management of the effects of the major storm event in May 2005. Council will oppose the claim. The claim could relate to loss of earnings from farmland of up to \$200,000.

A claim has been made under the public works act in relation to seeking judicial review in respect of the Crown's decision to transfer the Army Hall. These proceedings are being opposed. Council's exposure to a cost award, should the Judicial Review proceedings ultimately succeed, is likely to be in the vicinity of \$50,000. Council has resolved not to appeal the decision.

Proceedings by the Council against Environment Bay of Plenty for its decision to move EBOP's head office without adequate consultation, gives Council exposure to a costs award of around \$50,000 if its claims are unsuccessful.

Unqualified Contingent liabilities

There are various other claims that the Council and Group are currently contesting which have not being quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which the Council and Group have a responsibility to the claimant.

NOTE 29 - RELATED PARTY TRANSACTIONS

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 a related parties. The following transactions were carried out with related parties:

ACTUAL 2007 \$		ACTUAL 2008 \$
	Airport	
67,212	Administrative and maintenance services	79,021
156,109	Funds held by Council on behalf of the Airport	71,454

KEY MANAGEMENT PERSONNEL

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Whakatane District Council (such as payment of rates and use of council facilities).

During the year Whakatane District Council contracted with Orr Computer Services owned by Councillor Orr for the supply and servicing of security surveillance equipment. These services cost \$ 17,585 (2007: \$21,132) and were supplied on normal commercial terms.

There is no outstanding balance at 30 June 2008 (2007: nil).

During the year Whakatane District Council contracted with Hanlen Builders Ltd owned by Councillor Hanlen for the supply of building services. These services cost \$ 2,758 (2007: \$743) and was negotiated on normal commercial terms.

There is no outstanding balance at 30 June 2008 (2007: nil).

Councillor Hanlen is also involved in Kaymar Developments Limited which used Council's building services at a cost of \$796 (2007: \$2,396).

During the year Whakatane District Council purchased energy related services from Horizon Energy Distribution Ltd in which His Worship the Mayor Holmes was a director. These services cost \$ 125,923 (2007: \$51,525) and were supplied on normal commercial terms.

There is no outstanding balance at 30 June 2008 (2007: \$9,621).

No provision has been required for doubtful debts relating to outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Council has an 1/8th share in BOP LASS Limited. BOP LASS 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, Diane Turner, is a director of BOP LASS Limited.

ACTUAL 2007 \$000		ACTUAL 2008 \$000
1,032	Salaries and other short term benefits	981
-	Post employment benefits	-
-	Other long term benefits	-
-	Termination benefits	-

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel

NOTE 30 - REMUNERATION

Chief Executive

The Chief Executive of the Whakatane District Council, appointed under section 42(1) of the Local Government Act 2002 receives a salary of \$ 194,250 (2007: \$170,750)

In terms of the contract, the Chief Executive also receives the following additional benefits:

ACTUAL 2007 \$		ACTUAL 2008 \$
19,161	Car	15,750

For the year ending 30 June 2007 the total cost, including fringe benefit tax, to the Whakatane District Council of the remuneration package being received by the Chief Executive is calculated at \$ 210,000 (2007: \$203,489).

Elected Representatives

ACTUAL 2007 \$		ACTUAL 2008 \$
MAYOR AND COUNCILLORS		
74,461	Holmes, Colin (Mayor)	76,177
-	Bonne, Tony	14,786
-	Byrne, Rachael	14,313
31,607	Chambers, Christine	36,584
-	Clark, William	15,642
22,205	Dowd, David	10,487
24,749	Eivers, Jean	13,485
22,010	Fitzpatrick, James	9,201
29,020	Hanlen, Graeme	31,364
25,319	Hudson, Linda	12,484
22,315	Iles, Andrew	10,311
-	Jarrett, Scott	14,991
23,176	Johnston, George	24,633
24,577	Orr, Russel	26,624
-	Shearer, Ian	15,366
26,955	Te Kurapa, Jacob	27,920
COMMUNITY BOARD MEMBERS		
Edgecumbe - Tarawera		
2,200	Bourk, Graeme	2,220
-	Dennis, Gavin	1,560
2,200	Evans, Graham	733
2,290	Harvey, Evan	2,309
-	Major, Paul	1,408
2,200	McIndoe, Clive	2,220
5,641	Smeaton, Graham	5,601
2,271	Williams, Tessie	864

NOTE 30 - REMUNERATION CONT.

ACTUAL 2007 \$		ACTUAL 2008 \$
COMMUNITY BOARD MEMBERS		
Taneatua		
-	Keepa, Rehina	1,550
2,200	Kora, Monty	837
2,200	Knowles, Les	841
5,660	Kyle, David	5,822
2,200	Ruiterman, Luke	2,217
2,200	Tihi Claude	841
2,200	Yalden, Diane	2,217
-	Chater, Geoffrey	1,510
Whakatane		
5,500	Chambers, George	3,509
2,200	Delahunty, Neville	4,361
-	Hall, Tony	1,375
2,200	Harawira, Joe	841
2,200	Hipkiss, Andrea	841
-	Lander, Peter	1,375
2,200	Lynch, Kenneth	2,217
2,200	Searle, Ian	2,217
Ohope Beach		
2,200	Bowater, Grant	841
5,500	Bowering, Christine	3,620
-	Bulley, David	757
-	Casey, Gerard	729
2,322	Dohrman, Chris	4,421
-	Howe, Josephine	660
2,200	Lovelock, Hugh	2,220
2,200	McKillop, John	841
2,200	Pocock, Karen	841
Murupara		
5,500	Adam, Arthur	-
2,424	Magee, Carol	841
2,316	Chapman, Awhina	2,217
2,200	Delamere, Melody	841
-	Doney, Barry	1,326
-	Hynes, Ormond	1,549
2,200	Jakeman, Damon	841
-	Reedy, Keriana	1,375
-	Tanirau, Arleen	1,558
2,200	Te Kurapa, Anthony	-

NOTE 30 - REMUNERATION CONT.

Elected Representatives

ACTUAL 2007 \$		ACTUAL 2008 \$
	Iwi Liason	
98	Bird, William	-
0	Hona, Tepora	0
147	Mason, Hohepa	1,057
	Iwi Liason	
175	Pryor, Henare	495
496	Te Pou, Colin	1,376
59	Teamo-Simeon, Harata	406
250	Hunia, Paroa	526
0	Hunia, Taiki	293
507	White, Richard	1,129
35	Ngaropo, Pouroto	495
592	Carlson, James	1,361

NOTE 31 - SEVERANCE PAYMENTS

For the year ended 30 June 2008 Whakatane District Council made 2 severance payments to employees of \$24,667 and \$49,027 totalling \$73,694 (2007: \$47,289).

Employee 1	\$24,667
Employee 2	\$49,027

NOTE 32 - EVENTS AFTER BALANCE SHEET DATE

There were no significant events after balance date.

NOTE 33 - FINANCIAL INSTRUMENTS**33A FINANCIAL INSTRUMENT CATEGORIES**

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

2007 \$000		2008 \$000
	Financial assets	
	Derivative financial instruments that are not hedge accounted	
	- Fair value through profit and loss	-
	Financial instruments	-
	- Financial instruments	
	Loans and receivables	
883	Cash and cash equivalents	820
6,732	Debtors and other receivables	5,725
	- Financial Derivatives	67
7,615	Total loans and receivables	6,612
	Fair value through equity	
	Other financial assets:	
37	NZ Local Government Insurance Council Limited	43
	- BOP LASS	1
37	Total held to maturity	44
	Financial liabilities	
	Derivative financial instruments that are not hedge accounted	
	- Fair value through profit and loss	-
	Financial liabilities at amortised cost	
12,306	Creditors and other payables	10,508
	Borrowings:	
	- Bank overdraft	-
3,532	Secured loans	9,629
	- Debentures	-
15,838	Total financial liabilities at amortised cost	20,137

33B - FINANCIAL INSTRUMENT RISKS (CONTINUED)

Council has a series of policies to manage the risks associated with financial instruments. Council's is risk averse and seeks to minimise exposure from its treasury activities. 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. Council is exposed to equity securities price risk on its investments. This price risk arises due to market movements in listed securities. 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 50% 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 Council has borrowed at fixed rates in excess of the 50% 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 Council to cash flow interest rate risk.

Generally, 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 Council borrowed at fixed rates directly. Under the interest rate swaps, 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 Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, Council invests surplus cash into term deposits and local authority stock which gives rise to credit risk.

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 only invests funds with entities that have a Standard and Poor's or Moody's credit rating of A- or above for long-term investments.

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

MAXIMUM EXPOSURE TO CREDIT RISK

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

2007 \$000		2008 \$000
883	Cash at bank and term deposits	820
6,732	Debtors and other receivables	5,725
37	Local authority and government stock	44
-	Derivative financial instrument assets	67
<u>7,652</u>	Total credit risk	<u>6,656</u>

33B - FINANCIAL INSTRUMENT RISKS (CONTINUED)**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:

2007 \$000		2008 \$000
	COUNTERPARTIES WITH CREDIT RATINGS	
883	Cash at bank and term deposits:	820
883	Total cash at bank and term deposits	820
37	NZ Local Government Insurance Council Limited	44
37	Total NZ Local Government Insurance Council Limited	44
-	Financial instrument assets	67
-	Total derivative financial instrument assets	67
	COUNTERPARTIES WITHOUT CREDIT RATINGS	
-	Existing counterparty with no defaults in the past	-
-	Total community and related party loans	-

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

LIQUIDITY RISK**Management of liquidity risk**

Liquidity risk is the risk that 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. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy. These policies have been adopted as part of the Council's Long Term Council Community Plan.

Council has a maximum amount that can be drawn down against its overdraft facility of \$600,000 (2007 \$600,000). There are no restrictions on the use of this facility.

33B - FINANCIAL INSTRUMENT RISKS (CONTINUED)

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES

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

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More Than 5 years \$000
Council 2008						
Creditors and other payables	10,508	10,508	8,496	601	101	1310
Bank overdraft	-	-	-	-	-	-
Secured loans	9,629	9,629	5,514	-	4,095	20
Total	20,137	20,137	14,010	601	4,196	1330
Council 2007						
Creditors and other payables	12,306	12,306	9,615	488	100	2103
Debenture secured loans	-	-	-	-	-	-
Unsecured loans	3,532	3,532	3,505	5	15	7
Total	15,838	15,838	13,120	493	115	2110

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS

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

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More Than 5 yrs \$000
Council 2008						
Cash and cash equivalents	820	820	820	-	-	-
Debtors and other receivables	5,725	5,725	5,725	-	-	-
Net settled derivative assets	67	67	67	-	-	-
Net settled financial instruments	-	-	-	-	-	-
Other financial assets:						
- local authority and government stock	44	44	-	-	-	44
Total	6,656	6,656	6,612	-	-	44
Council 2007						
Cash and cash equivalents	883	883	883	-	-	-
Debtors and other receivables	6,732	6,732	6,732	-	-	-
Net settled derivative assets	-	-	-	-	-	-
Net settled financial instruments	-	-	-	-	-	-
Other financial assets:						
- local authority and government stock	37	37	-	-	-	37
Total	7,652	7,652	7,615	-	-	37

33B - FINANCIAL INSTRUMENT RISKS (CONTINUED)**SENSITIVITY ANALYSIS**

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at the balance date.

	2008 \$000				2007 \$000			
	Profit	-100bps Other Equity	Profit	+100bps Other Equity	Profit	-100bps Other Equity	Profit	+100bps Other Equity
Interest Rate Risk								
Financial assets								
Cash and cash equivalents	-							
Derivatives – interest rate swaps	(59)		199	-	-	-	-	-
Financial instruments								
Other financial assets:								
- local authority stock		1		(1)		1		(1)
Financial liabilities								
Borrowings:								
- bank overdraft								
-debt	(55)		55					
Total sensitivity to interest rate risk	(114)	1	254	(1)	-	1	-	(1)

EXPLANATION OF SENSITIVITY ANALYSIS**Derivatives****Financial assets**

Derivative financial assets not hedge accounted includes interest rate swaps with a fair value totalling \$66,765.41 (2007: Nil). A movement in interest rates of plus or minus 1.0% has an effect on the swap value of plus \$199,289 (2007: Nil) and minus \$59,437 (2007: Nil).

Local authority stock

A total of \$43,000 (2007: \$37,000) 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 \$430 (2007: \$370) on the fair value through equity reserve.

Secured loans**Secured Loans**

Council has floating rate debt with a principal amount totalling \$5.5M (2007: \$3.5M). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$55,000 (2007: \$35,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised 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 34 - CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayer's funds), which comprise retained earnings 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, in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investment, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promote in the Act and applied by the Council. Intergenerational equity require today's ratepayer to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the council has in place asset management plans for major classes of assets detailing renew and maintenance programmes to ensure ratepayer in future generations are required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those 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 LTCCP.

NOTE 35 - VARIANCES FROM BUDGET

Explanations for major variations from the Council's estimated figures in the 2007/08 Annual Plan are as follows:

Statement of Financial Performance.

The main reason for the variance between budget and actual income in the Statement of Financial Performance is the unbudgeted recognition of revaluation gains in Investment Property of \$1,751,000 and other gains from the write down of provisions amounting to \$880,000. In addition, unbudgeted assets of \$716,000 were vested to Council. An unbudgeted decrease in the value of Council's harbour assets of \$4,121,000 has contributed to a large portion of the variance between budget and actual expenditure. In addition, depreciation has exceeded budget by \$2,900,000, primarily as a result of Council's assets being revalued in the 2007 financial year.

Statement of Changes in Equity

The Statement of Movements in Equity varies between budget and actual owing to the Council's net result being a \$25,000 deficit, rather than the \$6,593,000 surplus budgeted. These variances are identified above.

Statement of Financial Position

Not all capital works budgeted were finalised during the 2007/08 financial year. This has resulted in a larger than budgeted Work in Progress balance and overall borrowings being significantly less than expected. Council has utilised its cash reserves to fund internal borrowing, further reducing external borrowing requirements. Council's infrastructural assets were revalued in the 2006/07 financial year, and increased significantly in value. This valuation was not reflected in the budgeted value of assets in the 2007/08 Annual Plan. Investment property had a gain of \$1.7m on revaluation as at 30 June 2008 while assets held for sale had a loss of \$2.5m on revaluation

The variance is Councils total equity has arisen primarily as a result of the movement in the asset revaluation reserve in the 2006/07 financial year. This movement was not budgeted for in the 2007/08 Annual Plan.

Statement of Cashflows

As reflected in the variance in the Statement of Financial Position, capital works were less than anticipated as explained above. Consequently term debt is also less than budget. Payments to suppliers and employees were greater than budget as a consequence of some capital expenditure being reclassified as operating expenditure. A reduction in budgeted creditors and other payables reflected in the Statement of Financial Position has also contributed to this variance.

AUDIT REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

**TO THE READERS OF
WHAKATANE DISTRICT COUNCIL'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2008**

The Auditor-General is the auditor of Whakatane District Council (the District Council). The Auditor-General has appointed me, F Caetano, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council for the year ended 30 June 2008, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council on pages 119 to 164:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2008; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 37 to 118 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 31 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council as at 30 June 2008. They must also fairly reflect the results of its operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of Long Term Council Community Plan, we have no relationship with or interests in the District Council.



F Caetano
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements and Statement of Service Performance

This audit report relates to the financial statements and statement of service performance of Whakatane District Council for the year ended 30 June 2008 included on Whakatane District Council's website. Whakatane District Council is responsible for the maintenance and integrity of Whakatane District Council's website. We have not been engaged to report on the integrity of Whakatane District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 31 October 2008 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.