

Whakatane District Council

Summary Annual Report 2009/10



"It has been a productive and successful period for the Council despite one or two unexpected events"

About this Summary

This is a Summary of the Whakatane District Council's Annual Report for the 2009/10 year. It sets out how the Council performed compared to what was planned for the year and covers the period 1 July 2009 – 30 June 2010.

- Did we do what we said we'd do?
- Did we meet our targets and budgets?
- Did we do as good a job as we should have?

Our year in summary

"It has been a productive and successful year for the Council despite one or two unexpected events. We have made substantial progress on some exciting and important projects and have continued to strive to deliver high quality services to our community. The many achievements referred to throughout the Annual Report reflect the effort and commitment of the Council working in partnership with the community and other agencies to deliver high quality services and complete a range of projects" (Whakatane District Council Chief Executive Diane Turner).

Key highlights

One of the major highlights for the year has been the completion of the award winning Warren Cole Walk and Cycleway. This project won over 33 other entries to receive the best practice walking facility at the National Golden Foot Walking Awards. The Warren Cole Walk and Cycleway was officially opened in December 2009.

The Warren Cole Walk and Cycleway, stretching from the Whakatane River Bridge to the Whakatane Gardens, won the best practise walking facility at the National Golden Foot Walking Awards.

Another major highlight was the completion of the Whakatane Crematorium which opened for operation in October 2009. The Crematorium was awarded the Commercial Projects Award in the Registered Master Builders Awards for the Whakatane District this year.

The Council purchased a property in the Esplanade Mall, Whakatane in September 2009 (former Briscoes) for development into a new Library and Exhibition facility. During the year the Council consulted on a series of design concepts. Architectural firm Irving Smith Jack was selected to develop detailed designs for this building. The construction phase of the project is scheduled to commence in July 2011.

The new Enterprise Content Management System (ECMS) for the storage and retrieval of information was implemented. This has reduced reliance on paper based records, provides increased security for Council information and allows easier access to Council records by staff. The ECMS is helping staff to respond more quickly to customer queries and improve the service we are able to provide.



Warren Cole Walk and Cycleway stretching from the Whakatane Bridge to the Whakatane Gardens

Major projects

The Council's landfill at Burma Road closed its gates to the public on 31 December 2009 with the site now being rehabilitated into pasture and native bush.

Following the closure of the landfill, waste is now being transported out of the District to the Tirohia landfill in the Waikato.

This has resulted in significantly increased costs and contributed to the deficit for the year. A number of initiatives were launched this financial year focused on encouraging recycling and green waste collection to reduce the amount of waste needing to be transported and disposed of outside the District. As a longer term solution, the Council is continuing to investigate a new District landfill.

The repair of the Whakatane District Aquatic Centre started during the year. The Aquatic Centre closed in March 2010 to allow the major repairs to be completed and will remain closed for about eight months.

In April, the Council resolved not to proceed with the divestment of the pensioner housing portfolio. The decision to sell the pensioner housing units was made by the Council as part of the development of the 2009-19 LTCCP and was subject to some strict criteria put in place to protect the welfare of current and future tenants. The decision not to proceed with the sale will have an impact on rates over the next ten years by not retiring debt as intended.

As part of the District Plan Review, the Council consulted with the community between March and April 2010 to identify key resource management issues that the Plan should manage. Feedback received from that process is now being used to develop policy options for the District Plan. During the same period the Council also consulted on the Draft Whakatane Integrated Urban Growth Strategy setting out the future growth options for Whakatane and Ohope urban areas.

In June 2010, a fibre optic network linking the Whakatane District Council with other councils of the Bay of Plenty Region was completed. This BOPLASS (Bay of Plenty Local Authority Shared Services) initiative is an exciting improvement to the broadband network for the Council as it enables increased sharing of IT services across Councils to reduce operating costs and improve service delivery.

By the end of 2009/10 nearly all of the disaster mitigation works were completed or were into the final stages. Some projects, such as the Edgumbe /Rangitaiki Plains Flood Mitigation

Project, are ongoing and there is substantial work still to be completed, but this is in a planned rather than reactive mode.

Impact of the floods

Responding to extreme weather events and flooding during May and June 2010 had a big impact on the Council's operations and budgets for the year.

Rainfall on 1 June peaked at an intensity of 90mm an hour (in excess of a one in 100 year weather event) leading to substantial localised flooding.

This required cleanup by the community and remedial work by the Council. Many homes were affected by the floods and the Council inspected over 250 houses for damage. The cost of the clean up and reinstating Council assets after these two storm events were partially covered by general Council savings in the 2009/10 financial year but will continue to impact budgets in the 2010/11 year. The Council has set rates to cover the flood repair costs from these events.

While it is too costly for stormwater infrastructure to be designed to accommodate extreme weather events, there is a likelihood that similar severe weather events will happen more frequently in the future. The Council will review its stormwater programme in the LTCCP and consider adopting a whole of catchment approach that may lead to it providing a higher level of protection for some communities.

It was pleasing to see that the mitigation works completed in Matata, Otaraire and Edgumbe performed as planned. In doing so they afforded these communities a higher level of protection than they have had in the past.

Non financial performance

The services that the Council provides cannot be measured by cost alone. To gauge how the Council is delivering services to the community, a range of non financial performance indicators with specific targets are set out in the Council's LTCCP. This year the Council achieved 80% of 90 performance targets.

The Council is pleased to have achieved 80% of 90 performance targets for the year, but this also highlights the areas to focus on.

While the Council is pleased to have achieved this level, it highlights the areas to focus on.

Financial performance for the year

In the wake of the recession, we have taken tight control of our budgets over the past year. In 2009/10, we recorded an operating deficit for the Council of \$1.95m, compared with a budgeted surplus of \$4.69m. The bulk of this deficit arises from non cash accounting entries and will not impact on rates.

In the wake of the recession, we have taken tighter controls of our budgets over the past year.

The biggest contributor to the variance this year, at \$2.87m, was delays in receiving Government subsidy funding for some projects. As a result, a number of projects were not started during the year and will not do so until subsidies are confirmed. This includes projects such as the composting plant and a number of water related projects. In a few cases, projects will not proceed as planned as Government subsidy funding is no longer available. This has affected walking and cycling initiatives. With less development occurring in the current economic climate, the Council also received less revenue than anticipated from development contributions and from building and resource consent applications. This contributed \$1.33m to the variance. Increased depreciation expenses, reflecting an increase in the value of Council assets, have added a further \$1.29m to the variance.



Community planting day at Te Awa o te Atua lagoon in Matata

Want to know more?

This Summary Annual Report can not be expected to provide as complete an understanding as the full Annual Report which contains detailed information about the Council's performance.

If you would like to read the full Annual Report 2009/10 you can access it in the Councils service centres and libraries or on our website: www.whakatane.govt.nz

This Summary Annual Report was authorised for issue by the Chief Executive on 11 November 2010.

A year in the Whakatane District

Leadership

What we do
Governance, Community Support, Strategy & Policy

What we delivered

- Representation review undertaken resulting in minor changes to some Community Boards and no change to the number of elected representatives.
- Over \$200,000 in grants allocated to community groups such as Bay of Plenty Surf Lifesaving (\$49,266), Citizens Advice Bureau (\$15,000) and Neighbourhood Support (\$5,000) amongst others.
- Sustainability programme progressed including membership to the Sustainable Business Network, participation in sustainability challenges and implementation of initiatives to reduce the Council's carbon footprint.

- Eight Iwi Liaison Committee meetings held contributing to Council decision making.
- 8/8 targets achieved for the level of service we provide to the community.
☑☑☑☑☑☑☑☑

What it cost

Operating Expenditure:

Budget \$2.73m
Actual \$2.56m

Revenue:

Budget \$2.73m
Actual \$2.85m

Capital Expenditure:

n/a

Cost to ratepayers: \$2.43m
Average cost per ratepayer per day: \$0.45^c



Transport Networks and Safety

What we do
Transport Networks, Road Safety, Parking Enforcement

What we delivered

- 56 kilometres of road surfaces renewed at a cost of \$1.8m as part of the annual road resurfacing programme.
- Policy developed to identify road safety deficiencies and prioritise minor improvement projects.
- Mobility parking spaces painted bright blue resulting in reduced infringements.
- Fewer road safety programmes delivered as a result of reduced subsidy funding available from central government. Programmes delivered focused on anti drink driving messages to High Schools, on Marae and through Probation Services.
- Operating expenditure was higher than budgeted for the year. Flood damage to

road infrastructure resulted in additional unbudgeted costs.

- 8/11 targets achieved for the level of service we provide to the community.
☑☑☑☑☑☑☑☑☐☐☐

What it cost

Operating Expenditure:

Budget \$12.57m
Actual \$13.93m

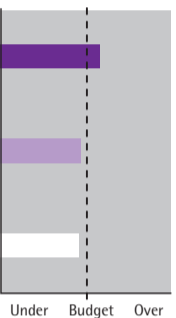
Revenue:

Budget \$13.95m
Actual \$13.27m

Capital Expenditure:

Budget \$6.30m
Actual \$5.78m

Cost to ratepayers: \$7.02m
Average cost per ratepayer per day: \$1.29^c



Waste

What we do
Waste Reprocessing, Waste Recycling, Waste Disposal

What we delivered

- In December 2009 the Burma Road Landfill closed. Residual waste is now being transported out of the district to the Waikato at a substantially increased cost.
- The Burma Road Landfill is being transformed back into pasture and native bush using green waste diverted from the waste stream.
- A waste transfer station was completed in Minginui using the old Minginui forestry compound buildings.
- 62.16% of all waste was sent to landfill, surpassing our target of 65%. The Council has also initiated projects to substantially reduce waste to landfill in the future.

- Capital expenditure was lower than budgeted for the year. The construction of a transfer station in Ruatahuna and the Burma Road landfill retirement experienced delays.
- 6/6 targets achieved for the level of service we provide to the community.
☑☑☑☑☑☑

What it cost

Operating Expenditure:

Budget \$5.08m
Actual \$4.77m

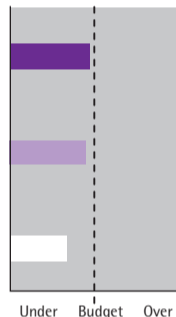
Revenue:

Budget \$5.40m
Actual \$4.78m

Capital Expenditure:

Budget \$1.91m
Actual \$1.26m

Cost to ratepayers: \$3.61m
Average cost per ratepayer per day: \$0.66^c



Moko the friendly taking summer vacation in Whakatane

Community Safety

What we do
Licensing (Liquor & Gambling), Environmental Health, Regulation Monitoring, Safer Communities, Building, Animal Control

What we delivered

- Complaints about excessive noise from licensed premises in the CBD were resolved between Council staff and business owners.
- A number of Bylaws were reviewed and changed including Fire Prevention in Urban Areas, Food Administration and Traffic and Speed Limits.
- Youth Council event was held at the Mataatua Reserve featuring famous musicians Maisey Rika and Tiki Taane and top BMX rider Jed Mildon.
- The average length of time for processing building consents was only 10.0 days, surpassing our target of 17.1 days.
- Earthquake-prone Buildings programme identified a significant percent of

commercial and industrial buildings in the District are potentially earthquake-prone due to design, construction or site characteristics.

- 10/12 targets achieved for the level of service we provide to the community.
☑☑☑☑☑☑☑☑☑☐☐

What it cost

Operating Expenditure:

Budget \$2.61m
Actual \$2.73m

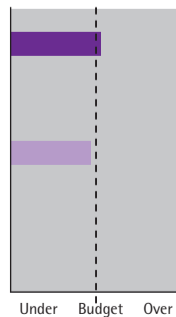
Revenue:

Budget \$2.71m
Actual \$2.56m

Capital Expenditure:

Budget \$15,000
Actual \$nil

Cost to ratepayers: \$582,000
Average cost per ratepayer per day: \$0.11^c



Environmental Sustainability

What we do
Resource Management - Consents, Resource Management - Policy

What we delivered

- Policy options for the District Plan review were consulted on with key stakeholders and the general public.
- The Integrated Urban Growth Strategy setting out future growth options for Whakatane urban areas was developed and adopted by the Council.
- We achieved our target that no resource consent decisions made by the Council are overturned by the Environment Court.
- We did not achieve our target to make the Whakatane District Plan operative in the 2009/10 year. The final appeal was resolved in late July 2010 and the Plan made operative in September 2010.

- Revenue was lower than budgeted as there were less resource consent applications than expected resulting in less recovery by way of fees and charges.

- 2/4 targets achieved for the level of service we provide to the community.
☑☑☐☐

What it cost

Operating Expenditure:

Budget \$2.22m
Actual \$2.15m

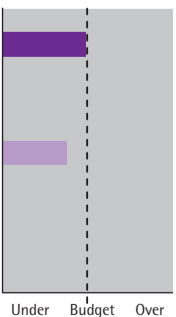
Revenue:

Budget \$1.70m
Actual \$1.29m

Capital Expenditure:

n/a

Cost to ratepayers: \$514,000
Average cost per ratepayer per day: \$0.09^c



Summary of our Activities

Hazard Management

What we do

Emergency Management, Disaster Mitigation

What we delivered

- Eastern Bay Emergency Operations Centre (EOC) and Urban Search and Rescue Team (USAR) carried out response and relief efforts following substantial flooding.
- EOC and USAR were placed on alert for two tsunami threats following earthquakes in Tonga (magnitude 7.7) and Vanuatu (magnitude 7.8).
- Four out of five Matata flood regeneration projects have now been completed. A resource consent application has been lodged for the fifth project – the Awatarariki debris detention structure.
- Revenue was higher than budgeted for the year as the Council received unbudgeted income from Transpower for the Edgcombe flood mitigation project.
- Capital expenditure was higher than budgeted for the year as flood mitigation

projects that were funded in the previous year were delayed and progressed in 2009/10.

- 4/7 targets achieved for the level of service we provide to the community.

What it cost

Operating Expenditure:
Budget \$852,000
Actual \$887,000

Revenue:
Budget \$893,000
Actual \$1.85m

Capital Expenditure:
Budget \$nil
Actual \$3.60m

Cost to ratepayers: \$871,000
Average cost per ratepayer per day: \$0.16^c



What we do

Pensioner Housing, Halls, Commercial Property

What we delivered

- Council resolved not to proceed with the sale of pensioner housing following strong community interest in the issue.
- Consultation on the Rural Halls Review found that rural halls are valued assets and their local communities want them to be retained. This work will feed into the development of a Community Hall Strategy in 2010/11.
- Property at 143 King Street sold to the Disabilities Resource Centre. Further properties were identified for potential sale including 2 Oregon Drive Murupara, 3 Foxglove Drive Whakatane, 65 Keepa Road Whakatane and 40 Te Tahī Street Whakatane.
- Operating expenditure was higher than budgeted for the year. Assets were revalued after the budget was set and depreciation

costs were higher than expected.

- 2/3 targets achieved for the level of service we provide to the community.

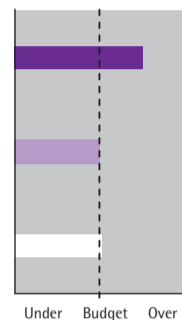
What it cost

Operating Expenditure:
Budget \$1.07m
Actual \$1.60m

Revenue:
Budget \$1.12m
Actual \$1.11m

Capital Expenditure:
Budget \$196,000
Actual \$202,000

Cost to ratepayers: \$323,000
Average cost per ratepayer per day: \$0.06^c



Recreation & Community Facilities

What we do

Parks & Reserves, Cemeteries & Crematorium, Public Conveniences, Aquatic Centres, Ports & Harbour, Recreation & Sports fields, Visitor Information

What we delivered

- The Warren Cole Walk/Cycleway was completed and won the National Golden Foot Walking Award over 33 other entrants. The award is run by Living Streets Aotearoa, NZ's primary advocacy organisation for people on foot.
- Construction of the first crematorium in the District was completed and the facility was officially opened.
- Whakatane District Aquatic Centre closed for major repair work needed as a result of poor building design.
- Harbour access was consistent with few restrictions placed on the bar during 2009/10 following improvements to the harbour maintenance regime.

- Visitor information centre catered to 95,275 visitors, many attracted to our beaches by the playful antics of Moko the friendly dolphin.
- 12/15 targets achieved for the level of service we provide to the community.

What it cost

Operating Expenditure:
Budget \$6.23m
Actual \$6.74m

Revenue:
Budget \$8.43m
Actual \$6.90m

Capital Expenditure:
Budget \$3.15m
Actual \$3.08m

Cost to ratepayers: \$4.00m
Average cost per ratepayer per day: \$0.74^c



Arts and Culture

What we do

Library, Museum & Gallery

What we delivered

- The Council purchased property in the Esplanade Mall for redevelopment into a new District Library and Exhibition Space. The current Museum will be redeveloped into a Research, Storage and Archive facility. Design concepts for the project were consulted with the community and are being developed further by architects Irving Smith Jack.
- Computers with internet access were provided in the Whakatane and Murupara Libraries using funding from Aotearoa Peoples Network Kaharoa.
- "Heart in the Wilderness" featuring painted landscapes by Jonathan White, was one of many exiting exhibitions held at the Whakatane Gallery during the year.
- Capital expenditure was lower than budgeted for the year. Plans for the Arts and Culture project (Library and

Museum redevelopment) are being developed further before the construction phase which is now scheduled for commencement in July 2011.

- 5/7 targets achieved for the level of service we provide to the community.

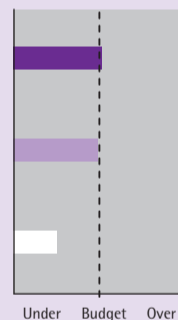
What it cost

Operating Expenditure:
Budget 2.51m
Actual \$2.59m

Revenue:
Budget \$2.54m
Actual \$2.51m

Capital Expenditure:
Budget \$3.51m
Actual \$1.77m

Cost to ratepayers: \$2.25m
Average cost per ratepayer per day: \$0.42^c



Council Controlled Organisations

Our Involvement

The Whakatane District Council is a shareholder in three CCOs: Whakatane Airport, Toi Economic Development Agency (Toi EDA) and the Bay of Plenty Local Authority Shared Services Limited (BOPLASS Ltd).

What the CCOs delivered

WHAKATANE AIRPORT

- Airport was maintained as a non-certified aerodrome in accordance with the Civil Aviation Authority Aerodrome design for aircraft at or below 5700kg MC TOW.
- Air New Zealand Link provided daily return services to Auckland and Wellington.
- Airport Expansion Initiatives were progressed during the year including negotiations with landowners to acquire land adjacent to the airport and negotiations with external parties for the development and expansion of hangars.

TOI EDA

- Toi EDA continued to deliver the

Enterprise Training Programme aimed at up-skilling owners and operators of small and medium enterprises to help them develop and grow their businesses.

- Hosting travel writers resulted in excellent stories in Kia Ora magazine, NZ Adventure Magazine, Lets Travel magazine, NZ Herald on Sunday and NZ Kayak magazine. Destination TV also visited the Eastern Bay to film their 4th series of Hit the Road.

BOPLASS

- Fibre optic network completed in June connecting the Whakatane District Council with the other Councils of the Bay of Plenty region.

What the CCOs cost our Council and Ratepayers

Operating Expenditure: \$1.15m

Operating Revenue: \$1.12m

Cost to ratepayers: \$687,000

Average cost per ratepayer per day: \$0.13^c

Corporate & District Activities

What we do

Communications, Finance, Customer Information, Corporate Information, Corporate Property, Human Resources, District Income & Expenditure

What we delivered

- New more attractive and functional website completed providing better access to Council information.
- Improved afterhours service implemented with immediate benefits for customers due to an increase in capacity.
- New Electronic Content Management System implemented reducing the reliance on paper based records, improving security of information and allowing more efficient access to records.
- Operating expenditure was higher than budgeted for the year due to additional unexpected costs for development contribution refunds, doubtful debts, loss revaluation and salaries.

- Revenue was higher than budgeted for the year as the Council received more vested assets than expected for the year.
- 6/6 targets achieved for the level of service we provide to the community.

What it cost

Operating Expenditure: *
Budget \$200,000
Actual \$2.96m

Revenue: *
Budget \$1.03m
Actual \$3.36m

Capital Expenditure:
Budget \$2.39m
Actual \$2.09m

Cost to ratepayers: \$47,000
Average cost per ratepayer per day: \$0.01^c

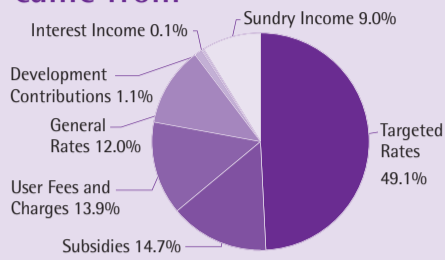


^cThe operational costs of Corporate and District Activities are generally funded by charging overheads to the other activities. The costs listed here capture those that are not charged as overheads.

Financial Overview

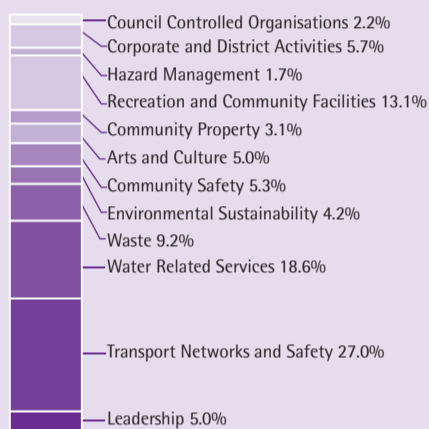
Council's final operating result for the 2009/10 year is a net deficit of \$1.95 m compared to a budgeted surplus of \$4.69m.

Where operating revenue came from



The total operating income for the year ending 30 June 2010 was \$48.89 m. Rates are the primary source of funding for Council's activities, and represent 61.18% of operating revenue. Other sources of revenue for the Council included user charges, fees and fines, rentals and subsidies.

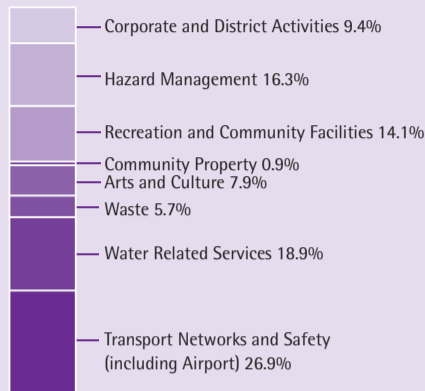
How operating expenditure was spent



The total operating expenditure for the year ending 30 June 2010 was \$51.62m. Core infrastructure such as Transport, Water, Wastewater and Storm water networks make up 45.53% of our total operating expenditure. The information on the previous two pages of this summary show what this means in terms of a dollar figure for each Group of

Activities and also how much of this is funded by ratepayers.

Where capital expenditure was spent



This graph shows where Capital Expenditure such as purchasing, developing and renewing assets was invested by Groups of Activities. Total Capital Expenditure for the 2009/10 year was \$22.28m against a revised budget of \$42.79m.

Where projects were delayed or did not start, most will be carried forward to be progressed in the next financial year. Of the \$20.51m variance \$19.71 will be carried forward to 2010/11. There are numerous reasons why projects may have been delayed or did not start. Some key reasons include that projects are still awaiting subsidy funding from central government before proceeding, that resource consents have caused delays or that projects were intentionally deferred for reasons of community affordability.

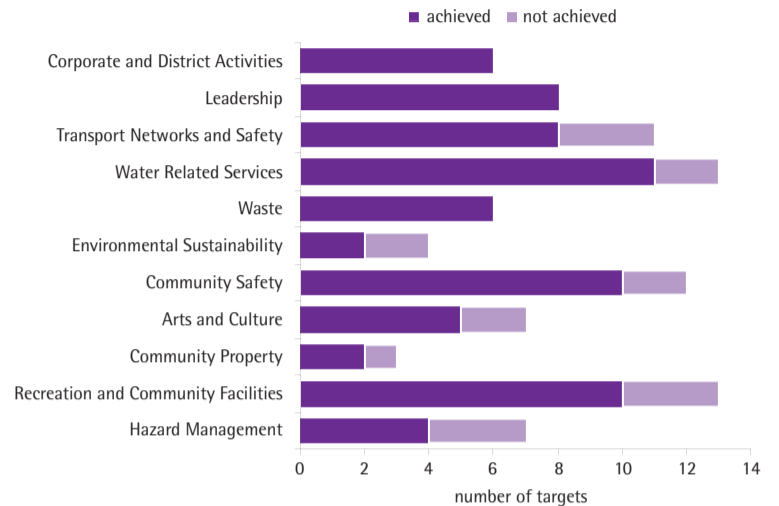
The main sources of funding for capital expenditure are borrowings through loans raised, grants and subsidies received from agencies such as Land Transport NZ Ltd (LTNZ), funding from depreciation reserves, and development contributions charged to developers for their share of the costs associated with growth.

Summary of non-financial performance

The Long Term Council Community Plan 2009-19 (LTCCP) sets out the levels of service that the Council aims to provide to the community. For each of the Council's activities, performance is monitored against targets to show whether or not the intended levels of service have been achieved. For the 2009/10 year the LTCCP outlines 90 performance targets.

In total, of the 90 targets for the year, the Council achieved around 80% while 20% were not achieved. The graph below summarises performance at a Group of Activities level.

Performance targets are based on a range of technical and perception based measures. Technical measures include things such as the proportion of waste that goes to landfill while perception measures are based on the Council's Residents Survey. This includes achievements from the 2008 Residents Survey where a more recent survey result has not been established. Information about the specific targets for each activity, including explanations for targets that were not achieved, can be found in the Groups of Activities section of the full Annual Report.



Council staff members participate in the 'No Pollute Commute' challenge

Key reasons for variances from the budget

The Council's final operating result for the 2009/10 year is a net deficit of \$1.95m compared to a budgeted surplus of \$4.69m. This is a \$6.6 m variation from what was budgeted for the year. The bulk of this deficit arises from non cash accounting entries. The key variances contributing to the final operating result are as follows:

Development Contributions \$0.39m Unfavourable

The Council budgets to receive development contributions from developers each year to contribute to the development of network infrastructure, community infrastructure and reserves to maintain acceptable levels of service as development increases in the District. The receipt of development contributions was \$393,000 less than that budgeted in the 2009/10 year, owing to the economic downturn, resulting in less building and development work proceeding.

Revaluation Gain on Property Investments \$0.64 m Favourable

Investment property held by the Council increased in value by \$0.64m following revaluation by independent registered valuers.

Rates \$0.66m Favourable

Rates revenues were higher than budgeted due to \$0.24m more penalties charged and \$0.36m more water targeted rates charged.

Provisions \$0.72m Unfavourable

During the year, a \$0.72 m expense variation more than budget occurred. A new provision has been established for Development Contribution Refunds for an amount of \$1.17m.

Grants and Subsidies \$2.87m Unfavourable

The Council receives a number of grants and subsidies from various organisations for projects undertaken. The Council plans on receiving subsidies based on projects expected to be completed each year. During 2009/10, \$3.85 m of grants and subsidies were not received as follows;

The NZ Transport Authority withdrew funding against some roading initiatives (\$0.38 m), funding for the Whakatane Pool is now anticipated in the 2011 year (\$2.0m) and funding for other capital projects was not received (\$1.47 m). Other than the Whakatane Pool, capital projects have not been undertaken where funding was not received.

Subsidies were received for the Disaster Mitigation works at Awatapu and Edgumbe (\$0.877 m). These were budgeted in 2009.

Additionally, an unbudgeted grant was received from Eastern Bay Energy Trust (\$0.1 m) for the crematoria project.

Derivatives \$0.39m Unfavourable

Derivatives moved from last year's position from a loss of \$0.08m to a loss of \$0.47m, a net movement of \$0.39m. The budget did not provide for any movement in derivatives. The values for derivatives as at year end are assessed by independent valuers and represent the current position of all swaps held by the Council.

Depreciation \$1.29m Unfavourable

After budgets were set for 2009/10 a number of Council's assets were revalued. This led to an increase in the amount of depreciation needing to be put aside. While this is not a direct cost to the Council, it does represent a book cost of \$1.29 m.

The budgets set aside for depreciation have been calculated as the average requirement for renewing assets over the next 25 year period. This renewal profile is reviewed annually and adjusted as better Asset information becomes available.

Other Reconciling Expenditure Items \$2.27m Unfavourable

Numerous other variances, both favourable and unfavourable, have contributed to the final operating result for the year. Further detail behind these variances can be found in the Summary of our Activities section of this Annual Report Summary and in the Groups of Activities section of the full Annual Report.



Whakatane Crematorium designed in the theme of a waka

Summary Financial Statements and Notes

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 and a 35/65 joint venture between the Council and P F Olsen Ltd, a forest management and harvesting company, regarding a forestry block at Onepu on land vested to the Council. 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 full financial statements of the Council are for the year ended 30 June 2010. These were authorised for issue by the Council on 29 October 2010.

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.

Basis of Preparation

This Summary complies with FRS43 and this Standard does not include a requirement to comply with New Zealand GAAP or NZ IFRS. The full 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. The 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.

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.

Statement of Commitments

The Council has entered into capital commitments for work not commenced at a balance of \$4.84m. The Council has operating lease commitments of \$210,000.

Further detail can be found in Note 26 of the full Annual Report.

Contingent Liabilities

The Council's contingent liabilities for June 2010 totalled \$1.23m the largest of which is for Damage to the Edgecumbe sewerage infrastructure, attributed to earthquake activity over the last few years. Further detail can be found in Note 27 of the full Annual Report.

Contingent Assets

Bay of Plenty Regional Council Proceedings by the Whakatane District Council against the Bay of Plenty Regional Council (BOPRC) for its decision to move BOPRC's head office without adequate consultation, gives the Whakatane District Council potential to recover costs of approximately \$98,000 from the BOPRC.

Council has made a claim against the architect and principal contractor of the Whakatane District Council Aquatic Centre. This claim is in relation to major deficiencies in the building, construction and insulation of the centre and dates back to the time of original construction in 2005. The quantum of costs in relation to the claim are unknown at this stage but are understood to be significant. Contingent assets are detailed in Note 27 of the full Annual Report.

Related party Transactions

During the 2009/10 year the Council has entered into related party transactions. The largest transaction related to administrative and maintenance services for the Whakatane Airport at a cost of \$52,186. Further minor transactions were entered into, the detail of which can be found in note 28 of the full Annual Report.

About the Audit Report

It is a legal requirement that the Annual Report (including financial statements) is audited on behalf of the Auditor General's Office. The full Annual Report received an unqualified Audit Report and was adopted by the Council on 29 October 2010. This annual Report summary has also been audited by the Council's auditors for consistency with the Annual Report.

Actual 2009 \$000	FINANCIAL SUMMARIES FOR 2009/10	Actual 2010 \$000	Budget 2010 \$000
	Comprehensive Income		
28,441	Rates revenue	30,305	29,646
16,791	Other revenue	17,839	21,248
78	Finance income	63	211
300	Gains	685	-
45,610	Total Income	48,892	51,105
10,214	Personnel costs	10,250	9,764
16,417	Depreciation and amortisation	13,460	12,173
26,576	Other expenses	25,330	22,988
2,343	Revaluation Losses	388	-
956	Finance costs	1,409	1,493
56,506	Total Operating Expenditure	50,837	46,418
(10,896)	Surplus/(deficit) before tax	(1,945)	4,687
-	Income Tax Expense	-	-
(10,896)	Surplus/(deficit) after Tax	(1,945)	4,687
95,665	Gains/(Loss) on assets revaluation	(7,125)	17,922
84,769	Total Comprehensive Income for the year	(9,070)	22,609
	Changes in Equity		
544,866	Balance as at 1 July	629,635	557,227
(10,896)	Surplus/(Deficit) for the year	(1,945)	4,687
95,665	Increase/(Decrease) in asset revaluation reserves	(7,125)	17,922
84,769	Total comprehensive income (expense)	(9,070)	22,609
629,635	Total Equity Balance as at 30 June	620,565	579,836
	Financial Position		
8,028	Total Current Assets	5,955	8,508
651,009	Total Non-Current Assets	654,830	605,574
659,037	Total Assets	660,785	614,082
22,907	Total Current Liabilities	34,531	10,705
6,495	Total Non-Current Liabilities	5,689	23,541
29,402	Total Liabilities	40,220	34,246
629,635	Net Assets	620,565	579,836
	Cash Flows		
7,753	Net Cash Flows from Operating Activities	12,553	16,144
(15,525)	Net Cash Flows from Investing Activities	(22,163)	(20,941)
8,293	Net Cash Flows from Financing Activities	8,795	5,094
521	Net increase/(decrease) in cash held	(815)	297
820	Cash, cash equivalents and bank overdrafts at the beginning of the year	1,341	863
1,341	Cash, cash equivalents and bank overdrafts at the end of the year (Cash at bank)	526	1,160

Audit Report

To the readers of Whakatane District Council's summary annual financial statements, service provision information and the other requirements for the year ended 30 June 2010

We have audited the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 as set out on pages 1 to 5.

Unqualified opinion

In our opinion:

- the summary financial statements, service provision information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, service provision

information and the other requirements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements, service provision information and the other requirements from which they are derived.

We expressed an unqualified audit opinion, in our report dated 29 October 2010, on:

- the full financial statements;
- the service provision information; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report.

Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Whakatane District Council.

Responsibilities of the Council and the Auditor
The Council is responsible for preparing the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 and we are responsible for expressing an opinion on those summary financial statements, service provision information and the other

requirements of Schedule 10 of the Local Government Act 2002.

These responsibilities arise from the Local Government Act 2002.



Clarence Susan
Audit New Zealand

On behalf of the Auditor-General
Whakatane, New Zealand
11 November 2010