

WHAKATĀNE DISTRICT COUNCIL

2011/12 Annual Report Summary

Our year in review



A word from

MAYOR TONY BONNE



Welcome to this summary of the Whakatāne District Council's Annual Report for 2011/12. The Annual Report is our score card, telling you how we performed in the past year. It is also an opportunity to celebrate the things the Council has achieved in partnership with the community.

Overall, we are pleased to report that our performance, both financial and non-financial, has improved markedly.

As a result of careful financial management, we finished the year in a positive financial position, achieving a total operating surplus of \$1.99 million. This was a particularly satisfying outcome because we faced a number of unanticipated costs which had to be accommodated within our available budget. These costs related to storm damaged roading and rates debts that are no longer collectable.

In terms of our non-financial performance, 86% of our targets were either achieved, or within 5% of the outcomes sought. This is an improvement over previous years and indicates that our performance is moving in the right direction. We are committed to building on that improved performance in the coming years.

During the year we took a fresh look at some of the 'big ticket' capital projects, including wastewater and stormwater projects in Matatā and stormwater improvements in Edgecumbe. Our focus is to ensure that every project we are planning will provide the most sustainable, responsible and affordable solution. Those reviews resulted in decisions not to proceed with several projects such as the debris detention structure in Matatā and to instead look for more affordable solutions.

We have renewed efforts to connect, communicate and build partnerships with our community to gain a better understanding of the issues which are of concern to communities throughout the District. In part, this is to help us deliver the services and projects that you need. It is also about looking for opportunities to work in partnership, acknowledging that the passion and knowledge people have about their communities can provide opportunities to deliver better or more efficient services.

Chief Executive Marty Grenfell joined the Council in late September 2011. A number of changes have been made to the organisation over the past year under his leadership, including restructuring of Council departments and initiatives to improve the way the organisation interacts, communicates and acknowledges its challenges and successes.

We are proud of our achievements during the year, not just the highlights, but also the continued delivery of the services that we all rely on every day. The District faces ongoing challenges, but we believe that by working together as a team, in consultation with our community, we are well placed to find appropriate solutions and maintain our positive momentum.

Whakatāne District Mayor – Tony Bonne
21 November 2012

Over the past year we have delivered a wide range of essential services and facilities to the community. When you drive along Galatea Road, park on The Strand, stroll down the Warren Cole walkway, visit Te Kōputu a te whanga a Toi - Whakatāne Library and Exhibition Centre, use a boat ramp, playground or park, have your rubbish collected, turn on a tap or flush your toilet, you are probably using services provided by the Council. And that's just a snapshot of the activities the Council undertakes on the community's behalf.

The work we have undertaken over the course of the past year, has in part been about continuing to run the District as efficiently as possible, but it is also about moving our District forward to keep improving our lifestyle opportunities and the quality of life for our community.



New Library and Exhibition Centre Opens

After a decade of negotiation, planning, fundraising and finally construction, "Te Kōputu a te whanga a Toi" - the Whakatāne Library and Exhibition Centre was officially opened by the Mayor, Tony Bonne on 28 June 2012.

The new Library is more spacious and incorporates self-checkout facilities, comfortable seating areas and an events room. The new Museum offers a permanent display of engaging experiences, stories and taonga (treasures) of the Whakatāne District and the wider Eastern Bay of Plenty region. The Galleries will feature a changing programme of exhibitions featuring works by local, national and international artists.

In the short time since opening, demand at Te Kōputu has been huge, with visitor numbers well up compared to the previous facilities.

The new facility is a tribute to the hard work and kind donations of those that have made this dream a reality and will fulfil a key role as the community's arts and culture hub for many years to come.



YOUR COUNCIL

The Whakatāne District Council is your Council. We are here to look after your interests and try to develop a district in which we all want to live work and play. Like you, we are ratepayers and members of this community and care about many of the same things you do. You should feel free to contact us if you have concerns or comments about the Council.

Whakatāne - Ōhope Ward



MAYOR Tony Bonne

Ph 07 312 4787
Ph (Bus) 07 306 0515
Mob 027 440 1126
tony.bonne@whakatane.govt.nz

Whakatāne District Council
Ph 07 306 0500
Fax 07 307 0718
info@whakatane.govt.nz
www.whakatane.govt.nz



DEPUTY MAYOR

Judy Turner
Ph 07 312 4965
Mob 021 309 803
judytturner.ohope@xtra.co.nz



COUNCILLOR

Christine Chambers
Ph 07 308 7898
twoattoi@xtra.co.nz



COUNCILLOR

David Dowd
Ph 07 307 0299
Mob 027 433 6930
david@ddl.co.nz



COUNCILLOR

Scott Jarrett
Ph 07 308 7556
Mob 027 493 8019
scott_jarrett@xtra.co.nz



COUNCILLOR

Dave Sheaff
Ph 07 312 5744
Mob 027 495 3022
dlsheaff@wave.co.nz

Rangitāiki Ward



COUNCILLOR

George Johnston
Ph 07 304 8373
Mob 027 667 3645
thorntonjohnstons@hotmail.com



COUNCILLOR

Russell Orr
Ph 07 322 8473
Mob 027 290 7565
russell@orrcor.com.co.nz



COUNCILLOR

Gerard van Beek
Ph 308 6474
Mob 027 444 4940
nassau@xtra.co.nz



COUNCILLOR

Andrew Iles
Ph 07 312 3191
Mob 027 294 1849
waimanailles@xtra.co.nz



COUNCILLOR

Pouroto Ngaropo
Mob 021 242 5978
pouroto@ngatiawa.iwi.nz

Tāneatua- Waimana Ward

Galatea - Murupara Ward

HIGHLIGHTS OF THE 2011/12 YEAR

Long Term Plan focuses on capping rates and debt

Over the course of the last year we developed and adopted our Long Term Plan (LTP) covering the 2012-2022 period. The LTP is the Council's main planning document setting out what we intend to deliver to our community over the next 10 years, why we plan to do it, how much it will cost, who will pay and how we will monitor our performance. Incorporated into the plan is a financial strategy which focuses on capping rates and debt. Alongside the development of the Long Term Plan, we undertook a major review of our rating system. The review resulted in a change to a more balanced approach which considers rates affordability alongside our historical 'user-pays' approach.

Chief Executive takes up post

Chief Executive Marty Grenfell started with the Council in late September 2011. Mr Grenfell has worked in the local government sector since 2005. Previously, he spent 21 years in the NZ Police.

Since taking up his post, Mr Grenfell has led changes within the organisation including a restructure of Council departments and initiatives that continue to build a strong and effective team. Another major milestone in Mr Grenfell's first year has been providing direction on the Council's financial strategy, which includes limits on rates increases and debt levels. Mr Grenfell has also led a review of major capital projects during the year (in particular those in Matatā) and taken up opportunities to discuss these with the affected communities.



Harbour Vessel replaced after 30 years service

A new harbour vessel, the Port Whakatāne III was blessed and launched in December 2011. This replaces the Port Whakatāne II (The Portie) which was nearing the end of its lifespan after almost 30 years in service. The new 8.5-metre aluminium mono-hull was custom-designed to cater for the specific needs of the Harbour Superintendent who uses it to depth-sound the Whakatāne River bar, maintain moorings and beacons, move boats during flood situations and clear debris from boating channels and boat ramps.

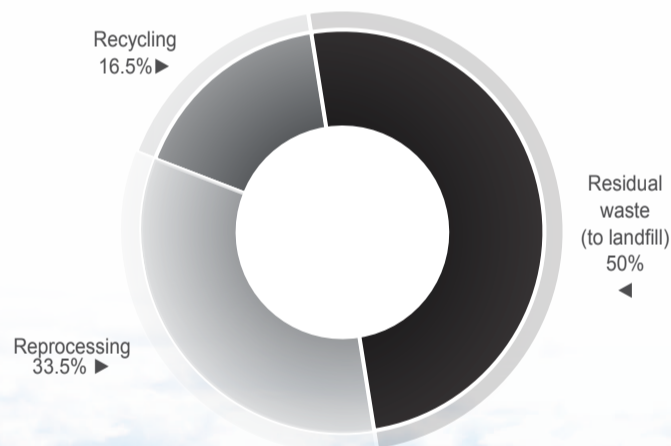
Maraetōtara playground gets make-over

In December 2011 we completed a major redevelopment of Maraetōtara playground in Ōhope. Existing equipment such as the pirate ship and the flying fox have been given a new lease on life and exciting new equipment has been installed for both school-aged and pre-school children. The new equipment, such as the climbing spacenet, spinning supernova and basket swing, have been popular since re-opening of the park.

Waste minimisation strategy making good progress

Over the past year we have continued to implement our waste minimisation strategy including diverting materials out of the waste stream to be reprocessed, reused and recycled. The total volume of the waste stream was reduced compared to the previous year. At the same time, we managed to increase our levels of reprocessing and recycling, reducing the proportion of waste that goes to landfill. Between these two accomplishments, 2,248 tonnes (102 truckloads) less waste was sent to the Tirohia landfill in the Waikato.

What happened to the waste produced in our District in 2011/12



Stormwater improvement project gets rolling

Whakatāne and Ōhope stormwater catchment investigations are making good progress. We have undertaken a number of investigations that look to mitigate flooding by taking a whole of catchment approach. The upper catchment investigations are joint project between the Whakatāne District Council and the Bay of Plenty Regional Council. Together, we have been investigating options for the Wainui Te Whara Stream including an upstream retention dam or increasing channel capacity downstream. We have also completed an urban stormwater study for Whakatāne. This study includes mapping and modelling to identify flood prone areas and illustrate overland flow paths.

These studies have been used to prioritise a work programme for the next three years. Key features of this programme include flood mitigation works for high risk areas, including Whakatāne North, Whakatāne West, Trident, Allandale and the urban catchment of the Wainui Te Whara Stream.

Review of 'Big Ticket' projects with a focus on affordability

Over the past year we have revisited some of the 'big ticket' projects that we were planning. We wanted to make sure that these projects were still relevant, appropriate and affordable. As a result, a number of changes were made to our plans, as follows:

- **New landfill:** We will not proceed with the development of a new regional landfill as this is not a cost efficient option. We will continue to reduce waste by implementing our waste management and minimisation plan.
- **Debris detention structure Matatā:** We will not build the debris detention structure. This decision was made following a doubling of the initial cost estimates and an assessment that the structure cannot be guaranteed to be effective. We are investigating whether there is an alternative solution which would minimise the risk to people and property.
- **Wastewater system for Matatā:** Further investigations have shown that sewerage disposal issues in Matatā are localised and that there is no compelling case for a fully-reticulated system on the basis of risks to human health. The localised issues may be able to be resolved through another solution such as upgraded septic tank systems or partial reticulation. At the time of writing this Annual Report, a final course of action had yet to be decided.



Community-led initiatives gain momentum

Over the past year a number of community led initiatives have made great progress. The Community Reuse Whakatāne (CRew) recycling shop was opened, the Edgecumbe Bluelight Skate-park was completed and Edgecumbe Town beautification projects are making good progress led by the Edgecumbe Development and Improvement Team (EDIT). These are all great examples of community groups taking a lead role in projects, with support from the Council and other organisations, to enhance the wellbeing of their towns.

Where rates were spent in the 2011/12 year

WATER RELATED SERVICES - \$8,492,000

Includes

Water, Wastewater, Stormwater, Tradewaste.

What it cost

Total expenditure: \$11.11 million, Cost to ratepayers: \$8.49 million, Weekly cost for an average ratepayer: \$10.44

What we delivered

- Operated and maintained water-related infrastructure such as pump stations, reservoirs, treatment plants and flood gates.
- Upgraded the Whakatāne Water Treatment Plant and replaced filters.
- Developed the Plains Drinking Water Strategy.
- Reviewed the proposed Matatā wastewater scheme, with a more cost-effective solution to be considered.
- Consulted the Ōhope community about wastewater treatment options.
- Investigated options for improvements to the Edgecumbe wastewater system.
- Undertook Whakatāne and Ōhope stormwater catchment studies.
- Completed stormwater pump station improvements in Whakatāne.
- Completed an erosion control project for the Maraetōtara Stream and confirmed further projects.

WASTE - \$4,345,000

Includes

Waste reprocessing, Waste Recycling, Waste Disposal.

What it cost

Total expenditure: \$5.73 million, Cost to ratepayers: \$4.35 million, Weekly cost for an average ratepayer: \$5.34

What we delivered

- Provided kerbside collection services for waste, recycling and green waste.
- Operated waste transfer stations and recycling parks.
- Supported the CReW recycling shop initiative.
- Made improvements to the Whakatāne Recycling Park to help control odour.
- Reviewed the decision to construct a new landfill and determined that this was not a cost-efficient waste management option.
- Increased our levels of recycling and reprocessing compared to residual waste.

TRANSPORT NETWORKS & SAFETY - \$6,863,000

Includes

Transport Networks, Road Safety, Parking Enforcement.

What it cost

Total expenditure: \$14.55 million, Cost to ratepayers: \$6.86 million
Weekly cost for an average ratepayer: \$8.44

What we delivered

- Maintained our 903km roading network.
- Maintained other transport assets such as bridges, footpaths, signage and street lights.
- Completed flood damage recovery projects.
- Fast-tracked improvements to Arawa Street in Matatā.
- Progressed route security studies for Wainui Road.
- Delivered programmes to combat drink-driving.
- Delivered programmes to support active transportation options.
- Monitored and enforced parking restrictions.

LEADERSHIP - \$2,746,000

Includes

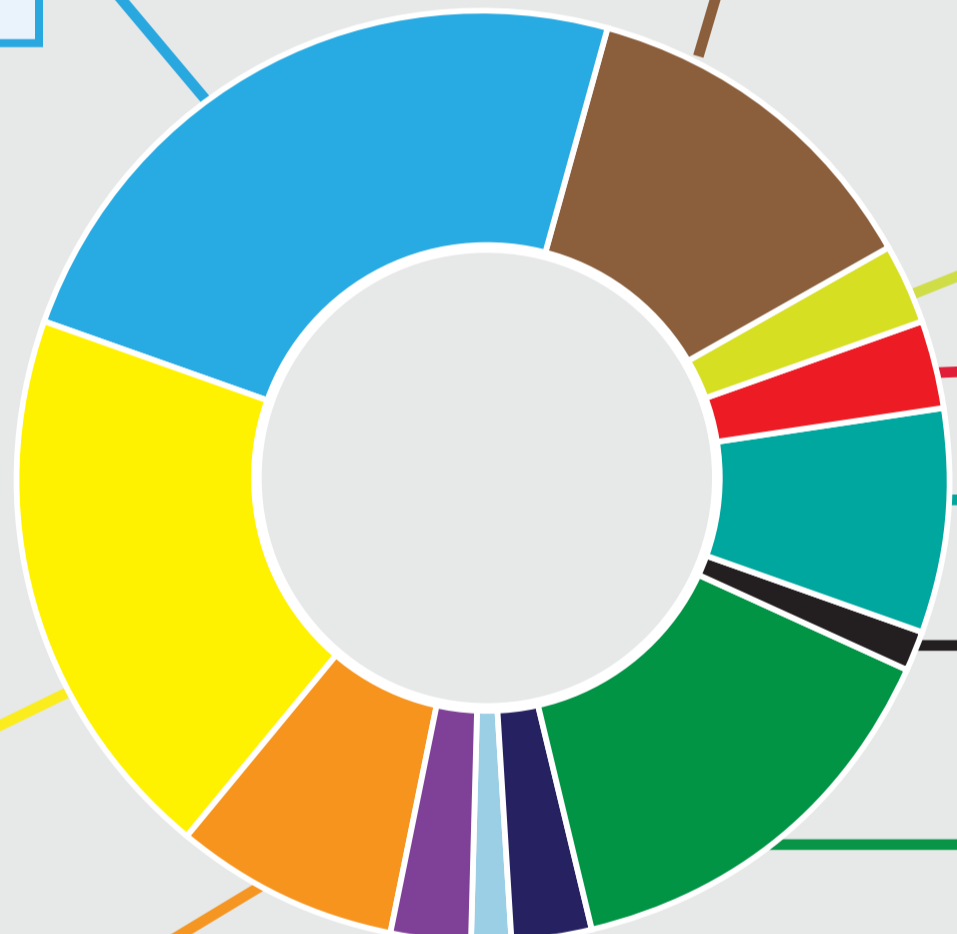
Governance, Community Support, Strategy and Policy.

What it cost

Total expenditure: \$2.76 million, Cost to ratepayers: \$2.75 million,
Weekly cost for an average ratepayer: \$3.38

What we delivered

- Facilitated Council, Committee and Community Board meetings.
- Conducted civic ceremonies, citizenship and awards events.
- Distributed grant funding to community groups and volunteer organisations.
- Completed the Long Term Plan 2012-22 (our ten year business plan).
- Reviewed one-third of our policies.



NOTE: In addition to these Council services, our full Annual Report also contains information about the following activities.

CORPORATE AND DISTRICT ACTIVITIES - \$1.08 million

These internal activities supported the effective and efficient running of our organisation. This included Communications, Finance, Customer Services, Corporate Information, Corporate Property, Human Resources and District Income and Expenditure.

COUNCIL CONTROLLED ORGANISATIONS - \$470,000

Companies or organisations in which the Council, or a number of Councils hold a 50% or greater shareholding. This includes Whakatāne Airport, Toi Economic Development Agency and, Bay of Plenty Shared Services Limited.

ENVIRONMENTAL SUSTAINABILITY - \$1,067,000

Includes

Resource Management Consents, Resource Management Policy.

What it cost

Total expenditure: \$1.94 million, Cost to ratepayers: \$1.07 million, Weekly cost for an average ratepayer: \$1.31

What we delivered

- Processed resource consent applications.
- Monitored compliance with resource consent conditions.
- Conducted successful consultation on our District Plan review.

COMMUNITY SAFETY - \$1,024,000

Includes

Licensing (liquor and gambling), Environmental Health, Regulation Monitoring, Safer Communities, Building, Animal Control.

What it cost

Total expenditure: \$2.96 million, Cost to ratepayers: \$1.02 million
Weekly cost for an average ratepayer: \$1.26

What we delivered

- Monitored and controlled licensed premises such as alcohol and gaming venues, hairdressers, food premises, and camp grounds.
- Followed up noise complaints and reviewed noise provisions in the District Plan.
- Educated beach users about bylaws for vehicles on beaches.
- Delivered programmes to combat graffiti and crime.
- Developed a Youth Strategy.
- Facilitated Youth Council meetings and projects.
- Processed building consent applications.
- Provided education programmes on responsible animal ownership.
- Provided response services for aggressive or wandering animals.

ARTS AND CULTURE - \$2,827,000

Includes

Libraries, Museum and Gallery.

What it cost

Total expenditure: \$2.95 million, Cost to ratepayers: \$2.83 million, Weekly cost for an average ratepayer: \$3.48

What we delivered

- Completed the construction of the Whakatāne Library and Exhibition Centre – Te Kōputu a te whanga a Toi.
- Completed numerous projects to support the transition of services to the new Centre.
- Delivered library services in Edgecumbe, Murupara, Ōhope and Whakatāne.

COMMUNITY PROPERTY - \$426,000

Includes

Pensioner Housing, Halls, Commercial Property.

What it cost

Total expenditure: \$1.96 million, Cost to ratepayers: \$426,000
Weekly cost for an average ratepayer: \$0.52

What we delivered

- Managed and maintained 79 pensioner housing units.
- Provided and maintained 11 urban and rural community halls.
- Managed properties held for strategic and/or investment purposes.

HAZARD MANAGEMENT - \$949,000

Includes

Emergency Management, Disaster Mitigation.

What it cost

Total expenditure: \$986,000, Cost to ratepayers: \$949,000
Weekly cost for an average ratepayer: \$1.17

What we delivered

- Completed a Tsumani Response Plan.
- Assisted community-based emergency management planning.
- Ensured that equipment, resources and processes are available to deal with a range of emergency situations.
- Supported the Whakatane Emergency Response Team (WERT).

RECREATION AND COMMUNITY FACILITIES - \$5,147,000

Includes

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

What it cost

Total expenditure: \$7.56 million, Cost to ratepayers: \$5.15 million
Weekly cost for an average ratepayer: \$6.33

What we delivered

- Managed and maintained recreational areas, assets and community facilities.
- Redeveloped Maraetōtara playground.
- Reached a financial compensation settlement for defects in the construction of the Whakatāne District Aquatic Centre.
- Launched a new harbour vessel to replace the Port Whakatāne II
- Consulted on and refined options for improving access through the Whakatāne River mouth.
- Received a near perfect 'Qualmark' rating for our Visitor Information (i-SITE) services.

HOW WE PERFORMED AGAINST THE BUDGET

We finished the year in a positive financial position

Through careful financial management and re-prioritisation of projects to accommodate unanticipated costs, we finished the 2011/12 financial year with an operating surplus. Unplanned expenses that had to be accommodated within existing budgets included a debt write-off for statute barred rates, which resulted from writing off multiple years of debt for rates which are no longer collectable (largely related to unoccupied Māori land) and the costs of storm damage to the roading network.

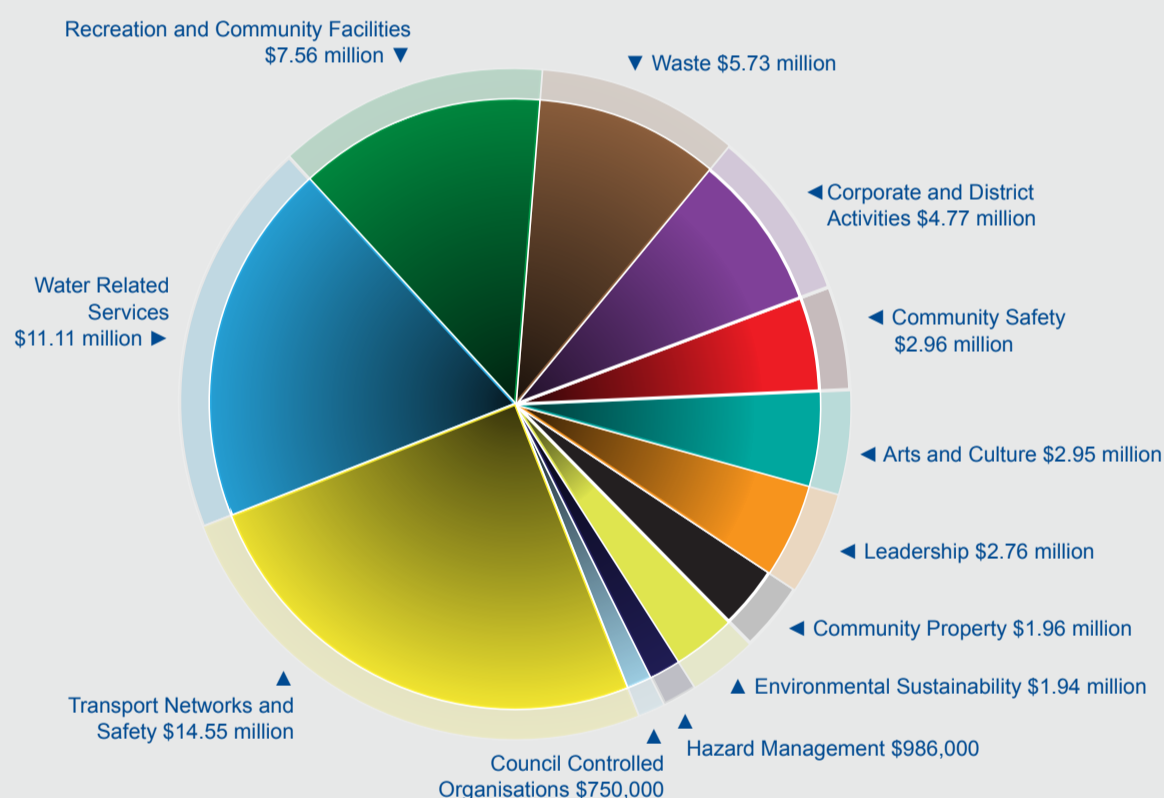
We reported a rating surplus at the end of the financial year

The rating surplus represents a turnaround from previous years where end-of-year funding deficit positions have been reported. A funding deficit position usually means that additional rates need to be levied over the subsequent year (or years) to repay the deficit. The rating surplus provides an opportunity to reduce planned rates increases for the next year.

Our biggest areas of expenditure continue to be transport water, wastewater and stormwater networks

The infrastructure based activities of Transport, Water, Wastewater and Stormwater continue to be our biggest area of expenditure. These activities made up just over 44% of our total operating expenditure during the past year. When we add Recreation and Community Facilities, this accounts for 57% of our operating expenditure. Almost all the services that we deliver are either specifically required by legislation or identified within legislation as core services. The graph below shows where operating expenditure was spent over the past year.

Operating Expenditure 2011/12



HOW WE PERFORMED ON PROJECTS

Our capital expenditure programme is close to target

While operating expenditure pays for the ongoing delivery of services that we provide everyday, capital expenditure pays for buying or building new assets and renewing existing assets when they reach the end of their useful lives. Over the 2011/12 year, we completed or progressed projects with a total cost of \$20.39 million. These varied in scale from small projects like installing a new drinking fountain, through to a multi-million-dollar programme of road renewals.

A large proportion (62%) of expenditure on projects related to the maintenance of our infrastructure for transport, water, wastewater and stormwater networks.

During the year we completed, or made progress on 166 projects. Some of these projects span multiple years while others have been started and completed within the financial year. The following projects are examples of those that have been progressed during the year. The dollars shown are those spent on that project in the financial year 1 July 2011 to 31 June 2012.

Examples of projects progressed during the year:

- Te Kōputu a te whanga a Toi - Whakatāne Library and Exhibition Centre: \$3.57 million.
- Storm damaged roading projects: \$2.77 million.
- Road resurfacing (various roads): \$1.20 million.
- Rehabilitation of Arawa Street Matatā: \$752,000.
- Whakatāne water treatment plant filter upgrade: \$405,000.
- Whakatāne and Ōhope stormwater investigations: \$264,000.
- Plains water upgrades and meter replacements: \$255,000.
- Renewing assets in community reserves: \$249,000.
- Replacing harbour superintendent boat: \$164,000.
- Maraetōtara playground development: \$119,000.
- CCTV upgrade: \$109,000.
- New items for the library collection: \$91,000.

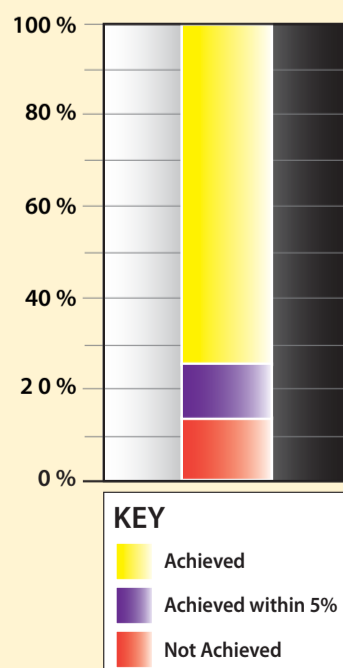
This capital expenditure for existing assets is usually paid for by depreciation funds. These are funds that are budgeted for the purpose of renewing assets when they reach the end of their useful life. Capital expenditure for new assets is usually funded by loans. This allows us to spread the cost over time so that those who benefit from the service today as well as in the future, contribute to the cost. We also source external funding where we can, to reduce the cost on ratepayers.

HOW WE PERFORMED AGAINST NON-FINANCIAL TARGETS

Our performance results give us confidence that we are heading in the right direction

Our performance framework outlines the level of service that we aim to provide to the community. This includes a series of performance targets for each service we deliver. Monitoring progress against these targets allows us to understand what we are doing well or where we need to review our services.

For the 2011/12 year, 86% of our targets were either achieved or within 5% of being achieved. This compares to 80% for the previous year, giving us confidence that our performance is steadily improving. We have reviewed areas where targets were not achieved to ensure we are still delivering a satisfactory service.



Example of performance results 2011/12:

- We increased our level of waste reprocessing and recycling, meaning 1248 less tonnes of waste to landfill.
- The community perception that the Council makes good long term decisions has continued to improve.
- The average satisfaction score for the building consent process increased from 6.2 to 7.5 out of 10.
- All monthly audits of our sports fields passed their inspections.
- The average length of time for processing building consents was 11.4 working days.
- 97% of our water supply systems had adequate pressure to provide a flow of at least 15 litres per minute.
- The level of satisfaction with the effectiveness of stormwater systems has improved from the previous year.

SUMMARY FINANCIAL STATEMENTS

THE SUMMARY STATEMENT OF COMPREHENSIVE INCOME

presents the financial performance of the Council over the last financial year. This statement summarises operating income and expenditure for the year.

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
	INCOME		
32,657	Rates Revenue	35,735	34,700
23,046	Other Revenue	21,432	20,216
46	Finance Income	7	75
168	Gains	1,584	1,310
55,917	Total Income	58,758	56,301
	EXPENDITURE		
10,562	Personnel Costs	10,269	10,145
14,280	Depreciation and Amortisation	15,156	16,727
28,872	Other Expenses	26,945	24,128
4,763	Revaluation Losses	1,879	-
2,146	Finance Costs	2,519	2,196
60,623	Total Operating Expenditure	56,768	53,196
(4,706)	Surplus (Deficit) Before Tax	1,990	3,105
-	Income Tax Expense	-	-
(4,706)	Surplus (Deficit) After Tax	1,990	3,105
	OTHER COMPREHENSIVE INCOME		
(1,170)	Gains (Loss) on Assets Revaluation	1,874	14,726
(5,876)	Total Comprehensive Income for the Year	3,864	17,831

THE SUMMARY STATEMENT OF FINANCIAL POSITION presents what assets we own and what liabilities we owe to other parties.

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
614,689	TOTAL EQUITY	618,455	666,132
8,174	Total Current Assets	8,124	8,004
662,248	Total Non-Current Assets	670,039	726,094
670,422	TOTAL ASSETS	678,163	734,098
22,591	Total Current Liabilities	32,222	15,738
33,142	Total Non-Current Liabilities	27,486	52,228
55,733	TOTAL LIABILITIES	59,708	67,966
614,689	NET ASSETS	618,455	666,132

THE SUMMARY STATEMENT OF CHANGES IN EQUITY presents the equity movements of the Council over the past financial year that have impacted on the Council's net worth.

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
620,565	Balance at 1 July	614,689	648,301
-	Prior Years Adjustments	(98)	-
(5,876)	Total Comprehensive Income	3,864	17,831
614,689	Balance at 30 June	618,455	666,132
	REPRESENTED BY:		
	Retained Earnings		
428,770	Opening Balance 1 July	426,111	439,034
(2,659)	Movement	2,293	3,105
426,111	Closing Balance at 30 June	428,404	442,139
	Restricted Equity		
13,945	Opening Balance 1 July	11,898	12,563
(2,047)	Movement	662	-
11,898	Closing Balance at 30 June	12,560	12,563
	Asset Revaluation Reserve		
177,850	Opening Balance 1 July	176,680	196,704
(1,170)	Movement	811	14,726
176,680	Closing Balance at 30 June	177,491	211,430

THE SUMMARY STATEMENT OF CASH FLOWS shows how we generated and used cash. The overall net increase or decrease represents the change in our cash and cash equivalents arising from operating, investing and financing activities.

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
	CASH FLOWS FROM OPERATING ACTIVITIES		
11,926	Net Cash Flows From Operating Activities	15,552	17,782
(26,002)	Net Cash Flows from Investing Activities	(21,903)	(20,295)
14,360	Net Cash Flows From Financing Activities	6,935	4,801
284	Net Increase (Decrease) in Cash Held	584	2,288
526	Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year	810	(9)
810	Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	1,394	2,279

SUMMARY FINANCIAL NOTES

These Summary Financial Statements are for the year ended 30 June 2012. These cannot be expected to provide as complete an understanding as our full financial statements which can be found in our full Annual Report 2011/12. The full financial statements were authorised for issue by the Council on 31 October 2012.

REPORTING ENTITY

Whakatāne District Council is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand. 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 Whakatāne District Council (the Council) and includes the Whakatāne 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).

STATEMENT OF COMMITMENTS

The Council has entered into capital commitments for work not commenced at a balance of \$1.781 million. The Council has operating lease commitments of \$51,000. Further detail can be found in Note 26 of the full Annual Report.

BASIS OF PREPARATION

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.

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.

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

COMPLIANCE

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

CONTINGENT LIABILITIES

The Council's contingent liabilities for June 2012 totalled \$1.6 million the largest of which is for damage which has occurred to the Edgecumbe wastewater infrastructure, attributed to a persistent swarm of shallow and some larger earthquakes over the last few years. Further detail can be found in Note 27 of the full Annual Report.

RELATED PARTY TRANSACTIONS

During the 2011/12 year the Council has entered into a number of related party transactions.

The Council has a 1/8th share in BoPLASS Ltd., which fosters collaboration between councils in the Bay of Plenty in the delivery of back office or support services. In 2011/12 the Council contracted BoPLASS for services costing \$132,141. Other transactions included administrative and maintenance services for the Whakatāne Airport at a cost of \$61,807 and transactions with Te Rūnanga O Ngāti Awa of \$9,065.

Further minor transactions were entered into, the detail of which can be found in Note 28 of the full Annual Report.

CONTINGENT ASSETS

Resource Consent Appeal

Whakatāne District Council has been awarded compensation by the Environment Court for unnecessary costs in respect of a resource consent appeal. However, because the claimant has appealed to the High Court, the orders requesting payment of the costs are held in abeyance until the High Court appeal has been determined or withdrawn.

KEY ITEMS ATTRIBUTING TO THE VARIANCE INCLUDE:

- Total income being 2.457 million higher than budget in respect of rates income (\$1.035 million), user charges (\$610,000) and transport subsidies (\$3.670 million). These increases were partially offset by decreases in development contributions and other government grants.
- Total operating expenditure being \$3.572 higher than budget, mainly owing to \$1.879 million fair value revaluation losses on derivative financial instruments and forestry blocks, statute-barred rates write-offs of \$656,000 and an adjustment of doubtful debts of \$315,000.

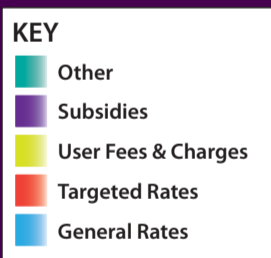
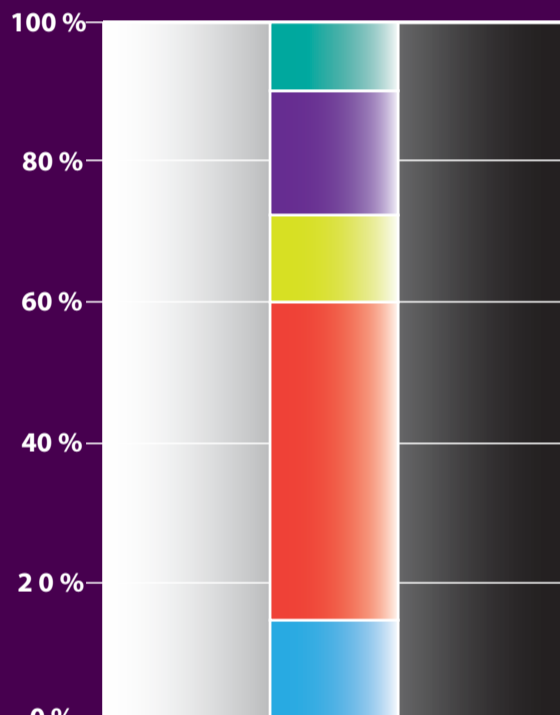
For every **\$10** that we received from ratepayers we delivered over **\$16** worth of services

Where revenue came from in 2011/12

We worked hard over the past year to secure funding from sources other than rates, like the New Zealand Transport Agency for roading related projects, the Ministry of Health for water-related projects and the Lotteries Commission and local sponsorship for the Library and Exhibition Centre. This means that for every \$10 that we received from ratepayers, we delivered \$16.40 worth of services in the 2011/12 year.

The graph below shows where revenue came from in the 2011/12 year. This shows that rates formed 60% of the Council's income, making a major contribution towards the services and projects which keep our District running.

Sources of revenue 2011/12



We have changed our rating system

Rates differ from one property to another. These differences are based on a balance between the capital value of the property, and on the services those property owners can access or are likely to benefit from. For the 2011/12 year the rates charge for the average property across the District was \$2,267 or just under \$44 per week.

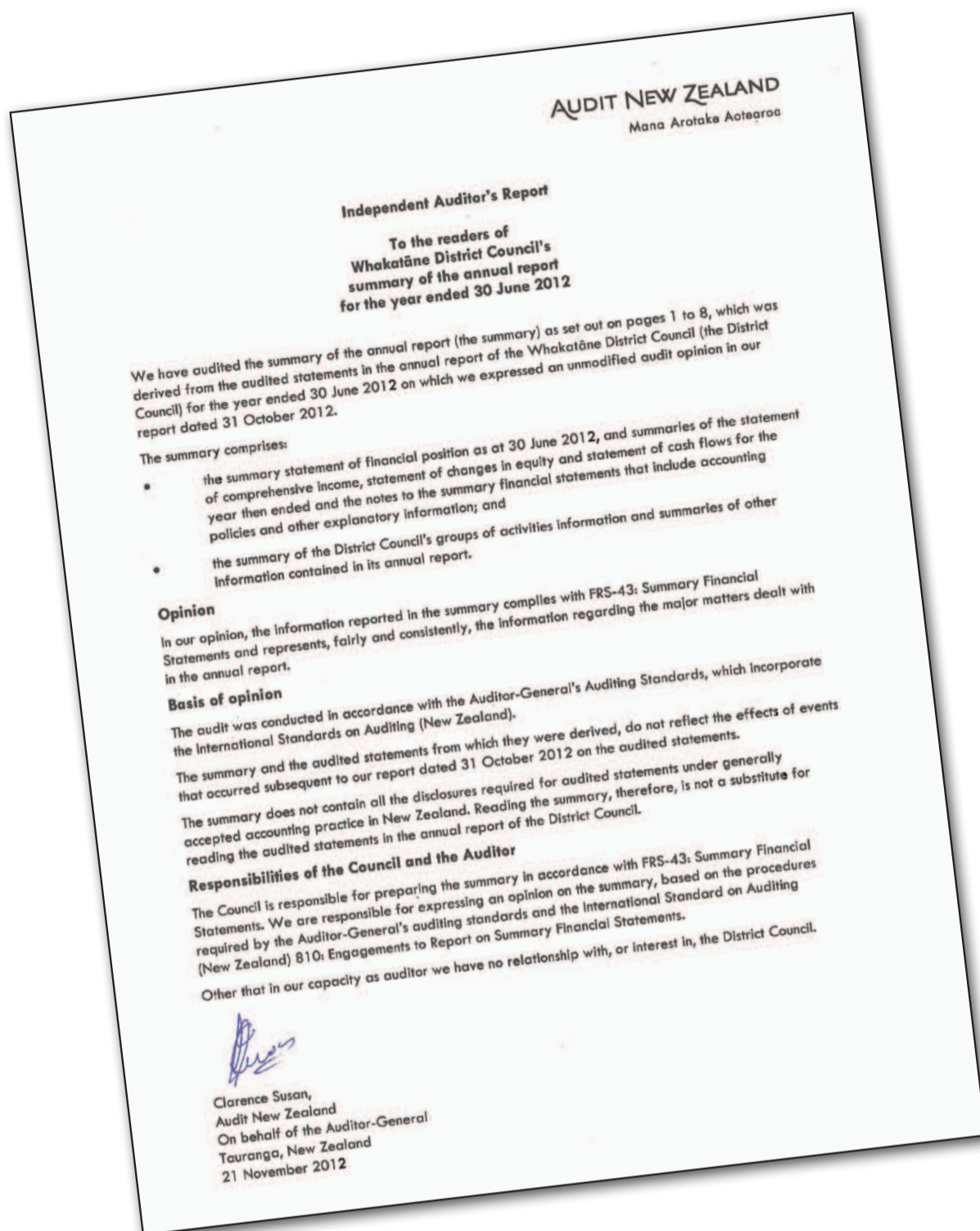
Over the course of the past year we completed a rates review, changing the way rates are charged to each property. The new rating system came into effect from 1 July 2012. It retains elements of user pays but also has a stronger emphasis on affordability by charging a greater proportion of rates on the basis of capital value.

More information about the rates review can be found in our Long Term Plan. The Long Term Plan is available on our website or from Council service centres (see right for contact details).

ABOUT THE AUDIT REPORT

It is a legal requirement that our Annual Report is audited. This is to ensure that we are meeting certain accounting practices and legal requirements and our Annual Report is a fair and accurate reflection of the past year. The full Annual Report received an unmodified (clear) Audit Report from the Auditor General's Office. This Summary has also been audited to ensure it is consistent with our full Annual Report.

INDEPENDENT AUDITORS REPORT



Want to know more?

More detailed information about our achievements and performance for the past year is available in the full Annual Report.

Copies are available on our website, from our services centres in Whakatāne and Murupara or from our libraries in Whakatāne, Ōhope, Edgecumbe and Murupara.

How to contact us:

If you would like to contact us about the information contained in this Summary Annual Report, or for any other reason, please feel free to do so. Our contact details are as follows:

WHAKATĀNE DISTRICT COUNCIL

Civic Centre
Commerce Street
Private Bag 1002
Whakatāne 3158
Phone: 07 306 0500
Website: www.whakatane.govt.nz

Murupara Service Centre

Pine Drive Murupara
Phone: 07 366 5896

Matters relating to the electronic presentation of the summary audited financial statements, groups of activities information and the other requirements

This audit report relates to the summary financial statements, groups of activities information and the other requirements of Whakatāne District Council for the year ended 30 June 2012 included on the Whakatāne District Council's website. The Council is responsible for the maintenance and integrity of the Whakatāne District Council's website. We have not been engaged to report on the integrity of the Whakatāne District Council's website. We accept no responsibility for any changes that may have occurred to the summary financial statements, groups of activities information and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, groups of activities information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements, groups of activities information and the other requirements. 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 summary financial statements, groups of activities information and the other requirements as well as the related audit report dated 31 October 2012 to confirm the information included in the audited summary financial statements, groups of activities information and the other requirements presented on this website.

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