

Whakatane District Council

SUMMARY ANNUAL REPORT

For the period 1 July 2005
to 30 June 2006



SUMMARY ANNUAL REPORT

This Summary Annual Report was authorised for issue by the Chief Executive on 22 November 2006. The specific disclosures included in this report have been extracted from the full Annual Report adopted by Council on 26 October 2006. The Summary Annual Report cannot be expected to provide as complete understanding as provided in the full Annual Report of the financial and service performance, financial position and cash flows of the Council. The Summary Annual Report has been audited for consistency with the full Annual Report and a copy of the unqualified Audit Report is included.

FULL ANNUAL REPORT

A copy of the full Annual Report is available on the Council's website www.whakatane.govt.nz. Copies are also available for viewing at the Council's libraries. The full Annual Report has been audited and an unqualified Audit Report dated 26 October 2006 has been issued.

CHANGES IN ACCOUNTING POLICIES

There have been no significant changes in the accounting policies, which have been applied on bases consistent with previous years.



Downtown Whakatane - The Strand



MAYOR AND CHIEF EXECUTIVE'S MESSAGE

The last year has been a busy one as the Council has moved to complete the Long-term Council Community Plan (Ten-year Council Community Plan). Development of the Ten-year Plan was a huge undertaking for the Council and the communities. It was a challenging process for all those involved as we had started the move to a new corporate information system, and to deal with planning for a ten-year horizon. It is a credit to both the commitment of the staff and councillors involved that we were able to meet our statutory requirements and satisfy the stringent quality requirements.

While producing the Ten-year Council Community Plan was in itself a major exercise, the hard work has, in many ways only just begun. The Council needs to take the directions and works programme signalled in the document and implement them.

Managing Growth

The District continues to grow and growth brings both benefits and challenges. It can enrich our communities, attract new business and employment opportunities and enhance our future security. It can also put a strain on existing infrastructure and adds pressure to our physical environment. In this regard work is still underway with a number of very important strategic projects including the transportation study, residential, commercial and industrial growth studies. These projects will set the future direction for the development of this district. Increasingly major planning initiatives are being carried out within a wider regional context. The Council has changed its structure and focus so that it is able to contribute positively to regional forums.

Natural Hazards

Again, the Council and the District had to deal with the impacts of a significant natural disaster, this time at Matata. Although the event occurred prior to the commencement of the financial year most of the consequences and financial implications had to be considered and managed during this year. The implications of both the 2004 and 2005 disasters will impact on the District for the foreseeable future as the Council wrestles with addressing mitigation and infrastructural issues and the associated funding.

Corporate Information System

Our information technology systems are still some way from the requirement of the e-government strategy. However, we are making significant investment in both systems and people, and by the end of the current year will be in a much better position.

Financial Overview

Financially, 2005/06 ended with a net operating surplus of \$6,928,700 against the budget forecast of \$1,344,800. The increase was brought about by the revaluation of assets (\$5,125,908 net) and \$600,000 received from the sale of the Professional Services Business Unit to Opus International.

The revaluation was a book entry and did not produce cash. Apart from these extraordinary transactions the Council completed the year very much in line with the Annual Plan forecasted surplus. Organisationally there was much change. This did have an adverse impact on the performance of the organisation. However, in future years these changes will positively impact on the quality and delivery of services. The most significant this year being the sale of the Professional Services Business Unit to Opus International. They now provide the majority of our engineering advice.

Capital Works progressed during the year and included the completion of the Recycling Park and implementing the new solid waste collection service. This is a big step in the move to being a zero waste district and a significant step in terms of the Council showing leadership in sustainability. All things considered the change of service went very smoothly.

Other projects included flood damage repairs to Ohope Road (realignment), Herepuru North (reinstatement), Awakaponga-Matata (reinstatement) and reconstruction of Thornton Road intersection, Taneatua Road and Main Street in Edgecumbe.

Conclusion

While the last year has been a busy and challenging one, the Council remains focused on contributing to the achievement of community outcomes and the priorities that describe the future you want to see for this district.

Council and standing committees now meet monthly instead of six-weekly in line with normal business practice in a move to speed up decision making and improve processes.

The Council and staff are working very well together and despite the many challenges we have faced have managed to conduct our business with good humour and respect.

Colin Holmes
MAYOR

Diane Turner
CHIEF EXECUTIVE

COMMUNITY OUTCOMES

Since 2004 the Council has been working with Whakatane District communities to identify their long term goals and vision for the District. As part of that process a number of community outcomes were developed. These outcomes guide the Council in its decision making.

Activities undertaken to contribute to social outcomes

- District libraries joined a regional shared library system (InfoShare)
- Improved the quality of library stock through buying 4196 new books
- Commenced refurbishment of pensioner housing to meet new standards
- Pohutukawa Avenue upgrade in Ohope (Mahy and Maraetotara Reserves) commenced
- 93% of the Rural Fire personnel were certified to meet Standard 3285 (protecting personal safety on the fire ground)

Activities undertaken to contribute to economic outcomes

- New businesses increased by 9%
- \$1.01million was spent on road reseals
- Airport operated and maintained for flight operations
- Completed the restructuring and sale of the Professional Services Business Unit (engineering services) to Opus International
- Reconstruction of the Thornton Road and Eastbank Road intersection completed

Activities undertaken to contribute to environmental outcomes

- Council is participating in zero waste management initiatives
- Recycling Park opened and new refuse collection system successfully implemented
- Kerbside recycling and greenwaste collection service successfully implemented
- Hinemoa Street water upgrade completed on time and within budget
- 99.8% of building consents issued within 20 working days
- Major road works to repair flood damage on Ohope Road (realignment) Herepuru North Road (reinstatement), Awakaponga-Matata (reinstatement)
- No hazardous substances spillage were attended to during the year
- Completed the upgrade of Thornton boatramp, including provision of a separate Waka ama area

Activities undertaken to contribute to cultural outcomes

- A Tūtohunga (Memorandum of Understanding) between the Iwi Liaison Committee and the Council signed
- Iwi Liaison Committee adopted strategic plan
- Pro -Turf Hockey association was granted \$100,000 for stage 2 of Stadium Horizon development
- Reserve and playgrounds were maintained in accordance with New Zealand standards



Herepuru Road under construction



Recycling truck deposits glass bottles at Recycling Park



There are three components to rates - General Rate, Uniform Annual General Charge (UAGC) and Targeted Rates. Below is a brief description of the rates that Whakatane District Council collects and what they pay for.

General Rate

The General Rate is collected by way of a rate in the dollar on capital value and therefore varies depending on the capital value of your property. Revenue collected from the General Rate contributes to environmental protection and development, council administration, cemeteries, recreation and community facilities, strategic and investment property, Museum and Gallery, hazardous substances, general inspections, animal control, safer communities, rural fire control, public toilets and rest-rooms, halls and economic development.

Uniform Annual General Charge (UAGC)

Unlike the General Rate, the UAGC is applied uniformly across all ratepayers in the District regardless of the value of their property. The UAGC provides funding for 21 activities across the District including a portion which funds:

- Democratic Services (operations of the Mayor and Council).
- Specific Council initiatives which include grants and one off projects
- Development of plans and policies (including the Long Term Council Community Plan and the District Plan).
- Civil Defence.
- Resource planning, building control and environmental health activities.
- Promotion, economic development and visitor information.

Targeted Rates

Targeted Rates fund activities like water supplies, wastewater services and refuse collection. They also meet part of the cost of swimming pools and parks and reserves, with the balance of those activities being funded from works and facilities rates. Promotion and development is partly funded by way of a targeted rate and the balance from general rates.

The following table lists the targeted rate funded activities:

Works and Facilities Rates	Pay for each areas share of the following activities: parks (70% of costs), dune care, swimming pools, recreation, refuse disposal, library, land drainage and trade waste.
Roading Rate	The roading rate, including the fixed charge, funds the District's roading expenditure.
District-Wide Parks Rate	Funds 30% of the district's parks activities. The works and facilities rates fund the balance of the activity.
Water Rates	The water rates fund each of the individual water supplies
Waste water Rates	The waste water rates fund each of the individual schemes.
Refuse Collection Rate	Funds the weekly refuse removal and fortnightly green waste collection charged to properties for which the Council is prepared to provide a service.
Promotion and Development Rate	Charged to commercial/industrial properties, and funds 40% of the district's marketing and development activities.
Swimming Pool Rate – Whakatane Rural	Funds 13% of the cost of the Whakatane Aquatic Centre. The works and facilities rates fund the balance of the activity.
Swimming Pool Rate – Murupara Rural	Funds 45% of the cost of the Murupara Swimming Pool. The works and facilities rates fund the balance of the activity.
Community Board Rates	Funds the operating costs of each of the five community boards.
Disaster Mitigation Rates	Council sets targeted rates on a differential basis to fund disaster mitigation works throughout the District. These rates are set on both a uniform basis per rating unit and a rate in the dollar on the capital value of rating units In addition, the Council charges a targeted rate in the dollar on the capital value of all rating units in the District to recover a share of the overall costs of disaster mitigation.

Explanations for major differences in budgeted figures compared to actual figures.

Statement of Financial Performance

Council had a net operating surplus of \$6.9m (Budgeted \$1.3m). This surplus included transactions of \$5.1m related to the revaluation of assets. These were non cash transactions and had no effect on the Council's cash position.

Excluding these (non cash) transactions, the Council's net surplus would have been \$1.8m against the budget of \$1.3m.

The net surplus also includes the sale of the Professional Services Business Unit which produced \$600,000. This transaction was not included within the projected surplus of \$1.3m set out in the Annual Plan.

Statement of Financial Position

The equity of the Council at year end was \$431m against an Annual Plan budget of \$352m, an increase of \$79m. The majority of this difference, \$68m, related to the revaluations and movements in asset values over the past two financial years. The 2005/06 Annual Plan was put together prior to the completion of the year ended 30 June 2005 and therefore did not foresee either the 30 June 2005 or 30 June 2006 revaluation effects.

Statement of Cash Flows

Cash resources at year end were \$5.1m against an Annual Plan budget of \$5.9m.

There was not one single transaction that related to the difference in actual to budget. Restoration works from the 2004 and 2005 disasters all affected the Cash Flow Statement and resulted in differences from budgeted figures.

Statement of Financial Position	2005/06	2005/06	2004/05
	Actual	Budget	Actual
	\$	\$	\$
Current Assets	14,050,516	10,520,200	18,012,562
Non-Current Assets	432,753,691	363,803,100	428,901,812
	446,804,207	374,323,300	446,914,374
Current Liabilities	12,910,024	9,469,200	13,085,692
Non-Current Liabilities	2,960,225	12,327,600	6,871,551
	15,870,249	21,796,800	19,957,243
Total Equity at end of the Year	430,933,958	352,526,500	426,957,131
Statement of Financial Performance	2005/06	2005/06	2004/05
	Actual	Budget	Actual
	\$	\$	\$
Rates	19,878,816	19,655,900	16,985,052
Subsidies	9,265,031	4,654,800	7,939,682
Investment Properties Revaluation	6,282,735	-	6,513,114
Developers Contributions	2,075,943	1,579,800	447,222
Other	12,359,842	5,839,300	16,119,674
Total Operating Revenue	49,862,367	31,729,800	48,004,744
Expenditure	41,776,840	30,385,000	41,037,124
Museum Collection Revaluation	1,156,827	-	-
Net Surplus/(Deficit)	6,928,700	1,344,800	6,967,620



Statement of Movement in Equity	2005/06	2005/06	2004/05
	Actual	Budget	Actual
	\$	\$	\$
Net Surplus/(Deficit)	6,928,700	1,344,800	6,967,620
Increase/(Decrease) in Revaluation Reserves	(2,951,873)	-	28,496,196
Total Recognised Revenue and Expenses	3,976,827	1,344,200	35,463,816
Equity at Start of Year	426,957,131	351,181,700	391,493,315
Total Equity at end of the Year	430,933,958	352,526,500	426,957,131
Statement of Cash Flows	2005/06	2005/06	2004/05
	Actual	Budget	Actual
	\$	\$	\$
Opening Cash Resources*	9,932,743	10,054,100	11,724,200
Net Cash Flows from Operating Activities	3,401,629	10,860,000	4,167,617
Net Cash Flows from Investing Activities	(6,187,130)	(15,310,400)	(4,061,300)
Net Cash Flows from Financing Activities	(1,972,167)	316,500	(1,277,400)
Closing Cash Resources	5,175,075	5,920,200	10,553,117

* Opening Cash Resources excludes Sinking Fund balance of \$620,374

SIGNIFICANT CAPITAL PROJECTS

	Actual	Budget	Delivery
Subsidised Roading - Rural			
Reseals	1,011,998	1,222,600	Amount under expended by \$210,602 due to deferment of Commerce Street (Hotmix project).
Water Supplies			
Whakatane Water Supplies	951,258	1,115,000	Hinemoa Street water upgrade completed. Overall project under budget.
Whakatane Solid Waste			
Recycling Park	2,057,844	1,900,000	Project completed. Additional costs associated with building variations and requirements of Resource Consent.
Whakatane Refuse Collection			
Wheelie Bins	-	700,000	Project not required as purchase of mobile garbage bins included in the waste collection contract.
Harbour			
Eastern Jetty	-	400,000	Project deferred due to delays in obtaining consents.
Army Hall	-	720,000	Project deferred due to delays in finalising details of purchase agreement and caveat placed on the proposed purchase.
Investment Property			
Piripai	13,505	600,000	Project deferred due to Council decision to call for Requests For Proposals for future development of the site.



WHAKATANE AIRPORT

The audited results of the Whakatane Airport have been consolidated into the Financial Accounts.

The 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 2006

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

	2005/06	2004/05
	\$	\$
Assets	3,035,579	2,279,664
Liabilities	23,314	17,963
Revenue	95,613	73,401
Expenses	76,797	74,141

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.

Performance measured against statement of intent

Performance Indicators	Result
Operate and maintain the Airport's assets within an operational expenditure budget (excluding Corporate Overheads and depreciation) of \$92,000 per annum.	Achieved. Operational Expenditure = \$90,123
Renew electrical infrastructure in accordance with the Whakatane Airport Asset Management Plan \$5,000.	Not Achieved. Independent report revealed that VASIS Light System was adequate to 2010.



Living in the sun means you can enjoy walking on the beach. Here people take part in the walk2health challenge on Ohope Beach.



AUDIT REPORT
TO THE READERS OF WHAKATANE DISTRICT COUNCIL'S
SUMMARY ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

We have audited the summary annual report.

Unqualified opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements complies with FRS-39: *Summary Financial Reports* and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 26 October 2006, on:

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

Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which include New Zealand Auditing Standards. Other than the audit and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.

M G Taris, Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand
22 November 2006

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Whakatane District Council for the year ended 30 June 2006 included on Whakatane District Council's web site. The Council is responsible for the maintenance and integrity of the Whakatane District Council's web site. We have not been engaged to report on the integrity of the Whakatane District Council's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. 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 related audit report dated 26 October 2006 to confirm the information included in the audited financial statements presented on this web site.

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



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