

Whakatāne District Council

Rīpoata-ā-tau

Annual Report

2018/19

Vision:

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

How we get there:

THRIVING Economy

RESILIENT People and Places

VIBRANT Communities

RESPONSIBLE Money Management





MESSAGE FROM THE CHIEF EXECUTIVE – STEPH O'SULLIVAN

Nau mai ki te Rīpoata-ā-tau o te Kaunihera o Whakatāne mō te tau pūtea 2018/19. He tuhinga tēnei kia whakamārama ki te hapori i pehea mātou i mahi ā pūtea, i pehea i whakaaweawetia te mahi. I te tuatahi, me mihi ki ngā māngai i tū i te takiwā 2016-2019, nā rātou ngā tutukitanga i te Rīpoata-ā-tau nei i whakaea. He mihi ki a rātou i ārahi, i whai, i mahi ki te tutuki te Kitenga o te Rohe. I te tau kua pahure, i mahi te Kaunihera kia whai ngā āheinga kua puta mai, kia whai ngā hua mō te hapori. Ka anga whakamua ki ngā tau e toru e heke mai nei, kia mahi tika mātou, kia whakarite tō mātou rohe, kia hoe tahi tātou, kia kotahi atu te waka ki te pae o pukumahara.

Welcome to the Whakatāne District Council Annual Report for the 2018/19 financial year. This document is our chance to report back to our community on how we have performed financially and in terms of the impact our activities have had.

I had the privilege to take over the role of Chief Executive for the Whakatāne District Council in late 2018. Since taking over this position, I have seen Council deliver a host of fantastic outcomes for our communities, and there is some truly transformational work being undertaken that we will work hard to progress in the coming years. The Whakatāne District is an amazing place, full of diverse and vibrant communities and brimming with potential. Our recent Annual Residents Survey confirmed this, with 89% of responses rating the quality of life in our District as good or very good, substantially higher than the national average.

Before reflecting on the year, I would firstly like to acknowledge the elected members who served during the 2016-19 term – in particular His Worship Tony Bonne, who has now stood down after his third consecutive term as Mayor – as all of the accomplishments detailed in this Annual Report have happened under their stewardship. I would like to thank them for their leadership and enabling approach to the achievement of the District Vision.

The day-to-day business of Council continued to deliver positive outcomes for our communities. It takes a significant amount of time and resource to keep our roads in good condition, deliver safe and high quality water, treat wastewater responsibly and disperse stormwater safely. These activities aren't always at the front of mind, but all are vital Council services that enable our communities to thrive.

This year we completed a number of key projects for our community. We opened the award-winning Te Whare Taonga ō Taketake – the Whakatāne Museum and Research Centre in November 2018, which was very well received. This important facility uses modern environmental controls to safeguard the taonga of our District and will protect our community's heritage for future generations.

In December 2018, we received confirmation of \$646,000 funding from the Provincial Growth Fund to assist in the preparation of a business case for the Whakatāne Regeneration Programme. This application presents a 'once in a lifetime' opportunity for our District, potentially transforming our economic trajectory, magnetising co-investment and uplifting outcomes for the current and future communities. Working with key partner Te Rūnanga o Ngāti Awa, we are focused on bolstering our marine and tourism industries, and supporting infrastructure; building employment and creating new job opportunities and training pathways.

Climate change is – and will increasingly be – the most pressing issue facing our communities moving forward. Council has been scaled up its efforts to be leaders in the climate change space over the past year. Internally, we have conducted a carbon footprint to inform an Emissions Reductions Management Plan and become CEMARs certified. In the 2018/19 year work was initiated to develop and engage with our community on a set of climate change principles. The work continued into the current year and leads into the development of climate change action plans.

There are a great many opportunities for our District on the near horizon. The work that Council has undertaken in the past places us in a great position to take full advantage of these and deliver strong positive outcomes for our communities. We look forward to the new triennium of ensuring we get the basics right, as well as preparing our District and working within our communities to ensure we are future-ready and masters of our own destiny.

Mā tō hoe, mā tōku hoe, te iwi katoa, ka tae atu ki reira.

With your paddle, and my paddle, all our people will arrive to their destination.

Steph O'Sullivan
Chief Executive
TOIHAUTŪ
OCTOBER 2019

Rārangi Ūpoko

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WHAT WE DO

Ā mātou mahi

The Council plays a very important role promoting the social, economic, environmental and cultural well-being of our communities.

That means delivering a wide range of services that deliver outcomes that are easy to see. We look after roads, cycleways and footpaths to ensure that everyone can journey safely around our District. We are responsible for ensuring that your rubbish is picked up, and that the water that you drink is safe.

These activities are all essential services – we have to keep doing them for the health and economic prosperity of residents and for the protection of the environment.

Some of what we do is more difficult to see, but is just as important in your day to day life. We promote tourism in our District to support our local economy. We work with our communities to deliver places and spaces for people to feel comfortable, connected and safe. A lot of what we do is behind the scenes, trying to keep all of this work affordable but also to a high standard.

We seek funding opportunities to try and keep rates down. We also advocate to central government on the implications of proposed legislative changes that will affect our community.

HERE ARE SOME OF THE SERVICES WE DELIVERED IN THE PAST YEAR

Ētahi o ngā ratonga kua tutuki pai i tēnei tau



MOWED
6,200
FOOTBALL FIELDS
WORTH OF GRASS



INSTALLED
676 BACKFLOW
PREVENTION UNITS
IN MURUPARA



EXPANDED OUR
DIGITAL LIBRARY
TO OVER
20,000
BOOKS



DELIVERED
6.2
BILLION LITRES
OF WATER TO
12,500 HOMES
AROUND THE DISTRICT



SUPPORTED
26 EVENTS
AROUND
THE DISTRICT



REPLACED
4.6 KM
OF WATER MAINS



SUBSIDISED
725
HOME COMPOSTING
SOLUTIONS

MAINTAINED
905 km OF ROADS,
185 Bridges AND
196 km OF FOOTPATHS



DELIVERING THE CORE SERVICES OUR COMMUNITIES USE AND RELY ON EVERYDAY

E tutuki ana ngā ratonga matua i whakamahia e te hapori ia rā

Maintaining what we've got

The Council maintains \$745m worth of assets, the majority of which are core infrastructure such as pipes, ponds, roads and bridges. Just keeping these things in good working order and able to deliver our community with the essential services that we all rely on, accounts for a significant portion of our investment each year.

Before we can look to deliver more services or facilities, we need to fund the maintenance of our existing roads, footpaths and cycleways, ensure that drinking water is of a high standard, wastewater is treated and dispersed responsibly and that stormwater is diverted safely away from populated areas.

A great deal of work goes into renewing these assets and ensuring they are fit-for-purpose now and into the future. We have over \$2 billion of investment planned for roading and footpaths, water supply, stormwater and wastewater in the next 30 years through our infrastructure strategy.

Preparing for future needs

Many of our larger resource consents for wastewater and water takes will need renewal by 2026, with improved environmental outcomes anticipated. The Government's Three Waters Review and Essential Freshwater work will influence what and how we deliver safe drinking water, and manage the discharge of treated wastewater and stormwater. The review will also look to improve the way water supply operators are organised, managed and funded.

During the discussion on these water reforms, several key stakeholders in the District have indicated a growing interest in being involved in how we take, use and manage water, and wish to be part of that decision-making. We also acknowledge that Iwi have ongoing rights and interests in the water discussion.

Additionally, Council is increasingly preparing for the impact that climate change has, and will increasingly have, on our infrastructure and how we manage our assets. Events outside of our control, such as extreme rainfall events, can have massive impacts on our infrastructure assets. There is an increasing need to plan for and develop infrastructure in ways that minimises potential impacts on communities from extreme events.

What we delivered this year

Despite the challenges that Council faces, we cannot stand still. We always need to work on the maintenance and replacements of our infrastructure as part of our business as usual, even in years when we also invest in big capital projects. Some of the bigger projects that you may not have noticed this year, but which help to ensure we continue to deliver high quality services include:

- 1200m of water main pipe renewals in the area of Rata Avenue and Riverside Drive, Whakatāne
- The installation of backflow prevention valves to Murupara water supply to prevent water contamination
- Renewal of the Ōhope water main pipe from the reservoir
- Resealing of 38 kilometres of roads across the District
- Completion of Water Safety Plans for our Water Supply Schemes
- Planning and engagement for a comprehensive stormwater consent for Whakatāne



DELIVERING ON OUR DISTRICT'S PRIORITIES

*E tutuki ana ngā arotahi
matua o te rohe*

The following pages provide a snapshot of what we delivered in the 2018/19 financial year.

We have also continued to deliver many services and facilities that don't necessarily feature here, but are a core part of what we deliver as your local Council.

More information about the work we are planning to undertake in the coming nine years can be found in our [Long Term Plan](#). We will continue to report back on our progress in future Annual Reports, as well as on our website and social media platforms.

Thriving Economy

Te ōhanga e puāwai ana



People who live in and visit the Whakatāne District know that it offers some amazing lifestyle and business opportunities. This is increasingly being recognised by visitors, resulting in considerable increases in tourist numbers. We know that our District offers many more opportunities for economic growth and job creation. Over the past year, we have continued to work in partnership with our community and key stakeholders to create a District where people and businesses thrive. In particular, the opportunity to partner with Central Government through the Provincial Growth Fund provides an opportunity to fundamentally improve the economic trajectory of our District.

Whakatāne Regeneration Programme

A big focus of Council's work in the past year has been the advancement of the Whakatāne Regeneration Programme. This is an exciting programme that aims to reinvigorate Whakatāne's Central Business District, re-establish our connections to the riverfront and provide fit-for-purpose infrastructure to support development for our marine and tourism economies.

This is a significant opportunity for project partners - Te Rūnanga o Ngāti Awa and the Whakatāne District Council - to take full advantage of an opportunity to co-invest with Central Government, and accelerate economic development opportunities in the Whakatāne District.

The New Zealand Government has allocated \$3 billion dollars over a three-year term to invest in economic development opportunities and sustainable job creation through the Provincial Growth Fund (PGF). In 2018, \$646,000 was granted from the Fund to assist the preparation of a business case. This enabled access to skills and expertise in the marine, tourism and property sectors, and urban and cultural design. Council has been working quickly to take advantage of this 'once in lifetime' opportunity, while bringing together and accelerating multiple strands of Council's existing economic development work.

The Whakatāne District's marine and tourism sectors have been identified as key vehicles for delivering economic development opportunities to our people. These industries provide a huge array of tangible benefits that will lead to more jobs, more training opportunities and more prosperity.

The key infrastructure we need to develop for both the marine and tourism industries is a fit-for-purpose boat harbour that caters for the many commercial and tourism-focused boat operations and provides protection from the river environment. In recognition of the waterfront's historical and cultural significance, the involvement of Ngāti Awa as a key partner is crucial to the success of the programme.

The funding application will include several well-researched key projects that will underpin this transformation. In turn, these projects will drive the creation of jobs, promote vibrant, connected and resilient communities, and ensure the connection between people and the environment is enhanced.

Whakatāne Airport upgraded to meet demand for larger planes

This has also been an exciting year at our Airport, ensuring that it is ready to service our thriving economy. We completed some major work over the last year to extend the safety runoff areas beyond the end of the runway. This meant we were able to get certified for bigger planes to fly in, and we expect Air Chathams to begin operating these planes shortly. These new planes will provide a substantially better experience for passengers, and the increased capacity will allow more people to fly in and out every day.

In May 2019 the Airport Terminal became a Category 1 historic place – the first building to receive this listing in our District, as well as the first Airport Terminal nationwide. Designed by Wellington architect Roger Walker, the design was inspired by the Japanese Metabolist movement.

Thanks to Ngāi Taiwhakaea kaumatua and whānau, Air Chathams and JNP Aviation, the Whakatāne Airport now has the fantastic Little Goose Lounge – sister café to the Little Goose Eatery in Awakeri. The opening of the café received much praise on social media, and operates around the Air Chathams flight schedule, providing passengers with an opportunity for high-quality food and beverages at the Airport.

Destination Whakatāne

Whakatāne District has benefited from a surge in visitor numbers, providing a financial boost to our economy. The potential to further enhance the economic benefit of tourism for our community is planned through the development of a Destination Management Plan, as part of the Whakatāne Regeneration Programme. This Plan will identify the unique tourism offering that our District presents, and provides a framework for us to work collaboratively with key stakeholders to ensure we can provide a complete package for our visitors and therefore, maximising the benefit for our community.

Our tourism and events team has continued to deliver new and positive experiences in our District, producing a highly praised 23minute documentary on Whakaari, installing the Whakaari Experience Room at the Whakatāne i-SITE and facilitating the inaugural Sun to Surf half marathon and the Seafood Festival.

This is additional to the work we do to continue to support and promote other fantastic events around our District, such as the Local Wild Food Challenge, Classics at Ōhope and the Oxfam Trailwalker which began in Edgecumbe in 2019 and will be held in our District for the last time in 2020.



Resilient People and Places

Ngā tāngata me
ngā wāhi
Manawaroa



The Whakatāne District faces a number of significant challenges that will continue to impact us over the coming years and beyond. Over the past year we have continued our work to manage the effects of natural hazards and climate change, maintain a safe and secure water supply network, and make sure that all of our infrastructure (things like buildings, pipes, and roads) works well, meets your needs, and fulfils our legislative requirements. This work helps to ensure that people, places, and resources are resilient – that means they are able to withstand or recover quickly from difficult situations.

New waste initiatives

We have carried out a number of successful schemes this year to reduce the amount of waste being sent to landfill from our District.

In March 2019, we trialled the Subsidised Home Composting Scheme – providing worm farms and three sizes of compost bins for only \$10. The community response to this scheme was very positive – with lines out the door of the Civic Centre. Home composting is a great way of producing valuable compost at home, reducing our need for artificially produced fertilisers. It also reduces our impact on the environment by reducing what we send to our landfills.

We also received funding support to trial new colour-coded recycling bins in Whakatāne and Ōhope. Labelled in both English and Te Reo Māori, the bright colours are designed to help people get their waste in the right place – and reduce the amount of recyclable material that ends up in the landfill.

The bins are also equipped with smart technology and are Wi-Fi enabled, signalling when they need emptying to reduce overflow and make collections more efficient.



Climate Change

Climate change already impacts on the Whakatāne District. We are not alone in that future implications will fundamentally change the way we think, shop, eat, live, work and play.

Through our climate change programme, we are starting to show leadership in this space.

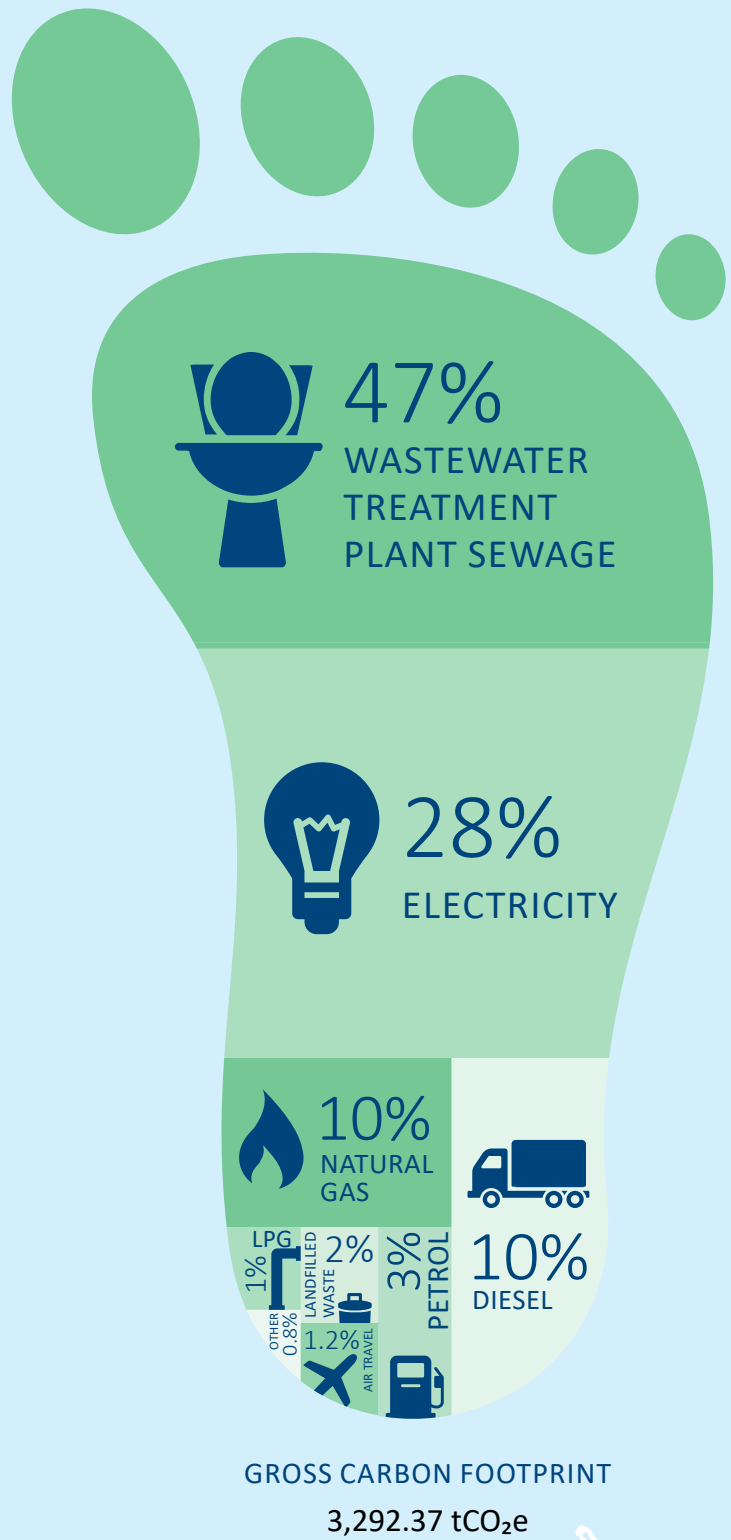
In July 2019, the Council was certified under the CEMARS (Certified Emissions Measurement and Reduction Scheme) programme. This meant that we went through a process that reviewed the total greenhouse gas emissions for the Council. The information helps us plan how to reduce emissions in the future.

As our second largest source of emissions, we have looked closely at how we can reduce our electricity consumption. We underwent an energy audit, which identified where our energy is being used – and how we can reduce this going forward. Council’s carbon footprint in 2017/18 was 3,300 tonnes of carbon dioxide equivalent gasses (tCO₂e) per year. Now we have this baseline information, our focus going forward will be reducing our footprint, and we will report back against this in the future.

Over the past year we also started work on developing a set of climate change principles. These will lead into the development of a climate change strategy and action plans. The work continues into the current 2019/20 year. More information about our climate change work can be found [here](#).



Whakatāne District Council Emissions Profile



VIBRANT COMMUNITIES

Ngā hapori
whitawhita



Much of Council's work contributes towards the vibrancy of our communities. We do this by providing services for recreation and leisure, to connect people to places and to each other, and working both directly and indirectly to address some of the social challenges facing our communities and District. Over the past year, we have continued this work – much of which is in partnership with others.

Port Ōhope Reserve upgrade

This year we finished the \$2 million redevelopment of the Port Ōhope Reserve. We managed to get it completed for the busy summer season and it has been well used since then. The upgrading of this reserve has been a long held ambition for the Council and Ōhope community. The project links the harbour, wharf and reserve directly with the surrounding reserves and playground, all the way through to the beach. We are grateful for the \$100,000 donated by the Eastern Bay Energy Trust to install lighting and barbeques for public use. We anticipate that these new facilities will really encourage future community activities and events.

Whakatāne Aquatic Centre entrance and reception upgrade

The Whakatāne and Murupara Aquatic Centres are major, well-used facilities, with over 160,000 visitors last year. The number of users has steadily risen from 105,000 only four years ago, and last year we experienced a 10% increase in visitors in Murupara alone. Our users include recreational swimmers, as well as people involved in learn-to-swim, aquatic fitness and rehabilitation programmes.

We are constantly looking at ways that we can enhance the service that we deliver through our highly-utilised aquatic facilities. To cope with the additional demand at the Whakatāne Aquatic Centre, we upgraded the reception area and associated facilities over the last year. This has had very positive feedback and led to an improved customer experience through reduced queues and increased availability of merchandise available to purchase.

Te Whare Taonga ō Taketake

In November 2018 Te Whare Taonga ō Taketake was officially opened – our District’s new Museum and Research Centre. This was the second half of our Arts and Culture Project that started with the redevelopment of Te Kōputu a Te Whanga a Toi in 2012. The new facility has been recognised for its design, winning a Public Architecture award from the New Zealand Institute of Architects.

The facility provides a much-needed upgrade for our District, as it is the place where we store so many of our taonga. The building uses state-of-the-art environmental controls to ensure that we can safely store over 600,000 items in its collections, and make these available to the public for research.

Tours of the facility are available every Thursday, [see the website here for more details.](#)

Community Development projects

We have continued to work with our community on several exciting community-led initiatives that respond to the community priorities identified through Whakatāne Ki Mua engagement in 2017. These include recognising and celebrating our culture, history and stories through murals in Whakatāne, Kopeopeo, Matatā and Waimana. Supporting community groups like Waste Zero Whakatāne, Youth of Kopeopeo, Mana Wahine and Green Print has help enabled delivery on some community priorities. We have worked with the Edgecumbe Collective to finalise the Edgecumbe Community Plan and provide support that has enabled the Collective and key partners to work collaboratively on the delivery of community’s priorities. We have also supported the ‘Safe Ways to Schools’, Active Whakatāne engagement, worked with Pride Whakatāne, Whakatāne District Youth Council and Eastern Bay Road Safety.



RESPONSIBLE MONEY MANAGEMENT

Te haepapa whakahaere pūtea



We spent \$62 million on operating activities, services and facilities for our communities

I whakapaua te ono tekau mā rua miriona taara mō ngā mahi, ngā ratonga me ngā wāhi mō te hapori

The following graph provides a breakdown of what we spent this money on. This is our operating expenditure and funds the day-to-day running costs of activities, services and facilities.

SEWAGE TREATMENT AND DISPOSAL

7%



LEADERSHIP

5%



OTHER

4%

SOLID WASTE

9%



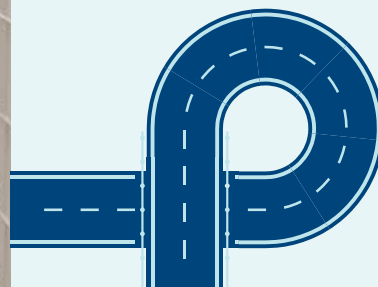
STORMWATER DRAINAGE

6%



ROADS AND FOOTPATHS

20%



WATER SUPPLY

10%



RECREATION AND COMMUNITY SERVICES

26%



DISTRICT GROWTH

4%

COMMUNITY SAFETY

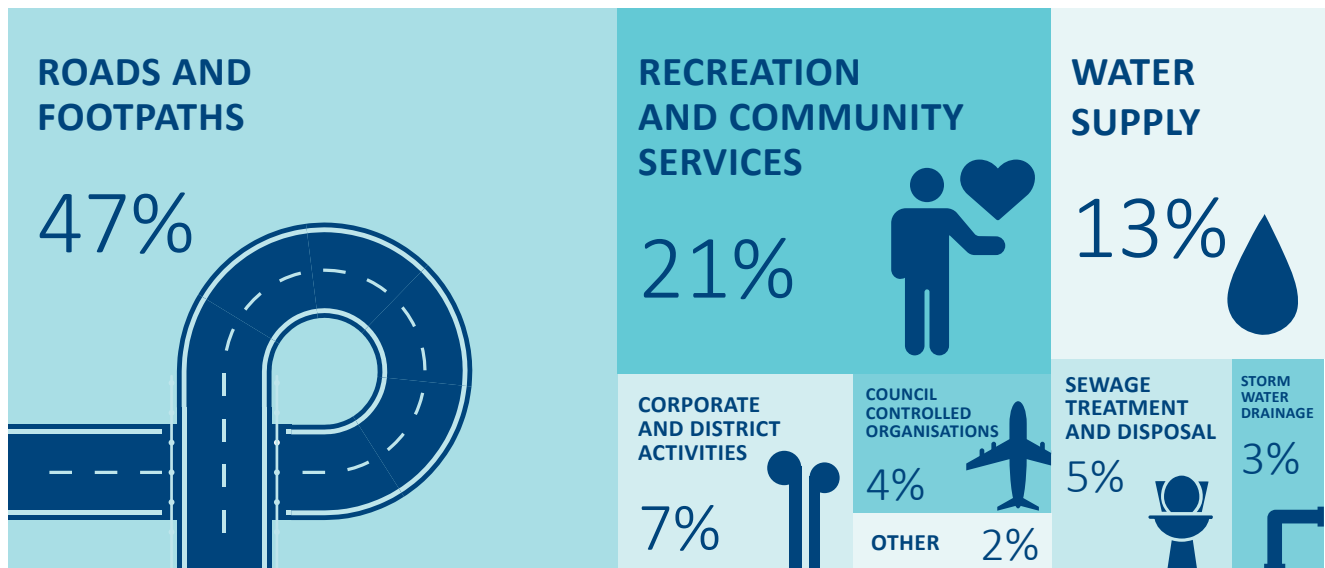
8%



We remain mindful of the need to balance affordability with all the work needed to help our communities be resilient, vibrant and thriving. It is important that we remain financially sustainable – that's why we set limits for rates increases, the amount of debt we can use to fund our projects, and try to source funding externally wherever possible. We have continued our disciplined approach to day-to-day financial management and finished 2018/19 in a strong and sustainable financial position.

We spent \$28 million delivering on new or improved assets for our communities
 I whakapaua te rua tekau mā waru miriona taara kia puta ngā hua hou me ngā hua pai ake mō te hapori

Capital expenditure is the cost of buying or building a new asset, renewing an existing one or improving an asset to deliver a better service for our communities.



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

- \$646,000 from the Provincial Growth Fund to progress the business case for the Whakatāne Regeneration Programme
- \$460,000 towards the Museum redevelopment project from the NZ Lotteries Commission
- \$318,000 towards the Edgecumbe College Road project from the NZ Transport Agency
- \$300,000 towards the cycleway light upgrades from the NZ Transport Agency
- \$136,000 towards the Tourism Infrastructure Fund (towards Pikowai Campground upgrades)
- \$100,000 towards the upgrade of the Port Ōhope area from Eastern Bay Energy Trust
- \$100,000 towards responsible (freedom) camping projects from the Ministry of Business, Innovation and Employment
- \$100,000 towards runway lighting upgrades from Eastern Bay Energy Trust
- \$100,000 from Eastern Bay Energy Trust for lighting and barbeques at Port Ōhope

In the past year we also made partnerships and secured funding for future projects

- Partnership approach to implement the Awatarariki managed retreat (see next page)
- \$850,000 towards the Eastern Bay Energy Trust enclosing the Whakatāne Aquatic Centre outdoor pool
- \$4.10m towards safety improvements for Wainui Road from the NZ Transport Agency

Did you know **38%** of Council funding for the past year came from sources other than rates?

A partnership approach towards Awatarariki managed retreat

The process of addressing the risk to residents living in the Awatarariki fanhead in Matatā has been ongoing for 14 years. This long and difficult process has seen the Council conclude that managed retreat from the area is the safest option for residents. The Council, along with the Bay of Plenty Regional Council and central government as partners, has secured \$15.06M to facilitate a managed retreat package for residents and landowners. This will enable willing landowners to leave the area with the Council purchasing their properties. This a very difficult time for many residents and the Council is offering support where needed through the appointment of Navigators and the willingness of providers to assist with legal, financial or other support.



WORKING TOGETHER FOR THE FUTURE OF OUR DISTRICT

E mahi ngātahi ana mō te anamata o te rohe

Over the past year, our conversations have continued at many levels as we work closely with Iwi, communities, central government, neighbouring councils and other stakeholder groups.

We encourage an approach of ‘working together’, because it helps us keep in touch with the priorities of our communities and because it presents significant opportunities to deliver better outcomes for our District.

Here are some of the key projects that we have engaged on in the past year. You can follow the link for more information on these projects:

- [Annual Plan 2019/20](#)
We consulted on eight key proposals for inclusion in our work programme and budgets for the 2019/20 year.
- [Whakatāne Regeneration Programme](#)
We advanced this once in a lifetime project to regenerate Whakatāne in partnership with Te Rūnanga o Ngāti Awa.
- [Gambling Policy Review](#)
We reviewed our Gambling Policy, which specifies how many gambling machines may be operated, and where they may be located.
- [Active Whakatāne Strategy](#)
We have been consulting on a new strategy to address the needs and safety requirements of a wide variety of travellers.
- [Parks and Reserves Bylaw Review](#)
The Council is required to review all bylaws periodically. This bylaw regulates the use of parks and reserves in our District to maximise their benefit to communities.
- [Whakatāne Stormwater 2050](#)
We are currently reviewing the management of the Whakatāne urban stormwater systems, driven by the need to obtain new consents and plan for a stronger, more resilient stormwater system.

We thank you for your interest and involvement over the past year. Looking ahead, there are many ways to continue to be involved:

- Make a submission to Council on specific projects and decisions when opportunities are made available
- Keep in touch through social media or our website
- Make general enquiries in writing, email, by phone or by visiting our offices
- Make requests for service online or by contacting our offices (such as for specific maintenance requests)
- Get involved in stakeholder groups and user groups that advise our activities
- Get involved with community-led projects and initiatives, such as transforming outdoor spaces or ‘The Great Coast Clean Up’ through the Whakatāne Ki Mua Community Vision project at whakatanekimua.nz
- Join a local care group, such as the Apanui Saltmarsh Care Group that picks up rubbish around the Apanui Saltmarsh, or EDIT – a care and beautification group that works on various revegetation, garden and reserve restoration projects around the Edgecumbe area.
[For more information click here](#)
- Contact elected Council members or the Mayor
- Have a chat with your elected Community Board members

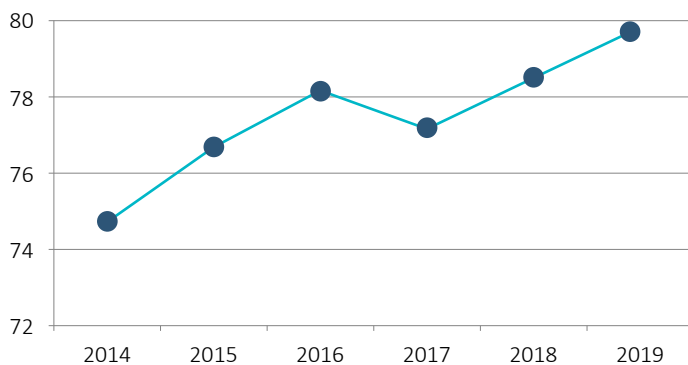


Community satisfaction with our services continues to improve

Ka whakawhanake tonu te painga o ā mātou ratonga ki te hapori

Every year we survey the residents of our District to help us understand how you think we are going. This survey, called Communitrak, has been run since 2014. This year we had our best overall result on record.

Percentage of respondents very or fairly satisfied across services and facilities



The Communitrak survey continues to show that our communities rank their quality of life much higher than the national and peer group (similar sized councils) average.

The services we delivered achieved 78% of the targets that we set for the year

We set targets every three years under the Long Term Plan. These provide a standard to compare our performance against each year, and in some cases, for benchmarking against other councils.

We currently have 92 non-financial performance targets. This year we achieved 78% of the targets (72 out of 92).

Of the targets that we did not achieve, 7 out of 20 were within 5% of our target.

89% rank
quality of life as
“ **GOOD OR VERY GOOD** ”

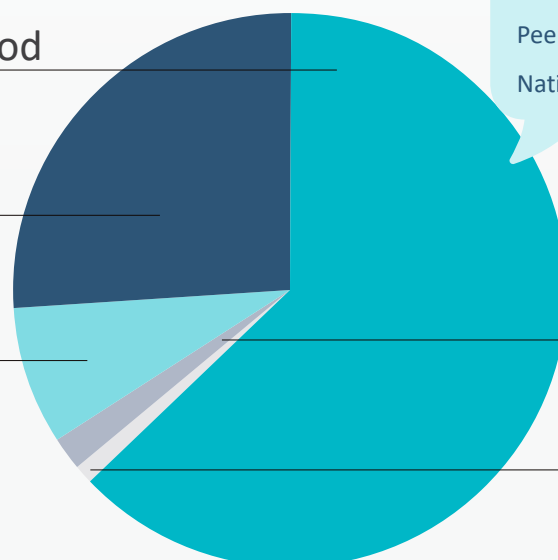
63% Very good

26% Good

8% Fair

Poor 2%

Don't know 1%



Whakatāne District: 63%
Peer group average: 41%
National average: 40%

Partnering with Iwi/Māori for the future of the District

Mahi tahi ki ngā Iwi/Māori mō te anamata o te rohe

The Council recognises Te Tiriti o Waitangi as the founding document binding Māori and the Crown, and recognises Māori as tangata whenua of the Whakatāne District. Over the past year the Council has continued to build relationships with Iwi and Māori across the District.

Our decision-making processes include specific provisions for Māori participation, and every year we work in collaboration with Iwi, hapū and other entities on a variety of projects and proposals.

We also have specific forums where we regularly meet with Iwi and other key stakeholders to advance outcomes important to Iwi and hapū in the District.

Iwi Chairs Forum Membership

The Iwi Chairs Forum is a hui where strategic issues of mutual interest can be raised and discussed. The forum explores opportunities to integrate and coordinate strategic planning, advocates to central government for the collective benefit of the Whakatāne community and works to better understand our, and recognise and respect each other's, positions.

Rangitāiki River Forum

The purpose of this forum to provide co-governance for the protection and enhancement of the wellbeing of the Rangitāiki River and its resources for the benefit of present and future generations. This forum is a partnership made up of representatives of Ngāti Whare, Ngāti Manawa, Ngāti Awa, Hineuru, Ngāti Tuwharetoa (Bay of Plenty), as well as elected members from Bay of Plenty Regional Council, Taupō District Council and Whakatāne District Council.

Ōhiwa Harbour Implementation Forum

This forum implements the Ōhiwa Harbour Strategy and works to maintain effective planning and kaitiakitanga of the Ōhiwa Harbour. Membership is made up of appointees representing Whakatōhea, Upokorehe, Ngāti Awa and Ngāi Tūhoe, as well as one representative from each of the Ōpōtiki, Whakatāne and Bay of Plenty Regional Councils.

Targeted Project Based Partnership

Council actively engages with Māori in relation to specific projects. We try to foster meaningful and respectful relationships to ensure robust engagement with Iwi, hapū or other groups in the District. Significant new projects that we have advanced with Iwi partners in the District over the last year include the Whakatāne Regeneration Programme and works undertaken at the Whakatāne Airport. You can read about these, and other major projects undertaken throughout the year below, in the 'Delivering on the District's priorities' section.

Lifting the visibility and usage of Te Reo Māori

We have been scaling up our efforts at Council over the last year to increase the visibility and usage of Te Reo Māori in the District. We believe this starts with Council showing leadership, so we have developed an action plan with support from Te Whare Wānanga o Awanuiārangī. We are focused first on increasing the visibility of Te Reo Māori within Council buildings, documents and media, and increasing staff awareness and confidence in the use of basic Te Reo Māori and Māori protocols and tikanga. We have installed bilingual signage at Council sites around the District, our voicemail greetings at Council are now in both English and Te Reo Māori, we have enhanced the use of Te Reo Māori in Council documents and we continue to strive for the visibility to Te Reo around the District. This is a project we are passionate about and look forward to gaining capability and confidence.



OUR ACTIVITIES AND SERVICES

*Ā mātou mahi me
ngā ratonga*



HOW TO READ THIS DOCUMENT

He whakamāramatanga o tēnei tuhinga

Activities

The work that we do is broken down into different activities, and these are organised into groups.

We review this structure every three years when we develop a Long Term Plan.

In addition to our 36 activities, we are a shareholder in four 'Council Controlled Organisations' (CCOs) – companies with council(s) as majority shareholders.

Of these, Toi-EDA is an 'exempt CCO' under legislation, and does not produce its own Annual Report.

The other three CCOs all produce an Annual Report at the end of each financial year.

This chapter reports on how our activities performed over the past year.

For each group of activities

Activities Page

The activities page for each group of activities lists the activities in that group, and what those activities do for you.

If you desire any additional information about how any group or activity works or what it delivers, you can simply click on the title to direct you straight to the appropriate page in our Long Term Plan.

In the top right hand corner you will also find the community outcomes that each group of activities contributes to.

These outcomes are:



Effective Leadership



Quality Services



Sustainable Economic Development



Valuing Our Environment



Community Needs



Reliable and Affordable Infrastructure

For more information about what these outcomes mean, view Appendix [here](#).

Funding Impact Statement

The Funding Impact Statement for each group of activities shows our budgeted and actual costs during the 2018/19 year. It also describes how the activities were funded and includes information about our internal borrowing movements for the activities in 2018/19. An explanation of the categories used in these statements can be found on page 22 of this Annual Report.

For each activity

How we went

This section shows how we performed against our targets for the year, and where possible, the previous two years as well. These targets were set through our Long Term Plan and include some measures which are mandatory for all councils to report on.

Several of these measures relate to our annual perception survey. Unless noted, results for these are based on the percentage of respondents that are either 'very' or 'fairly' satisfied with a service or facility. The results for two measures (in the Environmental Management – Consents and Building activities) are taken from a different annual survey; results are based on a score out of 100, representing the average level of satisfaction reported by respondents.

You can view the [annual residents survey here](#).

EXPLANATION OF CATEGORIES IN THE FUNDING IMPACT STATEMENTS

Funding Impact Statements break down costs and funds at an 'operational' and 'capital' level. Operational costs include the ongoing maintenance and delivery of our services, while capital costs relate to the cost of constructing a new asset or extending or renewing an existing asset. Capital expenditure is generally 'one-off' in nature, whereas operational costs are ongoing. Taking all this information into account, we can then see how much we received, how much we spent, and whether we have a surplus or deficit at the end of the year.

What these activities cost and how they were paid for - Operational

SOURCES OF OPERATING FUNDING (REVENUE)

General rates, uniform annual general charges, rates penalties	Revenue from general rates charged on the capital value of all properties within the District, fixed charges across the whole district (UAGC), and penalties for late payment of rates.
Targeted rates	Rates where the benefit or use of a service can be assigned to specific households or communities, such as water, stormwater or promotion and economic development.
Subsidies and grants for operating purposes	Money received from other organisations that contribute to the operational cost of the service.
Fees and charges	Includes admission charges for Council facilities and regulatory fees e.g. permits and dog registration.
Internal charges and overheads recovered	Charges received from other departments of the Council such as overheads and direct costs.
Interest and dividends from investments	Money earned from our savings and investments through interest and dividend payments.
Local authorities fuel tax, fines, infringement fees and other receipts	Miscellaneous revenue from other sources generally not of a significant nature e.g. local authority petrol tax.
Total Operating Funding	Total revenue from the day to day operation of this activity.

APPLICATIONS OF OPERATING FUNDING (EXPENDITURE)

Payments to staff and suppliers	The day-to-day cost of running this activity e.g. salaries and wages, materials and services.
Finance costs	Interest payments we make on funds borrowed (loans).
Internal charges and overheads applied	Money paid to other departments of the Council such as overheads and direct costs.
Other operating funding applications	Miscellaneous expenses including bad debt expense, rates remissions and loss on disposal of assets.
Total Applications of Operating Funding	Total operating expenditure for this activity.
Surplus (Deficit) of Operating Funding	Total revenue less total expenditure.

What these activities cost and how they were paid for - Capital

SOURCES OF CAPITAL FUNDING

Subsidies and grants for capital expenditure	Money received from other organisations that contribute to the capital cost of the service.
Development and financial contributions	Money paid by developers towards providing assets or extending existing assets to cater for increased demand due to growth, e.g. extending sewerage systems.
Increase (decrease) in debt	Borrowing money to pay for new assets, parts of assets or to fund temporary deficits, less loan repayments.
Gross proceeds from the sale of assets	Revenue to be raised from the sale of assets belonging to this activity.
Lump sum contributions	Payments made by an eligible ratepayer for the purposes of contributing to a capital project. However, we do not accept lump sum contributions for targeted rates.
Total Sources of Capital Funding	Total capital funding for this activity.

APPLICATIONS OF CAPITAL FUNDING

Capital expenditure	Capital expenditure creating a completely new asset or extending or renewing an existing asset to provide the same or greater service than it currently provides e.g. extending a sewer pipe to increase capacity. The expenditure is split to fund level of service improvements versus population growth and/or renewal works. While a lot of our capital projects contribute to more than one of these drivers, legislation requires us to allocate each project to just one driver in the Funding Impact Statements.
Increase (decrease) in reserves	Transferring funds into and from a reserve account held for a special purpose. Includes: transferring development contribution revenue to development contribution reserves; using funds from depreciation reserves, and using funds from operational reserves to provide or to assist with maintaining existing assets or services.
Increase (decrease) of investments	Net movement of investments.
Total Applications of Capital Funding	Total capital expenditure for this activity.
Surplus (Deficit) of Capital Funding	Sources of capital funding less applications of capital funding.
Funding Balance	Net operating funding less net capital funding.

Funding Impact Statement – Whole of Council

Year ended 30 June 2019

	ANNUAL PLAN 2017/18 \$000	ANNUAL REPORT 2017/18 \$000	ANNUAL PLAN 2018/19 \$000	ACTUAL 2018/19 \$000
OPERATIONAL				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	21,038	21,200	22,313	23,226
Targeted Rates	22,235	22,088	22,592	22,511
Subsidies and grants for operating purposes	3,770	11,434	4,087	4,470
Fees and Charges	7,496	8,019	7,617	8,686
Interest and dividends from investments	47	35	50	35
Local authorities fuel tax, fines, infringement fees, and other receipts	2,859	453	1,786	2,594
Total Sources of operating funding (A)	57,444	63,229	58,445	61,521
Applications of operating funding				
Payments to staff and suppliers	41,790	53,532	41,847	45,781
Finance costs	2,695	2,538	2,561	2,830
Other operating funding applications	1,050	1,260	850	489
Total Applications of operating funding (B)	45,535	57,329	45,257	49,100
Surplus (deficit) of operating funding (A-B)	11,909	5,900	13,188	12,421
CAPITAL				
Sources of capital funding				
Subsidies and grants for capital expenditure	6,323	11,324	15,814	10,996
Development and financial contributions	94	50	1,064	888
Increase (decrease) in debt	(7,986)	2,589	2,534	5,500
Gross proceeds from sale of assets	7,000	671	565	-
Lump Sum Contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total Sources of capital funding (C)	5,430	14,634	19,977	17,384
Applications of capital funding				
Capital expenditure				
- to meet additional demand	955	3,181	3,051	2,963
- to improve level of service	8,654	10,429	15,494	10,881
- to replace existing assets	14,889	18,280	11,126	13,396
Increase (decrease) in reserves	(7,158)	(11,356)	3,495	2,566
Increase (decrease) of investments	-	-	-	-
Total Applications of capital funding (D)	17,340	20,534	33,166	29,805
Surplus (deficit) of capital funding (C-D)	(11,909)	(5,900)	(13,188)	(12,421)
Funding Balance ((A-B) + (C-D))	-	-	-	()

LEADERSHIP

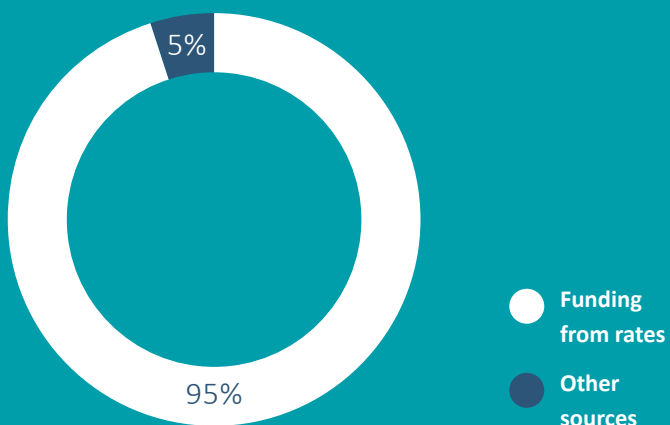
Te Poumanukura

NO
Capital
Expenditure

\$3.1M
Operating
Expenditure

100%
Performance
Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Governance

Mana Whakahaere

Our Governance activity has supported our elected members to be effective, responsible and accountable representatives and decision makers on behalf of the District. Tools and information have been made available to aid decision-making processes and to ensure these decisions have been made in accordance with guiding legislation and policies.

Community Support

Tautoko o te hapori

Our community support activity has been responsible for recognising, supporting and celebrating our local communities. Through Community Boards, annual grants and partner funders, we have provided support to community, cultural and sporting groups as well as individuals, managed civic ceremonies and fostered partner city relationships.

Strategy and Policy

Rautaki me ngā kaupapa here

The Strategy and Policy activity has delivered strong evidence-based strategic advice to support Council's direction and decision-making processes. We have worked on Council's Climate Change project, reviewed bylaws, developed strategies and policies and developed corporate documents such as the Annual Plan for the District.



WHAT THESE ACTIVITIES COST AND HOW THEY WERE PAID FOR

Funding Impact Statement: Leadership

	LTP 2017/18 \$000	LTP 2018/19 \$000	ACTUAL 2018/19 \$000		
OPERATIONAL					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	2,755	2,964	2,829	Roads and Footpaths	
Targeted Rates	335	334	330	Water Supply	
Subsidies and grants for operating purposes	-	-	7		
Fees and Charges	-	-	-		
Internal charges and overheads recovered	-	-	-		
Local authorities fuel tax, fines, infringement fees, and other receipts	2	2	146	Sewage Treatment and Disposal	
Sources of operating funding (A)	3,092	3,299	3,312		
Applications of operating funding					
Payments to staff and suppliers	2,059	2,141	2,001	Stormwater Drainage	
Finance costs	5	3	3		
Internal charges and overheads applied	1,023	1,092	1,048	Solid Waste	
Other operating funding applications	-	-	-		
Applications of operating funding (B)	3,087	3,236	3,052		
Surplus (deficit) of operating funding (A-B)	5	63	260	Environmental Sustainability	
CAPITAL					
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	Community Safety	
Development and financial contributions	-	-	-		
Increase (decrease) in debt	(6)	(6)	(6)	District Growth	
Gross proceeds from sale of assets	-	-	-		
Lump Sum Contributions	-	-	-	Recreation and Community Services	
Other dedicated capital funding	-	-	-		
Sources of capital funding (C)	(6)	(6)	(6)		
Capital expenditure					
- to meet additional demand	-	-	-	Corporate and District Activities	
- to improve level of service	-	-	-		
- to replace existing assets	-	-	-	Council Controlled Organisations	
Increase (decrease) in reserves	(1)	58	254		
Increase (decrease) of investments	-	-	-		
Applications of capital funding (D)	(1)	58	254		
Surplus (deficit) of capital funding (C-D)	(5)	(63)	(260)		
Funding Balance ((A-B) + (C-D))	(5)	-	-		
INTERNAL BORROWING					
GROUP	OPENING \$ (30 JUNE 2018)	FUNDS BORROWED \$	FUNDS REPAID \$	CLOSING \$ (30 JUNE 2019)	INTEREST
Leadership	77,212	-	5,515	71,697	3,110

Performance Measures

Ngā arotakenga mahi

GOAL:

The Council makes decisions in an open, inclusive and transparent manner that supports the sustainable development and needs of the District

PERFORMANCE MEASURE:

Satisfaction of the performance of the Mayor and Councillors



Roads and Footpaths

Water Supply

Sewage Treatment and Disposal

Stormwater Drainage

Solid Waste

Environmental Sustainability

Community Safety

District Growth

Recreation and Community Services

Corporate and District Activities

Council Controlled Organisations

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication

ROADS AND FOOTPATHS

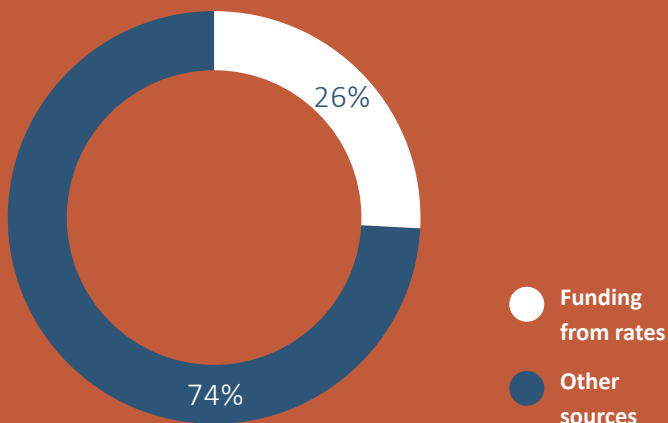
Ngā huarahi me ngā ara

\$12.82M
Capital
Expenditure

\$12.2M
Operating
Expenditure

71%
Performance
Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Transport Networks

Ngā Ara Waka

Our Transport Networks activity has been responsible for ensuring that people, goods and services are connected via safe, efficient and affordable road, cycling and footpath networks. We have provided steady maintenance and upgrades of our core infrastructure and signage over the previous year.

Parking Enforcement

Whakauruhi tūwaka

Our parking enforcement activity has supported the availability of parking and access to busy retail areas in the Whakatāne town centre and Kopeopeo. The activity also supported road safety by ensuring vehicles have valid registrations and warrants of fitness.



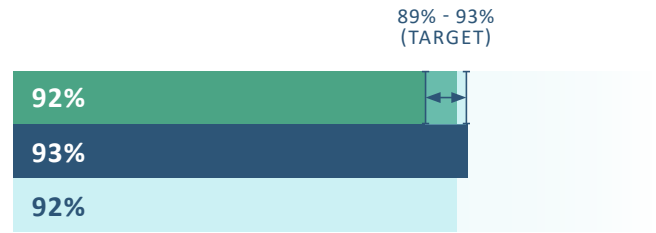
WHAT THESE ACTIVITIES COST AND HOW THEY WERE PAID FOR

Funding Impact Statement: Roads and Footpaths

	LTP 2017/19 \$000	LTP 2018/19 \$000	ACTUAL 2018/19 \$000		
OPERATIONAL					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-15	(25)	(24)		
Targeted Rates	7,873	5,837	5,848		
Subsidies and grants for operating purposes	3,132	3,685	3,679		
Fees and Charges	94	28	91		
Internal charges and overheads recovered	0	1,482	1,342		
Local authorities fuel tax, fines, infringement fees, and other receipts	864	603	1,032		
Sources of operating funding (A)	11,948	11,610	11,968		
Applications of operating funding					
Payments to staff and suppliers	6,553	6,112	6,372		
Finance costs	652	454	430		
Internal charges and overheads applied	1,577	2,381	2,110		
Other operating funding applications	-	-	-		
Applications of operating funding (B)	8,782	8,947	8,912		
Surplus (deficit) of operating funding (A-B)	3,166	2,664	3,056		
CAPITAL					
Sources of capital funding					
Subsidies and grants for capital expenditure	5,715	15,513	10,123		
Development and financial contributions	-	13	25		
Increase (decrease) in debt	(141)	(203)	(312)		
Gross proceeds from sale of assets	-	-	-		
Lump Sum Contributions	-	-	-		
Other dedicated capital funding	-	-	-		
Sources of capital funding (C)	5,574	15,323	9,836		
Capital expenditure					
- to meet additional demand	-	1,960	751		
- to improve level of service	1,801	11,743	6,571		
- to replace existing assets	7,426	5,098	5,498		
Increase (decrease) in reserves	(486)	(814)	72		
Increase (decrease) of investments	-	-	-		
Applications of capital funding (D)	8,741	17,987	12,892		
Surplus (deficit) of capital funding (C-D)	(3,166)	(2,664)	(3,056)		
Funding Balance ((A-B) + (C-D))	-	-	-		
INTERNAL BORROWING					
GROUP	OPENING \$ (30 JUNE 2018)	FUNDS BORROWED \$	FUNDS REPAID \$	CLOSING \$ (30 JUNE 2019)	INTEREST
Roads and Footpaths	10,390,914	560,476	872,418	10,078,973	429,502

Satisfaction with roads in your District excluding state highways

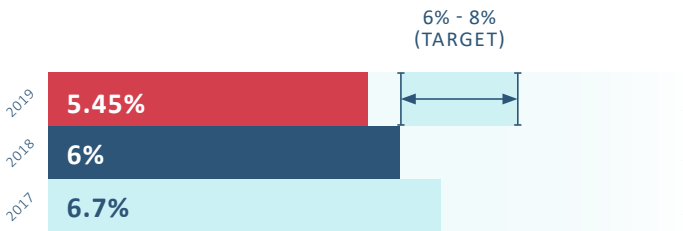
Average quality of ride on a sealed local road network- smooth travel exposure*



Although we have not lowered our level of service provided on the local road network, the numbers are trending downwards. If this trend continues, we may investigate our options and consult with the community on a new approach.

Percentage of sealed local road network that is resurfaced*

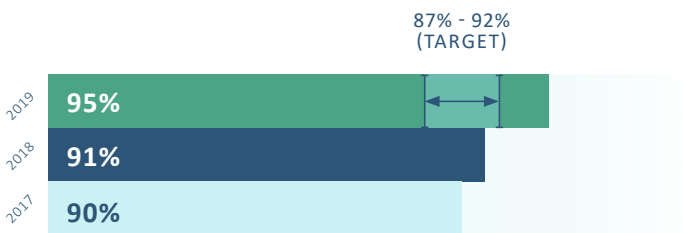
Percentage of qualifying footpaths within the Whakatāne District that fall within the level of service or service standard for the condition of footpaths that is set out in the activity management plans*



This performance measure has not been met for the 2018/19 year due to a higher percentage of the reseals budget being spent on hotmix surfacing this year, with the reseal of the Ōhope Hill. The three year rolling average over the past six years has always exceeded 6%.

Percentage of emergency customer service requests relating to roads and footpaths responded to within 2 hours*

Percentage of all other customer service requests relating to roads and footpaths responded to within 7 days*



Percentage of the time at least two patrols per day are carried out in Whakatāne



*DIA MANDATORY MEASURE

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication

Leadership
Roads and Footpaths
Water Supply
Sewage Treatment and Disposal
Stormwater Drainage
Solid Waste
Environmental Sustainability
Community Safety
District Growth
Recreation and Community Services
Corporate and District Activities
Council Controlled Organisations

WATER SUPPLY

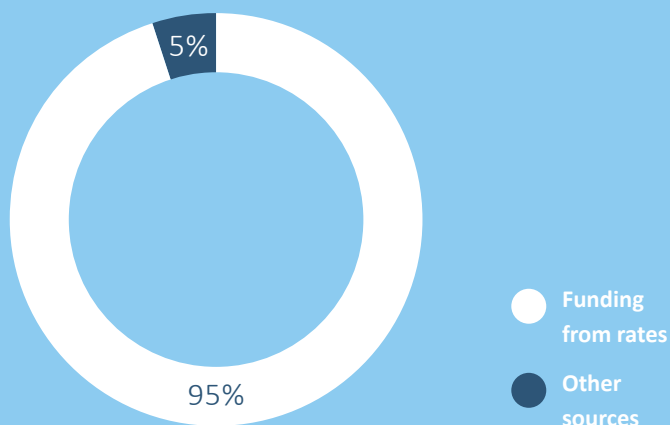
Ngā puna wai

\$3.65M
Capital
Expenditure

\$6M
Operating
Expenditure

82%
Performance
Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Water Supply

Ngā puna wai

Our Water Supply activity has treated and provided safe, reliable and sustainable water to meet community demand and urban firefighting requirements. We operated and maintained ten different water supply schemes across the District, treating the water to ensure its safety and continuity.



WHAT THESE ACTIVITIES COST AND HOW THEY WERE PAID FOR: Funding Impact Statement: Water Supply

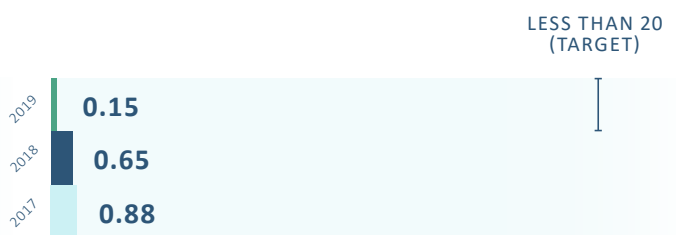
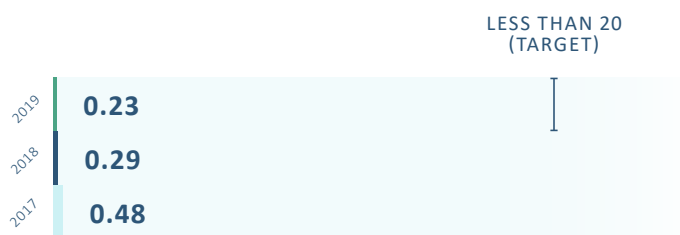
	LTP 2017/18 \$000	LTP 2018/19 \$000	ACTUAL 2018/19 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4	-	-
Targeted Rates	5,334	6,117	6,073
Subsidies and grants for operating purposes	-	-	-
Fees and Charges	277	55	88
Internal charges and overheads recovered	166	49	94
Local authorities fuel tax, fines, infringement fees, and other receipts	24	-	9
Sources of operating funding (A)	5,805	6,221	6,264
Applications of operating funding			
Payments to staff and suppliers	1,846	1,710	1,758
Finance costs	429	460	402
Internal charges and overheads applied	2,114	1,885	1,971
Other operating funding applications	-	-	-
Applications of operating funding (B)	4,389	4,056	4,131
Surplus (deficit) of operating funding (A-B)	1,416	2,166	2,133
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	18	280	162
Increase (decrease) in debt	(434)	934	1,217
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	(416)	1,214	1,379
Capital expenditure			
- to meet additional demand	267	421	432
- to improve level of service	64	801	760
- to replace existing assets	995	1,150	2,461
Increase (decrease) in reserves	(327)	1,007	(141)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	999	3,379	3,512
Surplus (deficit) of capital funding (C-D)	(1,416)	(2,166)	(2,133)
Funding Balance ((A-B) + (C-D))	-	-	-

INTERNAL BORROWING

GROUP	OPENING \$ (30 JUNE 2018)	FUNDS BORROWED \$	FUNDS REPAID \$	CLOSING \$ (30 JUNE 2019)	INTEREST
Water Supply	9,235,317	1,715,966	498,536	10,452,747	402,137

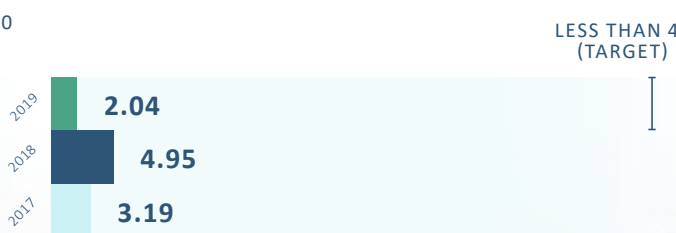
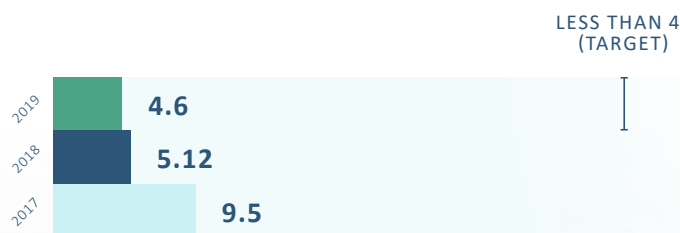
Number of complaints, per 1,000 connections, received by the Council about drinking water odour*

Number of complaints, per 1,000 connections, received by the Council about drinking water taste*



Number of complaints received, per 1,000 connections, by the Council about continuity of supply*

Number of complaints, per 1,000 connections, received by the Council about drinking water pressure or flow*

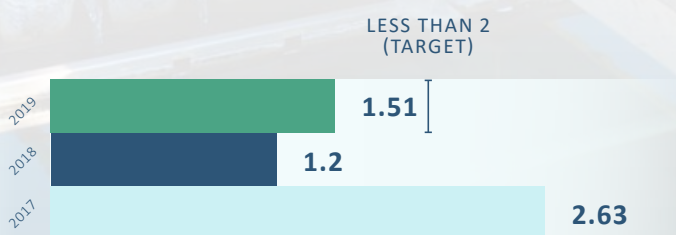
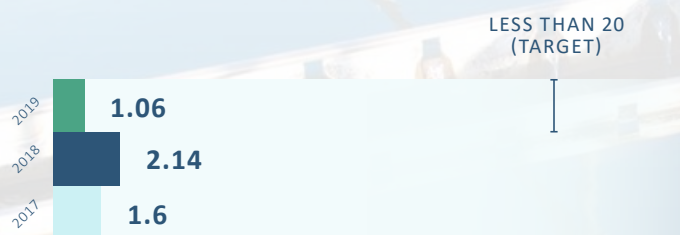


In previous years the calculation for this measure included complaints that were out of scope, on the customers side. This year we have refined the criteria in line with the DIA recommendations and only complaints caused by Council assets are included.

In previous years the calculation for this measure included complaints that were out of scope, being on the customer's side. This year we have refined the criteria in line with the DIA recommendations and only complaints caused by Council assets are included.

Number of complaints, per 1,000 connections, received by the Council about drinking water clarity*

Number of complaints received, per 1,000 connections, about the Council's response to any of these issues*



There was an error in the end of year results for the 2017/18 period. We have since improved the method for calculating the measures, automating the process, and reducing the risk of this type of error in future years. Calculating the 2017/18 results with the same method produces a result of 1.51.

*DIA MANDATORY MEASURE

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication

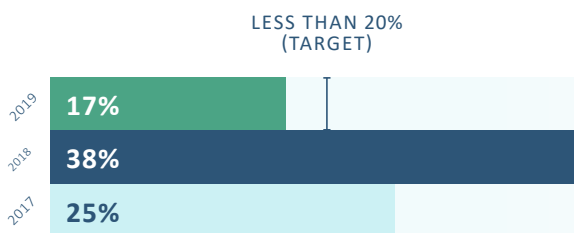
Average consumption of drinking water per day per resident in the District for metered areas*



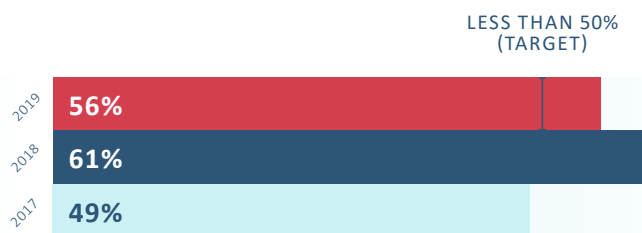
Average consumption of drinking water per day per resident in the District for unmetered areas*



Maintenance of reticulation - percentage of real water loss from our networked reticulation for metered schemes*



Maintenance of reticulation - percentage of real water loss from our networked reticulation for unmetered schemes*



This year we read a significant number of meters that have been unread in prior years. Previously, unread meters were treated as zero and therefore, any water consumed by users of an unread meter calculated as 100% loss.

Water losses in unmetered schemes are very difficult to control. Even if volumetric charging is not introduced, water meters need to be installed for all customers to enable leak detection.

Satisfaction with the water supply



Median response time to attend urgent call-outs*



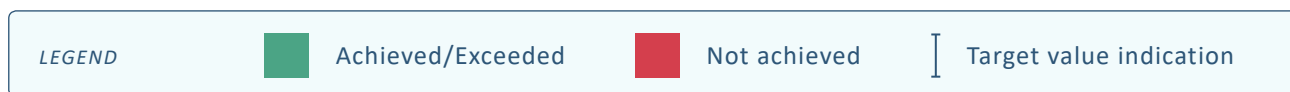
Median response time to resolve urgent call-outs*



Median response time to attend non-urgent call-outs*



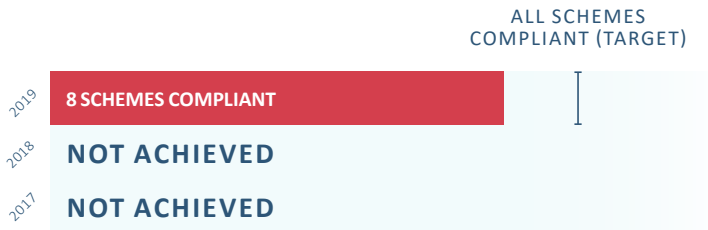
*DIA MANDATORY MEASURE



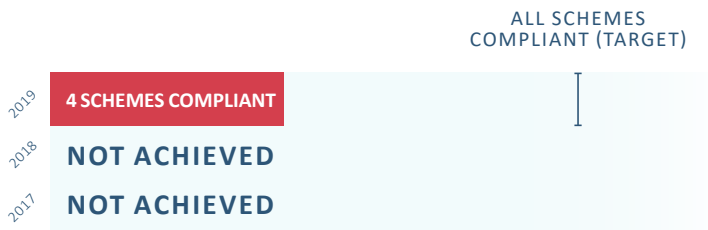
Median response time to resolve non-urgent call-outs*



The extent to which Council’s drinking water supplies comply with part 4 of the drinking water standards (bacteria compliance criteria)*



The extent to which Council’s drinking water supplies comply with part 5 of the drinking water standards (protozoal compliance criteria)*



*DIA MANDATORY MEASURE

LEGEND	 Achieved/Exceeded	 Not achieved	 Target value indication
--------	---	--	---

Scheme	Compliant with DWS Part 4?	Compliant with DWS Part 5?
Matatā	No. There were three minute long interruptions of treatment during the year. Sampling in the zone did not indicate any risk to public health.	No. There were three minute long interruptions of treatment during the year. Sampling in the zone did not indicate any risk to public health.
Murupara	Yes	No. There is currently no water treatment at this location. Frequent sampling is occurring at the bore and within the distribution zone. The installation of backflow preventers have been completed. Sampling in the zone did not indicate any risk to public health.
Otumahi (Edgecumbe, Te Teko and surrounds)	Yes	Yes
Penetito/Galatea Rd	Yes	No. This is a small neighbourhood bore water supply scheme managed by Council. There is currently no protozoal treatment at this plant. Council continues to work with scheme owners on upgrade options, which might include improvements in treatment or connecting it to Otumahi scheme.
Rangitāiki Plains Rural	No. Johnson Road treatment plant was not able to meet all treatment requirements during commissioning stage for chlorination plant upgrade. Sampling in the zone did not indicate any risk to public health. These technical problems have now been resolved.	No. This scheme is supplied by the Braemar and Johnson Road Water Treatment Plants. There is currently no protozoal treatment at these plants. As NZDWS are also not met due to slight exceedance of arsenic levels Council is investigating the treatment options as well as alternative sources of supply.
Rūatoki	Yes	No. There were few high turbidity events associated with heavy rain, which prevented correct treatment by UV. Increased sampling following such events did not indicate any risk to public health. Council continues to work with the local community in order to find a water source, which is not affected by river flooding events.
Tāneatua	Yes	Yes
Te Mahoe	Yes	No. Few interruptions in continuous monitoring data transmission resulted in not meeting treatment criteria. These have been since resolved. Sampling in the zone did not indicate any risk to public health.
Waimana	Yes	Yes
Whakatāne/Ōhope	Yes	Yes

SEWAGE TREATMENT AND DISPOSAL

Te rānekeweke me
te rukea o te parakaingaki

\$1.47M

Capital
Expenditure

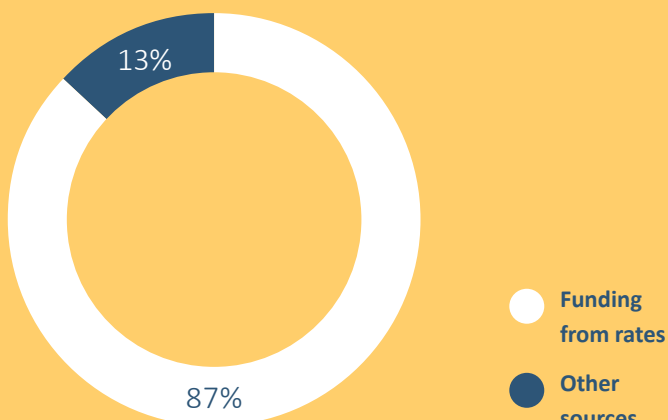
\$4.6M

Operating
Expenditure

100%

Performance
Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Sewage Treatment and Disposal

Te rāwekeweke me te rukea o te parakaingaki

We have provided efficient, reliable, safe and sustainable sewerage systems to protect the health of our communities and natural environment. This has involved operating and maintaining six wastewater schemes servicing 75% of the District, including sewer lines, underground pipes, pump stations and treatment plants.



WHAT THESE ACTIVITIES COST AND HOW THEY WERE PAID FOR: Funding Impact Statement: Sewage Treatment and Disposal

	LTP 2017/18 \$000	LTP 2018/19 \$000	ACTUAL 2018/19 \$000		
OPERATIONAL					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	44	126	120		
Targeted Rates	3,792	3,764	3,739		
Subsidies and grants for operating purposes	-	-	-		
Fees and Charges	157	137	182		
Internal charges and overheads recovered	67	54	49		
Local authorities fuel tax, fines, infringement fees, and other receipts	187	-	22		
Sources of operating funding (A)	4,247	4,081	4,112		
Applications of operating funding					
Payments to staff and suppliers	1,229	865	1,304		
Finance costs	610	366	355		
Internal charges and overheads applied	917	1,434	1,458		
Other operating funding applications	-	-	-		
Applications of operating funding (B)	2,756	2,664	3,117		
Surplus (deficit) of operating funding (A-B)	1,491	1,417	995		
CAPITAL					
Sources of capital funding					
Subsidies and grants for capital expenditure	1,497	-	-		
Development and financial contributions	55	747	329		
Increase (decrease) in debt	1,075	3,115	3,811		
Gross proceeds from sale of assets	-	-	-		
Lump Sum Contributions	-	-	-		
Other dedicated capital funding	-	-	-		
Sources of capital funding (C)	2,627	3,862	4,140		
Capital expenditure					
- to meet additional demand	-	319	725		
- to improve level of service	4,078	363	391		
- to replace existing assets	669	444	351		
Increase (decrease) in reserves	(630)	4,152	3,668		
Increase (decrease) of investments	-	-	-		
Applications of capital funding (D)	4,117	5,279	5,135		
Surplus (deficit) of capital funding (C-D)	(1,491)	(1,417)	(995)		
Funding Balance ((A-B) + (C-D))	-	-	-		
INTERNAL BORROWING					
GROUP	OPENING \$ (30 JUNE 2018)	FUNDS BORROWED \$	FUNDS REPAID \$	CLOSING \$ (30 JUNE 2019)	INTEREST
Sewage Treatment and Disposal	6,775,768	4,088,306	277,434	10,586,641	355,324

Leadership

Roads and
Footpaths

Water Supply

Sewage Treatment
and DisposalStormwater
DrainageSolid
WasteEnvironmental
Sustainability

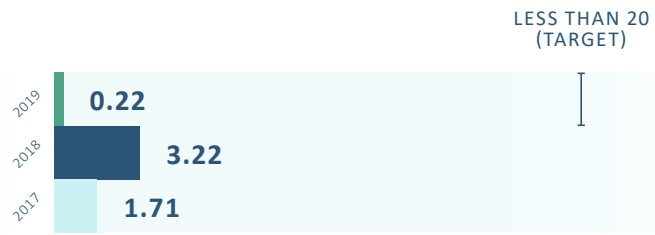
Community Safety

District Growth

Recreation and
Community
ServicesCorporate and
District ActivitiesCouncil Controlled
Organisations

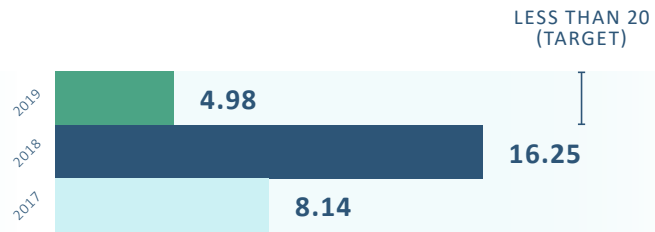
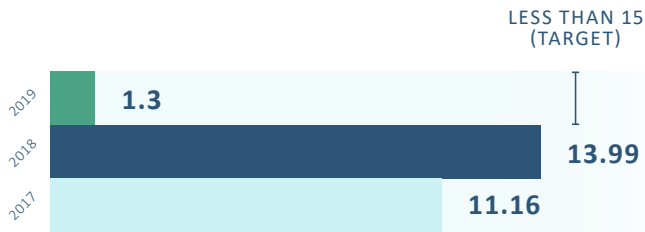
Satisfaction with the sewerage system

Number of complaints received per 1,000 connections about sewage odour*



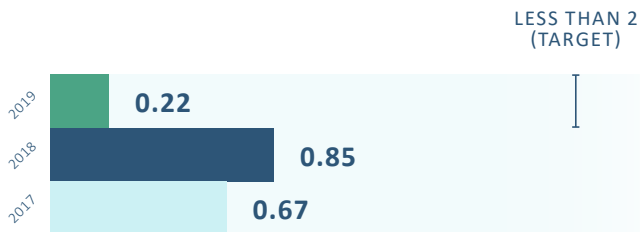
Number of complaints received per 1,000 connections about sewerage system faults*

Number of complaints received per 1,000 connections about sewerage system blockages*



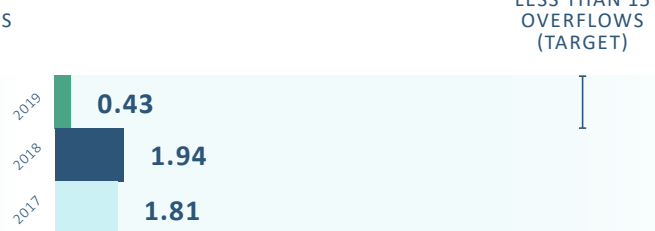
Number of complaints received per 1,000 connections about the Council's response to issues with our sewerage system*

Median response time to attend a sewage overflow resulting from a blockage or other fault in the Council's sewerage system*



Median response time to resolve a sewage overflow resulting from a blockage or other fault in the Council's sewerage system*

Number of dry weather sewage overflows from the Council's sewerage system (per 1,000 connections)*



*DIA MANDATORY MEASURE

LEGEND ■ Achieved/Exceeded ■ Not achieved Target value indication

Number of abatement notices received by the Council in relation to the resource consents for discharge from our sewerage systems*

Number of infringement notices received by the Council in relation to the resource consents for discharge from our sewerage systems*



Number of enforcement orders received by the Council in relation to the resource consents for discharge from our sewerage systems*

Number of convictions received by the Council in relation to the resource consents for discharge from our sewerage systems*



Leadership

Roads and Footpaths

Water Supply

Sewage Treatment and Disposal

Stormwater Drainage

Solid Waste

Environmental Sustainability

Community Safety

District Growth

Recreation and Community Services

Corporate and District Activities

Council Controlled Organisations

*DIA MANDATORY MEASURE

LEGEND Achieved/Exceeded Not achieved Target value indication

STORMWATER DRAINAGE

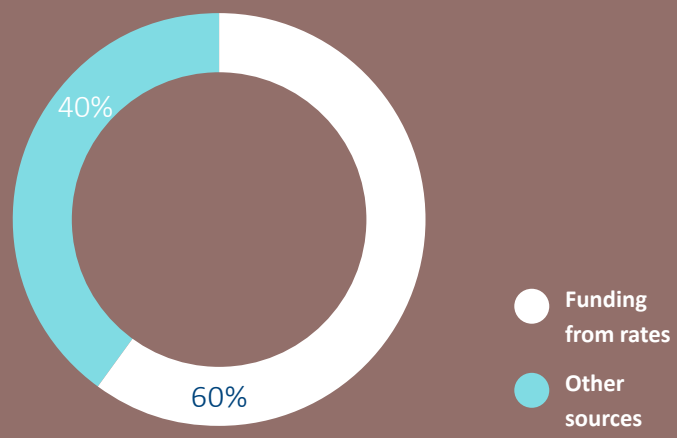
Te awakeri o te wai āwhiowhio

\$0.74M
Capital Expenditure

\$3.9M
Operating Expenditure

100%
Performance Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Stormwater Drainage

Te awakeri o te wai awhiowhio

Our Stormwater Drainage activity has been responsible for maintaining and operating our stormwater systems, ensuring they have been safe, sustainable, reliable and efficient. The eight stormwater systems we maintain have removed water from urban areas and dispersed it safely into waterways, minimising the risk to human life and property.



WHAT THESE ACTIVITIES COST AND HOW THEY WERE PAID FOR: Funding Impact Statement: Stormwater Drainage

	LTP 2017/18 \$000	LTP 2018/19 \$000	ACTUAL 2018/19 \$000		
OPERATIONAL					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	449	352	336		
Targeted Rates	2,896	3,184	3,166		
Subsidies and grants for operating purposes	-	-	-		
Fees and Charges	-	-	1		
Internal charges and overheads recovered	1,218	1,930	2,128		
Local authorities fuel tax, fines, infringement fees, and other receipts	206	100	197		
Sources of operating funding (A)	4,769	5,566	5,828		
Applications of operating funding					
Payments to staff and suppliers	1,957	2,669	3,044		
Finance costs	1,161	956	884		
Internal charges and overheads applied	665	919	898		
Other operating funding applications	-	-	-		
Applications of operating funding (B)	3,783	4,544	4,826		
Surplus (deficit) of operating funding (A-B)	986	1,022	1,002		
CAPITAL					
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-		
Development and financial contributions	27	24	45		
Increase (decrease) in debt	(261)	26	(55)		
Gross proceeds from sale of assets	-	-	-		
Lump Sum Contributions	-	-	-		
Other dedicated capital funding	-	-	-		
Sources of capital funding (C)	(234)	50	(10)		
Capital expenditure					
- to meet additional demand	-	5	2		
- to improve level of service	984	956	597		
- to replace existing assets	80	153	146		
Increase (decrease) in reserves	(311)	(40)	247		
Increase (decrease) of investments	-	-	-		
Applications of capital funding (D)	753	1,073	992		
Surplus (deficit) of capital funding (C-D)	(986)	(1,022)	(1,002)		
Funding Balance ((A-B) + (C-D))	-	-	-		
INTERNAL BORROWING					
GROUP	OPENING \$ (30 JUNE 2018)	FUNDS BORROWED \$	FUNDS REPAID \$	CLOSING \$ (30 JUNE 2019)	INTEREST
Stormwater Drainage	21,546,662	779,805	835,175	21,491,292	883,667

Leadership

Roads and
Footpaths

Water Supply

Sewage Treatment
and DisposalStormwater
DrainageSolid
WasteEnvironmental
Sustainability

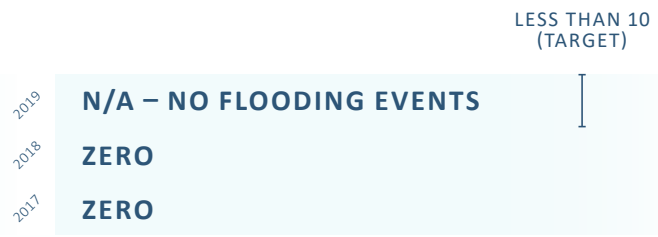
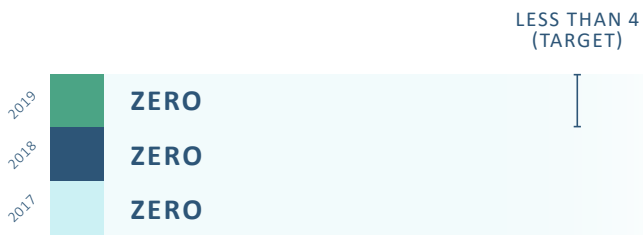
Community Safety

District Growth

Recreation and
Community
ServicesCorporate and
District ActivitiesCouncil Controlled
Organisations

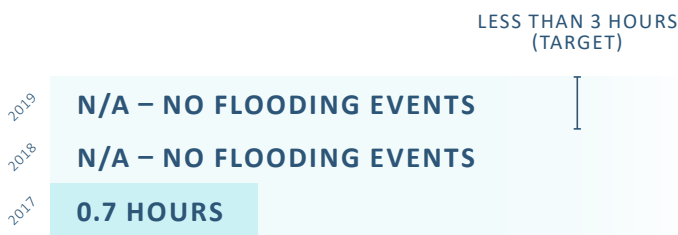
Number of flooding events in the District*

For each flooding event, the number of habitable floors affected (per 1,000 properties connected to the Council's stormwater system)*



Median response time to attend a flooding event*

Number of complaints received per 1,000 connections about the Council's response to issues with our stormwater system*



Number of abatement notices received by the Council in relation to the resource consents for discharge from our stormwater systems*

Number of infringement notices received by the Council in relation to the resource consents for discharge from our stormwater systems*



Number of enforcement orders received by the Council in relation to the resource consents for discharge from our stormwater systems*

Number of successful prosecutions received by the Council in relation to the resource consents for discharge from our stormwater systems*



*DIA MANDATORY MEASURE

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication



SOLID WASTE

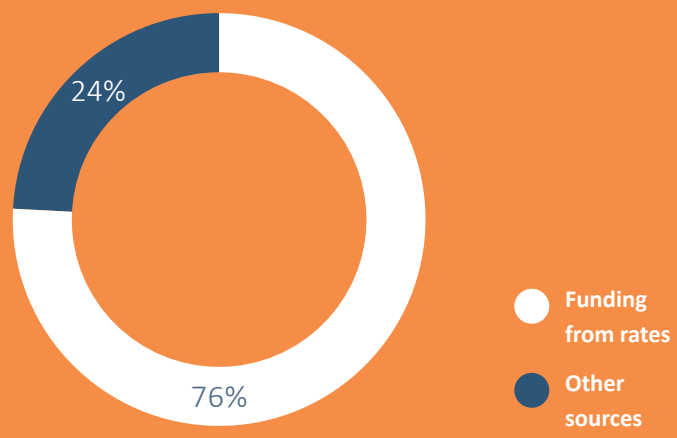
Ngā Parapara

\$0.06M
Capital
Expenditure

\$5.6M
Operating
Expenditure

66%
Performance
Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Solid Waste

Ngā Parapara

Our Solid Waste activity has taken proactive steps to minimise environmental harm from solid waste, while sustainably managing our waste services, finances and assets for our communities. Aside from the new initiatives in our District, our team has been responsible for the regular curb-side collections, management of our refuse transfer stations and the operation of our six closed landfill sites.



Leadership

Roads and Footpaths

Water Supply

Sewage Treatment and Disposal

Stormwater Drainage

Solid Waste

Environmental Sustainability

Community Safety

District Growth

Recreation and Community Services

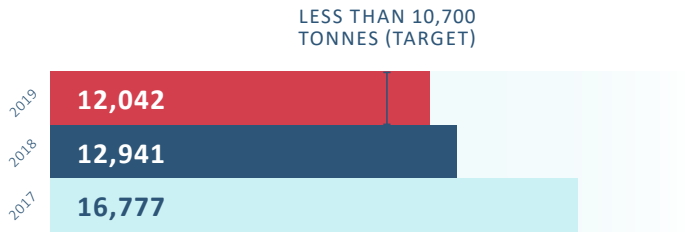
Corporate and District Activities

Council Controlled Organisations

WHAT THESE ACTIVITIES COST AND HOW THEY WERE PAID FOR: Funding Impact Statement: Solid Waste

	LTP 2017/18 \$000	LTP 2018/19 \$000	ACTUAL 2018/19 \$000		
OPERATIONAL					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	991	1,849	1,765		
Targeted Rates	4,530	2,595	2,596		
Subsidies and grants for operating purposes	-	110	139		
Fees and Charges	841	710	1,139		
Internal charges and overheads recovered	-	-	-		
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	93		
Sources of operating funding (A)	6,362	5,264	5,732		
Applications of operating funding					
Payments to staff and suppliers	5,140	4,427	4,923		
Finance costs	199	131	124		
Internal charges and overheads applied	751	502	439		
Other operating funding applications	-	-	-		
Applications of operating funding (B)	6,090	5,060	5,486		
Surplus (deficit) of operating funding (A-B)	272	204	246		
CAPITAL					
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-		
Development and financial contributions	-	-	5		
Increase (decrease) in debt	(244)	(244)	(244)		
Gross proceeds from sale of assets	-	-	-		
Lump Sum Contributions	-	-	-		
Other dedicated capital funding	-	-	-		
Sources of capital funding (C)	(244)	(244)	(239)		
Capital expenditure					
- to meet additional demand	-	5	5		
- to improve level of service	11	5	13		
- to replace existing assets	26	30	42		
Increase (decrease) in reserves	(10)	(80)	(53)		
Increase (decrease) of investments	-	-	-		
Applications of capital funding (D)	27	(40)	7		
Surplus (deficit) of capital funding (C-D)	(272)	(204)	(246)		
Funding Balance ((A-B) + (C-D))	-	-	-		
INTERNAL BORROWING					
GROUP	OPENING \$ (30 JUNE 2018)	FUNDS BORROWED \$	FUNDS REPAID \$	CLOSING \$ (30 JUNE 2019)	INTEREST
Solid Waste	3,070,736	-	243,932	2,826,804	123,697

Amount of Council controlled solid waste sent to landfill



Overall, the District is experiencing an increase in the amount of waste. However, Council continues to divert a significant amount of waste from landfill.

User satisfaction with refuse disposal (Transfer station facilities)



User satisfaction with the curb-side waste collection service



Leadership

Roads and Footpaths

Water Supply

Sewage Treatment and Disposal

Stormwater Drainage

Solid Waste

Environmental Sustainability

Community Safety

District Growth

Recreation and Community Services

Corporate and District Activities

Council Controlled Organisations



*DIA MANDATORY MEASURE

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication

ENVIRONMENTAL SUSTAINABILITY

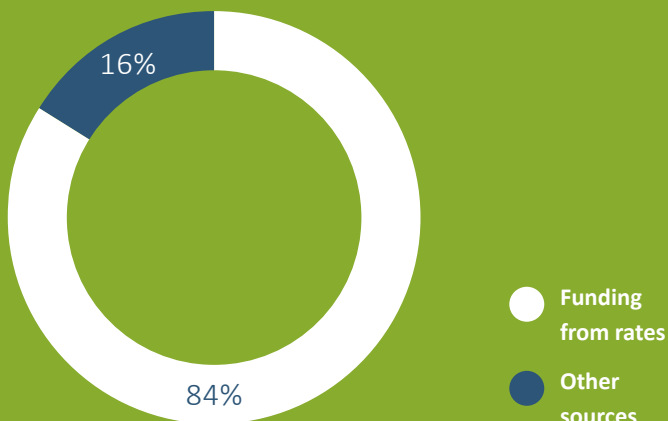
Toitū o te Taiao

NO
Capital
Expenditure

\$2.1M
Operating
Expenditure

33%
Performance
Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Resource Management - Policy

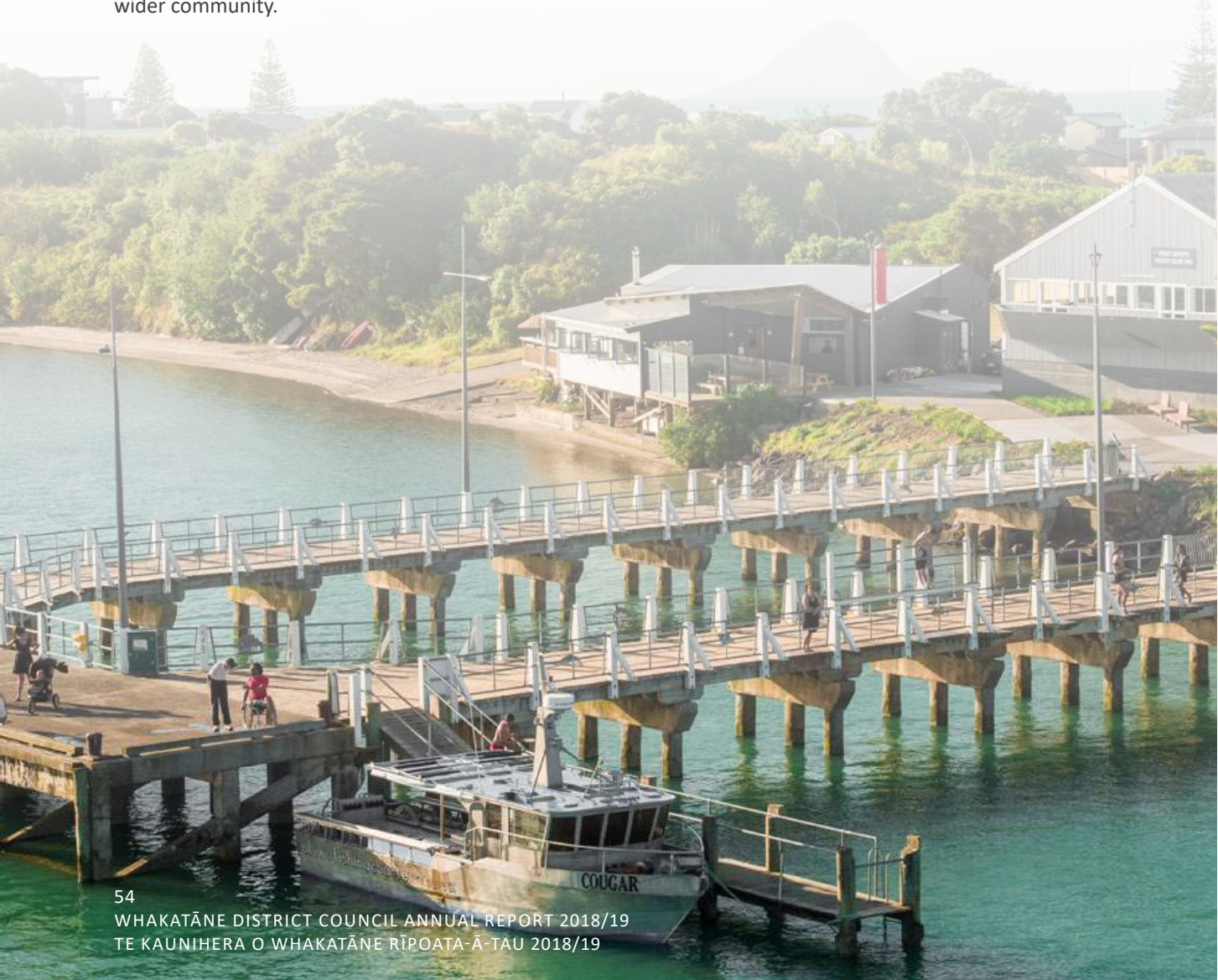
Whakahaere Rawa – Kaupapa here

Resource Management - Policy has provided support to Council activities across our District to ensure the use of land is balanced with the need for growth and protection of our spaces and people.

Resource Management – Consents

Whakahaere Rawa – Whakaaetanga

Resource Management – Consents has provided advice and processing of resource consent applications, as well as monitoring compliance with the District Plan and conditions of consents, ensuring negative effects on our communities and environment have been avoided, remedied or mitigated. We have also worked with developers within the District, ensuring that the advice we have given and consents we have issued benefit the wider community.



Leadership

Roads and
Footpaths

Water Supply

Sewage Treatment
and Disposal

Stormwater
Drainage

Solid
Waste

Environmental
Sustainability

Community Safety

District Growth

Recreation and
Community
Services

Corporate and
District Activities

Council Controlled
Organisations

WHAT THESE ACTIVITIES COST AND HOW THEY WERE PAID FOR: Funding Impact Statement: Environmental Sustainability

	LTP 2017/18 \$000	LTP 2018/19 \$000	ACTUAL 2018/19 \$000		
OPERATIONAL					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	1,536	2,019	1,928		
Targeted Rates	-	-	-		
Subsidies and grants for operating purposes	-	-	-		
Fees and Charges	289	300	192		
Internal charges and overheads recovered	-	-	-		
Local authorities fuel tax, fines, infringement fees, and other receipts	106	70	181		
Sources of operating funding (A)	1,931	2,389	2,301		
Applications of operating funding					
Payments to staff and suppliers	1,035	1,041	1,191		
Finance costs	157	100	94		
Internal charges and overheads applied	659	769	737		
Other operating funding applications	-	-	-		
Applications of operating funding (B)	1,851	1,910	2,022		
Surplus (deficit) of operating funding (A-B)	80	479	279		
CAPITAL					
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-		
Development and financial contributions	-	-	-		
Increase (decrease) in debt	(271)	(302)	(302)		
Gross proceeds from sale of assets	-	-	-		
Lump Sum Contributions	-	-	-		
Other dedicated capital funding	-	-	-		
Sources of capital funding (C)	(271)	(302)	(302)		
Capital expenditure					
- to meet additional demand	-	-	-		
- to improve level of service	-	-	-		
- to replace existing assets	-	-	-		
Increase (decrease) in reserves	(192)	177	(23)		
Increase (decrease) of investments	-	-	-		
Applications of capital funding (D)	(192)	177	(23)		
Surplus (deficit) of capital funding (C-D)	(80)	(479)	(279)		
Funding Balance ((A-B) + (C-D))	-	-	-		
INTERNAL BORROWING					
GROUP	OPENING \$ (30 JUNE 2018)	FUNDS BORROWED \$	FUNDS REPAID \$	CLOSING \$ (30 JUNE 2019)	INTEREST
Environmental Sustainability	2,342,686	-	301,849	2,040,837	94,369

Leadership

Roads and
Footpaths

Water Supply

Sewage Treatment
and DisposalStormwater
DrainageSolid
WasteEnvironmental
Sustainability

Community Safety

District Growth

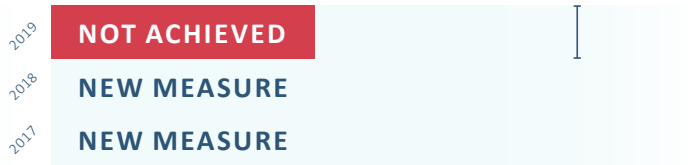
Recreation and
Community
ServicesCorporate and
District ActivitiesCouncil Controlled
Organisations

Status of the District Development Strategy (DDS) and District Plan (DP)

Progress made to develop the District Plan to respond to Natural Hazards

THE DDS ESTABLISHES THE PREDICTED GROWTH OVER THE NEXT TEN YEARS (TARGET)

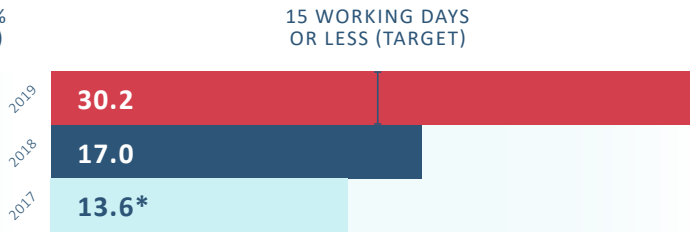
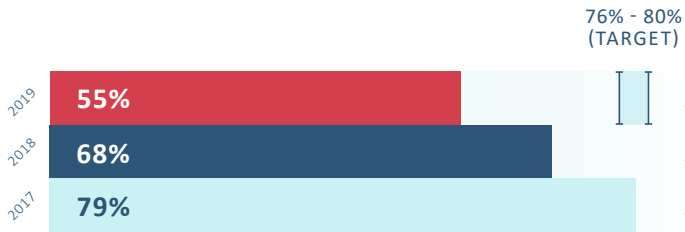
RISK ASSESSMENT OF RAINFALL-INDUCED FLOODING IS COMPLETED AND CHANGES TO THE DP TO MANAGE IDENTIFIED LANDSLIDE RISKS ARE DEVELOPED (TARGET)



This milestone is being pursued through Stormwater Infrastructure Modelling. This project is taking slightly longer than anticipated, but is on track to deliver by the end of 2019.

User satisfaction with Council's resource consent process

Average time to process non-notified land use resource consents

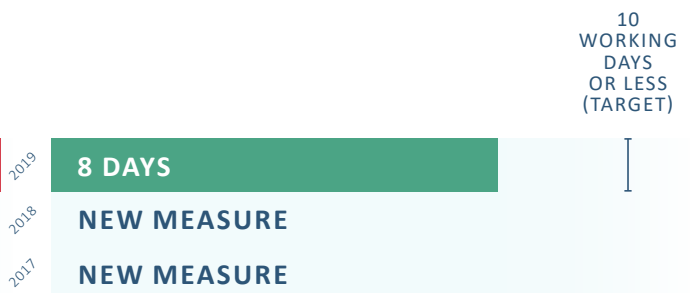
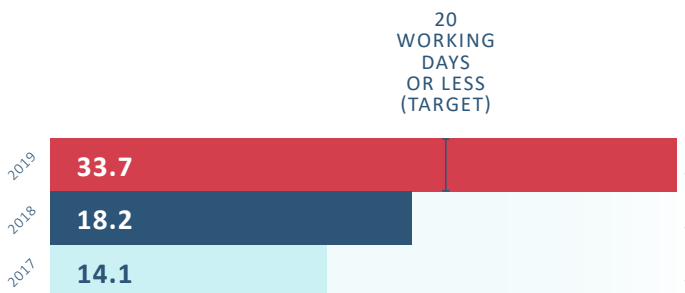


Staff turnover and extended timeframes experienced this year led to a reduction in customer satisfaction, which is being remediated through ongoing recruitment and continuous improvement, including business process mapping, reimplementing the resource consent Ozone module, and mentoring for less experienced staff.

High staff turnover during the year led to extended timeframes. The team are recruiting new staff to fill these shortages. ***2016 result includes fast tracked resource consents**

Average time to process non-notified subdivision resource consents

Average time to process fast-tracked non-notified land use resource consents



High staff turnover during the year led to extended timeframes. The team are recruiting new staff to fill these shortages.

LEGEND

- Achieved/Exceeded
- Not achieved
- | Target value indication

Leadership
Roads and Footpaths
Water Supply
Sewage Treatment and Disposal
Stormwater Drainage
Solid Waste
Environmental Sustainability
Community Safety
District Growth
Recreation and Community Services
Corporate and District Activities
Council Controlled Organisations

COMMUNITY SAFETY

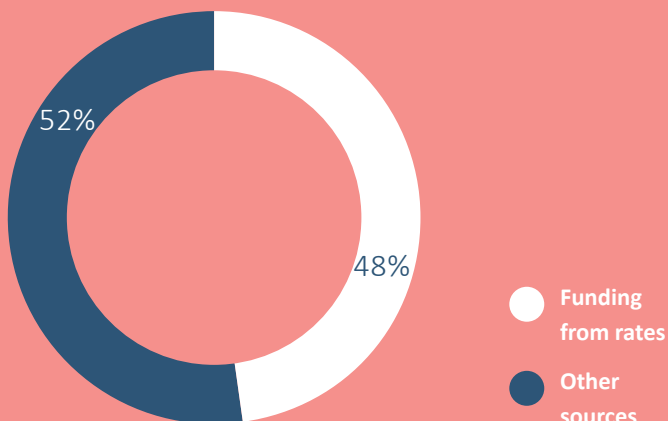
Te whakamaru o tū

\$0.1M
Capital
Expenditure

\$4.8M
Operating
Expenditure

66%
Performance
Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Licensing (Alcohol and Gambling)

Raihana (Waipiro me te Peti)

This activity has protected and enhanced the wellbeing of our communities by managing exposure to alcohol and gambling facilities. We have issued licenses and managers certificates, inspected premises and worked closely with other organisations to monitor adherence to license conditions and measure harm reduction.

Environmental Health and Regulation Monitoring

Aroturuki ture

Our team has monitored and enforced environmental and public health standards to keep our communities safe and healthy. This involved the licensing of food premises, monitoring the state of the environment (including water supplies) and responding to complaints of noise or odour.

Building

Hangatanga

Our Building activity has received, processed and issued building consents, as well as inspected building consents and issued code compliance certificates for issued building consents. The team has worked hard to ensure that all people, including developers, understand the requirements, costs and timeframes, and have provided advice and guidance to operate in the best interests of our communities.

Animal Control

Take Kararehe

The Animal Control activity has made our communities safer by responding to roaming or abandoned animal complaints, supplying them with shelter and food and rehoming animals where possible. They have received and responded to complaints from the public and issued fines where necessary. Animal control in Murupara and the surrounding area has been delivered in partnership with Te Rūnanga o Ngāti Manawa.

Emergency Management

Mahi Whakamarumarū

The Emergency Management activity has been responsible for understanding the hazards that exist in our District and preparing our response to, and recovery from, natural hazard events and other emergencies to ensure our communities are safe and prepared.

WHAT THESE ACTIVITIES COST AND HOW THEY WERE PAID FOR: Funding Impact Statement: Community Safety

	LTP 2017/18 \$000	LTP 2018/19 \$000	ACTUAL 2018/19 \$000		
OPERATIONAL					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	1,610	2,523	2,409		
Targeted Rates	-	-	-		
Subsidies and grants for operating purposes	5	-	184		
Fees and Charges	1,131	1,394	1,800		
Internal charges and overheads recovered	-	-	-		
Local authorities fuel tax, fines, infringement fees, and other receipts	421	533	585		
Sources of operating funding (A)	3,166	4,450	4,978		
Applications of operating funding					
Payments to staff and suppliers	1,850	2,511	3,012		
Finance costs	-	120	115		
Internal charges and overheads applied	1,215	1,546	1,516		
Other operating funding applications	-	-	-		
Applications of operating funding (B)	3,065	4,176	4,643		
Surplus (deficit) of operating funding (A-B)	101	273	335		
CAPITAL					
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-		
Development and financial contributions	-	-	-		
Increase (decrease) in debt	(2)	-	-		
Gross proceeds from sale of assets	-	-	-		
Lump Sum Contributions	-	-	-		
Other dedicated capital funding	-	-	-		
Sources of capital funding (C)	(2)	-	-		
Capital expenditure					
- to meet additional demand	-	-	-		
- to improve level of service	-	-	100		
- to replace existing assets	-	-	-		
Increase (decrease) in reserves	99	273	235		
Increase (decrease) of investments	-	-	-		
Applications of capital funding (D)	99	273	335		
Surplus (deficit) of capital funding (C-D)	(101)	(273)	(335)		
Funding Balance ((A-B) + (C-D))	-	-	-		
INTERNAL BORROWING					
GROUP	OPENING \$ (30 JUNE 2018)	FUNDS BORROWED \$	FUNDS REPAID \$	CLOSING \$ (30 JUNE 2019)	INTEREST
Community Safety	-	-	-	-	115,450

Leadership

Roads and
Footpaths

Water Supply

Sewage Treatment
and DisposalStormwater
DrainageSolid
WasteEnvironmental
SustainabilityCommunity
Safety

District Growth

Recreation and
Community
ServicesCorporate and
District ActivitiesCouncil Controlled
Organisations

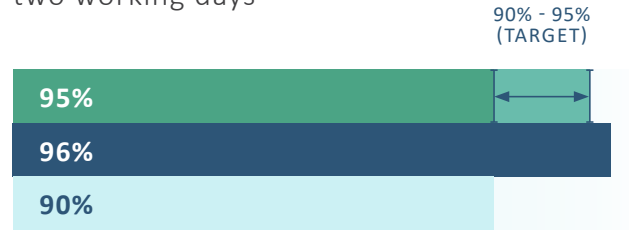
Percentage of licensed premises inspected at least once per year, excluding special licenses

Percentage of complaints relating to abandoned car, litter and general bylaw offences responded to within two working days



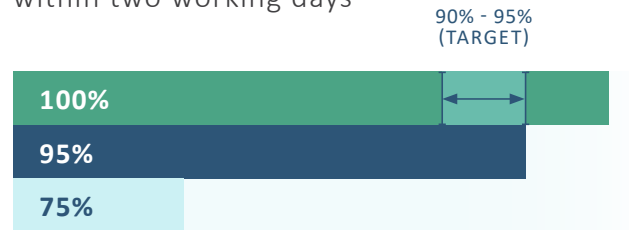
* Inspected 95/95 operating premises.

Note that the wording of this measure has changed from "Percentage of licenced premises inspected as required by the Sale and Supply of Alcohol Act 2012" in the Long Term Plan 2018-28. The Sale and Supply of Alcohol Act requires licensing inspectors to monitoring licensees' compliance with the Act, but does not specify particular inspection requirements.



Percentage of after-hours excessive noise complaints responded to promptly*

Percentage of environmental health complaints (excluding noise) responded to within two working days



* 'Promptly' is defined as responding to excessive noise complaints within the following timeframes:

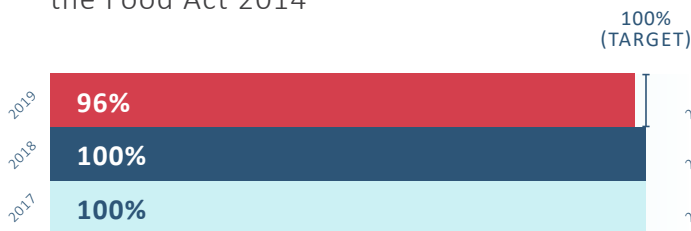
Area 1 - Ōhope, Whakatāne, Taneatua, Coastlands, Awakeri, Thornton Road to Golf Links Road: < 60 minutes

Area 2 - Edgecumbe, Matatā, Otamarakau, Otakiri, Onepū, Te Teko, Te Mahoe and Wainui to the Ōpōtiki intersection: <100 minutes

Area 3 - Murupara, Galatea & Environs: <120 minutes

Percentage of registered premises verified within the timeframes defined by the Food Act 2014

User satisfaction with the process Council used for your building consent



Two operators that were due to be verified in June delayed their verification and they were unavailable to be rescheduled before the end of the financial year. There were also four National Programme operators who had not entered into contact with us for verification services and therefore, we were unable to undertake the verification.

The indication from the perception survey is that staff were competent, friendly and helpful and solution focussed, but that factors such as the quality of the information available on forms and the website, cost, and the frequency of contact during the process may have influenced this result. These factors will be a focus for the coming year.

Note that the wording of this measure has changed from "Percentage of food premises inspected as legislatively required" under the Long Term Plan 2018-28. The Food Act 2014 sets out that territorial authorities are responsible for verification functions and activities, whereas inspections were required under the Food Hygiene Regulations 1974 (repealed).

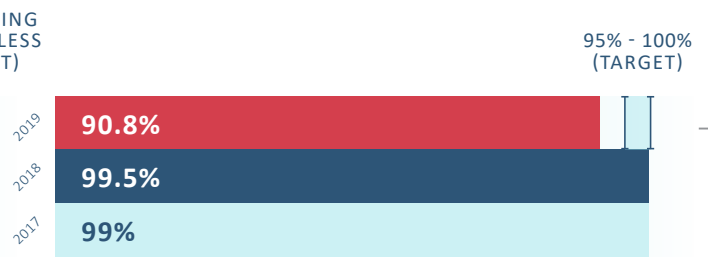


Leadership
Roads and Footpaths
Water Supply
Sewage Treatment and Disposal
Stormwater Drainage
Solid Waste
Environmental Sustainability
Community Safety
District Growth
Recreation and Community Services
Corporate and District Activities
Council Controlled Organisations

Average time for processing building consents



Percentage of aggressive/threatening dogs and roaming stock complaints responded to within one hour

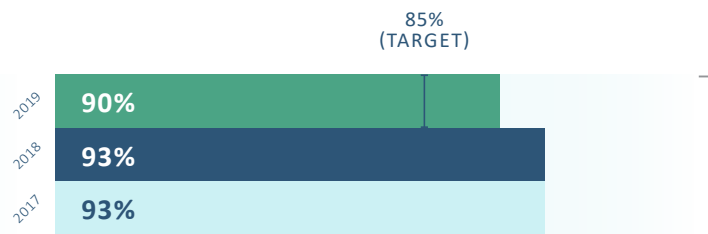


We will be reviewing the alert systems that are currently used. The majority of complaints were actioned on time but not scheduled within performance measures.

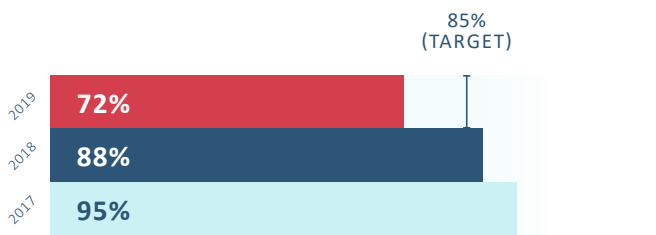
Percentage of all other animal control complaints responded to within two working days



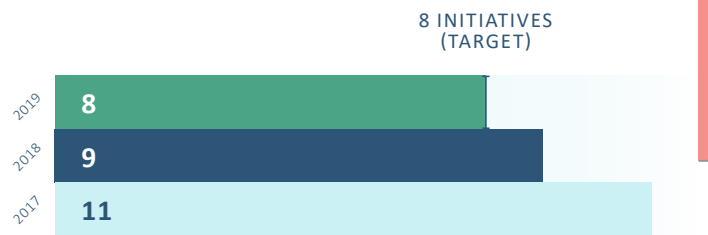
Percentage of roles for 24 hour operation of the emergency operation centre / emergency communications centre identified and staffed



Percentage of staff trained to the appropriate level agreed by the civil defence emergency management group



Number of initiatives delivered to promote community resilience and safety



Insufficient numbers of staff completed the Intermediate course (and assessment) over the financial period which prevented achievement of the target.

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication

Leadership
Roads and Footpaths
Water Supply
Sewage Treatment and Disposal
Stormwater Drainage
Solid Waste
Environmental Sustainability
Community Safety
District Growth
Recreation and Community Services
Corporate and District Activities
Council Controlled Organisations

DISTRICT GROWTH

Whakatipuranga o
te rohe

\$0.26M

Capital
Expenditure

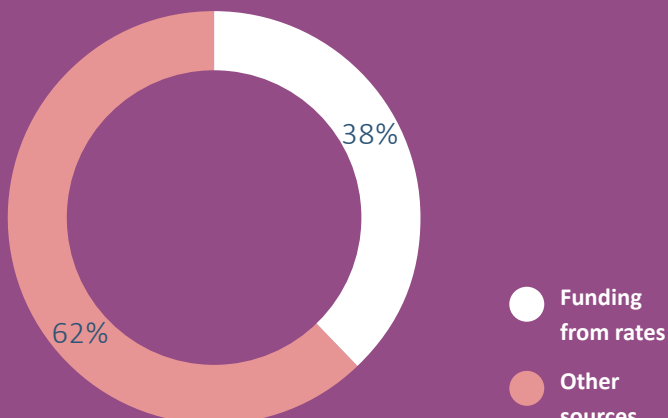
\$2.8M

Operating
Expenditure

66%

Performance
Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Business and Economic Development

Whakawhanaketanga Pakihi me te Ōhanga

The Business and Economic Development activity has been a focus for Council, and has promoted and encouraged sustainable economic development and prosperity in the District. This has included working with stakeholders on the Whakatāne regeneration programme, progressing residential growth opportunities and supporting Iwi-led development projects.

Events and Tourism

Pāpono me te Tapoi

Through our Events and Tourism activity, Council has been working hard to make our District a vibrant place to live, visit and work by attracting large scale events and attracting tourists to the District. We operated the i-SITE in Whakatāne, and worked alongside Tourism Bay of Plenty, Tourism New Zealand and local operators to showcase the diverse experiences that our District has to offer.

Strategic Property

Hautaonga

The Strategic Property activity has managed Council's commercial properties and other holdings. The rental income through leases has been used to pay for the ongoing operation, maintenance and improvements of the ports, harbour facilities and surrounds, reducing the rating costs to our communities.

WHAT THESE ACTIVITIES COST AND HOW THEY WERE PAID FOR: Funding Impact Statement: District Growth

	LTP 2017/18 \$000	LTP 2018/19 \$000	ACTUAL 2018/19 \$000		
OPERATIONAL					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	984	1,066	1,018		
Targeted Rates	454	723	721		
Subsidies and grants for operating purposes	48	20	8		
Fees and Charges	2,603	2,476	2,535		
Internal charges and overheads recovered	210	140	89		
Local authorities fuel tax, fines, infringement fees, and other receipts	39	28	199		
Sources of operating funding (A)	4,338	4,455	4,570		
Applications of operating funding					
Payments to staff and suppliers	1,371	1,626	1,943		
Finance costs	6	6	5		
Internal charges and overheads applied	793	795	767		
Other operating funding applications	-	-	-		
Applications of operating funding (B)	2,170	2,426	2,715		
Surplus (deficit) of operating funding (A-B)	2,168	2,028	1,855		
CAPITAL					
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-		
Development and financial contributions	-	-	-		
Increase (decrease) in debt	(7)	(8)	(4)		
Gross proceeds from sale of assets	-	565	-		
Lump Sum Contributions	-	-	-		
Other dedicated capital funding	-	-	-		
Sources of capital funding (C)	(7)	557	(4)		
Capital expenditure					
- to meet additional demand	-	11	10		
- to improve level of service	-	100	233		
- to replace existing assets	102	18	18		
Increase (decrease) in reserves	2,058	2,457	1,590		
Increase (decrease) of investments	-	-	-		
Applications of capital funding (D)	2,160	2,586	1,851		
Surplus (deficit) of capital funding (C-D)	(2,168)	(2,028)	(1,855)		
Funding Balance ((A-B) + (C-D))	-	-	-		
INTERNAL BORROWING					
GROUP	OPENING \$ (30 JUNE 2018)	FUNDS BORROWED \$	FUNDS REPAID \$	CLOSING \$ (30 JUNE 2019)	INTEREST
District Growth	129,003	4,295	7,807	125,491	5,225

Roads and
Footpaths

Water Supply

Sewage Treatment
and DisposalStormwater
DrainageSolid
WasteEnvironmental
Sustainability

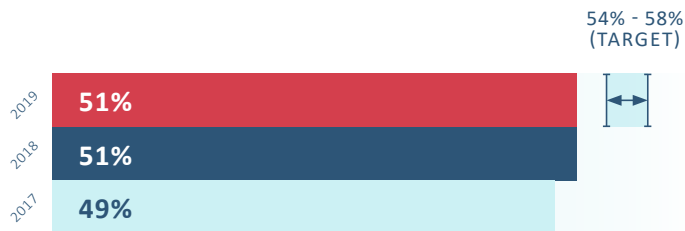
Community Safety

District Growth

Recreation and
Community
ServicesCorporate and
District ActivitiesCouncil Controlled
Organisations

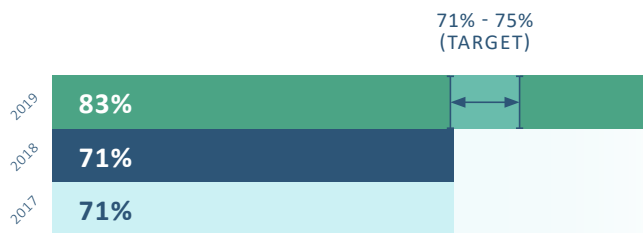


Satisfaction with efforts to attract and expand business



Over the course of this year, we have focused our efforts on the Provincial Growth Fund (PGF), and the Whakatāne Regeneration Programme, focusing on bringing together the threads of Council’s existing economic development strategy. These efforts have meant that some funding and resource have been diverted from business support. However, the PGF represents a ‘once in a lifetime’ opportunity to partner with central government on the underlying infrastructure required to support a vibrant business community.

Satisfaction with efforts to attract visitors or tourists to the area



Through our Long Term Plan, Council has increased its focus on Economic Development. Part of this was an increased budget for Tourism, Marketing and Events, and has enabled us to develop a more strategic approach with stronger campaigns and better quality marketing assets.

Satisfaction with efforts to enable and promote events



Through our Long Term Plan, Council has increased its focus on Economic Development. Part of this was an increased budget for Tourism, Marketing and Events, and has enabled us to develop a more strategic approach with stronger campaigns and better quality marketing assets.

- Leadership
- Roads and Footpaths
- Water Supply
- Sewage Treatment and Disposal
- Stormwater Drainage
- Solid Waste
- Environmental Sustainability
- Community Safety
- District Growth**
- Recreation and Community Services
- Corporate and District Activities
- Council Controlled Organisations

RECREATION AND COMMUNITY SERVICES

Te whare tapere me
ngā ratonga hāpori

\$5.8M

Capital
Expenditure

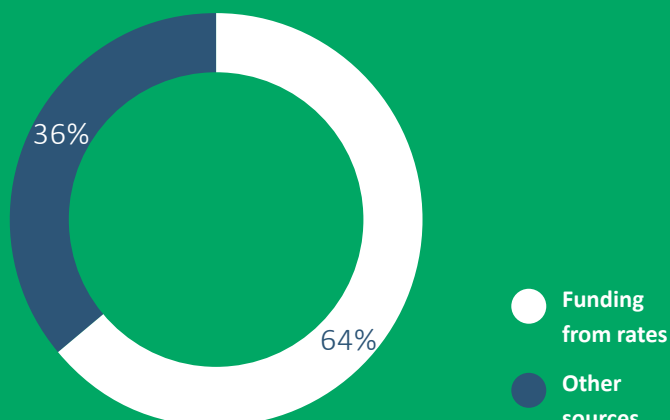
\$16.1M

Operating
Expenditure

83%

Performance
Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Libraries

Ngā Whare Pukapuka

Libraries have continued to be centres for lifelong learning for communities within our District. We have continued to expand our already-wide range of digital and physical information and run well-attended, inclusive and high-quality events for the public.

Museum and Arts

Whare Taonga me te Toi

The Museum and Arts activity has been responsible not only for storing, preserving, exhibiting and fostering engagement with our District's taonga at our new Museum, but has been actively involved in creating new treasures for the District, protecting and enriching our unique culture for our communities.

Halls

Ngā Hōro

This activity has been responsible for ensuring the smooth running of public halls to meet the needs of our communities. We have operated our ten halls, engendering community spirit and encouraging recreational and learning activities across the District.

Parks, Reserves, Recreation and Sportsfields

Papa rēhia Whenua tāpui me ngā Papa tākaro

This activity has been responsible for providing and maintaining parks and facilities that beautify our District, as well as promoting healthy, active lifestyles, and provided access and protection to our special places and environment for the enrichment of our communities.



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Cemeteries and Crematorium

Urupā me ngā Whare Tahu Tupāpaku

Our Cemeteries and Crematorium activity has been responsible for ensuring that our facilities are attractive and restful places to celebrate the lives of our loved ones. It has also been responsible for the accurate record keeping at these facilities.

Public Conveniences

Kaumanga/Wharepaku

The public conveniences activity has been responsible for maintaining and improving important facilities for the public around the District, including toilets, drinking fountains, showers and changing rooms, and has been responsible for their regular maintenance and cleaning.

Whakatāne Holiday Park

Taupuni Hararei o Whakatāne

The Whakatāne Holiday Park has supported the tourist economy in the District, operating a quality accommodation option for visitors, as well as serving as emergency temporary accommodation for our communities.

Aquatic Centres

Ngā Whare Kauhoe

Aquatic Centres have been places for our community to come for education as well as recreation, hosting learn to swim classes, water safety programmes and a space for rehabilitation.

Community Development

Whakawhanaketanga Hapori

The community development team has been promoting, a safe, inclusive communities within the District through our road safety programme, Whakatāne Ki Mua and youth development.

Ports and Harbours

Tumu Herenga Waka me te Moana

The Ports and Harbours activity has been responsible for running the facilities around our District's ports and harbours, facilitating safe and effective marine activities for our communities. Car parks, jetties, weigh stations and navigation markers have been maintained, as well as ensuring safe depths in our harbour, navigation channel and berthage areas through dredging.

Leadership

Roads and
Footpaths

Water Supply

Sewage Treatment
and Disposal

Stormwater
Drainage

Solid
Waste

Environmental
Sustainability

Community Safety

District Growth

Recreation and
Community
Services

Corporate and
District Activities

Council Controlled
Organisations



WHAT THESE ACTIVITIES COST AND HOW THEY WERE PAID FOR: Funding Impact Statement: Recreation and Community Services

	LTP 2017/18 \$000	LTP 2018/19 \$000	ACTUAL 2018/19 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,533	10,551	10,073
Targeted Rates	18	-	-
Subsidies and grants for operating purposes	373	272	453
Fees and Charges	1,471	2,058	2,097
Internal charges and overheads recovered	1,161	1,713	1,719
Local authorities fuel tax, fines, infringement fees, and other receipts	178	149	734
Sources of operating funding (A)	12,734	14,744	15,076
Applications of operating funding			
Payments to staff and suppliers	6,927	7,374	8,524
Finance costs	691	606	576
Internal charges and overheads applied	4,553	5,586	5,501
Other operating funding applications	-	-	-
Applications of operating funding (B)	12,171	13,566	14,601
Surplus (deficit) of operating funding (A-B)	563	1,178	475
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	70	270	314
Development and financial contributions	-	-	322
Increase (decrease) in debt	(227)	(384)	(169)
Gross proceeds from sale of assets	625	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	468	(114)	467
Capital expenditure			
- to meet additional demand	7	238	738
- to improve level of service	359	1,125	1,478
- to replace existing assets	6,790	2,717	3,585
Increase (decrease) in reserves	(6,125)	(3,015)	(4,859)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	1,031	1,064	942
Surplus (deficit) of capital funding (C-D)	(563)	(1,178)	(475)
Funding Balance ((A-B) + (C-D))	-	-	-

INTERNAL BORROWING

GROUP	OPENING \$ (30 JUNE 2018)	FUNDS BORROWED \$	FUNDS REPAID \$	CLOSING \$ (30 JUNE 2019)	INTEREST
Recreation and Community Services	14,021,802	525,563	694,829	13,852,536	576,011

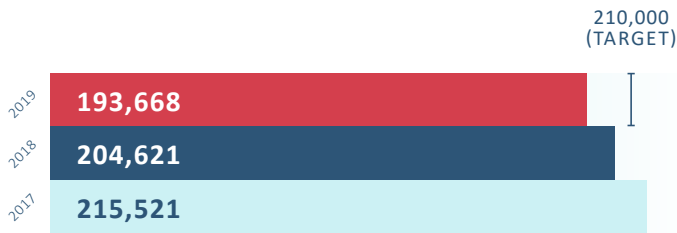
User satisfaction with public libraries



User satisfaction with the exhibition centre



Number of people visiting Te Kōputu a te Whanga-a-Toi-Whakatāne Library and Exhibition Centre (foot traffic only)



User satisfaction with public halls

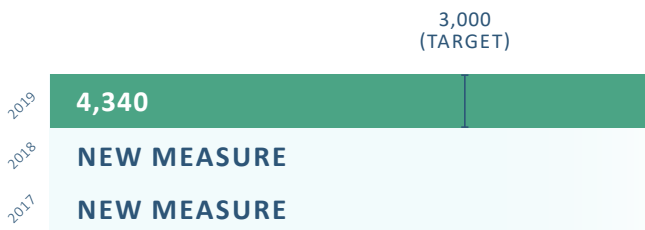


We have set ambitious targets and endeavour to deliver the best possible experience for our visitors. The decision to invest in digital information i.e. eBooks, eAudio books and databases has had a negative impact on physical visitors to Te Kōputu, though we have experienced a greater than tenfold increase in eBook lending since Te Kōputu opened and community satisfaction remains high.

User satisfaction with parks and reserves in the Whakatāne District



Number of people engaging in public programmes delivered by libraries across the District



User satisfaction with playgrounds in the Whakatāne District



User satisfaction with the museum (Te Whare Tāonga o Taketake)



User satisfaction with sportsfields in the Whakatāne District



The Whakatāne Collections and Research Centre has been open since November 2018 following a two year redevelopment project. We have set a high target for this facility and are pleased with the results and community response to the facility in the short time it has been open.

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication

Leadership
Roads and Footpaths
Water Supply
Sewage Treatment and Disposal
Stormwater Drainage
Solid Waste
Environmental Sustainability
Community Safety
District Growth
Recreation and Community Services
Corporate and District Activities
Council Controlled Organisations

User satisfaction with cemeteries including maintenance of cemeteries



Number of admissions at Aquatic Centres in the Whakatāne District



User satisfaction with the crematorium facility



Satisfaction with harbour facilities including the port



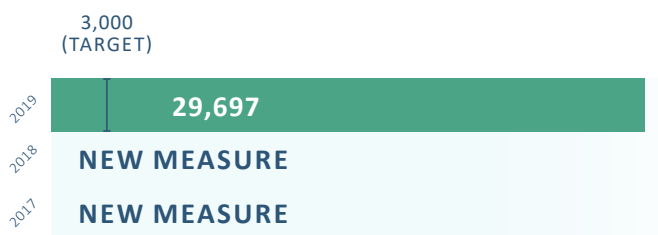
User satisfaction with public toilets in the Whakatāne District



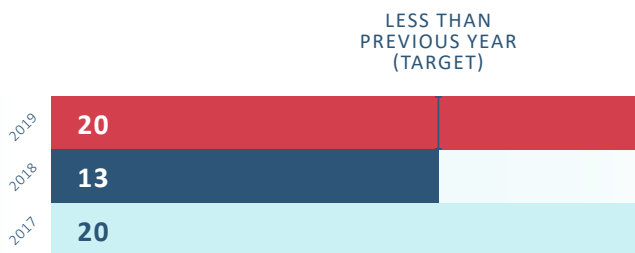
Perception of safety in the District



Number of admissions to the Whakatāne Holiday Park



The change from the previous year in the number of fatality and serious injury crashes on the local road network



User satisfaction with swimming pools in the Whakatāne District



For the 2016/17 and 2017/18 years, the number of serious and fatal crashes previously reported were 28 and 23 respectively. During the 2018/19 financial year, it was identified that the number of crashes in the 2016/17 and 2017/18 financial years had incorrectly included the number of crashes on state highways. The comparative year information for these years has been updated to exclude crashes that occurred on state highways.

CORPORATE AND DISTRICT ACTIVITIES

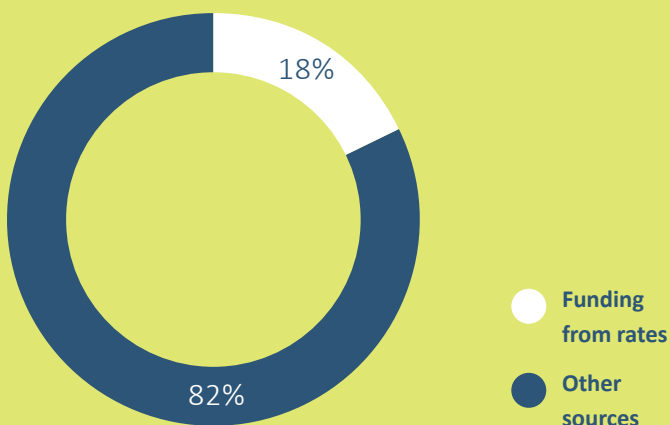
Ngā mahi rangapū
ā rohe

\$1.81M
Capital
Expenditure

\$0.06M
Operating
Expenditure

50%
Performance
Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Customer Service

Rātonga Tāngata

Whakatāne District Council's customer service team has provided efficient, effective and friendly service to our communities. This involved providing information and advice, processing requests for service, managing online interactions and processing financial transactions.

Public Affairs

Take Tūmatanui

Our Public Affairs activity has ensured our communities had access to relevant, timely, accurate and meaningful information. We kept the District informed through a several channels, including Council's newsletter (Ko Konei), our award-winning website and social media platforms.

People and Capability

Pūmanawa Tangata

This activity is internally-focused, and ensured that Council attracted, retained, motivated and rewarded high-calibre employees to assist in the delivery of our core goals and values.

Finance

Pūtea

Our Finance activity is responsible for resourcing Council services and activities, ensuring Council has remained in a stable financial position while being responsive to the needs of the District, particularly around rates affordability. Significant community engagement has been a key focus for the Council's rates team in the last financial year.

Corporate Information

Pārongo Rangapū

The corporate information activity has been the guardian of the Council's data, information and knowledge assets, delivering secure, quality information to internal and external customers.

Corporate Property

Taputapu Rangapū

Corporate property has successfully managed and maintained essential property assets for the District, including the Civic Centre, the Te kōputu Library and Exhibition Centre and the Whakatāne Airport.

District Income and Expenditure

Te Whiwhinga pūtea me te Whakapaunga utu o te rohe

Our District income has been applied to reduce the rate requirement for Council activities throughout the year. This income has been sourced from commissions, petrol tax, interest and other revenue.

WHAT THESE ACTIVITIES COST AND HOW THEY WERE PAID FOR: Funding Impact Statement: Corporate and District Activities

	LTP 2017/18 \$000	LTP 2018/19 \$000	ACTUAL 2018/19 \$000		
OPERATIONAL					
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	372	803	2,692		
Targeted Rates	-	-	-		
Subsidies and grants for operating purposes	-	-	1		
Fees and Charges	371	360	448		
Internal charges & overheads recovered	12,143	12,856	12,355		
Local authorities fuel tax, fines, infringement fees, and other receipts	337	348	(579)		
Total Sources of operating funding (A)	13,223	14,367	14,917		
Applications of operating funding					
Payments to staff and suppliers	10,539	11,100	11,446		
Finance costs	691	769	994		
Internal charges and overheads applied	630	777	768		
Other operating funding applications	904	850	489		
Applications of operating funding (B)	12,764	13,495	13,697		
Surplus (deficit) of operating funding (A-B)	459	871	1,220		
CAPITAL					
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	460		
Development and financial contributions	-	-	-		
Increase (decrease) in debt	(76)	(418)	(348)		
Gross proceeds from sale of assets	-	-	-		
Lump Sum Contributions	-	-	-		
Other dedicated capital funding	-	-	-		
Sources of capital funding (C)	(76)	(418)	112		
Capital expenditure					
- to meet additional demand	10	30	300		
- to improve level of service	364	285	272		
- to replace existing assets	1,381	1,463	1,240		
Increase (decrease) in reserves	(1,374)	(1,324)	(480)		
Increase (decrease) of investments	-	-	-		
Applications of capital funding (D)	381	453	1,332		
Surplus (deficit) of capital funding (C-D)	(459)	(871)	(1,220)		
Funding Balance ((A-B) + (C-D))	-	-	-		
INTERNAL BORROWING					
GROUP	OPENING \$ (30 JUNE 2018)	FUNDS BORROWED \$	FUNDS REPAID \$	CLOSING \$ (30 JUNE 2019)	INTEREST
Corporate and District	3,596,199	219,995	568,304	3,247,890	149,231

Leadership

Roads and
Footpaths

Water Supply

Sewage Treatment
and DisposalStormwater
DrainageSolid
WasteEnvironmental
Sustainability

Community Safety

District Growth

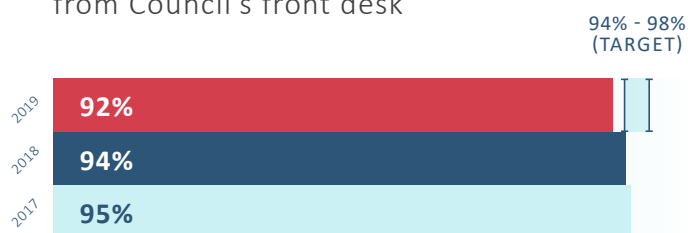
Recreation and
Community
ServicesCorporate and
District ActivitiesCouncil Controlled
Organisations

Percentage of telephone calls that are answered within 30 seconds



High staff attrition rate attributing to narrowly missing target (0.8% short)

User satisfaction with the overall service from Council's front desk



The Customer Services team experienced a higher staff turnover than was anticipated, which contributed to scoring lower than the previous year. However, 92% is still considered a strong result, which we intend to build on this coming year.

Satisfaction with Council's provision of information



Percentage of website users that remain engaged**



**PERFORMANCE DERIVED FROM THE 'BOUNCE RATE', WHICH INDICATES HOW MANY USERS ARE DISENGAGING FROM THE SITE BECAUSE THEY ARE UNABLE TO QUICKLY FIND THE INFORMATION THEY ARE SEEKING.

LEGEND

- Achieved/Exceeded
- Not achieved
- Target value indication

COUNCIL CONTROLLED ORGANISATIONS

Ngā roopu mahi a Te
Kaunihera Ō Whakatāne

\$1.04M

Capital
Expenditure

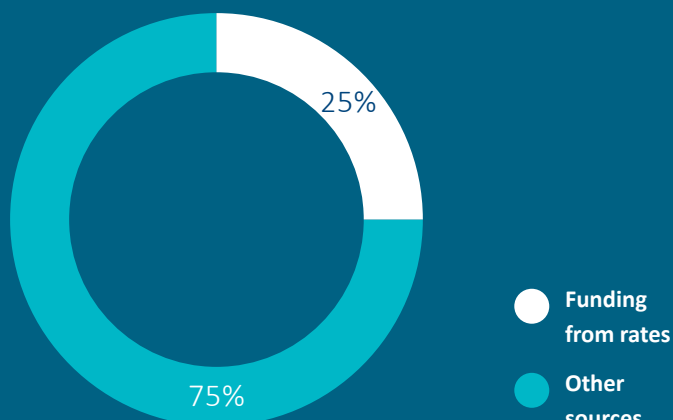
\$0.66M

Operating
Expenditure

100%

Performance
Measures Met

Sources of Funding



OUR ACTIVITIES AND THEIR EFFECTS

Ngā mahi rangapū ā rohe

Whakatāne Airport

The Whakatāne Airport has provided facilities for scheduled passenger transport, and commercial and recreational flights. It has continued to be a valued community asset, contributing to residents' quality of life and is crucial to the economic wellbeing of the District.

Toi Economic Development Agency (Toi-EDA)

Toi-EDA is the Economic Development Agency for the Eastern Bay of Plenty and is based in Whakatāne. It is a partnership between Kawerau, Ōpōtiki and Whakatāne District Councils, and the Bay of Plenty Regional Council, working together with local Iwi.

Toi-EDA has been through a reset in early 2019 with new Board Members and a new executive team. They are now focused on ensuring future generations have better opportunities and outcomes.

Bay of Plenty Local Authority Shared Services (BOPLASS)

Bay of Plenty Local Authority Shared Services Limited investigates, develops and delivers shared services, joint procurement and communications for the participating councils.

Local Government Funding Agency Limited (LGFA)

The Local Government Funding Agency enables councils to borrow funds at lower interest margins than would be otherwise possible. It has provided Council with access to a broader range of borrowing options, so less ratepayer funds are spent on interest repayments.

The Airport is maintained as a CAR Part 139 Certificated aerodrome in accordance with CAA aerodrome design for all aircraft undertaking Air Transport Operations and aircraft above 5,700kg Maximum Combined Take-Off Weight (MCTOW)

ACHIEVED
(TARGET)



BOPLASS PERFORMANCE TARGETS

The following performance targets for 2018/19 were set through the BOPLASS Statement of Intent for 2018/19.

TARGET	RESULT
Investigate new Joint Procurement Initiatives for goods and services for BOPLASS councils. Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. A minimum of four new procurement initiatives investigated. initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.	Achieved
Provide support to BOPLASS councils that are managing or investigating Shared Services projects. BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects. Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.	Achieved
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration. increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils. Number of listed projects to increase by 20% per year. Number of Team Sites to increase by 20% per year. Portal is operational outside of the LASS groups with a minimum of ten additional councils or local government related organisations having utilised the portal.	Achieved
Ensure appointed vendors remain competitive and continued best value is returned to shareholders. Manage and/or renegotiate existing contracts. Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.	Achieved
Review governance performance and structure to ensure it supports BOPLASS' strategic direction. Perform review of BOPLASS governance. Affirmative feedback received from shareholding councils at least annually.	Achieved
Communicate with each shareholding council at appropriate levels. Meeting with each Executive Leadership Team. At least one meeting per year.	Achieved
Ensure current funding model is appropriate. Review BOPLASS expenditure and income and review council contributions and other sources of funding. Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved

Further information about BOPLASS, including the full Annual Report for 2018/19, can be found at bopllass.govt.nz

LEGEND

Achieved/Exceeded

Not achieved

Target value indication

OUR COSTS IN DETAIL

Ngā taipitopito utu





INTRODUCTION TO 'OUR COSTS IN DETAIL'

Whakatakinga utu

This chapter of the Annual Report provides a breakdown of our costs in more detail, as well as further information about how these costs are calculated and distributed.

UPDATE ON MAJOR CAPITAL PROJECTS

This table provides an update on the major capital projects that were planned for the 2018/19 year, and any new major capital projects that were progressed during the year. It sets out how we performed against our budget and summarises the reasons for any major variances.

FINANCIAL PRUDENCE BENCHMARKS *NGĀ ARATOHU PŪTEA*

This statement discloses the Council's performance in relation to various financial prudence benchmarks to enable an assessment of Council's financial management.

FINANCIAL STATEMENTS *NGĀ MATAPAE TAUĀKĪ PŪTEA*

The Financial Statements are included to provide an overview of the Council's financial performance and financial position for the 2018/19 year.

NOTES TO THE FINANCIAL STATEMENTS *NGĀ KŌRERO TĀPIRI TAUĀKI PŪTEA*

These notes explain the accounting policies used to prepare the financial statements. They also provide additional detail to support some of the line items reported in the financial statements.

CAPITAL PROJECTS LIST

Rārangi mahi hua

PROJECT NAME	PROJECT NAME	LONG TERM PLAN \$000	REVISED BUDGET \$000	ACTUAL \$000
Roads & Footpaths				
LED Carriageway Light Upgrades	Completed carriageway lights to LED. Additional subsidy obtained from EBET	-	746	1,059
Permanent Reinstatement 04/17 (Local Roads)	Storm damage works- majority completed with Horomanga bridge remaining to be completed in 2020	1,050	4,480	3,320
Unsealed Metalling (Local Roads)	2019 programme completed	500	500	502
Resurfacing-Chipseal (Local Roads)	2019 programme completed	2,200	2,200	2,142
Road Improvements - Landing Road	Strategic case is with NZTA for review; project will continue in 2020	200	200	-
Low Cost/Low Risk Improvements	A number of completed works including Ōhope pedestrian improvements, Black Road intersection, Fire Station Lights, new electronic signs. Several sites incomplete with completion expected in 2020	1,495	1,875	1,315
Permanent Reinstatement 04/17 (Special Purpose)	Carry forward of \$2.5M to complete in 2020	7,900	7,900	2,263
Seal Extensions (Special Purpose Roads)	Deferred until 2021	1,500	100	-
Walkway lights Info Centre	Project underway, expecting to be completed in 2020	150	150	94
Bunyan Road Improvement	Project deferred until 2020	550	180	19
Water Supply				
Whakatāne Water Mains Renewal	Completed Riverside Drive mains renewal project	400	400	405
Whakatāne Water-Huna Rd Development	Works substantially complete; Practical Completion Certificate is being issued	-	222	153
Whakatāne Water - Infiltration Gallery	Work programme adjusted and approved, with underspend applied to offset Ōhope watermain overspend	-	481	229
Murupara Water - Water safety plan works	Complete by June	300	300	274
Ōhope water-Supply Main from Ngāti Awa	Completed. Project has been commissioned but some restatement yet to be completed ie removal of redundant valves	500	1,279	1,532
Plains Water- Paul Rd Pipe to Edgdecumbe	Awakeri emergency line from Paul road completed. Edgdecumbe meter not needed. The work to amend Fonterra's bulk water connection and the installation of telemetry completed	-	127	112

CAPITAL PROJECTS:

PROJECT NAME	PROJECT NAME	LONG TERM PLAN \$000	REVISED BUDGET \$000	ACTUAL \$000
Sewage Treatment and Disposal				
Whakatāne Waste Water- Huna Rd Development	Works substantially completed, awaiting completion of handover documents.	300	415	626
Whakatāne Waste Water-Pipe, Manhole, Connection replacements	On track, some work to be completed in 2020	175	175	127
Whakatāne Waste Water- Treatment Plant Upgrade	Pond desludging completed, upgrade work to follow in 2020	215	289	112
Ōhope Waste Water- Treatment Plant Upgrade	Works completed. Expenditure on UV and aerators installation exceeded initial estimates	-	120	250
Murupara Waste Water- Treatment Plant Upgrade	Project scoped, priced and contract awarded. Completion expected in 2020	50	50	10
Tāneatua Waste Water- Treatment Plant Upgrade	Project scoped and contract awarded	15	15	12
Community Safety				
CCTV Phase 2	Cameras installed in Coastlands and Edgecumbe	100	105	61
District Growth				
60 Bunyan Rd Woodwaste Remediation	Project has been delayed; Cultural impact assessments and engineering reports are underway to allow resource consent application to progress	100	195	90
Stormwater				
Whakatane Storm Water- Wainui Te Whara	Practical Completion issued	-	325	361
Whakatane Storm Water-Peace Street Collector	No spend, project deferred for 2 years to align with roading	-	107	-
Whakatāne Storm Water- Barry Avenue upgrade	Design work and investigations underway, carry forward budget for resource consent and contract documentation	100	100	3
Whakatāne Stormwater -Comprehensive Resource consent	Weedcutting and removal in southern end of Awatapu completed. Apanui drain reshaping complete on budget. Apanui linear park concept design work complete; physical works to be completed in 2020	257	257	120
Whakatāne Stormwater - Risk assess / Implementation	Generator and Cabling for McAlister PS, to be completed in 2020	180	180	110
Ōhope Stormwater- Maraetotara Stream	Lease/land purchase valuation and offer completed. Awaiting land trustees decision to progress capital works	200	200	14

CAPITAL PROJECTS:

PROJECT NAME	PROJECT NAME	LONG TERM PLAN \$000	REVISED BUDGET \$000	ACTUAL \$000
Recreation & Community Services				
Playground and Reserve Renewals	Various works completed throughout the district	367	367	347
Significant Sites	Stage one completed, stage 2 of walkway underway	75	75	85
Walking and Cycling Projects	No subsidy identified, therefore no spend	75	75	-
Awatapu Lagoon	Over budget; original budget did not include resource consent, geotech report, hazardous waste assessment or special consideration given to impacts on waterway.	-	67	120
Pikowai Camp (Tourism Infrastructure Fund)	Campground improvements and renewals completed	-	-	219
Christmas Lights - Installation	Completed - over budget due to repair costs	40	40	56
Sports Facilities Grounds	Completed	77	77	65
Rugby Park Grandstand	Delayed pending EQS position- Paint refresh completed.	12	12	7
Whakatane Cemetery Expansion	Project deferred to 2021	184	214	10
Public Conveniences Renewals	Completed	100	100	101
Aquatic Centre- Redesign of Reception	Completed- over budget due to unforeseen site conditions	-	182	242
Game Wharf Park Upgrade	Project underway, with completion expected in 2020	600	600	189
Port Ohope Upgrade/ Concept plan	Works substantially completed; remainder deferred until 2021	40	1,865	1,728
Harbour Renewals - Whakatane	Major project for renewal of north end game wharf suffered external delays. Carry forward for completion in 2020	545	549	18
Whakatane Main Wharf replacement	Wharf replacement project, alongside town centre regeneration, underway with application to provincial growth fund in early 2020	430	457	369
Whakatane Harbour Eastern Wall Strengthening	Spent on an as required basis [typically as a result of storms] with no work required in 2019	-	30	-
Reclad Port Ohope Shed	New project, Works to be completed in July 2019	-	165	159
Holiday Park- Renewals	Completed- over budget	50	50	67
Holiday Park- Upgrades	Completed- over budget	50	50	65
Multi- Sports Events Centre	Project has been deferred to 2021	150	200	2
Halls Renewals	Works undertaken at Whakatane, Otakiri, Edgecumbe, Te Teko	318	318	279
Corporate and District Activities				
Civic Centre Earthquake Strengthening	Design phase started, physical works to commence in 2020. Budget to be carried forward	-	2,565	257
Museum Redevelopment	Completed in 2019; additional subsidy funding obtained	-	357	568
Investigate replacement for HRIS	Preliminary work completed, budget carry forward requested	150	100	4
Investigate new Telephony system	Deferred until 2020	275	200	-
Council Controlled Organisations				
Runway Lighting & Navigation Upgrade	Completed- delayed and over budget due late change of contractor in 2018.	-	97	257
Runway End Safety Area	Project nearing completion. Overspend due to discovery of midden and associated delays; dust control, variations and heritage NZ clearance, archeological costs.	250	250	545
Runway Renewals	Completed	214	214	218

FINANCIAL PRUDENCE BENCHMARKS

Ngā aratohu pūtea

Annual Report Disclosure Statement for the year ending 30 June 2019

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates Affordability Benchmark

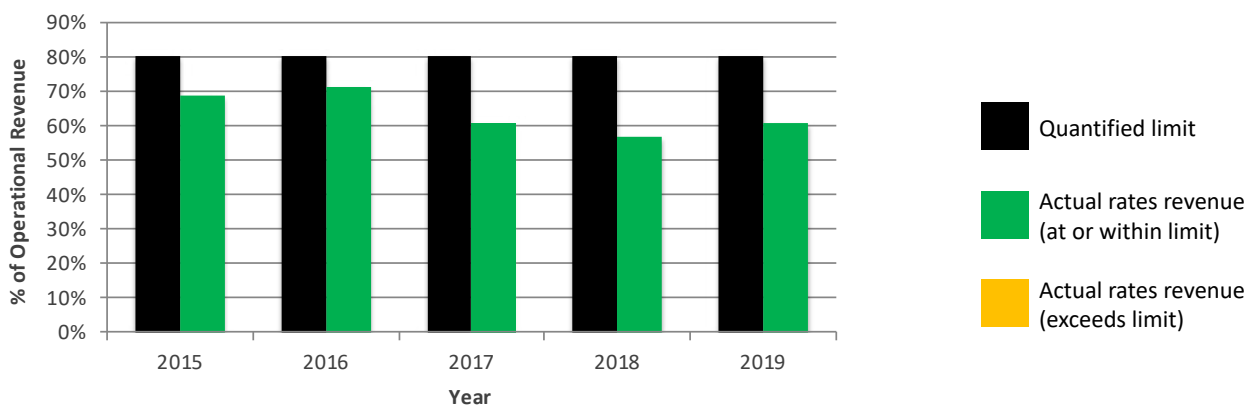
The Council meets the rates affordability benchmark if:

- » its actual rates revenue equals or is less than each quantified limit on rates; and
- » its actual rates increases equal or are less than each quantified limit on rates increases.

RATES (INCOME) AFFORDABILITY

The following graph compares the Council's actual rates income with quantified limits on rates included in the financial strategy.

Total rates revenue for each year of the Long Term Plan period will be limited to 80% of operating revenue.



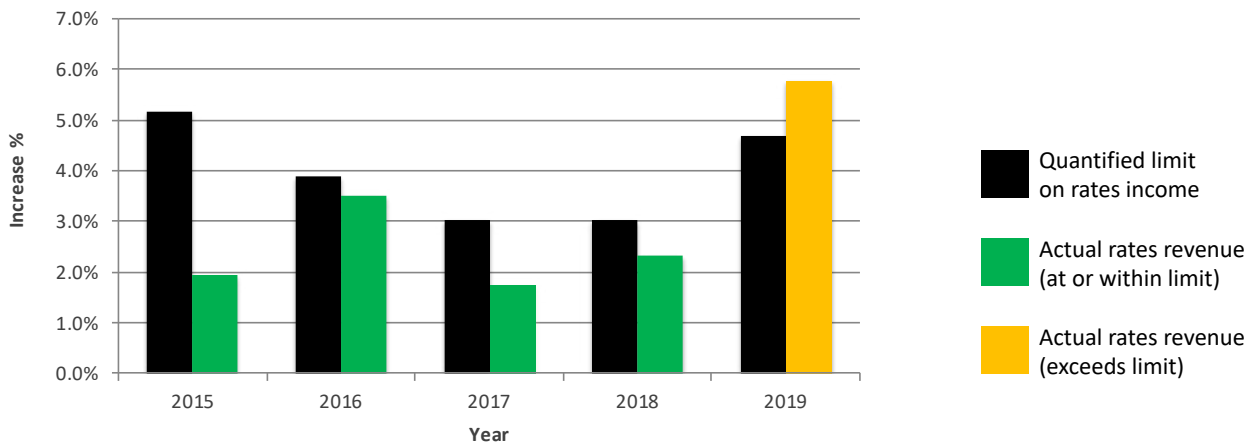
Rates (Increases) Affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan.

QUANTIFIED LIMIT ON RATES INCREASES

The annual increase in total rates requirement will be limited to the total of:

- » the annual percentage increase in the Local Government Cost Index*
- » plus two percent



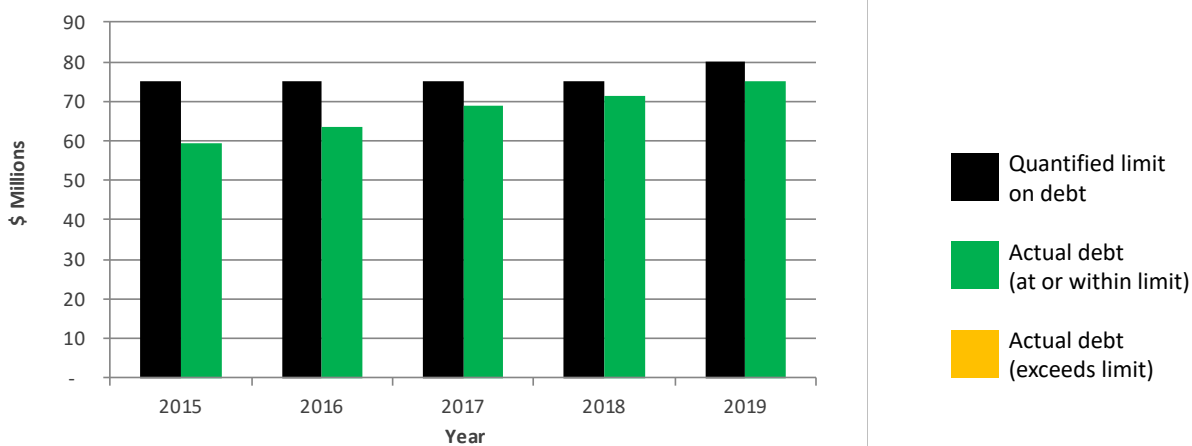
**Using the most recent Local Government Cost Index, published by Berl, available at the time the draft and then final Annual Plan or Long Term Plan is prepared.*

Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

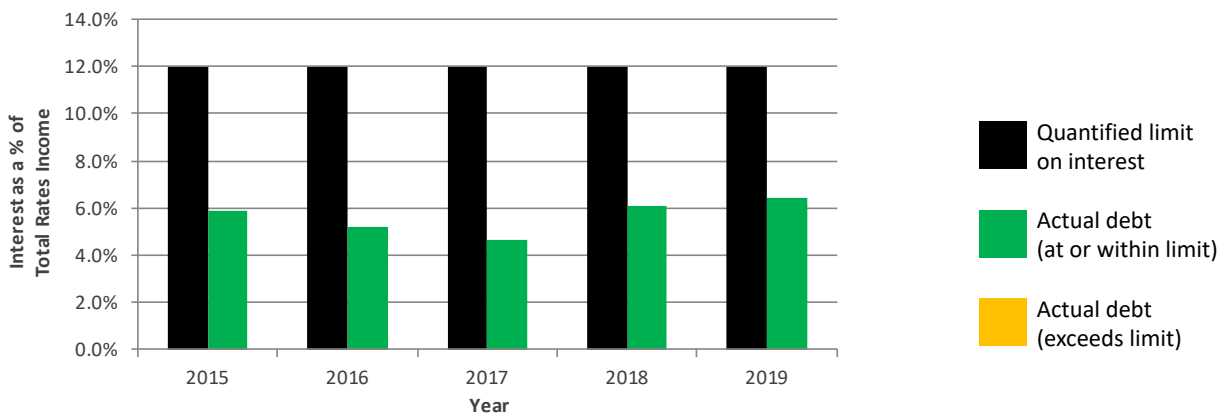
OUR LIMITS FOR DEBT

The following graph compares the Council’s actual total borrowing with the first quantified limit on borrowing stated in the financial strategy included in the Council’s Long Term Plan. The quantified limit with effect from 2018/19 is for total debt to be capped at \$80 million.



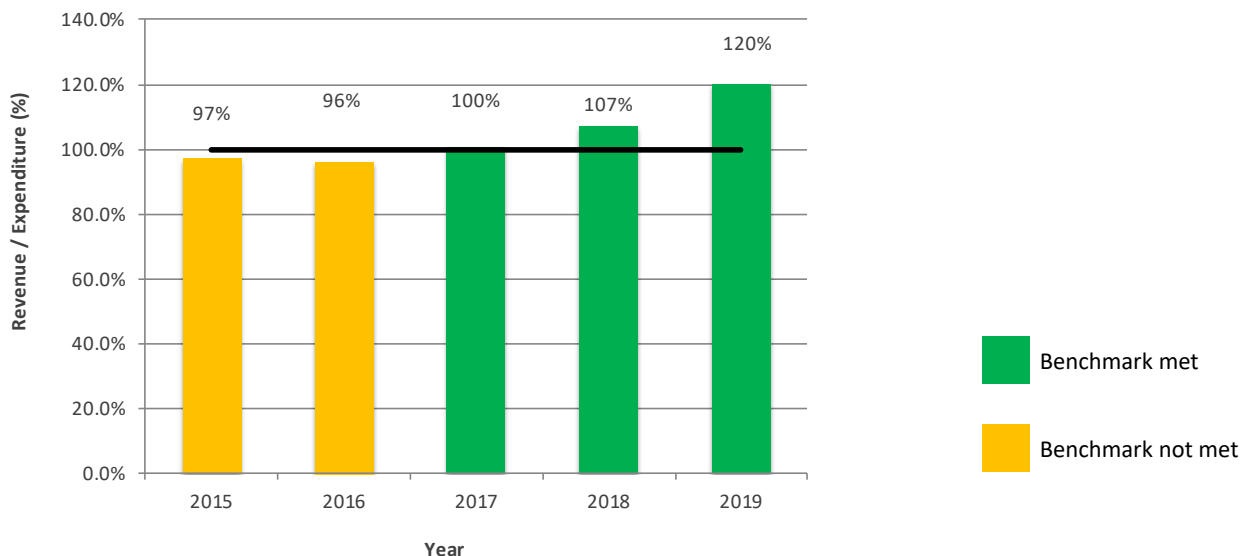
OUR LIMIT ON INTEREST AS A PERCENTAGE OF TOTAL RATES REVENUE

The following graph compares the Council’s actual interest as a percentage of total rates revenue with the second quantified limit on borrowing stated in the financial strategy included in the Council’s Long Term Plan. The quantified limit is 12% of total rates.



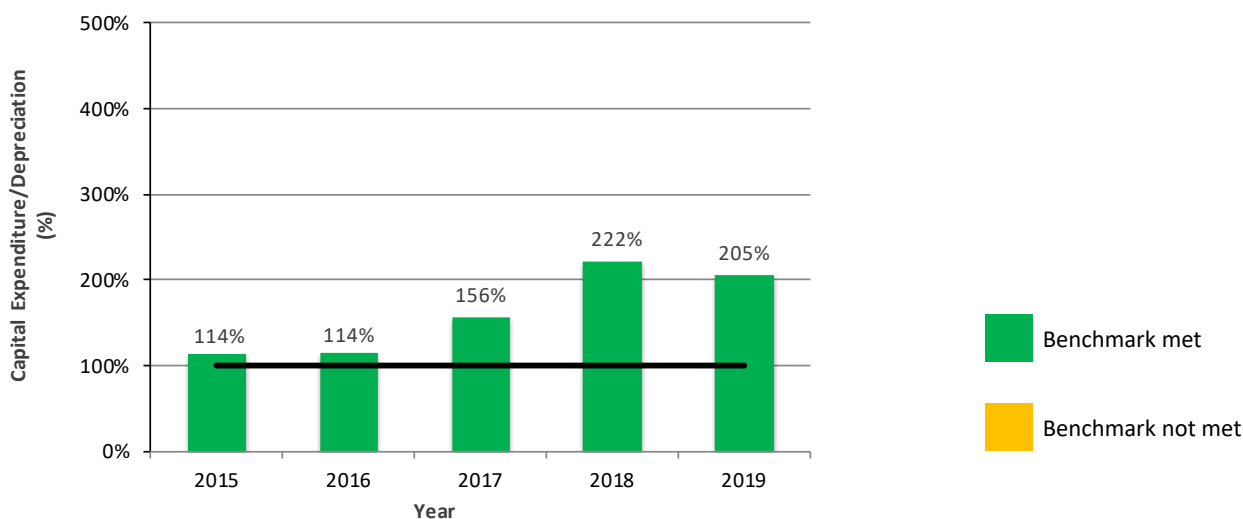
Balanced Budget Benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment). The Council meets this benchmark if its revenue equals or is greater than operating expenses.



Essential Services Benchmark

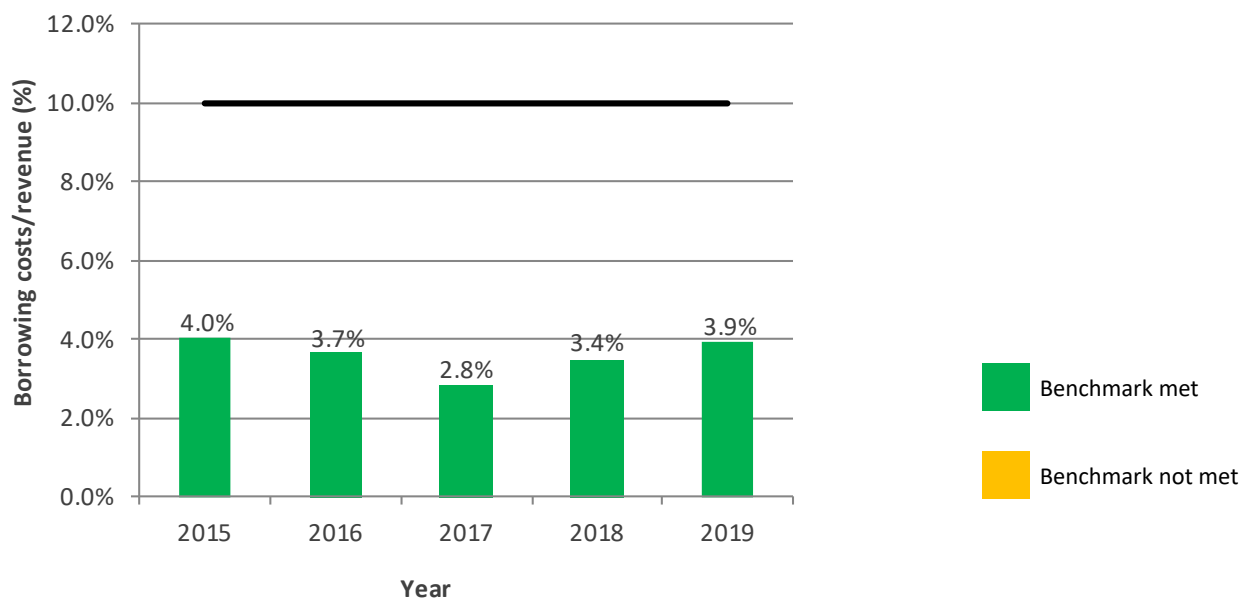
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant and equipment).

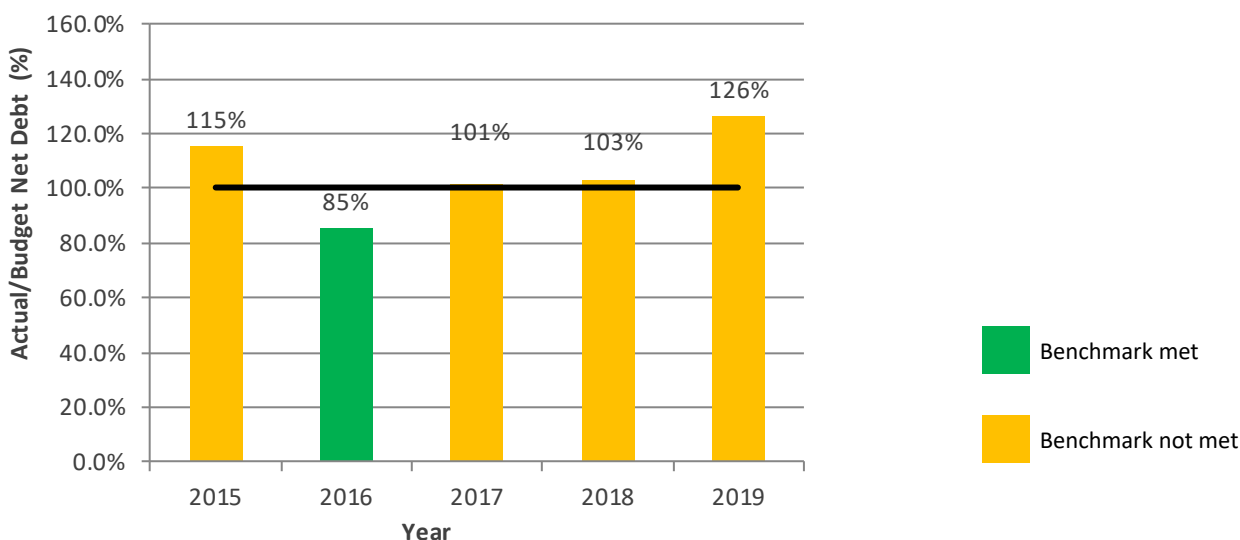
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt Control Benchmark

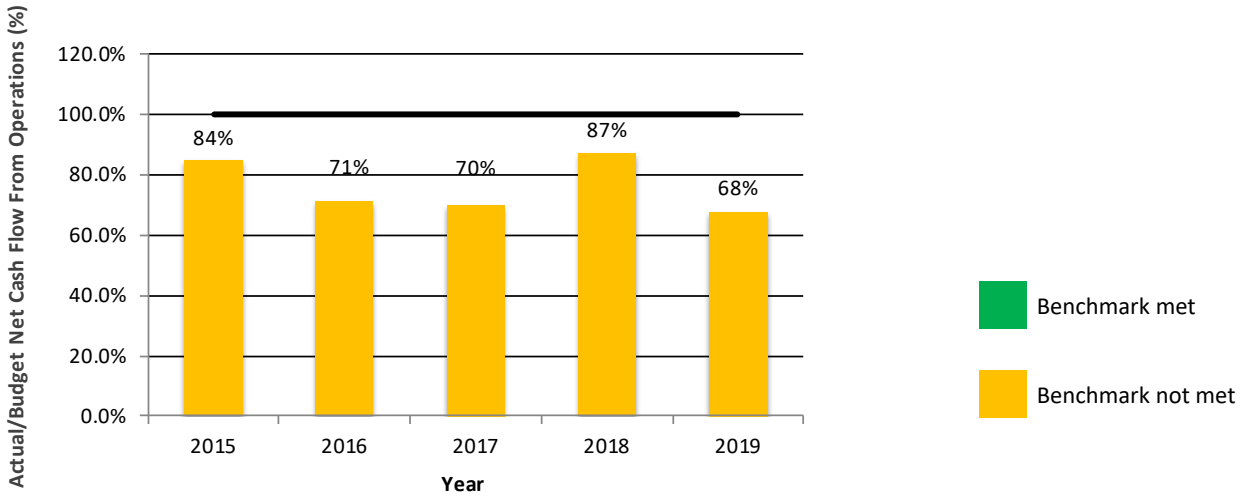
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations Control Benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Previously this graph was calculated based on Long Term Plan figures. Subsequently, further guidance was received from the Department of Internal Affairs stating the budgeted figures should be based on the Annual Plan.



FINANCIAL STATEMENTS

Ngā matapae tauākī pūtea

Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2019

ACTUAL 2018 \$000			ACTUAL 2019 \$000	BUDGET 2019 \$000
REVENUE				
42,533	Rates	Note 2	45,612	44,505
23,043	Subsidies and Grants	Note 3	15,863	20,273
50	Development and Financial Contributions		888	1,064
6,958	Fees and Charges		6,797	5,279
33	Interest Revenue	Note 6	33	50
1,539	Other Revenue	Note 3	4,099	3,784
1,235	Gains	Note 7	1,010	
75,391	Total Revenue		74,302	74,955
EXPENSES				
17,114	Personnel Costs	Note 4	17,107	16,960
12,548	Depreciation and Amortisation Expense	Note 5 and Note 14	13,444	15,464
2,537	Finance Costs	Note 6	2,830	2,572
36,775	Other Expenses	Note 5	26,795	26,951
299	Revaluation Losses	Note 5	1,455	-
69,273	Total Expenses		61,631	61,947
6,118	Surplus (Deficit) Before Tax		12,671	13,008
(25)	Income Tax Expense (Benefit)	Note 8	(40)	(25)
6,143	Surplus (Deficit) After Tax		12,711	13,033
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
36,451	Gains (Loss) on Property, Plant and Equipment Revaluations			17,716
	Gains (Loss) on Property, Plant and Equipment Impairments		(1,390)	
-	Tax on Revaluation Surplus		-	-
42,594	Total Comprehensive Revenue and Expense		11,321	30,749

Explanations of significant variances against budget are included in Note 34.

The Notes and the Statement of Accounting Policies on pages 94 to 147 form part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

ACTUAL 2018 \$000			ACTUAL 2019 \$000	BUDGET 2019 \$000
EQUITY				
420,808	Accumulated Funds	Note 23	434,798	428,158
18,336	Restricted Equity	Note 23	16,790	21,485
205,533	Asset Revaluation Reserves	Note 23	204,143	194,320
644,677	TOTAL EQUITY		655,731	643,963
ASSETS				
Current Assets				
5,645	Cash and Cash Equivalents	Note 9	4,730	2,508
10,884	Receivables	Note 11	14,409	10,505
-	Derivatives Financial Instruments	Note 12	-	-
700	Goods and Services Tax	Note 11	270	61
167	Inventory	Note 10	283	170
2,656	Non-current Assets Held for Sale	Note 17	3,908	8,696
20,052	Total Current Assets		23,600	21,940
Non-Current Assets				
6,700	Non-current Assets Held for Sale	Note 17	5,478	-
-	Derivative Financial Instruments	Note 12	-	-
927	Investment in CCOs and other similar entities	Note 13	1,071	703
77,656	Operational Assets	Note 14	82,782	78,318
534,317	Infrastructural Assets	Note 14	540,156	521,933
391	Intangible Assets	Note 14	1,118	960
90	Forestry Assets	Note 16	236	89
35,788	Investment Property	Note 17	36,588	34,820
39,254	Restricted Assets	Note 18	40,152	39,246
14,553	Work in Progress	Note 14	14,072	15,391
709,676	Total Non-Current Assets		721,653	691,460
729,728	TOTAL ASSETS		745,252	713,400
LIABILITIES				
Current Liabilities				
13,428	Payables and Deferred Revenue	Note 19	10,934	8,807
49	Derivatives Financial Instruments	Note 12	139	-
21,000	Borrowings and Other Financial Liabilities	Note 22	8,500	9,000
2,258	Employee Entitlements	Note 21	2,167	2,044
32	Provisions	Note 20	26	-
	Goods and Services Tax	Note 19	-	-
36,767	Total Current Liabilities		21,766	19,851
Non-Current Liabilities				
3,244	Derivative Financial Instruments	Note 12	4,608	3,600
44,000	Borrowings and Other Financial Liabilities LT	Note 22	62,000	45,000
487	Employee Entitlements LT	Note 21	518	500
479	Provisions LT	Note 20	596	486
72	Deferred Tax Liability	Note 8	33	-
48,282	Total Non-Current Liabilities		67,755	49,586
85,049	TOTAL LIABILITIES		89,521	69,437
644,679	NET ASSETS (Assets minus Liabilities)		655,731	643,963

Explanations of significant variances against budget are included in Note 34.

The Notes and the Statement of Accounting Policies on pages 94 to 147 form part of the Financial Statements.



Steph O'Sullivan
CHIEF EXECUTIVE TOIHAUTŪ

31 October 2019

STATEMENT OF CHANGES IN NET ASSETS AND EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

ACTUAL 2018 \$000		ACTUAL 2019 \$000	BUDGET 2019 \$000
601,472	Balance at 1 July	644,677	436,635
42,594	Total Comprehensive Revenue and Expense for the Year	11,321	13,008
611	Other Adjustment	(266)	194,320
644,677	Balance at 30 June	655,732	643,963

Explanations of significant variances against budget are included in Note 34.

The Notes and the Statement of Accounting Policies on pages 94 to 147 form part of the Financial Statements.

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2019

ACTUAL 2018 \$000		ACTUAL 2019 \$000	BUDGET 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
50,200	Receipts from Rates Revenue	50,494	54,784
24,047	Subsidies and Grants Received	15,648	19,901
8,972	Fees and Charges and Other Revenue received	11,580	10,582
33	Interest Received	23	50
6	Dividends Received	6	
(55,701)	Payments to Suppliers and Employees	(47,219)	(42,696)
(8,263)	Payments to Agencies	(7,492)	(9,879)
(2,537)	Interest paid	(2,830)	(2,572)
(100)	GST (Net)	430	-
16,657	Net Cash Flow from Operating Activities	20,640	30,170
CASH FLOWS FROM INVESTING ACTIVITIES			
2,235	Receipts from Sale of Property, Plant and Equipment	75	565
(33,080)	Purchase of Property, Plant and Equipment	(26,986)	(29,671)
(224)	Acquisition of Investments	(144)	(129)
(31,069)	Net Cash Flows from Investing Activities	(27,055)	(29,235)
CASH FLOWS FROM FINANCING ACTIVITIES			
57,000	Proceeds from Borrowings	23,000	8,000
(39,500)	Repayment of Borrowings	(17,500)	(9,000)
17,500	Net Cash Flow from Financing Activities	5,500	(1,000)
3,088	Net Increase (Decrease) in Cash, Cash Equivalents and Bank Overdrafts	(915)	(65)
2,557	Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year	5,645	2,573
5,645	Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	4,730	2,508
Represented by:			
5,645	Cash at Bank	4,730	2,508

Explanations of significant variances against budget are included in Note 34.

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

The Notes and the Statement of Accounting Policies on pages 94 to 147 form part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Ngā Kōrero tāpiri tauāki pūtea

Note 1 - Statement of Accounting Policies

REPORTING ENTITY

Whakatāne District Council (the Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled in New Zealand and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The financial statements have been prepared for the Council and include the Whakatāne Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport.

The Council provides local infrastructure and public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 31 October 2019.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

Presentation currency and rounding

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.

Statements issued and not yet effective and not early adopted

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

Impairment of Revalued Assets

In April 2017, the XRB issued Impairment of Revalued Assets, which now scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards.

This Standard amends PBE IPSAS 21 Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets so that assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets are within the scope of PBE IPSAS 21 and PBE IPSAS 26.

As a result of the amendments, the Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists,

the Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The Council can therefore impair a revalued asset without having to revalue the entire class-of-asset to which the asset belongs.

The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.

PBE IPSAS 2 Cash Flow Statements

Applies for annual periods beginning on or after 1 January 2021. Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes

in liabilities arising from financial assets. The IPSASB subsequently amended IPSAS 2 Cash Flow Statements in Improvements to IPSAS, 2018 and the NZASB amended PBE IPSAS 2 in 2018 Omnibus Amendments to PBE Standards.

PBE FRS 48 Service Performance Reporting

Mandatory for annual periods beginning on or after **1 January 2021**. There has been no PBE Standard dealing solely with service performance reporting. This Standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses of entities on a line-by-line basis.

Joint venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

For jointly controlled operations, the Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs and the share of revenue it earns from the joint venture.

Revenue

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:

Rates revenue

The following policies have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables
- Rates arising from late payment penalties are recognised as revenue when the rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a

result of unread meters at year end, is accrued on an average usage basis.

- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entrance fees

Entrance fees are fees charged to users of the Council's local facilities, such as pools, museum and gallery. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees

Fees for disposing of waste at the Council's landfill are recognised as waste is disposed by users.

Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date.

Rendering of services

Revenue derived through rendering of services is recognised when the service is provided to the customer.

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when tickets are paid.

Sales of goods

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

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer. For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate. Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

Foreign currency transactions

Foreign currency transactions are translated into NZ\$ (the functional currency) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

Income tax

Income tax expense includes components relating to both current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Current and deferred tax is recognised against the

surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether or not the title is eventually transferred. At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the

Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The associated gains or losses of these derivatives are recognised in the surplus or deficit.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied. Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less

impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense. The loans are subsequently measured at amortised cost using the effective interest method.

Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables, and held-to-maturity investments

Impairment is established when there is evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit. If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventory

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down. When land held for development and future resale is transferred from investment property, or property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets

These include land, buildings, landfill post-closure, library books, plant and equipment, the museum collection and motor vehicles.

Restricted assets

Restricted assets are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructural assets

Infrastructural assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses

Revaluation

Land, buildings (operational and restricted), museum, library books, and infrastructural assets (except land under roads) are re-valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are re-valued. Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is recognised at its cost.

Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Roading is valued on a regular basis and each asset is assigned a base life (estimate of total useful life), which is converted to a preliminary estimate of physical life by adjusting for age. An initial assessment of remaining life is then calculated as the difference between expected life and age of asset. Where information is available further adjustments are then made to the useful life estimate to take into account condition and use of the asset.

The three water assets are regularly valued with the economic life of an asset being the period of time it is economically worthwhile to replace rather than to continue to repair or maintain. The economic life varies for each asset. Assets lives are modified if local knowledge and experience suggests this is appropriate.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

INFRASTRUCTURAL ASSETS (APPROXIMATE AVERAGE OVER ALL ASSETS IN THAT CATEGORY)	YEARS
Roading	
Land – road reserve	Not depreciated
Road formation	Not depreciated
Basecourse	78
Sealed Pavement surface	15
Unsealed Wearing Course	5
Bridge Railings	10
Signs	16
Drainage	49
Large Culverts	51
Retaining Walls	74
Surface water Channel	54
Railings	22
Traffic Islands	50
Street lighting	26
Footpaths	47
Bridges	93
Car-parks	48
Water	
Treatment plant /Headworks	13
Pump stations	11
Reservoirs	38
Trunk Main	41
Main	49
Service Line	33
Harbour Assets	
Harbour Assets	14-15
Stormwater	
Gravity Main	45
Rising Main	46
Pump station	20
Sewer	
Service Line	25
Gravity Main	40
Rising Main	57
Pump Station	12
Treatment Plant	47
Outfall	28
Parks	
Land	Not depreciated
Park	17.5
Operational Assets	
Museum assets	Not depreciated
Land	Not depreciated
Buildings	8-55
Vehicles	5-8
Plant and equipment	4-33
Furniture and fittings	5-10
Library books	3-4
Office equipment	5-10

The assets' residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software 4 - 5 years 20% - 25%

Impairment of property, plant, and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment. Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount.

The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit. Value in use for non-cash-generating assets Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows.

Forestry assets

Standing forestry assets are generally independently revalued annually at fair value less estimated costs to sell for one growth cycle. A valuation was carried out in 2018/19 year. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains and losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit when incurred.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost, including transaction costs. After initial recognition, the Council measures all investment property at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value plus costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave and long service leave are valued on an actuarial basis. The present value of retirement and long service leave obligations depend on a number of factors

that are determined on an actuarial basis. Three key assumptions used in calculating this liability include the discount rate, salary escalation rates and resignation rates.

Any changes in these assumptions will affect the carrying amount of the liability. Projected cashflows are discounted back to the valuation date at the valuation discount rates. The discount rates have been chosen in accordance with PBE IPSAS 25 and have been and the valuation method is a refinement of that set out by Treasury in its paper entitled "Guidance on accounting for sick leave under NZ IAS 19 employee benefits".

A long term annual rate of salary growth of 3.0% per year has been used. Sick leave and long service leave are classified as both current and long term liabilities depending on predicted settlement. If the payment is likely to be made within 12 months of balance date the entitlement is classified as current. The balance of the valuation is classified as long term.

Superannuation scheme

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation either legal or constructive as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated funds;
- Restricted reserves;
- Asset revaluation reserve.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council. Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Asset revaluation reserve

This reserve relates to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Goods and services tax (GST)

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

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

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its Long Term Plan 2018-28. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below. Direct costs are those costs directly attributable to a significant activity. Indirect costs are

those costs that cannot be identified in an economically feasible manner with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Asset valuations and fair value assumption

Note 14 provides information about the valuation dates of assets. During the 2019 year, independent valuations were carried out on forestry, investment property and property held for sale.

All assets have been valued on the fair value assumption. Fair value is the amount at which asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Landfill aftercare provision

Note 20 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Critical judgements in applying accounting policies

Management has exercised no critical judgements in applying accounting policies for the year ended 30 June 2019.

Note 2 – Rates

ACTUAL 2018 \$000		ACTUAL 2019 \$000	BUDGET 2019 \$000
GENERAL RATES			
20,374	General Rates	21,723	22,933
TARGETED RATES ATTRIBUTABLE TO ACTIVITIES:			
-	Recreation and Community Services	-	-
663	District Growth	758	723
2,477	Solid Waste	2,596	2,595
3,253	Stormwater Drainage	3,166	3,184
3,329	Sewage Treatment and Disposal	3,739	3,764
5,213	Water Supply	2,715	3,380
6,825	Roads and Footpaths	5,848	5,837
328	Leadership	330	334
	Council Controlled Activities		36
826	Rate Penalties	1,504	(620)
(755)	Rates Remissions	(125)	(398)
-	VOLUMETRIC CHARGES FOR WATER	3358	2,737
42,533	Net Rate Revenue	45,612	44,505

Rates Remissions

Rates revenue is shown net of rates remissions. Council's rates remission policy allows remission of rates on condition of a ratepayer's extreme financial hardship, land used for sport, land protected for historical or cultural purposes, water leakage, unpaid rates, unit affected by natural hazard, outstanding rates and penalties on undeveloped sections, educational institutions sewage charges and on uniform annual general charge and targeted rates for contiguous properties.

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under Council's rates remission policy.

RATING BASE INFORMATION

The following rating base information is disclosed based on the rating base information at the end of the preceding financial year:

	30-Jun-19	30-Jun-18
The number of rating units within the District	16,736	16,627
The total capital value of rating units within the District	8,836,377,400	8,522,839,300
The total land value of rating units within the District	4,532,245,950	4,753,298,350

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other local authorities rate. The annual rates revenue of the Council for the year ended 30 June 2019 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	2019 \$000	2018 \$000
Rates	45,612	42,533
Lump Sum Contributions	-	-
Total Annual Rates Revenue	45,612	42,533

Note 3 - Other Revenue and Subsidies and Grants

ACTUAL 2018 \$000		ACTUAL 2019 \$000	BUDGET 2019 \$000
SUBSIDIES AND GRANTS			
5,117	Government Grants	1,983	735
17,925	NZTA Subsidies	13,879	19,538
23,042	Total Subsidies and Grants	15,862	20,273
OTHER REVENUE			
310	Vested Assets	-	
247	Infringements and Fines	234	278
325	Petrol Tax	305	288
2,545	Rental Revenue from Investment Properties	2,495	2,422
533	Rental Revenue Other	360	360
6	Dividend Revenue	38	5
(2,974)	Flood Recoveries	35	
547	Other Services	632	431
1,539	Total Other Revenue	4,099	3,784
24,581	Total Subsidies and Grants and Other Revenue	19,961	24,057

Note 4 - Personnel Costs

ACTUAL 2018 \$000		ACTUAL 2019 \$000	BUDGET 2019 \$000
16,435	Salaries and Wages	16,715	16,510
444	Defined Contribution Plan for Employer Contributions	449	450
235	Increase (Decrease) in Employee Entitlements	(60)	-
17,114	Total Personnel Costs	17,104	16,960

For further detail on increases and variances to budget, please see Note 34.

*Employer contributions to defined contribution plans include contributions to Kiwisaver.

Note 5 - Depreciation and Other Expenses

ACTUAL 2018 \$000		ACTUAL 2019 \$000	BUDGET 2019 \$000
DIRECTLY ATTRIBUTABLE DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY			
51	Community Safety	38	10
141	District Growth	92	69
2,400	Recreation and Community Services	2,834	2,731
72	Solid Waste	72	41
4,328	Roads and Footpaths	4,536	7,080
1,838	Water Supply	1,915	1,916
1,152	Stormwater Drainage	1,180	1,135
1,447	Sewage Treatment and Disposal	1,474	1,483
28	Reportable Council-controlled Organisations	48	9
1,092	Corporate and District Activities Funds Applied	1,254	990
12,549	Total Depreciation and Amortisation Expense	13,443	15,464
-	For further information on change of estimate, please refer to Note 34		
OTHER EXPENSES			
131	Audit NZ - Council Financial Statements	133	225
	Audit NZ - Additional Audit Fee	40	
89	Audit NZ - Annual Plan / Long Term Plan		80
4	Audit NZ - Debenture Trust Deed	4	
5	Audit NZ - Whakatāne Airport Joint Venture	5	5
23	Audit fees -other	46	
2	IANZ - BCA accreditation		
505	Grants and Subsidies	389	502
484	Insurance Premiums	772	686
65	Investment Property Expenses	64	65
404	Loss on Disposal of Assets	-	
(339)	Movement in Doubtful Debt Impairment	(1,883)	-
31	Operating Leases	22	30
33,533	Other Operating Expenses	27,088	25,383
1,672	Flood costs incurred		-
150	Impairment	4	-
16	Movement in Provision	111	(25)
36,775	Total Other Expenses	26,795	26,951
REVALUATION LOSSES			
-	NON FINANCIAL INSTRUMENTS	-	
FINANCIAL INSTRUMENTS			
299	Derivative Financial Instruments	Note 12 1,455	-
299	Total Revaluation Losses	1,455	-

*Audit Fees incurred that were not from Audit NZ

**Movement in Landfill and Weathertight Provisions

Note 6 - Interest Revenue and Finance Costs

ACTUAL 2018 \$000		ACTUAL 2019 \$000	BUDGET 2019 \$000
33	Interest Revenue	33	50
(2,537)	Finance Costs - interest on borrowings	(2,830)	(2,572)
(2,504)	Net Finance Costs	(2,798)	(2,522)

Note 7 – Gains

ACTUAL 2018 \$000			ACTUAL 2019 \$000	BUDGET 2019 \$000
NON FINANCIAL INSTRUMENTS				
1,162	Revaluation - Investment Property	Note 17	830	-
55	Revaluation - Forestry	Note 16	147	-
17	Gain on Disposal of Assets		34	-
1,234	Total Non-Financial Instruments		1,011	-
FINANCIAL INSTRUMENTS				
-	Revaluation - Derivative Financial Instruments	Note 12	-	-
-	Total Financial Instruments		-	-
1,234	Total Gains		1,011	-

Note 8 - Income Tax

ACTUAL 2018 \$000		ACTUAL 2019 \$000
COMPONENTS OF TAX EXPENSE		
-	Current Tax	-
-	Adjustments to Current Tax in Prior Years	-
(25)	Deferred Tax	(40)
(25)	Total Tax	(40)
RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING SURPLUS		
6,118	Surplus (Deficit) Before Tax	12,671
1,713	Tax @ 28% (2018: 28%)	3,548
Plus (Less) tax effect of:		
(1,713)	Non-deductible Expenditure	(3,548)
-	Non-taxable Revenue	-
(25)	Deferred Tax Adjustment	(40)
-	Prior Year Adjustment	-
(25)	Tax Expense (Benefit)	(40)

DEFERRED TAX ASSET (LIABILITY)	PROPERTY, PLANT AND EQUIPMENT \$000	EMPLOYEE ENTITLEMENTS \$000	TAX LOSSES \$000	TOTAL \$000
Balance at 30 June 2017	(756)	-	657	(99)
Charged to Surplus or Deficit	34		(9)	25
Charged to Other Comprehensive Revenue and Expense	-	-	-	-
Balance at 30 June 2018	(722)	-	648	(74)
Charged to Surplus or Deficit	48		(7)	42
Charged to Other Comprehensive Revenue and Expense	-	-	-	-
Balance at 30 June 2019	(674)	-	641	(32)

A deferred tax asset has not been recognised in relation to unused tax losses of \$5,954,034 (2018: \$5,391,772).

A deferred tax asset has not been recognised in relation to unused tax losses of \$0 (2018: \$0) in relation to the Whakatāne Airport joint venture (50% share).

Note 9 - Cash and Cash Equivalents

ACTUAL 2018 \$000		ACTUAL 2019 \$000
5,645	Cash at Bank and on Hand	4,730
5,645	Total Cash and Cash Equivalents	4,730

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

INTEREST RATES

The weighted average effective interest rates during the year on Cash and Cash Equivalents were:

2018		2019
0.95%	Cash and Cash Equivalents	0.90%

Note 10 – Inventories

ACTUAL 2018 \$000		ACTUAL 2019 \$000
	HELD FOR DISTRIBUTION:	
158	Water and Sewerage Spare Parts	225
9	Road Safety Vouchers	10
	Other	49
167	Total Inventories	284

No inventories are pledged as security for liabilities (2018: \$Nil). However, some inventories are subject to retention of title clause. The carrying amount of inventories held for distribution that are measured at a current replacement cost as at 30 June 2019 amounted to \$Nil (2018: \$Nil). The loss in service potential of inventories held for distribution is determined on the basis of obsolescence.

Note 11 – Receivables

ACTUAL 2018 \$000		ACTUAL 2019 \$000
4,968	Rates Receivables	5,704
3,219	Metered Water Receivables	3,842
2,194	Sundry Debtor Receivables	2,591
160	Regulatory Receivables	226
1,832	NZTA Receivable	2,047
797	Income Accrued	313
382	Airport Debtors	371
700	GST Receivable	270
14,253		15,364
(3,002)	Less Provision for Impairment of Receivables	(1,119)
11,251		14,245
333	Prepayments	433
11,584	Total Receivables including GST Receivable	14,678
TOTAL RECEIVABLES COMPRISE:		
7,315	Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	6,937
4,268	Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	7,741

Fair Value

Receivables are generally short-term and non-interest bearing.

Therefore, the carrying value of receivables approximates their face value.

Impairment

The Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

All receivables greater than 30 days in age are considered to be past due. The impairment provision has been calculated based on a review of specific overdue receivables and assessment. The impairment provision is based on an analysis of past collection history and debt write-offs. Movements in the provision for impairment of receivables are as follows:

MOVEMENT IN THE PROVISION FOR IMPAIRMENT OF RECEIVABLES:

2018 \$000		2019 \$000
3,341	At 1 July	3,002
166	Provision Adjustment Made During the Year	(1,519)
(505)	Receivables Written Off During the Year	(364)
3,002	Balance at 30 June	1,119

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Note 12 - Derivative Financial Instruments

2018 ACTUAL \$000		2019 ACTUAL \$000
CURRENT ASSET PORTION		
-	Interest rate swaps	-
CURRENT LIABILITY PORTION		
(49)	Interest rate swaps	(139)
NON-CURRENT ASSET PORTION		
-	Interest rate swaps	-
NON-CURRENT LIABILITY PORTION		
(3,244)	Interest rate swaps	(4,608)
(3,293)	Total Derivative Financial Instrument Liabilities	(4,747)

Fair Value

The fair values of interest rate swaps have been determined using a discounted cash flows technique based on quoted market prices. The valuation was performed using Hedgebrook software and then checked to independent ANZ and BNZ confirmations. No interest rate swaps were due to mature at 30 June 2019.

Information about Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$50.5 million (2018: \$52.5 million). At 30 June 2019 the average fixed interest rates of cash flow hedge interest rate swaps were 4.152% (2018: 4.239%). At 30 June 2019 the fixed interest rates of cash flow hedge interest rate swaps varied from 1.51% to 5.9% (2018 2.78% to 5.9%).

Unrealised gains and losses recognised on interest rate swap contracts as at 30 June 2019 are released to the surplus or deficit as interest is paid on the underlying debt.

The Council have no fair value hedges.

The following interest rate swaps are currently held:

	SWAP 1	SWAP 2	SWAP 3	SWAP 4	SWAP 5	SWAP 6	SWAP 7	SWAP 8	SWAP 9
Maturity Date	22/06/2020	22/06/2020	22/01/2021	22/02/2021	24/05/2021	23/06/2021	31/08/2021	22/03/2022	24/01/2023
Fixed Rate	5.5100%	4.3500%	4.2000%	3.3100%	3.5900%	4.8500%	4.4800%	5.7900%	2.7800%
Amount	\$2,000,000	\$2,000,000	\$2,500,000	\$2,000,000	\$2,000,000	\$1,000,000	\$2,000,000	\$2,500,000	\$4,000,000
Fair Value	(81,166)	(58,062)	(119,999)	(66,983)	(87,217)	(69,211)	(138,891)	(300,037)	(204,548)
	SWAP 10	SWAP 11	SWAP 12	SWAP 13	SWAP 14	SWAP 15	SWAP 16	SWAP 17	SWAP 18
Maturity Date	22/03/2023	20/07/2023	22/09/2023	21/03/2024	22/03/2024	22/04/2024	24/06/2024	23/09/2024	20/12/2024
Fixed Rate	4.9700%	4.9900%	5.9000%	4.8700%	4.9500%	4.4000%	1.5100%	5.0000%	4.7300%
Amount	\$1,000,000	\$2,000,000	\$1,700,000	\$1,600,000	\$1,000,000	\$2,500,000	\$2,000,000	\$1,000,000	\$2,000,000
Fair Value	(131,825)	(297,166)	(311,978)	(255,153)	(162,976)	(352,666)	(5,062)	(180,823)	(348,082)
	SWAP 19	SWAP 20	SWAP 21	SWAP 22	SWAP 23	SWAP 24	SWAP 25	SWAP 26	
Maturity Date	30/03/2025	22/09/2025	22/07/2026	23/09/2026	20/04/2027	22/06/2027	22/03/28	20/04/28	
Fixed Rate	3.7800%	4.8000%	3.1900%	3.2400%	3.7600%	3.7500%	3.70%	3.71%	
Amount	\$2,000,000	\$3,000,000	\$2,500,000	\$1,000,000	\$2,000,000	\$1,700,000	\$1,000,000	\$2,500,000	
Fair Value	(255,346)	(592,845)	(193,601)	(73,505)	(127,612)	(123,538)	(59,935)	(149,116)	
FAIR VALUE TOTAL (4,747,344)									

Note 13 - Investment in Council Controlled Organisations and Other Similar Entities

ACTUAL 2018 \$000		ACTUAL 2019 \$000
50	Shares - Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd): 38,788 shares@ \$1.29	50
9	Shares - Bay of Plenty Local Authority Shared Services Limited	9
100	Shares - NZ Local Government Funding Agency	100
768	Borrower Notes - NZ Local Government Funding Agency	912
927	Total Investment in Council Controlled Organisations and Other Similar Entities	1,071

Unlisted Shares

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

The Whakatāne District Council is a shareholder in BOPLASS Ltd, a CCO owned by councils in the Bay of Plenty Region. It is a Joint Venture with each of the nine councils in the region holding shares. Whakatāne District Council holds 9.7% of the shares. BOPLASS Ltd has been established to foster collaboration between councils in the delivery of services particularly back office or support services.

Due to the immaterial size and nature of the Council's investment in the NZ Local Government Funding Agency, the Council has estimated the fair value of this investment based on the LGFA's net asset backing at 30 June.

Impairment

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

Note 14 - Property Plant and Equipment

Movement in the carrying value for each class of property, plant and equipment are as follows:

2019	1 JULY 2018				CURRENT YEAR				30 JUNE 2019					
	COST / VALUATION	ACCUMULATED DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE	ADDITIONS	VESTED AND FOUND ASSETS	DISPOSALS	TRANSFERS	IMPAIRMENT	DEPRECIATION REVERSED ON DISPOSAL/ REVALUATION	DEPRECIATION	REVALUATION	COST / REVALUATION	ACCUMULATED DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE
OPERATIONAL ASSETS														
Land*	23,677	-	23,677	-	-	-	-	-	-	-	-	23,677	-	23,677
Buildings**	39,365	1,127	38,238	7,782	-	-	1,793	382	1,323	-	-	45,354	2,069	43,285
Plant and Equipment	5,707	2,596	3,111	431	-	-	9	5	328	-	-	6,129	2,919	3,210
Furniture and Fittings	2,499	1,726	773	284	-	-	-	-	139	-	-	2,783	1,865	918
Office Equipment	5,028	3,937	1,091	428	-	-	-	-	399	-	-	5,456	4,336	1,119
Motor Vehicles	2,919	1,672	1,247	290	-	281	-	240	256	-	-	2,928	1,688	1,240
Harbour Vessels	32	32	-	-	-	-	-	-	-	-	-	32	32	-
Museum Collection	8,750	-	8,750	-	-	-	-	-	-	21	-	8,771	-	8,771
Library Books	1,050	281	769	103	-	-	-	-	312	-	-	1,153	593	560
Total Operational Assets	89,027	11,371	77,656	9,318	-	281	-	627	2,757	21	-	96,283	13,501	82,782
INFRASTRUCTURAL ASSETS														
Land Roothing	91,363	-	91,363	-	-	-	-	-	-	-	-	91,363	-	91,363
Stormwater	51,880	1,152	50,727	407	-	-	-	-	1,146	-	-	52,287	2,298	49,989
Harbour	3,193	181	3,012	12	-	-	-	-	222	-	-	3,205	403	2,802
Parks	18,562	972	17,590	877	-	-	-	-	1,061	-	-	19,439	2,033	17,406
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Core Council Infrastructure Assets</i>														
Roading Network	267,194	10,935	256,259	8,346	-	-	-	-	4,535	-	-	275,540	15,470	260,070
Water - Treatment Plants & Facilities	2,615	213	2,402	-	-	-	-	-	213	-	-	2,615	426	2,189
Water - Other	67,016	1,625	65,391	4,368	-	-	-	-	1,736	-	-	71,384	3,361	68,023
Sewerage - Treatment Plants and Facilities	5,139	123	5,016	-	-	-	-	-	120	-	-	5,139	243	4,896
Sewerage - Other	43,880	1,323	42,557	2,217	-	-	-	-	1,354	-	-	46,097	2,677	43,420
Total Infrastructural Assets	550,842	16,524	534,317	16,227	-	-	-	-	10,387	-	-	567,069	26,911	540,158
INTANGIBLE ASSETS														
Computer Software	4,133	3,742	391	1,028	-	-	-	-	301	-	-	5,161	4,043	1,118
Total	644,002	31,637	612,364	26,573	-	281	-	627	13,445	21	-	668,513	44,455	624,058

* Includes Airport land \$2,290,000 (2018: \$2,290,000) ** Includes 50% Airport assets including runway \$1,894,818 (2018: \$1,546,534 including runway and land)

All infrastructural assets are constructed on behalf of Whakatāne District Council by contractors.

No property, plant and equipment is pledged as security. Refer Note 18 for restricted assets. Council has easements giving right to access to private property where infrastructure assets are located. It has not been feasible to value at this stage and when valued are not expected to be material. There are no restrictions over the title of the Council's intangible assets, nor are there any intangible assets pledged as security for liabilities.

Note 14 - Property Plant and Equipment

Movement in the carrying value for each class of property, plant and equipment are as follows:

	1 JULY 2017				CURRENT YEAR				30 JUNE 2018					
	COST / VALUATION	ACCUMULATED DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE	ADDITIONS	VESTED AND FOUND ASSETS	DISPOSALS	TRANSFERS	IMPAIRMENT	DEPRECIATION REVERSED ON DISPOSAL	DEPRECIATION	REVALUATION	COST / REVALUATION	ACCUMULATED DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE
2018														
OPERATIONAL ASSETS														
Land*	23,674	-	23,674	-	-	-	3	-	-	-	-	23,677	-	23,677
Buildings**	37,737	-	37,737	2,075	-	444	-	-	1,130	-	-	39,368	1,130	38,238
Plant and Equipment	3,924	2,315	1,609	1,783	-	-	-	-	281	-	-	5,707	2,596	3,111
Furniture and Fittings	2,280	1,578	702	74	145	-	-	-	148	-	-	2,499	1,726	773
Office Equipment	4,822	3,553	1,269	206	-	-	-	-	384	-	-	5,028	3,937	1,091
Motor Vehicles	2,569	1,437	1,132	382	-	32	-	-	235	-	-	2,919	1,672	1,247
Harbour Vessels	32	32	-	-	-	-	-	-	-	-	32	-	32	-
Museum Collection	8,750	-	8,750	-	-	-	-	-	-	-	-	8,750	-	8,750
Library Books	944	-	944	106	-	-	-	-	281	-	-	1,050	281	769
Total Operational Assets	84,732	8,915	75,817	4,626	145	476	3	-	2,459	-	-	89,030	11,374	77,656
INFRASTRUCTURAL ASSETS														
Land Roading	91,363	-	91,363	-	-	-	-	-	-	-	-	91,363	-	91,363
Stormwater	45,363	3,106	42,257	5,003	163	-	-	-	3,106	1,152	4,457	51,880	1,152	50,727
Harbour	3,112	569	2,543	649	-	-	-	-	568	180	-	3,193	181	3,012
Parks	16,294	-	16,294	2,268	-	-	-	-	972	-	-	18,562	972	17,590
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Core Council Infrastructure Assets</i>														
Roading Network	252,449	19,673	232,776	12,614	-	-	-	-	13,098	4,360	15,229	267,194	10,935	256,259
Water - Treatment Plants and Facilities	3,254	639	2,615	-	-	-	-	-	639	213	(392)	2,615	213	2,402
Water - Other	54,499	4,739	49,760	6,073	-	-	-	-	4,739	1,625	11,575	67,016	1,625	65,391
Sewerage - Treatment Plants and Facilities	5,516	377	5,139	-	-	-	-	-	377	123	711	5,139	123	5,016
Sewerage - Other	39,354	3,261	36,093	2,205	-	-	-	-	3,262	1,324	4,872	43,880	1,323	42,557
Total Infrastructural Assets	511,204	32,364	478,840	28,812	163	-	-	-	25,789	9,949	36,452	550,842	16,524	534,317
INTANGIBLE ASSETS														
Computer Software	3,746	3,601	145	387	-	-	-	-	-	141	-	4,133	3,742	391
Total	599,682	44,881	554,802	33,825	308	476	3	-	25,789	12,549	36,452	644,005	31,641	612,364

Note 14 - Property Plant and Equipment continued

Work in Progress Property, plant and equipment in the course of construction by class of asset is detailed below:

WORK IN PROGRESS	ACTUAL 2019 \$000	ACTUAL 2018 \$000
Water, Stormwater and Wastewater Systems	4,381	5,585
Roading Network	4,625	237
Buildings	383	5,985
Parks and Reserves	852	439
Ports and Harbour	3,307	898
Intangible Assets	36	822
Airport	294	318
Plant and Equipment	192	270
Total Work in Progress	14,070	14,554

Replacement Cost - Core Council Infrastructure Assets

	MOST RECENT ESTIMATE OF REPLACEMENT COST \$000	DATE OF ESTIMATE
Roading Networks	384,045	1 July 2017
Water - treatment plants and facilities	118,947	1 July 2017
Sewerage - treatment plants and facilities	98,463	1 July 2017
Stormwater	85,922	1 July 2017

Valuations on Operational and Restricted Assets

	FAIR VALUE	VALUATION
Operational Land	83,584	30 June 2017
Operational Buildings	37,800	30 June 2017
Park Assets	15,894	30 June 2017
Harbour Assets	3,031	30 June 2017
Library Books	836	30 June 2017
Harbour Land Not Leased (Restricted Asset)	4,425	30 June 2017
Recreational Reserves	34,614	30 June 2017
Museum Collection	8,771	30 June 2016

Note : Firearms were omitted from the 2016 valuation and were added in 2019 to the value of \$21,000

Insurance of Assets The following information relates to the insurance of Council assets at 30 June 2019

	2019 \$000	2018 \$000	2017 \$000
The total net book value of all Council assets covered by insurance contracts	268,366	365,456	206,844
The maximum amount to which insured assets are insured	411,620	373,988	259,780
The total net book value of all council assets covered by financial risk sharing arrangements*		-	-
Maximum amount available to the Council under financial risk sharing arrangements*		-	-
The value of assets that are self-insured	442,053	347,622	324,139
The value of funds maintained for self-insurance **		-	731

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage and sewerage assets, and provide a subsidy towards the restoration of roads.

** covered under insurance contracts in 2018/19*

*** Funds withdrawn to support costs incurred following 2017 floods. Payments to reserve will recommence in 2019 financial year.*



Note 15 – Valuation

Land (Operational, Restricted and Infrastructural)

The most recent valuation was performed by an independent Certified Practising Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2017.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the unencumbered land value where there is a designation against the land or the use of the land is restricted because of reserve of endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Buildings (Operational and Restricted)

The most recent valuation was performed by an independent Certified Practising Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2017.

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern, equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

Infrastructural Asset classes: Sewerage, Water, Drainage and Roads

Sewerage, water, drainage and roading infrastructure assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise the risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation of water, wastewater and stormwater assets was performed by William Wallace and Jamie Cable, Asset Management Consultants of Opus International Consultants Limited, and the valuation was effective as at 1 July 2017.

The most recent valuation for road assets was performed by Evan Ou Yang, Asset Information Analyst of Opus International Consultants Limited, and the valuation is effective as at 1 July 2017.

Land under roads

The road reserve land for formed roads only has been valued as at 1 July 2006. Road reserves have been valued on the average land valued by urban rating areas and rural ward, reduced by a factor of 30% to account for the restricted use of the land. On transition to New Zealand equivalents to International Financial Reporting Standards on 1 July 2006, the Council elected to use the fair value of land under roads as at 1 July 2006. Land under roads is no longer revalued.

Vested infrastructural assets

Vested infrastructural assets are valued based on the actual quantities of infrastructural components vested and the current in-ground cost of providing identical services. Assets vested to Whakatāne District Council are recognised in the Statement of Comprehensive Revenue and Expense as revenue and in the Statement of Financial Position as property, plant and equipment.

Library collections

Library collections are valued at depreciated replacement cost in accordance with the guidelines released in 2002 by the New Zealand Library Association and the National Library. The most recent valuation of the library collection was performed by J Munroe, Certified Practising Valuer of RHAS, and the valuation was effective as at 30 June 2017.

Museum

Museum collections are valued at fair value determined on a variety of valuation methods including market values, book value, replacement value, comparative value and values used by other institutions. The most recent valuation was performed by James Parkinson of Art + Object and the valuation is effective as at 30 June 2016. Firearms were omitted from the 2016 valuation and were added in 2019 to the value of \$21,000

Harbour Assets

The most recent valuation of harbour assets was performed by an independent Certified Practising Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2017.

Note 16 - Forestry Assets

ACTUAL 2018 \$000		ACTUAL 2019 \$000
50	Balance at 1 July	89
43	Gains (Losses) Arising from Changes in Fair Value on Valuation	147
(4)	Decreases due to Sales	-
89	Balance at 30 June	236

Council owns 26.61 hectares of land predominantly held for soil conservation and river control reserve, of which 7.2 hectares is stocked with Pinus Radiata.

Plantation forests have been valued by PF Olsen and Co, independent valuers, on the basis of arms length market transaction of current market evidence as at 30 June 2019.

Note 17 - Investment Property and Non-current Assets Held for Sale

ACTUAL 2018 \$000		ACTUAL 2019 \$000
INVESTMENT PROPERTY		
34,655	Balance at 1 July	35,788
(29)	Sales and Disposals	-
1,162	Fair Value Gains (Losses) on Valuation	800
-	Transfer (to) from Restricted Assets	-
	Transfer to Non-Current Assets Held for Sale	
-	Transfer from Operational Land	-
	Transfer to Operational Land	
-	Transfer from Restricted Land	-
-	Transfer to Restricted Land	-
35,788	Balance at 30 June	36,588
Information about the revenue and expenses in relation to investment property is detailed below:		
2,545	Rental Revenue	2,495
65	Direct Operating Expenses from Investment Property Generating Revenue	64
NON-CURRENT ASSETS HELD FOR SALE		
9,697	Balance at 1 July	9,356
(187)	Sales	-
	Fair Value Gains (Losses) on Valuation	30
(150)	Impairment losses	
	Other Adjustments	
(4)	Transfer to Operational Assets	
	Transfer from Investment Property	
9,356	Balance at 30 June	9,386
NON CURRENT ASSETS HELD FOR SALE SPLIT BETWEEN :		
2,656	Assets where proceeds are expected within one year	3,908
6,700	Assets where proceeds are expected after one year	5,478
9,356		9,386

The non-current assets held for sale relate to property currently held but on the market or about to be listed for sale.

All investment properties held by Council were valued at 30 June 2019 by Grant Utteridge an independent Valuer of Telfer Young (Rotorua) Ltd registered valuers. Telfer Young have extensive market knowledge in the types and location of investment properties owned by the Council. The properties have been valued in accordance with PBE IPSAS 16 Investment Property. The basis of the valuation is Fair Value of each property as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The valuation includes Lessors' Interests in freehold land holdings held by the Council. The majority of these leases are perpetually renewable of 14 year terms with rents mostly set at 5% of market value of the land. The valuation for Lessors' Interests within the portfolio was based on recent sales from centres throughout New Zealand. Valuations for Freehold Investment properties relate to the market value in comparison to comparable sales evidence for similar properties in the surrounding area. Restricted land within the investment category: \$nil (2018: \$nil).

Note 18 - Restricted Assets

\$'000

2019	COST/ REVALUATION 1 JULY 2018	ADDITIONS CURRENT YEAR	DISPOSALS CURRENT YEAR	TRANSFER TO OPERATING LAND	TRANSFER FROM RECREATIONAL RESERVES	TRANSFER TO HARBOUR LAND	TRANSFER TO ASSETS HELD FOR SALE	TRANSFER (TO) FROM INVESTMENT PROPERTY	REVALUATION CHANGE CURRENT YEAR	COST/ REVALUATION 30 JUNE 2019
Harbour Land (Not Leased)	4,425	-	-	-	-	-	-	-	-	4,425
Recreational Reserves	34,829	898	-	-	-	-	-	-	-	35,727
Total	39,254	898	-	-	-	-	-	-	-	40,152

\$'000

2018	COST/ REVALUATION 1 JULY 2017	ADDITIONS CURRENT YEAR	DISPOSALS CURRENT YEAR	TRANSFER TO OPERATING LAND	TRANSFER FROM RECREATIONAL RESERVES	TRANSFER TO HARBOUR LAND	TRANSFER TO ASSETS HELD FOR SALE	TRANSFER (TO) FROM INVESTMENT PROPERTY	REVALUATION CHANGE CURRENT YEAR	COST/ REVALUATION 30 JUNE 2018
Harbour Land (Not Leased)	4,425	-	-	-	-	-	-	-	-	4,425
Recreational Reserves	34,821	8	-	-	-	-	-	-	-	34,829
Total	39,246	8	-	-	-	-	-	-	-	39,254

Refer to Note 15 for revaluation details. Land in the Restricted Asset category is subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land under a bequest or donation that restricts the purpose for which the assets can be used).

Note 19 - Payables and Deferred Revenue

ACTUAL 2018 \$000		ACTUAL 2019 \$000
Payables and deferred revenue under exchange transactions		
7,542	Trade Payables	5,090
1,618	Accrued Expenses	1,827
1,461	Income Received in Advance	1,578
1,696	Deposits	1,837
788	Amounts due to Customers for Contract Work	601
Payables and deferred revenue under non-exchange transactions		
-	Other Taxes Payable (GST)	-
323	Income Received in Advance	
13,428	Total Payables and Deferred Revenue	10,933

Payables are generally non-interest bearing and are normally settled on 30-day terms. therefore the carrying value of creditors and other payables approximates their fair value.

Note 20 – Provisions

ACTUAL 2018 \$000		ACTUAL 2019 \$000
	Current Portion	
21	Landfill Aftercare Provision	26
11	Weathertightness Provision	-
32	Total Current Portion	26
	Non-current Portion	
281	Landfill Aftercare Provision	326
198	Weathertightness Provision	270
479	Total Non-current Portion	596
511	Total Provisions	622

Movements for each class of provision are as follows:

LANDFILL AFTERCARE PROVISION		
317	Balance at 1 July	302
(15)	Increase (Decrease) in Net Present Value	50
302	Balance at 30 June	352
WEATHERTIGHTNESS PROVISION		
177	Balance at 1 July	209
32	Increase (Decrease) in Provision	61
209	Balance at 30 June	270

LANDFILL AFTERCARE COSTS

Council's responsibilities include closure costs, incremental drainage control features, facilities for leachate collection and monitoring, and facilities for water quality monitoring. Post closure costs include treatment and monitoring of leachate and groundwater surface monitoring.

WEATHERTIGHTNESS CLAIMS PROVISION

Claims have been lodged with the Weathertight Homes Resolution Service (WHRS), for buildings located within the Whakatāne District. The WHRS is a central government service established under the Weathertight Homes Resolution Services Act 2006. It also offers a funding assistance package (FAP) to eligible homeowners. This sees the Council contribution capped at 25% of eligible costs if the homeowner elected to use the FAP scheme. The Council has opted into the FAP scheme. No outstanding claims were registered at 30 June 2019 (2018: Three). A potential liability has been provided in the 2019 financial statements of \$270,000 based on the expected outcome on a known claim that does not fall within the Weathertight Homes Resolution services but is a weathertight issue. This is an increase of \$61,000 compared to last year's provision.

OTHER CLAIMS

Carter Holt Harvey have notified a potential legal claim. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

Further details on potential liabilities are explained in Note 27 - Contingent Liabilities

Note 21 - Employee Entitlements

ACTUAL 2018 \$000		ACTUAL 2019 \$000
Current Portion		
594	Accrued pay	622
1,613	Annual and Long Service Leave	1,488
51	Sick Leave	57
2,258	Total Current Portion	2,167
Non-current Portion		
465	Long Service Leave	495
22	Sick Leave	23
487	Total Non-current Portion	518
2,745	Total Employee Entitlements	2,685

Key Assumptions in Measuring Retirement and Long Service Leave Obligations

Retirement and long service leave and sick leave were valued on an actuarial basis by Aon Retirement and Investment as at 30 June 2019.

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Three key assumptions used in calculating this liability include the discount rate, salary escalation rates and resignation rates. Any changes in these assumptions will affect the carrying amount of the liability.

For sick leave an assumed discount rate of 1.6% p.a. has been used with an allowance of 3% average future salary growth. The valuation method is a refinement of that set out by Treasury in its paper entitled "Guidance on accounting for sick leave under NZ IAS 19 employee benefits".

The Long Service Leave valuation also assumes annual salary growth of 3% p.a. but uses a rising discount rate of 1.26% to 2.25% over a 10 year period.

The valuation has been carried out in accordance with PBE IPSAS 25.

Note 22 – Borrowings

ACTUAL 2018 \$000		ACTUAL 2019 \$000
	Current Portion	
21,000	Secured Loans	8,500
	Non-Current Portion	
44,000	Secured Loans	62,000
65,000	Total Borrowings	70,500

The fair values of borrowings including current portion equate to their carrying values

Maturity Profile		
21,000	Maturing in under one year	8,500
	Maturing in 1-2 years	13,000
13,000	Maturing in 2-3 years	5,000
5,000	Maturing in 3-4 years	9,000
9,000	Maturing in 4-5 years	10,000
17,000	Maturing in 5 years+	25,000
65,000		70,500

Interest Terms for Secured Loans

The Council's secured loans are mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. External interest rates at 30 June 2019 range from 2.1% to 2.788% (2018: 2.02% to 3.165%) with a weighted average rate of 2.56% (2018: 2.56%). Interest expense for 2019 was \$2.83 million (2018: \$2.54 million).

Security

The Council's secured loans are secured over future rating revenue of the Council.

Internal Borrowings

Information about internal borrowings is provided on pages 20 to 78 of the Council's annual report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Fair Values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximate their fair value.

Note 23 – Equity

ACTUAL 2018 \$000		ACTUAL 2019 \$000
Equity		
420,808	Accumulated Funds	434,798
18,336	Restricted Reserves	16,790
205,533	Asset Revaluation Reserves	204,143
644,677	Total Public Equity	655,731
Accumulated Funds		
395,884	Balance at 1 July	413,082
323	Revaluation Reversals on Disposals	-
611	Other Reserve Movements	(266)
6,143	Surplus/(Deficit) for the Year	12,711
(14,910)	Transfers to Council Created Reserves	(17,806)
(3,869)	Transfers to Restricted Reserves	(3,878)
23,089	Transfers from Council Created Reserves	15,543
5,811	Transfers from Restricted Reserves	5,424
413,082	Balance at 30 June	424,810
Add Council Created Reserves (Incl. Depreciation Reserves)		
15,907	Balance at 1 July	7,728
	Adjusting Categories of Equity	
14,910	Transfer from Accumulated Funds	17,806
(23,089)	Transfer to Accumulated Funds	(15,543)
7,728	Balance at 30 June	9,991
420,808	Total Accumulated Funds	434,801
Restricted Reserves		
20,278	Balance at 1 July	18,336
	Adjusting Categories of Equity	
3,869	Transfers from Accumulated Funds	3,878
(5,811)	Transfer to Accumulated Funds	(5,424)
18,336	Balance at 30 June	16,790
Asset Revaluation Reserve		
169,404	Balance 1 July	205,533
(323)	Revaluation Reversals on Disposal	
	Revaluation of Operational Assets	(1,390)
	Revaluation of Restricted Assets	
15,228	Revaluation of Rooding	-
11,183	Revaluation of Water	-
5,583	Revaluation of Sewerage	-
4,457	Revaluation of Land Drainage	-
-	Revaluation of Other Infrastructural Assets	-
205,533	Balance at 30 June	204,143

Note 23 – Equity continued

Information about reserve funds held for a specific purpose is provided below. Note: () depicts an overdrawn reserve account balance.

RESERVES SCHEDULE AS AT 30 JUNE 2019 (=FUNDSINHAND)	ACTIVITY	PURPOSE	2018 - \$000			2019 - \$000			
			CLOSING BALANCE 2017	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2018	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2019
Council Operating Reserves									
Separate Operating Reserves									
General Rates and Revenues	General Council	For General Rate funded Surpluses or Deficits	37	2,095	(2,326)	(194)	2,555	(2,098)	263
Roading Rate - Asstd/Non asst'd/Special and Safety	Roads and Footpaths	For Roading Rate funded Surpluses or Deficits	753	883	(370)	1,266	560	(561)	1,265
Refuse Collection rate	Solid Waste	For Refuse Collection Rate Surpluses or Deficits	453	129	(271)	311	229	(276)	264
District Growth Rate	District Growth	For District Growth Rate funded Surpluses or Deficits	(43)	28	(36)	(51)	97	(119)	(73)
Whakatāne Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	(167)	590	(823)	(400)	651	(817)	(566)
Ōhope Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	(10)	-	(6)	(16)	-	(1)	(17)
Edgecumbe Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	2	-	(2)	(0)	-	-	(0)
Matatā Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	(2,846)	175	(190)	(2,861)	3,003	(55)	87
Tāneatua Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	(2)	-	-	(2)	-	-	(2)
Te Teko Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	1	-	-	1	-	-	1
Murupara Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	(23)	3	(1)	(21)	-	(29)	(50)
Te Mahoe Wastewater	Sewage Treatment and Disposal	For Sewage Treatment and Disposal Rate funded Surpluses or Deficits	-	-	-	-	-	-	-
Equalised Water	Water Supply	For Water Supply Rate funded Surpluses or Deficits	(392)	517	(577)	(452)	434	(434)	(452)
Murupara Water	Water Supply	For Water Supply Rate funded Surpluses or Deficits	(67)	35	(27)	(59)	153	-	94
Plains Water	Water Supply	For Water Supply Rate funded Surpluses or Deficits	450	434	(923)	(39)	44	(210)	(205)
Dog Control	Animal Control	For Animal Control Surpluses or Deficits	97	5	(8)	94	2	(108)	(12)
Parking Enforcement	Parking	For Parking Enforcement Surpluses or Deficits	239	9	(60)	188	6	(60)	134
Pensioner Housing	Pensioner Housing		2,452	62	(1,965)	549	22	-	571
Airport Whakatāne 50%	Whakatāne Airport	Fow Whakatāne Airport Operating Surpluses or Deficits	(1,170)	555	(299)	(914)	386	(650)	(1,178)
SOP - Fixed Assets			1,197	368	(57)	1,508	61	-	1,569
DM - Matatā Grant Funded	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	186	8	-	194	8	-	202

RESERVES SCHEDULE AS AT 30 JUNE 2019 ()=FUNDSINHAND	ACTIVITY	PURPOSE	2018 - \$'000			2019 - \$'000			
			CLOSING BALANCE 2017	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2018	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2019
			DM - Matatā Non-Grant Funded	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	49	4	(1)	52
DM - Edgecumbe	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	23	1	(3)	21	1	(4)	18
DM - Awatapu	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	9	7	-	16	4	-	20
DM - West End	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	41	11	-	52	6	-	58
Whakatāne Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	163	186	(29)	320	212	(178)	354
Ōhope Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	92	46	-	138	37	(13)	162
Edgecumbe Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	59	1	(74)	(14)	9	(26)	(31)
Matatā Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	15	-	(36)	(21)	9	(1)	(13)
Murupara Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	-	-	-	-	1	-	1
Tāneatua Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	2	5	-	7	1	-	8
Te Teko Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	(0)	1	-	1	-	-	1
Te Mahoe Stormwater	Stormwater Drainage	For Stormwater Drainage Rate funded Surpluses or Deficits	(0)	-	-	(0)	-	-	(0)
Total Separate Operating reserves			1,600	6,158	(8,084)	(\$325)	8,493	(5,640)	2,528
Other Reserves									
Car parks Development	Parking	For the Development of Car Parks in the District	42	2	-	44	2	-	46
Museum Collections	Exhibition, Research, Storage and Archives	For the purchase of Assets for the Museum Collection	1	-	-	1	-	-	1
Galatea Reserve Development	General Council	For amenities within Galatea and Murupara areas	2	-	-	2	-	-	2
Disabled Facilities		For the improvement of Disabled Facilities throughout the District	(9)	-	-	(9)	-	-	(9)
Roading Emergency	Roads and Footpaths	To fund costs associated with storm damage to the Councils Roothing network	731	15	(762)	(16)	318	(381)	(79)
Te Mahoe Water - special	Water Supply	For the purchase of Capital Expenditure for the Te Mahoe Water Scheme	20	1	-	21	1	-	22

2018 - \$000 2019 - \$000

RESERVES SCHEDULE AS AT 30 JUNE 2019 (=FUNDSINHAND)	ACTIVITY	PURPOSE	2018 - \$000		2019 - \$000					
			CLOSING BALANCE 2017	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2018	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2019	
Disaster/LAPP Reserve	Corporate and District	To fund contributions to the LAPP scheme over and above annual insurance	327	-	(327)	-	-	-	-	-
Asset Divestment	General Council	Surplus funds from the Divestment of Council Assets	(676)	673	(364)	(367)	-	(137)	(504)	(504)
Sale of Bennett Block		Surplus funds from the Divestment of Council Assets	(95)	-	-	(95)	-	(4)	(99)	(99)
Leaky Homes Reserve	Building	To fund weathertight claims	(241)	200	(108)	(149)	150	(189)	(188)	(188)
Whakatāne Community Board	Leadership	Separately collected rates for community projects	113	3	(77)	39	1	(27)	13	13
Rangitāiki Community Board	Leadership	Separately collected rates for community projects	(8)	2	-	(6)	73	(9)	58	58
Ōhope Beach Community Board	Leadership	Separately collected rates for community projects	49	2	-	51	2	-	53	53
Tāneatua Community Board	Leadership	Separately collected rates for community projects	14	1	(4)	11	7	(1)	17	17
Murupara Community Board	Leadership	Separately collected rates for community projects	24	9	-	33	70	(18)	85	85
Iwi Liaison Committee	Leadership	Separately collected rates for community projects	7	-	-	7	-	-	7	7
Digitisation	Corporate and District	Separately collected rates for corporate digitisation project	1,370	41	(790)	621	27	(421)	227	227
Waste Minimisation	Solid Waste	Funding for Waste Minimisation Projects	110	99	-	209	146	(161)	194	194
Whakatāne Holiday Park	Recreation and Community Facilities	Funding for the Whakatāne Holiday Park	-	-	(107)	(107)	-	(181)	(288)	(288)
Edgcombe Flood 2017	Community Safety	Deficit relating to the April 2017 Flood	-	420	(3,185)	(2,765)	115	(211)	(2,861)	(2,861)
Part Council Created (Other)			1,781	1,468	(5,724)	(2,475)	912	(1,740)	(3,303)	(3,303)
Council Created Reserve										
Depreciation Reserves										
Whakatāne Water	Whakatāne Water	To fund the renewal of Water Supply Assets	(756)	547	(161)	(370)	866	(559)	(63)	(63)
Ōhope Water	Ōhope Water	To fund the renewal of Water Supply Assets	215	76	(709)	(418)	86	(895)	(1,227)	(1,227)
Edgcombe Water	Edgcombe Water	To fund the renewal of Water Supply Assets	135	141	(29)	247	65	(23)	289	289
Matatā Water	Matatā Water	To fund the renewal of Water Supply Assets	296	17	(35)	278	17	(30)	265	265
Tāneatua Water	Tāneatua Water	To fund the renewal of Water Supply Assets	378	32	-	410	44	(9)	445	445
Murupara Water	Murupara Water	To fund the renewal of Water Supply Assets	614	49	(42)	621	36	(170)	487	487
Rūātōki Water	Rūātōki Water	To fund the renewal of Water Supply Assets	172	17	-	189	7	(23)	173	173
Waimana Water	Waimana Water	To fund the renewal of Water Supply Assets	23	5	-	28	26	(2)	52	52
Plains Water	Plains Water	To fund the renewal of Water Supply Assets	1,368	85	(947)	506	16	(211)	311	311
Te Mahoe Water	Te Mahoe Water	To fund the renewal of Water Supply Assets	44	2	(2)	44	443	-	487	487

2018 - \$000 2019 - \$000

RESERVES SCHEDULE AS AT 30 JUNE 2019 ()=FUNDSINHAND	ACTIVITY	PURPOSE	2018 - \$000		2019 - \$000	
			CLOSING BALANCE 2017	TOTAL IN OUT	TOTAL IN OUT	CLOSING BALANCE 2018
Whakatāne Wastewater	Whakatāne Wastewater	To fund the renewal of Sewage Treatment and Disposal Assets	1,582	403 (380)	520 (191)	1,605 (1,934)
Ōhope Wastewater	Ōhope Wastewater	To fund the renewal of Sewage Treatment and Disposal Assets	(575)	280 (670)	173 (402)	(965) (1,194)
Edgcumbe Wastewater	Edgcumbe Wastewater	To fund the renewal of Sewage Treatment and Disposal Assets	165	218 (21)	338 (4)	362 696
Tāneatua Wastewater	Tāneatua Wastewater	To fund the renewal of Sewage Treatment and Disposal Assets	377	29 -	50 (3)	406 453
Te Mahoe Wastewater	Te Mahoe Wastewater	To fund the renewal of Sewage Treatment and Disposal Assets	(40)	- (2)	7 (7)	(42) (42)
Murupara Wastewater	Murupara Wastewater	To fund the renewal of Sewage Treatment and Disposal Assets	115	89 -	120 -	204 324
Whakatāne Land Drainage	Whakatāne Land Drainage	To fund the renewal of Stormwater Drainage Assets	(712)	221 (73)	177 (116)	(564) (503)
Ōhope Land Drainage	Ōhope Land Drainage	To fund the renewal of Stormwater Drainage Assets	(81)	21 (64)	38 (22)	(124) (108)
Edgcumbe Land Drainage	Edgcumbe Land Drainage	To fund the renewal of Stormwater Drainage Assets	(42)	4 (2)	10 (2)	(40) (32)
Matatā Land Drainage	Matatā Land Drainage	To fund the renewal of Stormwater Drainage Assets	9	- -	5 -	9 14
Tāneatua Land Drainage	Tāneatua Land Drainage	To fund the renewal of Stormwater Drainage Assets	16	1 -	1 1	17 18
Te Mahoe Land Drainage	Te Mahoe Land Drainage	To fund the renewal of Stormwater Drainage Assets	19	1 -	1 1	20 21
Murupara Land Drainage	Murupara Land Drainage	To fund the renewal of Stormwater Drainage Assets	92	4 -	4 (4)	96 96
Te Teko Land Drainage	Te Teko Land Drainage	To fund the renewal of Stormwater Drainage Assets	5	- -	- -	5 5
Refuse Disposal	Refuse Disposal	To fund the renewal of Solid Waste Assets	139	16 -	14 (42)	155 127
Libraries - Deprn	Libraries - Deprn	To fund the renewal of Library Assets	69	128 (109)	115 (103)	88 100
Museum	Museum	To fund the renewal of Museum Assets	137	108 (103)	6 -	142 148
Parks and Gardens and Sportfields	Parks and Gardens and Sportfields	To fund the renewal of Parks, Gardens and Sportfields Assets	1,223	223 (937)	694 (599)	509 604
Cemeteries and Crematoria	Cemeteries and Crematoria	To fund the renewal of Cemeteries and Crematorium Assets	82	26 (24)	52 (56)	84 80
Recreation	Recreation	To fund the renewal of Recreation Assets	142	246 (240)	6 -	148 154
Swimming Pools	Swimming Pools	To fund the renewal of Aquatic Assets	319	176 (341)	198 (308)	154 44
Halls	Halls	To fund the renewal of Hall Assets	553	89 (318)	126 (281)	324 169
Dog Control	Dog Control		1	- -	- -	1 1
Public Conveniences	Public Conveniences	To fund the renewal of Public Convenience Assets	310	13 (91)	57 (101)	232 188
Pensioner Housing	Pensioner Housing		358	15 -	15 -	373 388
Strategic and Investment Property	Strategic and Investment Property	To fund the renewal of Strategic and Investment Property Assets	2	- -	- -	2 2

2019 - \$000

2018 - \$000

RESERVES SCHEDULE AS AT 30 JUNE 2019 (=FUNDS IN HAND)	ACTIVITY	PURPOSE	2018 - \$000		2019 - \$000			
			CLOSING BALANCE 2017	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2018	TOTAL IN	TOTAL OUT
Vehicle and Plant Reserve	Vehicle and Plant Reserve	To fund the renewal of Vehicle and Plant Assets	422	418	(233)	524	(354)	777
Corporate Property	Corporate Property	To fund the renewal of Corporate Property Assets	892	322	(474)	350	(247)	843
Information Management	Information Management	To fund the renewal of Information Management Assets	2,103	417	(574)	563	(531)	1,978
Port	Port	To fund the renewal of Port Assets	1,811	492	(167)	243	(372)	2,007
Roading-assisted/non assisted/special and safety	Roading-assisted/non assisted/special and safety	To fund the renewal of Roading Assets	854	2,076	(2,501)	2,006	(1,648)	787
Airport - Whakatāne 50%	Airport - Whakatāne 50%	To fund the renewal of Whakatāne Airport Assets	(311)	82	(20)	74	(405)	(580)
Whakatāne Holiday Park	Whakatāne Holiday Park		-	58	(3)	62	(67)	50
Part Council Created (Depreciation Reserves)			12,525	7,147	(9,272)	8,155	(7,787)	10,768
TOTAL COUNCIL CREATED RESERVES			15,905	14,727	(22,953)	17,560	(15,167)	9,988
Restricted Reserves								
Develop Contrib.-Whakatāne Water	Water Supply	To fund growth related capital expenditure	63	4	(409)	156	(30)	(216)
Develop Contrib.-Ōhope Water	Water Supply	To fund growth related capital expenditure	158	7	(42)	10	(18)	115
Develop Contrib.-Edgumbe Water	Water Supply	To fund growth related capital expenditure	7	-	-	7	-	7
Develop Contrib.-Matatā Water	Water Supply	To fund growth related capital expenditure	68	3	-	71	3	74
Develop Contrib.-Plains Water	Water Supply	To fund growth related capital expenditure	(62)	2	(3)	-	(3)	(66)
Develop Contrib.-Whakatāne Wastewater	Sewage Treatment and Supply	To fund growth related capital expenditure	(1,041)	215	(454)	549	(891)	(1,622)
Develop Contrib.-Coastlands Wastewater	Sewage Treatment and Supply	To fund growth related capital expenditure	(90)	-	(4)	-	(4)	(98)
Develop Contrib.-Ōhope Wastewater	Sewage Treatment and Supply	To fund growth related capital expenditure	245	10	-	10	-	265
Develop Contrib.-Edgumbe Wastewater	Sewage Treatment and Supply	To fund growth related capital expenditure	(3)	-	-	-	(3)	(3)
Develop Contrib.-Community Infrastructure	Arts and Culture, Recreation and Community Facilities	To fund growth related capital expenditure	381	16	(1)	16	(1)	411
Develop Contrib.-Parks and Gardens	Parks, Reserves and Sportsfields	To fund growth related capital expenditure	544	507	(358)	17	(528)	182
Develop Contrib.-Rural Reserves	Parks, Reserves and Sportsfields	To fund growth related capital expenditure	271	0	(302)	-	(1)	(32)
Develop Contrib.-Whakatāne Reserves	Parks, Reserves and Sportsfields	To fund growth related capital expenditure	(7)	7	-	-	-	(0)
Develop Contrib.-Ōhope Reserves	Parks, Reserves and Sportsfields	To fund growth related capital expenditure	150	-	(150)	-	-	-
Develop Contrib.-Edgumbe Reserves	Parks, Reserves and Sportsfields	To fund growth related capital expenditure	54	-	(54)	-	-	-
Develop Contrib.-Murupara Reserves	Parks, Reserves and Sportsfields	To fund growth related capital expenditure	12	-	(12)	-	-	-

RESERVES SCHEDULE AS AT 30 JUNE 2019 (=FUNDS IN HAND)	ACTIVITY	PURPOSE	2018 - \$000			2019 - \$000			
			CLOSING BALANCE 2017	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2018	TOTAL IN	TOTAL OUT	CLOSING BALANCE 2019
Develop Contrib.-Solid Waste	Solid Waste	To fund growth related capital expenditure	263	13	-	276	16	-	292
Develop Contrib.-Roading	Roads and Footpaths	To fund growth related capital expenditure	974	35	(333)	676	51	(46)	681
Develop Contrib.- Non Fin Asst. Roading	Roads and Footpaths	To fund growth related capital expenditure	4	-	-	4	-	-	4
Develop Contrib.- Whakatāne Land Drain	Stormwater Drainage	To fund growth related capital expenditure	54	35	(2)	87	50	(1)	136
Develop Contrib.-Ōhope Land Drain	Stormwater Drainage	To fund growth related capital expenditure	117	5	-	122	5	-	127
Develop Contrib.-Matatā Land Drain	Stormwater Drainage	To fund growth related capital expenditure	-	-	-	-	-	-	-
Develop Contrib.- Whakatāne Car parks		To fund growth related capital expenditure at Ōtarawaihere	(8)	-	-	(8)	-	-	(8)
Ōtarawaihere Disaster Mitigation	Stormwater Drainage	To fund growth related capital expenditure	(44)	-	(2)	(46)	-	(2)	(48)
Capital Contributions Roading	Roads and Footpaths	Financial Contributions for Roading Capital Projects	58	2	-	60	2	-	62
Subdivision Contributions-Whakatāne	General Council	To fund growth related capital expenditure in the Whakatāne Ward	106	5	-	111	4	-	115
Subdivision Contributions-Ōhope	General Council	To fund growth related capital expenditure in the Ōhope Ward	43	2	-	45	2	-	47
Subdivision Contributions-Edgecumbe	General Council	To fund growth related capital expenditure in the Edgecumbe Ward	24	1	-	25	1	-	26
Subdivision Contributions-Matatā	General Council	To fund growth related capital expenditure in the Matatā Ward	21	1	-	22	1	-	23
Subdivision Contributions-Murupara	General Council	To fund growth related capital expenditure in the Murupara Ward	6	-	(7)	(1)	-	-	(1)
Subdivision Contributions-Rural	General Council	To fund growth related capital expenditure in the Rural Ward	12	-	(7)	5	-	-	5
Harbour Capital Fund	Ports and Harbour	For Ports and Harbour Operating Surpluses or Deficits	6,503	2,506	(3,664)	5,345	2,504	(3,899)	3,950
Harbour Land Sales	Ports and Harbour	Funds set aside from the sale of Harbour Assets	11,392	484	-	11,876	479	-	12,355
Total Restricted Reserves			20,277	3,860	(5,804)	18,333	3,876	(5,424)	16,785
Total Reserves			36,183	18,587	(28,757)	26,013	21,436	(20,591)	26,773

Note 24 – Joint Venture

The Council's interest in the Whakatāne Airport Joint Venture is accounted for as a jointly controlled operation. The Council's interests in the jointly controlled operation are as follows:

(50% of the figures below are included in the council financial statements)

ACTUAL 2018 \$000		ACTUAL 2019 \$000
134	Current Assets	267
2,153	Non-Current Assets	3,230
828	Current Liabilities	1,172
-	Non-current Liabilities	-
196	Revenue	218
443	Expenses	512
-	The Council's capital commitments in relation to the joint venture	-
269	Share of joint venture's commitments	-
-	The Council's contingent liabilities incurred in relation to the joint venture	-
-	Share of joint venture's contingent liabilities	-
-	Other venturers' contingent liabilities the Council is liable for	-
-	The Council's contingent assets arising in relation to the joint venture	-
	Share of joint venture's contingent assets	-

No related party debts have been written off or forgiven during the year.

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

Note 25 – Reconciliation of Net Surplus (Deficit) After Tax to Net Cashflow from Operating Activities

ACTUAL 2018 \$000		ACTUAL 2019 \$000
6,143	Surplus/ (Deficit)	12,711
	Add / (Less) Non-cash Items	
2,974	Flood Recoveries	-
	Deferred Tax	(40)
505	Bad Debts expenses	364
12,512	Depreciation and Amortisation Expense	13,444
	Impairments	9
(339)	Movement in doubtful debt provision	-
16	Movement in provision	-
150	(Gains)/Losses on Revaluation - Property Intended for Sale	(30)
(1,162)	(Gains)/Losses on Revaluation - Investment Property	(800)
(55)	(Gains)/Losses Forestry	(147)
299	(Gains)/Losses on Revaluation - Derivative Financial Instruments	1,455
(310)	Vested Assets	-
	Rates Penalty adjustment	(597)
14,590	Total Non-cash Items	13,658
	Add / (Less) Items Classified as Investing or Financing Activities	
387	(Gains)/Losses on Disposal of Property, Plant and Equipment	(34)
387	Total Items Classified as Investing or Financing Activities	(34)
	Add/(Less) Movements in other Working Capital Items	
(610)	(Increase)/Decrease in Receivables	(2,995)
(29)	(Increase)/Decrease in Prepayments	(100)
44	(Increase)/Decrease in Inventory	(116)
(4,078)	Increase/(Decrease) in Payables	(2,494)
	Increase/(Decrease) in Provisions	111
235	Increase/(Decrease) in Employment Entitlements	(60)
(24)	Increase/(Decrease) in Deferred Tax	(41)
(4,462)	Net Movement in Working Capital Items	(5,695)
16,658	Net Cash Inflow/(Outflow) from Operating Activities	20,650

Note 26 – Capital Commitments and Operating Leases

ACTUAL 2018 \$000		ACTUAL 2019 \$000
Capital Commitments		
1,276	Roading Network	6,098
309	Stormwater	104
793	Wastewater	50
451	Water System	106
	Port	27
318	Building - Museum Redevelopment Project	16
3,147	Total Capital Commitments	6,401

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Operating Leases as Lessee		
136	Not later than one year	9
323	Later than one year and not later than five years	12
459	Total Non Cancellable Operating Leases as Lessee	21

The Council leases equipment in the normal course of business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases at 30 June are represented above. There are no restrictions placed on the Council by any of the leasing arrangements.

Operating Leases as Lessor		
2,143	Not later than one year	1,996
6,812	Later than one year and not later than five years	5,461
2,405	Later than five years	1,696
11,360	Total Non Cancellable Operating Leases as Lessor	9,153

Investment property is leased under operating leases. The amounts above amounts are the future aggregate minimum lease payments to be collected under non-cancellable operating leases.

Note 27 – Contingencies

QUANTIFIED CONTINGENT LIABILITIES

ACTUAL 2018 \$000	ACTUAL 2019 \$000
- Legal disputes	14
- Total Contingencies	14

CONTINGENT LIABILITIES

The Council has contingent liabilities for indemnity claims, but the only claim that might be estimated is related to weathertightness (see below) and a provision has been made in the financial statements to anticipate this liability.

With regard to the quantified contingent liabilities, there are four potential liabilities faced by the Council.

Weathertightness Claims

Refer note 20. The Council has included a provision in the accounts for a potential liability in relation to a building weathertightness claim. The calculation is based on a forecast percentage estimate of the total claim.

The amount of other potential future claims cannot be reliably estimated and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services (WHRS) Act 2006, but other statutory limitation periods could also affect claims.

Ministry of Education and Carter Holt Harvey (CHH)

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. The MOE's claim against CHH is for 833 school buildings, 35 of which are located within the Whakatāne District. In 2016, CHH commenced proceedings against 48 councils, including Whakatāne District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

28 school buildings (one in the Whakatāne District) built outside the 10 year long stop contained within the Building Act 2004 have since been struck out by the High Court.

The court has directed that the trial be staged.

The first stage will be a 6 month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

Homeowners and CHH

During the year, a group of homeowners initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. CHH has joined 19 Councils as co-defendants in this claim.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

Claim of nuisance

The council was served proceedings on the 24th September 2019 on an alleged claim of nuisance arising from the Edgecumbe flood event. It is unclear as to whether this claim would be covered by insurance and as such the liability is unquantified at this stage. The proceedings will be defended.

Building Defects Claim

Proceedings have been settled following a mediation meeting in May 2019 on alleged building defects. The council will be liable for a further payment to the plaintiff to a maximum of \$14,000 should a co-defendant party default on their payments.

Unquantified Liability

Council has recently secured partial funding from Central and Local Government organisations for a potential 'retreat from hazard' payment to the owners of properties subject to a high loss-of life-risk in the

Awatarariki Stream debris flow fanhead area at Matatā. Valuations have been undertaken for discussion with the owners of the affected properties in this debris flow hazard area. The Council will potentially be liable for a proportion of the potential financial incentive package for landowners. At this stage, the liability is unquantified, as it is dependent on how many landowners are prepared to willingly participate in the incentive programme. It is also dependent on whether potential incentive packages can be agreed between the landowners and the Council.

Unquantified Claims

RiskPool, until June 2017, provided public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for that Fund year. The Council received a notice during 2012 for a call for additional contributions in respect of the 2003 and 2004 Fund years as those funds were exhibiting deficits due to the “leaky building” issue. This notice also highlighted that it is possible that further calls could be made in the future. A liability will be recognised for the future calls when there is more certainty over the amount of the calls.

The Supreme Court decision in October 2012 on a Council’s liability for non-residential buildings may affect the liability of the Council for weathertightness claims for non-residential buildings. The impact of the decision is yet to be quantified by the Council. The Council is yet to receive any claims as a result of this ruling.

The Council has accrued the first Riskpool call of \$68,738 in the financial statements. A future call may be made in the 2023 year of approximately \$30,000.

Employment Dispute

There are no employment disputes at 30 June 2019 (2018: nil).

New Zealand Local Government Funding Agency

Whakatāne District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local

authorities in New Zealand. NZLGFA has a local currency rating from Fitch Ratings and Standard and Poor’s of AA+ and a foreign currency rating of AA.

As at 30 June 2019, Whakatāne District Council is one of 30 local authority shareholders and 22 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$100,000. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Whakatāne District Council is a guarantor of all of NZLGFA’s borrowings. At 30 June 2019, NZLGFA had borrowings totalling \$9,531m (2018: \$8,272m).

Financial reporting standards require Whakatāne District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

CONTINGENT ASSETS

The Council has estimated a total expense of \$5.96 million for the damages attributed to the widespread flooding that occurred in Edgecumbe and the failure of the floodwall at College Road on 6 April 2017. Out of this amount, the Council has recovered claims amounting to \$2.1 million during the year 2017-2018 from the Third Party Residents Insurance, Ministry of Civil Defence and Emergency Management (MCDEM), BOPRC, Emergency Operations Centre (EOC) and Earthquake Commission (EQC).

Claims amounting to \$0.5 million has been approved to release by 2019 by Aon NZ for the two wharves, Whakatāne and Thornton, that got damaged during the floods.

The Council is still following up the balance estimated insurance payment of \$3.85 million to be released by the Aon NZ and MCDEM and it is unable to estimate when the final amount will be awarded.

Note 28 – Related Party Transactions

RELATED PARTY TRANSACTIONS REQUIRED TO BE DISCLOSED

Russell Orr, the Commissioner of District Licencing Committee, was paid \$ 19,669 by the Council for the services provided by him.

The Council has a 1/9th share in BOPLASS Limited. BOPLASS Limited has been established to foster collaboration between councils in the delivery of services particularly back office or support services. Whakatāne District Council's Chief Executive, Stephanie O'Sullivan, was appointed as a director and Shareholder Representative of BOPLASS Limited during the year. During the year the Council contracted BOPLASS Limited for services costing \$ 128,725.72 (2018: \$151,302.53).

The Council granted \$ 12,000 to the Pride Whakatāne District Committee of which Councillor Iles is the Chairperson.

Whakatāne District Council has a 50:50 joint equity venture with the Ministry of Transport (Air Transport Division) in the Whakatāne Airport and both entities are considered to be the related parties. Administrative and maintenance transactions totalling \$146,298 (2018: 126,098) were carried out with the Joint Venture. Funds held by Council on behalf of the Airport total \$ 1,101,406 deficit (2018: \$763,275 deficit).

KEY MANAGEMENT PERSONNEL COMPENSATION

	2018 \$000	2019 \$000
Councillors and Mayor		
Remuneration	514	537
Number of Elected Officials	11	11
Executive Team, including the Chief Executive		
Remuneration	1,442	1,273
Full-time Equivalent Member	7	5.8
Total Key Management Personnel Remuneration	1,956	1,810
Total Full-time Equivalent Personnel	18	16.8

Total remuneration includes the value of any non-financial benefits.

Due to the difficulty in determining the full-time equivalent for elected officials, the full time equivalent figure is taken as the number of elected officials. Detailed salaries and allowances paid to elected officials are presented in Note 29.

Note 29 – Remuneration

CHIEF EXECUTIVE

The Chief Executive of the Whakatāne District Council, appointed under section 42(1) of the Local Government Act 2002, received a remuneration package of \$271,709 (2018: \$325,141) including KiwiSaver. And in addition, a benefit of \$11,205 (2018 \$12,500) for a vehicle.

ELECTED REPRESENTATIVES

Elected representatives received the following remuneration:

2018 \$			2019 \$				
SALARIES	HEARINGS	ALLOW AND EXP REIMB	MAYOR AND COUNCILLORS		SALARIES	HEARINGS	ALLOW AND EXP REIMB
109,456		4,335	Bonne, Tony (Mayor)	BONNE, Tony (Mayor)	115,465		8,844
44,095		8,568	Iles, Andrew	ILES Andrew	46,855		8,156
29,396		900	Jarrett, Scott	JARRETT Scott	31,238		983
29,396		1,455	Johnston, George	JOHNSTON George	31,238		983
29,396		900	Jukes, Julie	JUKES Julie	31,238		1,480
44,095	21,312	2,623	Orr, Russell	ORR Russell	46,855	19,669	2,246
29,396		11,938	Silcock, Alison	SILCOCK Alison	31,238		11,611
29,396		900	Tánczos, Nándor	TANCZOS Nándor	31,238		983
52,913		900	Turner, Judy (Deputy Mayor)	TURNER Judy (Deputy Mayor)	56,222		983
29,396	160	900	Van Beek, Gerard	VAN BEEK Gerard	31,238		983
29,396		2,919	van der Boom, Michael	VAN DER BOOM Mike	31,238		1,299

COMMUNITY BOARD MEMBERS

Edgecumbe - Tarawera							
5,004		300	Bourk, Graeme	BOURK Graeme	5,087		392
5,004		300	Byrne, Kris	BYRNE Kris	5,087		392
5,004		300	Clark, Alison	CLARK Alison	5,087		392
5,004		300	Dennis, Gavin	DENNIS Gavin	5,087		392
5,004		300	Harvey, Evan	HARVEY Evan	5,087		392
10,007		300	Stevenson, Charelle	STEVENSON Charelle (C)	10,165		758
Tāneatua							
3,857		300	Chater, Geoffrey	CHATER Geoffrey	3,923		392
-			Faulkner, Mary		2,115		216
3,857		300	Knowles, Les	KNOWLES Les	3,923		392
3,857		300	Ratu, Te Whata	RATU Te Whata (HOHEPA- McLEAN)	3,923		392
3,857		300	Robert, Michael	ROBERT Michael	1,576		152
3,857		300	Ruiterman, Luke	RUITERMAN Luke	3,923		392
7,714		300	Yalden, Diane	YALDEN Diane (C)	7,838		392
Whakatāne / Ōhope							
8,365		300	Boreham, Kay	BOREHAM Kay	8,498		392

2018 \$			MAYOR AND COUNCILLORS				2019 \$			
SALARIES	EARINGS	ALLOW AND EXP REIMB			SALARIES	HEARINGS	ALLOW AND EXP REIMB			
8,365		300	Casey, Gerard	CASEY Gerard	8,498		392			
16,730		300	Chambers, Christine	CHAMBERS Christine (C)	16,989		392			
8,365		300	Delahunty, Neville	DELAHUNTY Neville	8,498		392			
8,365		300	Hamill, Carolyn	HAMILL Carolyn	8,498		392			
8,365		300	Hanna Moira	HANNA Moira	8,498		392			
8,365		300	Inman, Mark	INMAN Mark	8,498		392			
8,365		300	Manning, Jennifer	MANNING Jennifer	8,498		392			
Murupara										
3,857		300	Hynes, Ormond	HYNES Ormond	3,923		392			
3,857		300	Jenkins, Bruce	JENKINS Bruce	3,408		338			
3,857		300	Jenner, Memorie	JENNER Memorie	3,923		392			
3,359		261	O'Brien April	O'BRIEN April	3,923		392			
316		25	Rangiwai, Byron	RANGIWAI Byron	3,923		392			
4,242		873	Rangiwai, Te Waiti	RANGIWAI Te Waiti	3,923		392			
3,857		300	Te Amo, Jackie	TE AMO Jackie	-		-			
616,987	21,472	44,697	Total Elected Representatives' Remuneration			646,386	19,669	49,019		

COUNCIL EMPLOYEES

	2018	2019
Total annual remuneration by band for employees as at 30 June:		
<\$60,000	165	<\$60,000 161
\$60,000 - \$79,999	47	\$60,000 - \$79,999 45
\$80,000 - \$99,999	28	\$80,000 - \$99,999 33
\$100,000 - \$119,999	14	\$100,000 - \$119,999 13
\$120,000 - \$299,999	11	\$120,000 - \$139,999 7
\$300,000 - \$319,999	1	\$140,000 - \$189,999 6
		<\$190,000 2
Total Employees	266	267

At balance date, the Council employed 167 (2018: 165) full time employees, with the balance of staff representing 52.24 (2018: 55.66) full time equivalent employees. A full time employee is determined on the basis of a 40 hour working week.

Note 30 – Severance Payments

For the year ended 30 June 2019 Whakatāne District Council made severance payments of \$23,063 to 2 employees. (2018: \$16,207 to 3 employees).

Note 31 – Events After Balance Date

There were no significant events after balance date (2018:Nil).

Note 32a – Financial Instrument Categories

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

ACTUAL 2018 \$000		ACTUAL 2019 \$000
FINANCIAL ASSETS		
Fair Value Through Surplus or deficit		
Financial Instruments		
-	Derivative Financial Instrument Assets	-
Loans and Receivables		
5,623	Cash and Cash Equivalents	4,730
9,753	Receivables	13,662
15,376	Total Loans and Receivables	18,392
Fair Value Through Other Comprehensive Revenue and Expense		
Other Financial Assets:		
50	Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd)	50
9	BoP LASS Ltd	9
868	NZ Local Government Funding Agency	1,012
927	Total Fair Value Through Comprehensive Revenue and Expense	1,071
FINANCIAL LIABILITIES		
Fair Value Through Surplus or deficit		
Financial Instruments		
3,293	Derivative Financial Instrument Liabilities	4,747
Financial Liabilities at Amortised Cost		
11,622	Payables	9,355
65,000	Borrowings - Secured Loans	70,500
76,622	Total Financial Liabilities at Amortised Cost	79,855

Note 32b - Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments, in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- - Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments at fair value in the statement of financial position.

	TOTAL	QUOTED MARKET PRICE	OBSERVABLE INPUTS	SIGNIFICANT NON-OBSERVABLE INPUTS
2018				
FINANCIAL ASSETS				
Derivatives	-	-	-	-
Local Authority Stock	9	-	9	-
Shares	150	-	150	-
Borrower Notes	768	-	768	-
FINANCIAL LIABILITIES				
Derivatives	3293	-	3,293	-
2019				
FINANCIAL ASSETS				
Derivatives	-	-	-	-
Local Authority Stock	9	-	9	-
Shares	150	-	150	-
Borrower Notes	912	-	912	-
FINANCIAL LIABILITIES				
Derivatives	4,747	-	4,747	-

Note 32c - Financial Instrument Risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Council has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. The Council has established Council-approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. This price risk arises due to market movements in listed shares. This price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in Council's Investment policy.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. Council's Liability Management policy is to maintain approximately 55-90% of its borrowings in fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates in excess of the target above.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk.

Generally, the Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits and local authority stock which gives rise to credit risk.

The Council's Investment policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the group invests funds only with entities that have a Standard and Poor's credit rating of A- or above for long-term investments.

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

EXPOSURE TO CREDIT RISK AS AT 30 JUNE

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

2018 \$000		2019 \$000
MAXIMUM EXPSOURE TO CREDIT RISK		
5,623	Cash at Bank and Term Deposits	4,730
9,753	Trade and Other Receivables	13,689
768	Local Authority and Government Stock	912
16,144	Total Credit Risk	19,331

The Council is exposed to credit risk as a guarantor of all the LGFA's borrowing. Information about this exposure is explained in Note 27



CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

2018 \$000			2019 \$000
COUNTERPARTIES WITH CREDIT RATINGS			
5,623	Cash at Bank and Term Deposits	AA-	4,730
5,623	Total Cash at Bank and Term Deposits		4,730
Local Authority Stock and Government Bonds			
	Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd)	unrated	
868	NZ Local Government Funding Agency	AA+	1,012
868	Total Local Authority Stock and Government Bonds		1,012
COUNTERPARTIES WITHOUT CREDIT RATINGS			
50	Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd)		50
9	Bay of Plenty Local Authority Shared Services Limited		9
59			59

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

LIQUIDITY RISK

Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy.

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES

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

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-2 YEARS \$000	2-5 YEARS \$000	MORE THAN 5 YEARS \$000
Council 2019						
Trade and Other Payables	9,355	9,355	9,355	-	-	-
Secured Loans	70,500	78,110	10,127	14,499	27,250	26,234
Financial Derivatives	4,747	9,465	4,061	2,040	2,775	589
Total	84,602	96,930	23,543	16,539	30,025	26,823
Council 2018						
Trade and Other Payables	11,622	11,622	11,622	-	-	-
Secured Loans	65,000	65,000	21,000	-	27,000	17,000
Financial Derivatives	3,293	3,293	49	219	959	2,066
Total	79,915	79,915	32,671	219	27,959	19,066

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event the LGFA failing to pay its borrowings when they fall due. Information about this exposure is in note 27.

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	1-2 YEARS \$000	2-5 YEARS \$000	MORE THAN 5 YEARS \$000
Council 2019						
Cash and Cash Equivalents	4,730	4,730	4,730	-	-	-
Receivables	13,689	13,689	13,689	-	-	-
Net Settled Derivative Assets						
Other Financial Assets:						
Local Authority and Government Stock	912	912	-	128	384	400
Total	19,331	19,331	18,419	128	384	400
Council 2018						
Cash and Cash Equivalents	5,623	5,623	5,623	-	-	-
Receivables	9,753	9,753	9,753	-	-	-
Net Settled Financial Instruments	-	-	-	-	-	-
Other Financial Assets:						
Local Authority and Government Stock	768	768	144	-	352	272
Total	16,144	16,144	15,520	-	352	272

SENSITIVITY ANALYSIS

The tables below illustrate the potential effect on surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

	2019 \$000				2018 \$000			
	SURPLUS	-100BPS OTHER EQUITY	SURPLUS	+100BPS OTHER EQUITY	SURPLUS	-100BPS OTHER EQUITY	SURPLUS	+100BPS OTHER EQUITY
Financial Assets								
Cash and Cash Equivalents	(47)	-	47	-	(56)	-	56	-
Derivatives - Interest Rate Swaps	-	-	-	-	-	-	-	-
Other Financial Assets:								
Local Authority and Government Stock	(11)	-	11	-	(9)	-	9	-
Financial Liabilities								
Derivatives - Interest Rate Swaps	(1,899)	-	1,779	-	(2,027)	-	1,921	-
Borrowings:								
- Bank Overdraft	-	-	-	-	-	-	-	-
- Debt	705	-	(705)	-	650	-	(650)	-
Total Sensitivity to Interest Rate Risk	(1,252)	-	1,132	-	(1,442)	-	(1,336)	-

EXPLANATION OF INTEREST RATE RISK SENSITIVITY

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%.

Derivatives

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2018: -100bps/+100bps). Derivative financial liabilities not hedge accounted include interest rate swaps with a fair value totalling minus \$4,747,000 (2018: minus \$3,293,000). A movement in interest rates of plus or minus 1.0% has an effect on the swap value of minus \$1,899,000 (2018: minus \$2,027,000) and \$1,779,000 (2018: \$1,921,000).

Local Authority Stock

A total of \$58,000 (2018: \$58,000) of investments in local authority stock are classified at fair value through equity. A movement in interest rates of plus or minus 1.0% has an effect of \$580 (2018: \$580) on the fair value through equity reserve.

Secured Loans (Floating)

The Council has floating rate debt with a principal amount totalling \$35 million (2018: \$26 million). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$350,000 (2018: \$260,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

Creditors and other payables

Trade payables do not include any foreign currency denominated payables in relation to plant and equipment purchases. Therefore there is no currency price risk and no movement under sensitivity analysis.

Note 33- Capital Management

The Council's capital is its equity (or ratepayer's funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interest of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilizing the Council's assets and not expecting them to

meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the cost of deferred renewals and maintenance.

The Act required the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Note 34 - Variances from Budget

Explanations for major variations from the Council's budget figures in the 2018-28 Long Term Plan are as follows:

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The surplus before tax of \$12.67 million is \$0.34 million lower than the budgeted surplus of \$13 million in the 2018-28 Long Term Plan. The variance is attributable to the following factors:

Revenue (\$0.65 million 0.9% less than budget)

- Subsidies and Grants were \$4.41 million less than budget. This was due to
 - » Roothing \$5.3M less than budget due to incomplete and under-budget works related to storm damage on Local and Special Purpose roads.
 - » Museum Building \$0.46M favourable due to unbudgeted subsidy received for the Museum Redevelopment.
 - » Port \$100K favourable, was an unbudgeted subsidy received for the Port Ōhope Upgrade Project.
 - » Parks \$200K favourable.
 - » Liveable Homes was \$113K favourable, which reflects a transfer of subsidy from the Liveable Homes Reserve to cover liveable homes expenditure.
- Fees and charges were \$1.52 million more than budgeted as a result of :
 - » Building Inspection achieved \$392K more than budget due to the number and value of consents being considerably higher than expected, with high value developments including a Medical Centre and the the Kiwibuild housing.
 - » Waste disposal fees collected were \$428K more than budget.
 - » Whakatāne Holiday Park had a favourable variance of \$122K due to increased occupancy by contractors in the usual low peak period of occupancy.
 - » Roothing Amenity Lighting received \$412K unbudgeted income. This was for a contract which the Council carried out on behalf of the New Zealand Transport Association and Kawerau District Council, which was fully reimbursed.
 - » Economic Development had unbudgeted income of \$109K which includes reimbursement for Bay of Plenty Regional Council, Kawerau District Council and Opotiki District Council for regional growth work, and reimbursement from the Ministry of Business and Innovation for the Town Regeneration project

- Rates were favourable by \$1.1M (2.5%) compared to budget with gains in debt collection and new subdivisions.
- Gains are \$1.01 million more than anticipated. This is due predominantly to investment property valuations increasing the value of the investment portfolio by \$0.83 million.

Expenditure (\$32 million .51% lower than budget)

- Depreciation was \$2 million under budget predominantly due to a decrease in the recommended depreciation for roading following the 2017/18 valuation.
- Revaluation Losses were \$1.5 million unfavourable due to financial derivative costs.
- Personnel costs were \$147K higher than budget resulting in a less than 1% (.87%) variance. Just over \$100K was paid out in severance and redundancy payments.
- Finance Costs were \$258K above budget due to short term funding needed to support business cashflow timing.

STATEMENT OF CHANGES IN NET ASSETS AND EQUITY

The Council's equity has been adjusted by the current year total comprehensive revenue and expense, a surplus of \$11.3 million, which is the net of the surplus after tax of \$12.7 million and a net loss on impairment of \$1.4 million. The remaining movements are a result of movements in restricted reserves and council created reserves.

STATEMENT OF FINANCIAL POSITION

The Net Assets variance to budget was 1.8% (\$11.8 million) more than budgeted. Within that variance was \$20.1 million higher than budgeted liabilities and \$31.9 million higher in assets:

Total Assets (\$31.9 million 4.5 % more than budget)

- Non-Current Assets exceeded budget by \$31.5 million (\$1 million of this was due to increase in valuation on investment property and forestry). \$1.2 million of impairments were carried out as a result of the seismic testing of buildings and structures. More asset projects were completed and capitalised to WIP than anticipated. This is a continuation from the previous year where anticipated capitalisations exceeded budget by \$50 million.
- Receivables exceeded budget by \$3.9 million. Rating Debtors were up from last year by \$1.1 million and the doubtful debts provision was decreased by \$1.9M

due to less 90 days+ aged debts. Metered water receivables were also up by \$600K from the previous year.

- Infrastructural Assets were \$18.2 million more than the budget and Operational Assets were \$4.5 million more than budget. This was due to more capital expenditure being achieved and capitalised from WIP than forecast.

Total Liabilities (\$20 million 28.9% more than budget)

- Borrowing exceeding budget was the predominant variance in liabilities. The council was \$16.5 million above budget at year end but \$8.5 million of this was short term borrowing. \$3.5 million of this was repaid during August and the remaining \$5.5 million was a 3 month commercial paper that was rolled to ensure a cash buffer was in place. More capital expenditure was achieved than originally envisaged and the remaining \$8M helped to support the favourable fixed asset variance of \$31.5M.

STATEMENT OF CASHFLOWS

- There was a positive variance of cash held compared to budget of \$2.2 million.
- Net Cashflows from operating activities were \$9.5 million less than budget, spending more (\$2 million) and receiving less income (\$7.5 million). This is mainly reflected in:
 - » Rates Income being \$4.3 million less than budgeted- this reflects timing of issues as the overall rates variance in the Statement of Comprehensive Income was favourable by \$1.1M.
 - » Subsidies and Grants being \$4.3 million less than budget mainly due to roading grants.
 - » Payments to suppliers and employers were over budget by \$4.5 million but this was somewhat offset by a favourable variance of \$2.4 million in payments to agencies.
- Net cashflows from investing activities were \$2.2 million less than budget with capital purchase cashflows under budget by \$2.7 million. Some of the planned capital expenditure was delayed due to storm damage repairs.
- Financing activities were over by \$6.5 million with \$15 million extra in loans being raised compared to budget. However, \$8.5 million of loans were repaid in excess of budget resulting in this net effect. It should be noted that all \$8.5 million was short term loans with \$3.5 million being paid immediately after year end and the balance as 3 month commercial paper.

APPENDICES

Ngā Tāipiritanga



COMMUNITY OUTCOMES

Ngā painga-a-hāpori

Our Community Outcomes are a high-level set of desired goals that we aim to achieve. They seek to improve the social, economic, environmental and cultural well-being of our District, now and for the future and were set through the Long Term Plan 2018-28. Throughout this Annual Report you will see references indicating our progress in achieving our Community Outcomes during the 2018/19 year.



EFFECTIVE LEADERSHIP **Striving for our future and well-being**

- Be visible, strong, have a clear vision and listen to all sectors of the community
- Work in partnership with Iwi and the community
- Ensure accountability to the community through transparent, open and inclusive decision making
- Respond and advocate on community issues.



SUSTAINABLE ECONOMIC DEVELOPMENT **Working in partnership**

- Facilitate an economy that is prosperous in both urban and rural areas
- Encourage business growth that builds on the region's assets
- Support Māori economic development
- Promote connected businesses through effective networks.



COMMUNITY NEEDS **A caring community**

- Create vibrant, connected and safe communities
- Support healthy, active communities
- Build inclusive communities
- Value, celebrate, promote and protect Māori culture.



QUALITY SERVICES **Excellent value for money**

- Provide services that meet the aspirations of the community
- Ensure all customers are dealt with in a timely, helpful and friendly way.



VALUING OUR ENVIRONMENT **Sustaining for future generations**

- Sustainably manage the natural and physical resources
- Recognise and protect places of natural and cultural heritage
- Proactively plan for growth and ensure the effects and costs are managed.



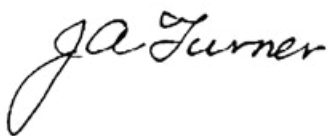
RELIABLE AND AFFORDABLE INFRASTRUCTURE **Meeting current and future needs**

- Provide infrastructure that facilitates growth and development
- Sustainably manage community assets
- Ensure people, infrastructure and the environment are protected from natural disasters.

STATEMENT OF COMPLIANCE

Te Whakataunga Pūtea

The Council and the 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.



Judy Turner
Mayor
31 October 2019



Steph O'Sullivan
Chief Executive
31 October 2019



Independent Auditor's Report

To the readers of Whakatāne District Council's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of Whakatāne District Council (the District Council). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2019. This is the date on which we give our report.

Opinion

Unmodified opinion on the audited information, excluding the statement of service performance information

In our opinion:

- the financial statements on pages 90 to 147:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2019;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 24, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

- the statement about capital expenditure for each group of activities on pages 81 to 83 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s Long-term plan; and
- the funding impact statement for each group of activities on pages 27 to 74, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan.

Qualified opinion on the statement of service performance information - The District Council was unable to report its performance for certain performance measures for the comparative year

In our opinion, except for the matter described in the *Basis for our qualified opinion on the audited information* section of our report, which only affects certain measures in the comparative year, the statement of service performance on pages 5 to 6, 8 to 15, and 25 to 75:

- presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2019, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 84 to 89, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

Basis for our qualified opinion on the audited information

Important performance measures in the District Council’s service provision information are the response times to attend and resolve water supply and sewerage call outs, and the processing times of building consent applications. In respect of the 30 June 2018 comparative information only, the District Council was unable to report against these measures because the data in its reporting systems was not reliable. Consequently, our audit opinion on the statement of service performance

for the year ended 30 June 2018 was qualified because we considered the statement of service performance did not present fairly the Council's performance for these activities.

For the current year performance information, the District Council has been able to reliably report its performance against these performance measures. This means the District Council's performance information reported for these measures for the 30 June 2019 year cannot be compared to the 30 June 2018 year.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 4, 7, 16 to 23, 76 to 80, and 148 to 150, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we carried out a limited assurance engagement related to the District Council's debenture trust deed, which is compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand