



Ordinary Council
Hui a te Kaunihera

Thursday, 21 December 2023
Rāpare, 21 Hakihea 2023

Totara Room, Whakatāne District Council
14 Commerce Street, Whakatāne
09:00 am

Chief Executive: Steph O'Sullivan
Publication Date: 18 December 2023

A Membership - *Mematanga*

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Mayor Dr V Luca

Deputy Mayor L N Immink

Councillor T Boynton

Councillor G L Dennis

Councillor A V Iles

Councillor W B James

Councillor J C Jukes

Councillor T O'Brien

Councillor J W Pullar

Councillor N Rangiaho

Councillor N S Tánczos

B Powers of the Council - *Ngā mana o te Kaunihera*

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The Council will meet Eight weekly to make decisions on all matters that cannot be delegated, that it has not delegated or that it has had referred to it by staff or a committee. Extraordinary Council meetings will be called when required in between the Eight weekly cycle for specific purposes such as hearing the Annual Plan submissions.

The powers that cannot be delegated by the Council are:

- a. the power to make a rate
- b. the power to make a bylaw
- c. the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan
- d. the power to adopt a Long-term plan, Annual plan or Annual report
- e. the power to appoint a Chief executive
- f. the power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long-term plan or developed for the purpose of the Local Governance Statement
- g. the power to adopt a remuneration and employment policy

The powers that can be delegated but which the Council retains:

- a. Approve the Council's recommendation to the Remuneration Authority for the remuneration of additional positions of responsibility for elected members and elected members expenses rules
- b. Approve the Local Governance Statement (called "A Guide to the Whakatāne District Council") produced following the triennial election of members
- c. Resolve those decisions required to be made by a local authority under the Local Electoral Act 2001 including the appointment of electoral officer.
- d. Determine whether or how to fill any extraordinary Council vacancies within 12 months of an election
- e. Review and make decisions on Council membership and the basis for elections through representation reviews
- f. Set the direction for the Long-Term Plan
- g. Hearing of submissions on the Long-Term Plan and, if required, the Annual Plan
- h. Appoint and discharge trustees, directors or office holders to Council's Council-Controlled organisations and to other external bodies
- i. Agree the final Statement of Intent for Council's Council-Controlled organisations
- j. Adopt the Half Yearly and Full Year Annual Report of the Whakatāne Airport
- k. Approve the purchase, sale and disposal of Council property
- l. Approve a proposed plan or a change to a District Plan under Clause 17 of the First Schedule of Resource Management Act 1991 (RMA); A1827586 April 2021 Page 14 of 37.
- m. Approve changes to the status or revoke the status of a reserve as defined in the Reserves Act 1977
- n. Authority to name or rename a reserve in accordance with the Reserves Management Plan;

B Powers of the Council - *Ngā mana o te Kaunihera* (Cont.)

- o. Authorise any unbudgeted expenditure that exceeds the delegation levels provided to officers, committees or other subordinate decision-making bodies of Council
- p. Approve recommendations from relevant Committees for new fees and charges for services provided, outside of the Annual Plan or Long Term Plan process.

Procedural matters exercised by Council:

- a. Receive minutes and recommendations, and make decisions on any recommendations from:
 - Standing Committees, Joint Committees and Joint Forums
 - Iwi Chairs Forum
 - Commercial Advisory Board
 - Toi Economic Development Agency
 - Any other Council appointed advisory board or forum with Council as the parent committee
- b. Consider any matters referred to it from any of the Committees, the Mayor, or Chief Executive.

B Powers of the Council - *Ngā mana o te Kaunihera* (Cont.)

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1 Prayer - *Karakia*

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2 Apologies - *Te hunga kāore i tae*

No apologies were recorded at the time of compiling the agenda.

3 Acknowledgements / Tributes - *Ngā mihimihi*

An opportunity for members to recognise achievements, to notify of events, or to pay tribute to an occasion of importance.

4 Conflicts of Interest - *Ngākau kōnatunatu*

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected member and any private or other external interests they might have.

The Elected Member Register of Interest is available on the Whakatāne District Council website. If you wish to view the information, please click this [Register link](#).

5 Public Participation - *Wānanga Tūmatanui*

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5.1 Public Forum - *Wānanga Tūmatanui*

The Council has set aside time for members of the public to speak in the public forum at the commencement of each meeting. Each speaker during the forum may speak for five minutes. Permission of the Chairperson is required for any person wishing to speak during the public forum.

With the permission of the Chairperson, Elected members may ask questions of speakers. Questions are to be confined to obtaining information or clarification on matters raised by a speaker.

5.2 Deputations - *Ngā Whakapuaki Whaitake*

A deputation enables a person, group or organisation to make a presentation to Community Board on a matter or matters covered by their terms of reference. Deputations should be approved by the Chairperson, or an official with delegated authority, five working days before the meeting. Deputations may be heard at the commencement of the meeting or at the time that the relevant agenda item is being considered. No more than two speakers can speak on behalf of an organisation's deputation. Speakers can speak for up to 5 minutes, or with the permission of the Chairperson, a longer timeframe may be allocated.

With the permission of the Chairperson, Elected members may ask questions of speakers. Questions are to be confined to obtaining information or clarification on matters raised by the deputation.

- Toi EDA

Annual Update, as shareholders, on projects and outcomes.

6 Confirmation of Minutes - *Te whakaaetanga o ngā meneti o te hui*

Confirmation of Council Meeting Minutes - 15 November 2023

The minutes from the Council meeting meeting held Thursday, 15 November 2023 can be viewed via the Council website.

Click on the link below in order to view the 'unconfirmed minutes'.

- [Unconfirmed Ordinary Council meeting - 15 November 2023](#)

7 Standing Committee Minutes to Council - *Te tohutohu a te Komiti*

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The minutes from the Whakatane District Council 'Standing Committee' meetings can be viewed via the Council website.

Click on the appropriate link below in order to view the 'unconfirmed minutes'.

Recommendation

THAT the minutes from the following Whakatane District Council Standing Committees be received:

- [Property Policy Hearing | 6 June 2023](#)
- [Risk and Assurance Committee | 13 November 2023](#)
- [Infrastructure and Planning Committee | 30 November 2023](#)
- [Finance and Performance Committee | 1 December 2023](#)

8 Mayoral and Chief Executive Reports - *Ngā Pūrongo a te Manukura me te Toihautū*

8 Mayoral and Chief Executive Reports - *Ngā Pūrongo a te Manukura me te Toihautū*

8.1 Mayor's Report – October 2023



To: **Whakatāne District Council**

Date: **Thursday, 19 October 2023**

Author: **Mayor Dr Victor Luca**

Reference: **A2583009**

1. Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of the report is to provide updated information on the Mayor's activities together with any advice and strategic insights thought to be relevant to Council matters. The report covers the period 20 October to 14 December 2023.

2. Executive summary – *Whakarāpopototanga*

The final quarter of the year usually sees increased time commitment to civic duties and this year has been no different.

However, we are also entering into LTP season and this is a big one. The LTP has required many briefings and considerable discussion and deliberation and therefore a significant commitment of time from all Elected Members. I thank WDC General Managers and other Council officers for sharing their 'wishes and aspirations' during the many briefings that have taken place over the past month or so. Our CFO is to be commended on presenting financial modelling and the various options that are on the table in a clear and readily digestible manner.

We now have a new Government and finally a cabinet and most recently coalition agreements that give in broad brush strokes some direction for where this coalition wishes to go. Some uncertainty has evaporated but there is plenty to analyse, and we will have to wait until the policy detail is filled in.

What is fairly clear is that the Government will make good on its promises to repeal both the three-waters and RMA legislation. Much of the previous Government's Health reforms are also likely to be unwound and replaced by something else yet to be defined.

Although inflation has abated somewhat over the last couple of quarters it remains persistently elevated and therefore cost of living pressures remain. The longer inflation remains high, the greater the impact will be on whatever LTP we come up with. New Zealand has some of the most unaffordable housing in the world and net migration has in the past year surpassed pre-pandemic levels. This will likely exacerbate the pressure on housing and infrastructure.

Local Government (LG) today has a very broad mandate across four well-being areas and a major issue of funding remains. That issue has been a major focus of several recent LGNZ meetings. National's proposed tax cuts appear to have remained on the table and I suspect that will translate to more

8.1 Mayor's Report – October 2023(Cont.)

pressure on LG to increase rates which are also taxes. While Central Government decreases income tax, there seems to be a clear expectation that LG will raise taxes. There has been a lot of talk about localism but little about how additional responsibilities of Local Government will be paid for.

The 28th Conference of the Parties ([COP28](#)) is taking place in the United Arab Emirates and one positive aspect is that there is some momentum for building a substantial fund to support developing nations that have made little contribution to climate change but are going to bear the brunt of what is to come.

3. Recommendation - *Tohutohu akiaki*

THAT the Council receives the Mayoral Report – December 2023.

4. Background - *He tirohanga whakamuri*

During my first year as Mayor the words 'Climate Change' have never reverberated more strongly around councils throughout the country and the devastation wrecked by Cyclone Gabrielle early in the year is a poignant reminder of what we may be facing.

At the time of writing of this report the 28th Conference of the Parties ([COP28](#)) - otherwise known as the UN Climate Change Conference – that is being held in the United Arab Emirates will have been in full swing (30 November 2023 and 12 December 2023). Previous COP gatherings have been cop-outs rather than cop-ins and it remains to be seen if in the final wash up this one is going to be any different.

At COP26 held in Glasgow, fossil fuels got a pass with relatively [soft pledges](#). For instance, in so far as fossil fuel use is concerned the pledge was for '*the phase down of unabated coal power and phase-out of inefficient fossil fuel subsidies*'. The following COP27 conference held in Sharm el-Sheikh, Egypt, also disappointed many stakeholders by not taking any significant new steps to curb emissions, which are critical in order to limit global temperature rise to less than 1.5 °C and avoid a far more dangerous world. If there was an achievement at COP27 then it was a breakthrough agreement to provide "*loss and damage*" funding for vulnerable countries hit hard by climate disasters, although this fund has been rather modest.

Figure 1 shows that despite all the conferences and talking and warnings from scientists, emissions continue to rise and the burning of fossil fuels has not significantly abated.

8.1 Mayor’s Report – October 2023(Cont.)

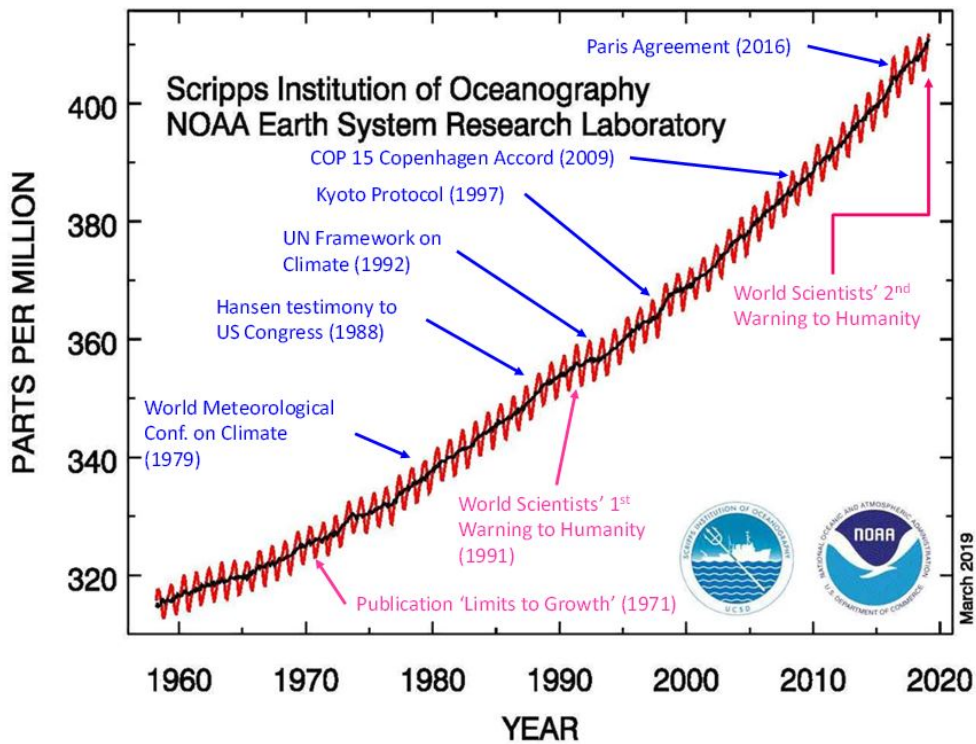
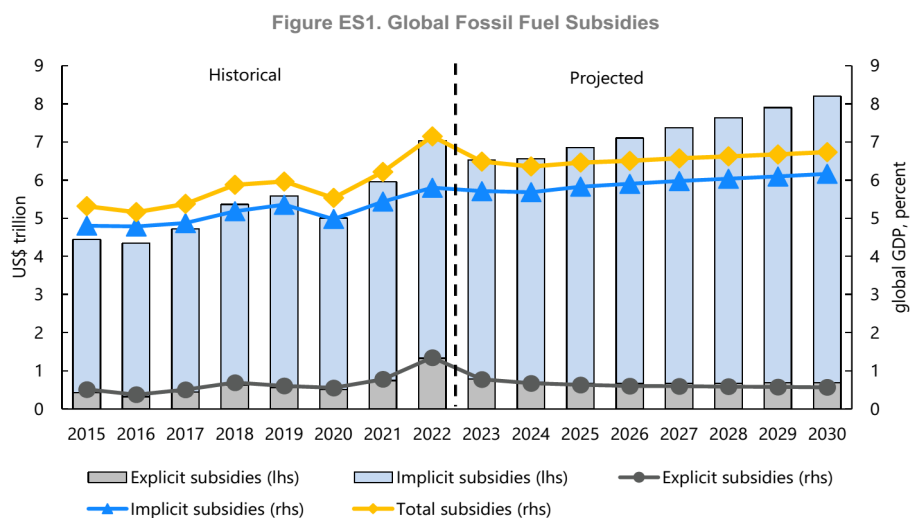


Figure 1. The ‘Keeling’ curve of the concentration CO2 in the Earth’s atmosphere over time measured at Mauna Loa observatory.

Many experts no longer consider that limiting global warming to 1.5 °C is viable (see [here](#)). To limit warming would require a dramatic cut in emissions and that does not appear to be happening.

In stark contrast to the trickle of climate finance, fossil fuel subsidies have surged in recent years (Figure 2). According to the International Monetary Fund (IMF) the total spending on subsidies for oil, natural gas and coal reached a record \$7 trillion in 2022 (see [here](#)). That’s \$2 trillion more than in 2020.



Source. IMF staff calculations. Note. 2019 and 2022 onwards use projections of fuel use and fuel prices, respectively.

Figure 2. Fossil fuel subsidies over time.

8.1 Mayor's Report – October 2023(Cont.)

Explicit subsidies - direct government support to reduce energy prices - more than doubled since 2020, to \$1.3 trillion. However, the majority of subsidies are implicit, representing the fact that governments don't require fossil fuel companies to pay for the health and environmental damage that their products inflict on society.

At the same time, countries continue pumping public and private money into fossil fuel production. This month, a UN report found that [governments plan to produce](#) more than twice the amount of fossil fuels in 2030 than would be consistent with the 1.5 °C target.

The COP28 conference comes at the end of the northern hemisphere summer that toppled heat records and left a trail of disasters around the globe. It has been estimated that the world may be just six years away from breaching the Paris Agreement's temperature target of 1.5 °C, setting the stage for much worse calamities to come.

Although some countries have managed to cut GHG emissions somewhat, the pace of cutting is occurring far too slowly to head off the problem. The billions of dollars that were promised to help poorer countries cope with the damage caused by climate change have not materialised. Instead billions, even trillions, are being spent fighting useless wars. As if the Ukraine war wasn't enough, on 7 October a new conflict erupted in the Middle East. This conflict is potentially problematic for us all if it affects the flow of oil out of the region.

Recently a team of scientists from the University of Miami Rosenstiel School of Marine, Atmospheric, and Earth Science have found that carbon dioxide becomes a more potent Green House Gas (GHG) as more is released into the atmosphere. The new study, was [published](#) in the journal *Science* [1].

As COP28 progresses commitments of developed nations to support poorer more climate susceptible nations have been reaffirmed. However, of the more than 100 countries - including Australia – that have signed a pledge promising to treble world renewable energy use by 2030, at COP28, [New Zealand is not one of them](#) . According to the non-profit organisation, [Climate Policy Initiative](#) , developing countries will need an estimated \$2.4 trillion in annual climate finance by 2030. Whilst the making of the *loss and damage* fund operational at COP28 there is a long way to go for it to be a serious fund.

On 2 December 2023 at COP28 a new fund named [ALTERRA](#) , was launched by the UAE that aims to mobilise \$250 billion in investment by the end of the decade, in what COP28 President Sultan Ahmed Al-Jaber described as a "defining moment" for climate finance (see [here](#)). To try to end years of deadlock on the financing issue, COP28 summit host the United Arab Emirates said it would invest \$30 billion in a new climate investment venture. Partners for the commitment include BlackRock, Brookfield and TPG.

This fund appears to be separate from the '*loss and damage fund*' initially set up during COP27 and that rich countries have so far pledged \$655.9 million into, although [hundreds of billions of dollars](#) are needed per year (see [here](#)).

As far as the newly elected National-ACT-NZF coalition is concerned environment seems to have taken something of a step backwards, with both climate change and environment portfolios outside of cabinet. The good news is that the new Government has maintained a commitment to deliver Net Zero emissions by 2050 and to double NZ's renewable energy generation and support new technologies to reduce agricultural emissions. It is interesting that this government has gambled on new technologies that are yet to be developed to deliver reduced agricultural emissions.

8.1 Mayor's Report – October 2023(Cont.)

During COP28, the campaign group Climate Action Network (CAN) [hands out daily awards for the “fossil of the day”](#) for undermining environmental action. The recipients are voted for by the group's thousands of international members. New Zealand has been the first country to receive this dubious honour with the new Government's stated plans to expand oil and gas exploration (see [here](#)). Brazil has also been 'recognised' for its decision as the conference opened to align itself with OPEC, and for the country's planned oil expansion.

According to the International Energy Agency (IEA) pledges made so far on their own will not limit global warming to 1.5 °C (see [here](#)).

It will remain to be seen what the list of pledges will look like when the conference winds up, and more importantly, if over the passage of time, they are honoured.

On 6 November 2023 I officially requested LGNZ to conduct a poll of Local Government leadership to assess attitudes on Climate Change. Although, climate change has been very much talked about within LG circles for more than a decade, I would like to get a feel for how serious elected members really are. An indicative vote some months ago at an LGNZ meeting had only about 30% of participants raise their hands to the question 'who thinks that carbon emissions are a problem?'

[1] He, H., Kramer. R.J., Soden, B.J., Jeevanjee, N. State dependence of CO₂ forcing and its implications for climate sensitivity. *Science*, **2023**, 382(6674), 1051-1056. [DOI: 10.1126/science.abq6872](https://doi.org/10.1126/science.abq6872)

5. Major Activities**5.1. Guest Speaker at Te Whare Wananga o Awanuiārangi (Tuesday, 24 October 2023)**

I gave what might best be described as a motivational talk to a group of about 25 mostly Masters and Doctoral Students and others at Te Whare Wananga o Awanuiārangi. My 'warts and all' talk was entitled '*Science Research Half Way Around the World and Back*' and described my journey and my research over my 30 year science career. I emphasised the research I have been involved in and led in the environmental and energy materials areas.

Present from the Wananga were Professor Taiarahia Black, Miriama Postlethwaite, Haturini Richard McGarvey. Julian Wilcox (Ngāpuhi, Te Arawa), the award-winning broadcaster and former television executive, was also present.

It was particularly gratifying that at the end of my talk Professor Black spent about five minutes making complimentary remarks about what he had heard. He suggested that I repeat the talk all over the rohe.

5.2. Citizenship Ceremony (Friday, 27 October 2023)

This is the fourth Citizenship Ceremony that I have presided over. Councillor Rangiaho was the assisting Elected Member on this occasion. This was also the second citizenship ceremony to be conducted in the new Civic Centre, the first being on 18 August 2023.

8.1 Mayor's Report – October 2023(Cont.)**5.3. Future by Local Government (FbLG) & LGNZ Meetings (2-3 November 2023)**

The two meetings were held back-to-back. Below I provide a synopsis of these two meetings for the benefit of the majority of Elected Members who were not able to attend.

5.4. Future by Local Government

The FbLG meeting was a one day event and was split into about four sessions each dedicated to addressing certain of the 17 recommendations made by the *Future for Local Government* review and in which only weak or no consensus had been reached in the previous meeting. Rather than the sticky note exercise of the previous FbLG meeting, more use was made of the *Slido* app.

I joined the Funding Group along with Councillor Jukes who fully immersed herself in the exercise. The reason I joined this group was because I consider funding to be the most critical challenge for Local Government.

Some of the approaches discussed in the funding group to bolster the revenue side of council balance sheets included:

- Increase Central Government investment in Local Government through:
 - returning revenue equivalent to GST charged on rates; and
 - charging rates on Crown property.
- Incentivise regional economic growth by returning a proportion of all GST to its point of origin.
- Cabinet specifically considers the funding implications of proposed policy decisions for Local Government, and fund or negotiate the costs that councils are mandated to meet by Central Government policies.
- Allow a toolbox approach to funding so that, where appropriate, Local Government can set and determine local taxes such as local fuel tax, bed tax, and congestion charging.

While we contemplate the plight of local authority funding I can't help but note that it is Central Government that has, or should have, direct control of the monetary and fiscal system.

I note that the RBNZ issued \$71B of new money just prior to COVID and little of that went to build infrastructure. I speculated that a decent chunk of that new money went to further inflate an already over-inflated housing market. For instance via the [Funding for Lending Program](#) me. This view has been supported by some notable economists such as Shamubeel Eaqub and Brad Olsen.

At the meeting I had some lengthy and very enjoyable conversations with the Mayor of [Waitomo District](#), John Robertson and Councillor Eady Manawaiti. Eady is a science guy like me so we hit it off.

Eady is a very interesting character having played professional rugby for years and run his own business. As an adult he embarked on tertiary studies and went on to complete a Masters of Environmental Science (UoW) and BTech, Environmental Science (Wintech). His area of interest is in soil carbon which is an interest I have also cultivated in more recent times since outside of the oceans, soils are the next biggest carbon sink.

8.1 Mayor's Report – October 2023(Cont.)**5.5. LGNZ Meeting – Panel Discussion**

The meeting started with the LTP Panel Discussion with the first speakers being Tim Hampton, Mark Maloney and Bruce Robertson.

[Tim Hampton](#) - Treasury, Director Economic System.

The RBNZ is increasing rates to slow GDP growth. Although inflation peaked above 7% last year it is now down to 5.7% due to RBNZ's interest rate adjustments. There is however still a long way to go. The country has been in deficit for four years and Treasury only expects to return to a small surplus by 2026-2027.

Last Treasury forecasts were issued in September. Forecasts were published in Treasury's [Pre-election Fiscal Updates](#) in mid-September and they reflect the decisions of the Government of the day.

Both revenue and expenditure as a function of GDP have been growing. Revenue growth has been strong, but this is predominantly due to inflation. A large portion of the growth is due to considerable fiscal drag which is mainly inflation driven. Although government expenses are also growing they are declining as a share of the economy. The bleak message from Treasury is that going forward there is going to be less money to spend.

On infrastructure the total Crown infrastructure spend is ramping up a lot but most of the expenditure is due to the East Coast cyclone and flood event recovery with the largest component being transport related. A major problem is market capacity to deliver infrastructure and this is going to be a problem for the new Government also.

The second problem is affordability. NZ went into COVID with one of the lowest levels of net debt in the world but this has now increased to one of the highest rates. We still have low debt as a share of GDP but only because NZ carries a lot of risk compared to other places.

The underlying story is not going to change in terms of where we are at and the amount of baseline expenditure. Market pressure on infrastructure is not going to change and neither are the shortfalls.

The new Government is going to have to work through all of this with LG.

Mark Maloney – OAG, Assistant Auditor General, Local Government.

Mark stated that the LTP that Local Authorities are currently developing is going to be the most challenging that the sector is going to undertake. It is important to consider the generation of non-rating revenue. This is something WDC is currently doing.

Water reform, RMA and funding challenges are expected to persist as is the uncertainty.

All these have implications for the auditing of LTPs. Teams need to have all the training and communications need to be effective.

The OAG wants to raise the level of interaction and focus on the consultation document. There is a really heightened sense of the affordability challenge that is going to have to be addressed.

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It is important to ask if the consultation document allows rate payers to effectively participate in the decision making process. Are LAs engaging and consulting with communities in a manner which is understandable? What do things mean for rates, debt and levels of service. There must be high quality underlying info based on a reasonable set of assumptions. The OAG wants to raise the level at which Auditors engage.

In terms of CAPEX and infrastructure investment, Maloney noted that over the last two LTPs there has been an uplift in infrastructure investment. However, councils struggle to deliver their CAPEX budgets with the average being around 80% delivery. He asked if CEOs are comfortable that they can actually deliver? Do we understand the conditions and performance of our assets? Are LTPs based on good quality information, especially for critical assets.

In 2021 there was a step change in discussions on climate change.

There is need to carefully consider inclusion of non-financial performance frameworks because there is a cost associated with those metrics.

Critical success factors are effective governance and oversight since these make for effective delivery of the consultation document. We need the engineers and planners but don't forget the communications people so that rate payers are communicated with in a manner in which they can understand.

Bruce Robertson – Independent Risk Consultant (Council Mark)

Robertson focused on risk and emphasised that investments for climate change have to be long-term. If LA's aren't addressing it with the necessary attitude, what are we going to do with our LTPs? Robertson thinks that if we resort to getting something through the ratepayer next year or maybe the year after inadequate. He considered the most critical question to be '*are we thinking in terms of generations?*'

Risk is positive because it allows you to manage the things that stop you achieving which is what the LTP is about. We should have a strong focus on risk profile.

Robertson made reference to three headwinds he wanted attendees to reflect on. The first headwind is not the state of contractor market or what we can afford, it's the state of mind. He quoted the 16th President of the United States, Abraham Lincoln, as having said 'A statesmen is he who thinks in terms of future generations and a politician is he who thinks in terms of the upcoming election'. Lincoln was President from 1861 until 1865 the year in which slavery was abolished, and he was assassinated.

Robertson also emphasised that the forthcoming LTP was one of the most challenging the sector has had to undertake.

He asked, what is our state of mind as we approach the LTP? The Government has fiscal headwinds and LG is a key partner. Mark Maloney also talked about Climate Change and investments that have to be thought of in terms of generations.

Robertson stated that '*We don't have a rate problem, we have other revenue problems*'. That is, we don't have enough other revenue sources. We should ask what other revenue can we tap into? Thinking long-term brings to mind how engaged we are into our long-term financial strategy.

8.1 Mayor's Report – October 2023(Cont.)

How well do we think about our business model? If RMA reform goes through in some form, then our business model will have to change as we will have to be collaborative on a regional basis. So collaboration is critical. The metros are going with city deals. What is the best operating model going forward? He said that most attendees had told him that their Council's starting rate proposition is to raise 30% or more.

Robertson posed many other questions throughout his talk.

If you are anti Three Waters, then what are you for? This LTP is how we drive our organisation and our community.

A strong cohesive governance unit is important. How do we keep everybody in the tent? Many councils are looking at striking rates north of 30% but that is clearly not possible.

We are balancing thinking long-term versus the cost of living crisis. Cost of living is a real problem. How do we make revenue match expenditure? How do you bring realism into demands on the community.

Climate change is an intergenerational issue and we can't ignore it. If our LTPs are not taking this into account then future generations will suffer.

We have a revenue problem, we have to think inter-generationally and we have to think about doing things a different way.

Once these speakers had finished, the floor was open to questions.

The question I put to Tim Hampton (NZ Treasury) was could he please *'tease out the link between an increasing infrastructure deficit, a shrinking budgetary situation and expanding net migration. How are these to be reconciled?'* His answer was that none of these elements square away completely.

One of the key things that has been holding NZ back over decades is low productivity growth. All regulators and levels of government have a role to play in turning things around. When you combine Local and Central Government, then we are a large part of the economy so focusing on our own efficiency and productivity gains and being selective in what we choose to do. Value for money is important as is managing regulation and migration settings. It will take decades to unravel that.

Following this panel discussion came talks from **Paul Brislen** (Chief Executive Officer, Telecommunications Forum (TF)), **Ben Thomas** (Director, Capital Government Relations) and finally **Wayne Langford** (President, Federated Farmers) and **Sandra Faulkner** (National Board Spokesperson on Local Government, Federated Farmers).

Paul Brislen talked about communications resilience. He started his talk quipping *'I'm from the Telcos and I really must apologise. Your call is important to us please continue to hold'*. The Telecommunication Forum (TF) is kind of an industry association and a quasi-regulator.

The TF produces the codes that govern the Telco sector and cover about 90-95% of the consumer market. One thing that does work well is the Telecommunications Emergency Forum (TEF). The TF works closely with NEMA who can activate the TEF as can any member of the TF. His talk was about resilience in the post cyclone world. TEF was activated prior to Cyclone Gabrielle. Luckily they saw very little damage to the cell-phone network. Mobile towers were largely unaffected but they lost

8.1 Mayor's Report – October 2023(Cont.)

power and back-hall connections (cell tower to fibre network) because fibre-optic lines were taken out when roads and bridges were destroyed. That is because the fibre is laid along roadways and bridges.

Gisborne is connected by two cables (north & south). It is apparently hard to sell the building-in of resilience to shareholders as opposed to capacity of which we have plenty.

He highlighted some of the difficulties that are experienced when comms go down using the example of EFTPOS which when it goes down makes it hard to buy stuff including fuel. He talked about *hardening* of mobile sites. After Cyclone Gabrielle, it took 96 hours to bring 90% of towers back on line. Batteries are also a problem because when the power goes out to the cell phone towers the batteries run down and the tower stops working.

Ben Thomas is the director of a firm call [CAPITAL Government Relations & Communications](#) . He spoke about three paradigms (vibe or zeitgeist) and how the new Government might affect relations between Central and Local Government. That relationship between 1997 and 2017 can be summarised by the phrase 'unfunded mandate'. LG seen as a safe pair of hands or a trusted partner. The next era began in 2017 and he referred to it as the acid reflux era. Housing affordability, accommodation, RMA and Three Waters became problems and Central Government's response was to centralise. i.e. move away from local.

The third era starts now with the repeal of Three Waters legislation and RMA and removing medium density rules. The Government is portraying the era as a devolution/localism era as a response to the vexed question of co-governance. He said Government had principles rather than policy and it remains to be seen what these things actually mean. Regarding Three Waters, the idea is to leave things to councils including maybe financing. Likely to be bespoke agreements between councils or groups of councils and Government.

He emphasised that things remain uncertain but are necessarily uncertain. He posed the question of how do you deal with challenges in a cash-constrained world? Government will be looking for solutions that are scalable. There is a need to think outside the box.

Wayne Langford and **Sandra Faulkner** talked about Federated Farmers which has 24 provinces.

Their National Council is governed by the 24 Presidents. Their 12 policy priorities are:

1. Support better use of technologies.
2. Unlock potential through water storage.
3. Allowing young farmers to access KiwiSaver.
4. Urgently review methane targets.
5. Rethink ETS Forestry Rules and net-zero targets.
6. Scrap the Ute tax and fix infrastructure.
7. Return control to local communities.
8. Fix unworkable freshwater rules.
9. Get RMA reform right.
10. Simplify significant Natural Areas.
11. Build the farmer workforce.
12. Show fiscal and monetary discipline.

8.1 Mayor's Report – October 2023(Cont.)

He thinks that FF is aligned with government in a lot of areas. The primary sector is responsible for \$56B of exports and a large impact on GDP. What is being seen on the ground level is dwindling confidence which is at all-time lows. Drivers include record on-farm inflation which is estimated to be around 16-18% in the rural space and it's not dropping. For instance the high fuel prices have a large impact. Also, on-farmer interest rates are 2-3% higher than domestic borrowers. When farmers complain about rates bills it's because of the financial stresses that they are under not the services they receive.

He mentioned having to deal with El Niño this summer and that it is hard to make environmental changes when the future is so uncertain.

In the environment space some progress has been made with 98% of waterways in the dairy space now fenced.

Where have things gone wrong? Too much changing at one time, no clear direction, unrealistic time-frames for change. New rules need to be practical such as those relating to winter grazing and fresh water. They want local solutions to local problems and setting realistic emissions targets that are scientifically based.

Other comments he made and which I found rather odd were 'we just don't have enough Kiwis to do the work' and 'Climate change is a global problem not a New Zealand problem'. The first comment seems odd as there are 360,000 working-age Kiwis that are receiving benefits. The second statement is odd because NZ is part of the world and therefore climate change is everyone's problem including ours.

5.6. Meeting with Researchers at the New Zealand Initiative (3 November 2023)

[The New Zealand Initiative](#) (NZI) is a non-partisan Think Tank that was founded more than a decade ago. NZI researchers conduct independent research on a wide range of policy issues including in the areas of education, economics, poverty, housing, Local Government, immigration. They attempt to inject new ideas into New Zealand's political debates.

Having recently discovered, read and appreciated some of the work coming from this think tank I undertook to meet up with members of the tank. I met with Drs Oliver Hartwich (Economics & Business Administration), Dr Eric Crampton (Chief Economist) and Dr Matthew Birchall (Historian & International Relations).

We had some far ranging and stimulating discussions and I have asked them if they are interested in visiting Whakatāne to address us in 2024. They have also invited me to be interviewed when next I am in Wellington.

5.7. Meeting Dana Kirkpatrick (6 November 2023)

A meeting between our new MP Dana Kirkpatrick and the three EBOP Mayors was organised by Ōpōtiki Mayor, David Moore. The meeting was very congenial and lasted for more than two hours. I have to say that this is the first time I spent any significant time in a face-to-face with our local MP and it was a refreshing experience indeed. I hope it is a portent of things to come.

8.1 Mayor's Report – October 2023(Cont.)**5.8. Reflections on Zone 2 (17 November 2023)**

The idea to offer to host the recent Zone 2 meeting in Whakatāne was Deputy Mayor Immink's and I thank all those that had a hand in its organisation. The meeting started on the Thursday with a Pōwhiri at Te Manuka Tutahi followed by a meal. Then came the presentation on the Civic Centre and a tour.

The following day we had a number of speakers on the agenda although the talk that interested me the most was that on the state of the economy by Shamabeel Eaqub.

Shamabeel did a terrific job of telling us what has and is going on in the economy (Micro and Macro) and describing all the challenges that we have and that we are going to have. Whilst this was all very useful I didn't feel I heard too many magic bullets.

According to Shamabeel, one of the biggest problems our country has is an infrastructure deficit that has been decades in the making. The current infrastructure hole is said to be north of \$106B (water infrastructure not included). The RBNZ - the one that in my opinion engineered a recession - pumped \$70B of new money into the economy prior to COVID-19. Where did that money go? Apparently the money went into inflating an asset bubble not an infrastructure bubble.

These are policy decisions. If an entity like the RBNZ is going to create new money then at the least the Lion's share could have gone to infrastructure rather than exacerbating an already serious problem. Creating infrastructure is creating value from something that has no inherent value and increases productivity.

And if our financial and monetary system can't even deal with something as simple as basic infrastructure, how on Earth is it going to deal with climate change? Climate change is something science has predicted for more than half a century and there has been no response from the economics community.

That our bankers leave a lot to be desired is manifest for me in the change [RBNZ Act of 1989](#). The act clearly stated that **"It shall be an objective of the Bank to exhibit a sense of social responsibility in exercising its powers under this Act"**. I asked Shamabeel why that objective was removed from the revised act in 2017. Shamabeel replied 'because they didn't like it?'

5.9. Community Boards End-of-year Christmas Dinner (23 November 2023)

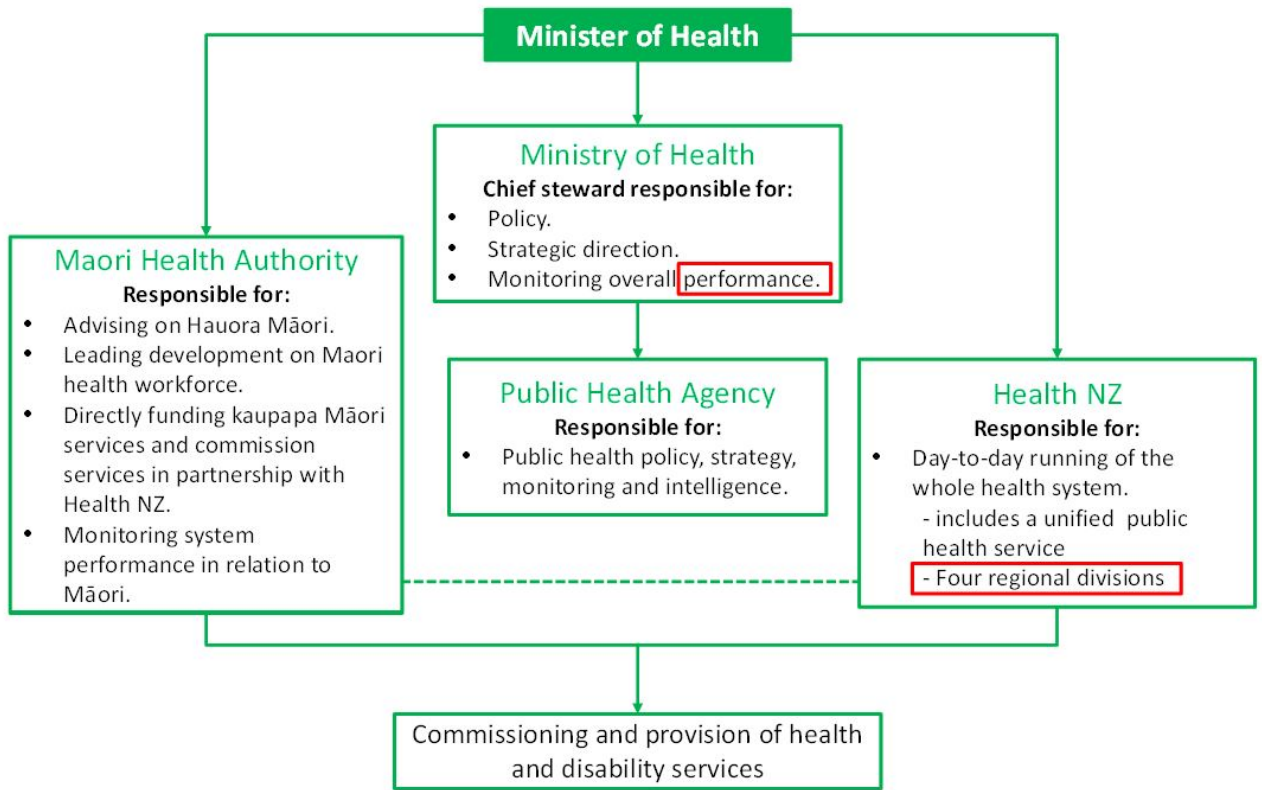
Civilised and convivial is the best way to describe the gathering. I got to sit next to Toi Iti who shared some of his insights regarding what is going on in his patch and then Heemi Brown a member of the Rangitāiki Community Board. Heemi is doing a PhD on the topic of Justice. We had some interesting discussions and are continuing the conversation. A good time was had by all.

5.10. Mayoral Forum (24 November 2023)

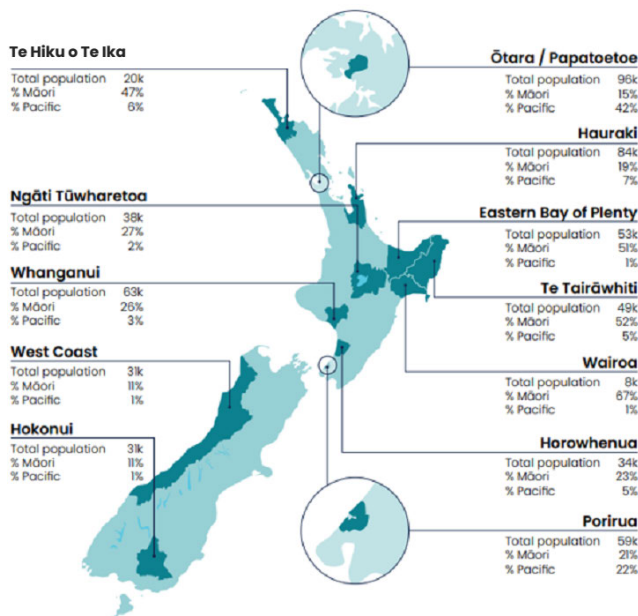
The BOP Mayoral forum started with a couple of presentations.

Curiously the first presentation was on Localities and was delivered by staff of Te Whatu Ora (MoH) Endine Dixon-Harris (Senior Advisor) and Teeina Kaiaruna (Principal Advisor). The talk was along the lines of what I heard at the LGNZ AGM and Zone 2. Localities were part of the previous Government's health reforms supposedly designed to place greater emphasis on primary healthcare and to ensure fairer access for all New Zealanders. As part of these reforms the health system was to be divided into two health authorities; the Māori Health Authority (Te Aka Whai Ora) and Health NZ (Te Whatu Ora).

8.1 Mayor’s Report – October 2023(Cont.)



Localities were supposed to be geographic areas that are home to a community with their own specific health and social needs and aspirations that the health system would have planned and arranged services to meet. They were supposed to enable different health and wellbeing organisations to work together to improve people’s health and wellbeing. According to Te Whatu Ora a locality should have a population between 20,000 and 100,000.



8.1 Mayor's Report – October 2023(Cont.)

Iwi Māori Partnership Boards were to be set up and tasked with making recommendations to Te Aka Whai Ora and Te Whatu Ora for initial locality boundaries in their rohe. Te Whatu Ora was then supposed to engage local authorities in that Iwi Māori Partnership Board area on initial locality boundaries and then Te Whatu Ora and Te Aka Whai Ora Boards agree on provisional boundaries. It is clear from what they were saying and the map that was presented that the EBOP was supposed to be a locality. Yet little or no engagement with LAs has occurred to date.

The entire presentation seemed to be somewhat out of place and anachronistic given that a new Government was voted in 20 or so days previous and that all potential coalition partners had already committed to revising the structure and recombining Health NZ and the Māori Health Authority.

I also could not help but point out the absurdity of reforms that purported to have equity at their heart when inequity is built into the very heart of our health system. When 35% of New Zealanders have private health insurance and 65% do not, talking about equity is errant nonsense. Our system is two-tiered and class-based. I will be watching the health space with great interest.

The second presentation was by Hayden Smith, Paula Bennett and Jamie Reid of Sea Cleaners. The talk was entitled 'Looking After Our Environment'. I was highly impressed with the dedication, commitment and tenacity of this group and their obvious professionalism in their approach to their mission.

[Sea Cleaners](#) is a non-profit organisation on the ambitious mission to preserve New Zealand's stunning coastline for the benefit of marine life and for the enjoyment of all by removing all rubbish.

During the period from mid-May 2023 to mid-August 2023, the volume of litter recovered from Northland, Waitemata Harbour, Manukau Harbour, the Outer Limits of Auckland and Canterbury was **886,550** litres, 123,100 litres more than the last quarter. This was achieved with the help of **2,732** volunteer hours. Since their clean-up inception during December 2002, they have recovered and removed over **16,158,012** litres of rubbish and have co-ordinated over **172,031** hours of volunteer support for the operation. This is the enough collected marine litter to fill over **539** shipping containers. They are currently collecting **25** shipping containers worth of rubbish every quarter now.

Management of End-of-Life Tyres (ELT)

My own mission at the forum was to follow-up on the management of ELT in our region. More specifically, at the previous Mayoral Forum I presented some of the results of my investigation of the ELT problem in New Zealand, the status of action and potential solutions. I had previously sought an expression of interest from forum members. Support from the Mayors of Kawerau and Ōpōtiki has always been there.

I prepared a document (white paper) entitled '*End-of-Life Tire Management – Mini Review*' that sought to inform members of the present state of ELT management around the globe and give some initial direction on the best option.

I would be very happy to provide a copy to anyone who requests one.

8.1 Mayor's Report – October 2023(Cont.)

End-of-Life Tyre Management – Mini Review

Dr Victor Luca

22-Nov-23

Executive Summary

Whether End-of-Life Tyres (ELT) are considered a waste or a resource, they represent a serious problem to be solved world-wide. New Zealand has the third highest rate of car ownership in the world and therefore one of the highest rates of ELT generation on a per capita basis. Of the estimated 6.5 million ELT generated every year they have for the most part occupied precious space in landfills, been used on silage piles and littered the landscape and even waterways. NZ's first regulated tire stewardship scheme (Tyrewise) came into existence in 2022 and it seeks to account for, collect and find solutions for the ELT problem. Since about March of 2021 many of the tires that have been collected from throughout NZ have been used as a fuel substitute to fire cement kilns at Golden Bay Cement Works. At the cement works ELT are simply burned to produce heat to manufacture cement clinker which requires temperature of about 1400 °C. A byproduct of this high temperature combustion process is huge amounts of CO₂ which is a major greenhouse gas. In the future it is expected that process heat-intensive industries like cement, paper, steel and milk power manufacture will need to transition to clean energy. This document reviews the various options used internationally to deal with ELT including reuse in roading and civil engineering applications, use as tire-derived fuel for various process heat applications, devulcanization by various means and pyrolysis. The preferred option is pyrolysis which converts the ELT to three valuable product streams including pyrolysis oil, steel and carbon black. Currently, pyrolysis is one of the most widespread practices in Asian countries, while in Europe, the USA, and Latin America the process is gaining more acceptance as it creates favourable conditions for a circular tire economy since the steel, pyrolysis oil and the carbon black can all be used to make new tires. Given the environmental advantages of pyrolysis and the potential to realize a circular tire economy with resource recovery, as well as potentially favourable economics, it is recommended that a full business case be prepared for a large process facility able to deal with the entire annual North Island ELT generation.

The forum resolved that the activity would go into the regional waste project that Tauranga City Council staff are working together on. There was agreement that a Business Plan could be progressed, although I am seeking clarity on the exact path forward for this.

5.11. Decarbonisation of WML (1 December 2023)

According to [Horizon's Disclosure Accounts](#), 23 large consumers account for 271.45 GWh of annual electricity consumption in our District out of a total of 536.62 GWh. That is more than 50% of total District usage. I expect that WML would account for a large proportion of that 271.45 GWh. Therefore, in order to reduce our District's energy use and carbon footprint it is important that initial focus be on these major consumers. The Climate Change Commission has indicated that process heat-intensive industry will need to be a focus of decarbonisation efforts. Process heat-intensive industries include manufacture of steel, concrete, milk powder and pulp and paper.

During the past year I have been interacting with both WML and GNS in an attempt to get the latter involved in project to assist WML it evaluating options.

The GNS-funded project entitled 'Technoeconomic assessment for identifying solutions to decarbonise rural industries' entails an investigation into opportunities to decarbonise WML. This project will include technical and economic modelling and analysis of potential solutions for the decarbonisation of NZ electricity and process heat-intensive industries, to allow evidence-based decision making encouraging uptake of available decarbonisation solutions that will be fit for specific the needs of WML.

8.1 Mayor's Report – October 2023(Cont.)

In order for this project to be successful it is important that GNS can access energy usage data. The first meeting of Thursday 30 November 2023 between GNS and WML staff was to get the two parties on the same page and identify how energy data will be collected so that a full energy audit can be undertaken. Once that is complete options will need to be identified to transform WML's energy system. As examples this might include a techno-economic assessment of the feasibility of conversion of WML's 35 MW gas boiler to one using electricity directly or hydrogen and the use of solar energy.

Incoming Government Coalition Agreements that would seem to support this activity are:

- Prioritise **strategic infrastructure** to improve the resilience of heavy industry in New Zealand.
- **Deliver Net Zero by 2050** including by **doubling New Zealand's renewable electricity** production and supporting new technology to reduce agricultural emissions.

6. Conclusion - *Kupu whakamutunga*

As the year draws to a close it is the development of the LTP that is front of mind for all Elected Members and many WDC staff. I have greatly appreciated the robust process that is being conducted by staff. It seems that we are travelling well, although there would seem to be considerable adjustment to be done to arrive at a rate strike that is palatable to many Elected Members.

As was mentioned many times at the LGNZ conference (section 5.3) the trick will be to land on an LTP that balances affordability with the needs and aspirations of the community as well as taking climate change, emissions reductions and resilience-building seriously for the benefit of future generations.

What has been clear for decades is the fact that local authority budgets are becoming increasingly challenged as costs escalate and the infrastructure hole gets deeper. Unless Government comes to some sort of epiphany and decides to support Local Government more appropriately, then we are stuck with trying to help ourselves. Even if they do come to the party, we will need to be thinking outside the box on how we raise the revenue side of the council balance sheet. This is something I repeatedly committed to doing pre-election.

8.2 Chief Executive's Report – December 2023

8.2 Chief Executive's Report – December 2023



To: **Whakatāne District Council**
Date: **Thursday, 21 December 2023**
Author: **Steph O'Sullivan / Chief Executive**
Reference: **A2583053**

1. Reason for the report – Te Take mō tēnei rīpoata

The purpose of the report is to provide updated information and advice on relevant Council related matters.

2. Recommendation – *Tohutohu akiaki*

THAT the Chief Executive's Report – December 2023 report be received.

3. Issue/subject – *Kaupapa*

3.1. **Tāwharautia Mataatua**

On 24 October 2023, together with representatives from Te Rūnanga o Ngāti Awa and members of our events and marketing team, I met with Tame and Toi Iti and their event manager to be briefed about plans for the Tawharautia Mataatua performance and associated events.

We learned that the Iti production company had secured funding from the Ministry of Culture and Heritage to work with the NZSO and in association with Te Whare Wānanga o Awanuiārangi to present an interdisciplinary performance bringing together the classical and the traditional, delving into the stories of the Mataatua Waka and its descendants.

The event programme included arts and drama education workshops in schools and two musical performances at Te Kōputu a te whanga a Toi – Whakatāne Library and Exhibition Centre in support of the opening of a Tame Iti retrospective art exhibition. The programme culminated in the most amazing Tāwharautia Mataatua performance at Te Hau Tutua Park (The Heads, Whakatāne) on 9 December 2023. It made me so proud to be a member of the Whakatāne District community, both the performance and the crowd were incredible to experience.

Every aspect of this endeavour was professionally outstanding, and we were so fortunate to experience such a world-class event showcasing local artists and creatives. It highlighted the importance of arts and culture in our lives and the vital part it plays in our personal and community wellbeing.

8.2 Chief Executive's Report – December 2023(Cont.)

3.2. Keep New Zealand Beautiful Awards (KNZB) 2023

On 27 October 2023 staff and Councillor Illes (in his role as Board Member of KNZB) hosted KNZB CEO Heather Saunderson. The purpose of her visit was to learn more about the work undertaken in the previous 12 months in the areas of beautification, waste minimisation/recycling and biodiversity. It was particularly heartening that the award nomination had come from within the community.

Staff across our Solid Waste, Open Spaces and Community Development teams went to a great deal of effort to coordinate a fieldtrip for Heather Saunderson which captured a range of Council and community activities, including a visit to meet those involved in the Awatapu Community Garden. I was delighted to be able to have lunch with Heather and even more delighted when Whakatāne was announced Most Beautiful Large Town Award at the Keep NZ Beautiful Awards at Parliament House in Wellington on 9 November 2023. The Judges' comments included:

"That within Whakatāne, plans are community-led and engagement with iwi is key.

There's a lot going on in the environment space in Whakatāne with a new tree strategy aiming to increase canopy cover by 20% over the next 20 years, a new wetland 'sponge park' to help local streams recover from weed infestations, and a plan to rejuvenate nearby wetlands and restore the health of the lagoon. Additionally, there's a community-led focus on building up less affluent areas, making sure that everyone in the town prospers. Examples include the re-building of the local skate park to provide a gathering place for youth, a community garden for anyone to enjoy, and programmes aimed at engaging with the elderly to help rest-home residents get out and about safely."

In a world facing increasingly complex challenges, it's really reassuring and rewarding to see the acknowledged value of community led projects that create social connection, improve neighbourhoods, and provide for the sharing of food, and increasingly, address the impacts of climate change.

I would like to take this opportunity again to acknowledge the community nomination, the staff who assisted in the award process but also Councillor Illes who is a relentlessly proud member of KNZB but also of our District.

3.3. Judy Papuni recognised for 50 years' service to the Whakatāne District

On 27 October 2023 an afternoon event was held to honour the remarkable achievement of finance team member Judy Papuni in reaching 50 years of service to local government in our District. Among the guests were former Mayors, Chief Executives and many colleagues from through the decades and their attendance in numbers was a testament to the high regard in which they hold Judy. It was fascinating listening to the recollections of experiences during such a long period of employment; it really was, in many ways, a lesson in social history. I again offer my congratulations and thank Judy for her resilience and ongoing service.

I would also like to acknowledge that General Manager Development and Environmental Services David Bewley marked 35 years of employment with Whakatāne District Council on 25 October 2023.

3.4. Whakatāne District Local Leadership Group hui

I was delighted to cohost a hui at Council on 31 October 2023 with Regional Public Service Commissioner Ezra Schuster. This meeting involved representatives from a wide range of regionally located central government agencies and its purpose was to understand who is present in the Whakatāne District, what services are being delivered and by whom and how we might work 'better together' in the future.

8.2 Chief Executive's Report – December 2023(Cont.)

We recognise that community don't see agency specificity or the difference between central and local government, so for us to be delivering better outcomes for our communities we need to be working as 'one government'. We look forward to growing this group and prioritising some effort to create a better 'front door' for our community to access government services.

3.5. Regional Air Services

We continue to work with Air Chathams to ensure a sustainable and successful airline service into Whakatāne. On 20 November 2023 we welcomed the arrival of the new SAAB 340 aircraft and I acknowledge Mayor Luca and Deputy Mayor Immink for attending the short and sweet ceremony that was squeezed in during the turn-around period.

The SAAB 340 offers greater leg room, an onboard cabin attendant, inflight service, and a restroom. Additionally, it offers a more spacious stand-up cabin and is considerably quieter than its Metroliner predecessor.

The arrival of the SAAB speaks to the investment of Council into the runway extension (prior to COVID-19) to accommodate larger craft.

We also continue to work with Kapiti Coast and Whanganui District Councils and Chathams Island Council – the other regions currently serviced by company – and the Ministry of Transport, our airport shareholder, to ensure that as a collective we are supporting Air Chathams to be as successful as it can. To that end the Council CEs and Ministry officials met on 2 November and 6 December, with further meetings scheduled in the New Year. Mayor Luca joined the Mayors of the other Councils in co-signing a letter to Air New Zealand Chief Executive Greg Foran asking for the prioritisation of discussions to progress an inline agreement between the national carrier and Air Chathams.

3.6. Te Rāhui Herenga Waka Whakatāne

I continue to attend the Te Rāhui Herenga Waka Whakatāne Board meetings as an observer as provided for under the Joint Venture Agreement. The Board continues to focus on the piece of land where the boat harbour will be built and understanding the state of the wood waste that was consented to be placed there and is required to be removed as the first stage of the project. The joint venture partners continue to work closely together, and with the Bay of Plenty Regional Council. The project team has completed significant further testing on site and the next steps will be to work with partners to understand what that means for remediation of site by removal of the wood waste.

3.7. Eastern Bay of Plenty Civil Construction Sector Forum

I enjoyed attending the final Eastern Bay of Plenty Civil Construction sector forum for the year on 8 November where members reflected on 2023 business activity, with many reporting that it was a much more positive experience than in recent years. Contractors were reporting consistent and constant work across the Bay of Plenty, with many local companies securing work in both Tauranga and Rotorua as well as servicing the Eastern Bay. There were many positive stories shared about involvement in the WDC Landing Road roundabout project, which was again acknowledged for how successfully contractors worked in alignment with Council to achieve great community outcomes.

It is a delight to continue to work with our contractors and I am always heartened to hear when they reflect that they enjoy working with WDC and express their appreciation for our innovation and willingness to work in true partnership. It is a testament to TOI EDA's stewardship of the forum that so many local companies were in a position to be successful within our procurement processes.

8.2 Chief Executive's Report – December 2023(Cont.)**3.8. Eastern Bay of Plenty Joint Committee**

On 10 November 2023, Mayor Luca, Deputy Mayor Immink and I attended the Eastern Bay of Plenty Joint Committee meeting, held at the Regional Council offices and chaired by BOPRC Councillor Malcolm Campbell. The meeting received a presentation and update from Te Rāhui Herenga Waka Whakatāne Independent Chair John Rae. John Rae emphasised the importance of the Boat Harbour build to the sub-region economy (as part of the wider suite of Kanoa Investments) and how the infrastructure required is critical for the marine and manufacturing sector. He also discussed the partnership structure and how that, plus the complexities of the build itself means the Board are stepping through developments carefully and prudently.

Extreme Boats Managing Director Glenn Shaw also updated the regional leadership on his business story, which is fascinating and very inspiring. He talked about breaking into the fibreglass dominated launch industry with his aluminium Legacy brand. Glenn emphasised how important the development of the boat harbour and its associated infrastructure is to his business, as it continues to grow. Boat building is in the top three of NZ's biggest manufacturing sectors and demonstrates how important it is that we nurture and support this sector in the Eastern Bay of Plenty.

Mr Shaw also explained how the trades he employs in his business range across fabrication, trimming, glazing and joinery to name a few; and he has been working with Ngāti Awa delivering a pre-trade apprenticeship training programme as the forerunner for the Maritime Training School – an essential element of the Whakatāne Regeneration Programme – funded by Kanoa.

As a sidebar, on 30 November, together with other regional leaders I was invited to the Extreme Boats premises to witness the turning of two 51 metre vessels as part of the build process. This required the large Pollock cranes and was a spectacular operation to witness.

The Regional Establishment Director Water Service Programme Vaughan Payne also gave a well-received presentation about Three Waters in the new Government context to the Joint Committee. He talked about the how the NTU and his role are continuing to support Councils with their LTP preparation and draft regional strategies which are key to understanding priorities for the next 10 years to help ensure entities (in whatever shape they form) secure the priorities for communities.

3.9. Te Hui Taituarā 2023

General Manager Development and Environment David Bewley, General Manager Community Experience Georgina Fletcher and I attended the Taitaurā Conference from 22-24 November 2023 hosted by Heretaunga Hastings District Council. We encountered a Council celebrating 150 years of establishment and it was delightful to see the celebratory efforts and the pride expressed in the community by residents, council staff and regional leaders, particularly given the impact of Cyclone Gabrielle on the region this year.

Conference provided a boost of energy and a really valuable time spent with colleagues from across the mōtū. I found real value in a number of the speakers and the regional fieldtrip led by Hasting District Council CE Nigel Bickle, as well as the gatherings over meals and other networking opportunities that conference affords. These are invaluable in terms of being able to speak to peers about shared challenges of Long Term Plans, rating, organisational change, workforce development and a range of other issues.

8.2 Chief Executive's Report – December 2023(Cont.)

The fieldtrip was a particular highlight, where we got to see the cyclone recovery efforts; the Waiaroha Heretaunga Water Discovery Centre in the CBD of Heretaunga Hastings; the housing programmes going ahead in Flaxmere being led by Te Taiwhenua o Heretaunga Trust, which has partnered with Central Government and Hastings District Council to increase the affordable housing supply; and CBD redevelopment initiatives. There were some real lessons and learnings in each of these projects that we could take into work in our region to unlock some of our similar issues around housing, CBD regeneration and Three Waters infrastructure provision, with a real community lens.

The Waiaroha Heretaunga Water Discovery Centre is located next door to the council and was developed in partnership with Ngāti Kahangunu and is an innovate and exciting way to approach drinking water provision and supply to a community that was significantly impacted by the events of the Havelock North contamination in 2005. The drinking water facility and education centre was the last of 12 projects Heretaunga Hastings District Council has successfully completed post the Havelock North contamination event and the delivery of that \$100m suite of capital works is a tribute to CE Nigel Bickle, his Elected Members and staff.

Amongst a superb programme of speakers, the opening keynote by Dr Paul Wood was an inspirational account of thriving in the face of adversity and change, and the importance of personal wellbeing. The panel speaking about Co-Governance and what strong partnership with Iwi looks like was very real in its sharing of challenges and successes. As always, Ngahiwi Tomoana, a former chair of Ngāti Kahangunu was a humorous and engaging communicator.

Futurist and technology entrepreneur Melissa Clark-Reynolds provided guidance on the imperative of future focus, of always having an eye to the horizon to avoid being stuck in the now.

I was also invited to a dinner sponsored by BECA where I was fortunate to spend time with the Chief Executives of Hastings, Napier, Queenstown, Waimate, and New Plymouth District Councils; Hamilton and Auckland City Councils, the DIA Local Government Director, and the CE's of Taumata Arowai and Ag Research NZ (who is the former CE of Dunedin City Council). These were really insightful conversations about LTPs, future strategy of Local Government, the likely direction of the new Government, and challenges we face as CEs who are supporting staff and Elected Members in these challenging and currently, uncertain times.

The value of talking to the CEs of metropolitan councils lies in the fact that they tend to be ahead in the game because they have resources to deeply focus on issues, travel internationally, and be leading edge in some of the systems and processes that smaller councils such as our own need to consider, to address both expectation and challenge. The metros' scale does not necessarily make them totally different to us; there are certainly a lot of lessons to be gained, so I truly value that time with other local government professionals.

3.10. Whakapiri Leadership Summit

On 28 and 29 November 2023 the Executive Leadership team was privileged to spend two full days with our tier three leadership (SLT) from across the organisation along with facilitators from the Institute of Strategic Leadership Kristy Meates and Amanda Woolridge.

The Whakapiri Leadership Summit focussed on working with our leaders to identify their individual styles and traits within the four-character framework which Elected Members were introduced to during your post-election induction programme. The sessions facilitated understanding and connection with peers and colleagues across the business and an appreciation of the attributes of high performing teams. The Senior Leadership Team is the delivery firepower of our organisation and investing in its collective potential is how we can all achieve and deliver for our communities. It is my privilege, and

8.2 Chief Executive's Report – December 2023(Cont.)

one of the responsibilities as CE, to grow and develop others and to see the potential in people. These two days were an absolute delight to be a part of this wonderfully talented group of people and to watch their growth and understanding of well researched leadership frameworks, which will no doubt have ongoing impact for them both personally and professionally. I look forward to seeing the Senior Leadership Team come together to focus their efforts and enjoy and benefit from the collective experience, knowledge and wisdom of this group. This is a critical part of the organisation's focus on effective delivery, continuous improvement, striving for success and a real focus on the execution of the 2024 LTP.

Guest speaker, Olympian rower and multiple world rowing title holder Eric Murray, who addressed the Summit dinner spoke of the attributes of leadership and was a wonderful addition to the two days and well received by our leaders attending.

With this event, we again saw the versatility of our council building. We were able to host this event within our place, utilising chambers, break out rooms, Tōtara atrium and the staff café as a dining venue. A pleasure to use and enjoy – as well as a money saver!

4. Conclusion – Kupu whakamutunga

This reporting period has seen the formation of a new coalition Government, a '100-day plan' and other emerging policies. Our sector is getting more and more direction as each week unfolds on what that looks like and what it could mean for Local Government.

As we understand more, we will become better placed to position the Eastern Bay to capitalise on new direction.

There's a continued need to find ways to deliver more community prosperity through different ways of working, investment into our systems, and the critical nurturing of partnerships.

It's been an incredibly big year, and I look forward with excitement to celebrating remarkable collective and individual achievements of staff at the Kotahitanga event on 14 December 2023.

I offer a huge thanks to Elected Members, our independent advisors Stuart Henderson, Petra Lucioli and Steve Franklin, our iwi and community partners and everyone who shared the vision and loves our place!

I thank governors for the way they have formed their team this year, their respectful practice and way of working and their support for our WDC team. We finish the year officially as NZ's most beautiful large town, but we know, the most beautiful District!

I wish everyone well for a safe and happy holiday season.

9 Reports - *Ngā Pūrongo*

9 Reports - *Ngā Pūrongo*

9.1 Long Term Plan 24/34 Draft Budget Version 1



To: **Whakatāne District Council**

Date: **Thursday, 21 December 2023**

Author: **L Woolsey / Manager Strategy and Performance**

Authoriser: **S Perdia / GM Strategy and Transformation**

Reference: **A2583157**

1. Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is for Council to formally adopt a Draft Budget Version 1 (V1) and note the process for providing feedback guidance to the Executive Leadership Team for subsequent reviews of the Budget.

2. Recommendations - *Tohutohu akiaki*

1. **THAT** the Long-Term Plan 23/34 Draft Budget V1 report be **received**; and,
2. **THAT** the Council **adopt** the Draft Budget V1 presented to Council at the briefing on 13 December 2023 as a working draft; and,
3. **THAT** the Council **note** that the guidance and directions provided by Councillors to the Executive Leadership Team following the draft budget briefing on 13 December 2023, will be used to review and prepare a second version of the budget for presentation to Council in early 2024; and,
4. **THAT** the Council **note** the process described in the report for subsequent reviews of the budget and work programme to prepare it for community consultation.

3. Background – *He tirohanga whakamuri*

In August 2023, Council completed a review and adopted a draft strategic framework for the Long Term Plan 2024-2034 (LTP) which includes Council's vision, community outcomes and strategic priorities. The review process included an LTP pre-engagement campaign which attracted over 360 submissions.

The draft LTP 2024-2034 Strategic Priorities are:

- Enhancing the safety, wellbeing, and vibrancy of communities
- Strengthening relationships with iwi, hapū and whānau
- Building climate change and natural hazard resilience including our infrastructure
- Facilitating economic regeneration and responding to development pressures

9.1 Long Term Plan 24/34 Draft Budget Version 1(Cont.)

- Shaping a green district
- Having a strong, resilient, and enabled Council organisation

Significant forecasting assumptions underpinning the draft LTP were presented to the Risk and Assurance Committee. The key assumption themes include climate change, population projections, Government reforms (in particular Three Waters), inflation and interest rate levels based on Treasury and Local Government sector advice.

We have reviewed the Activity Groups of Council (Council departments) to align them better with what our communities experience when they engage with Council. Following this, Activity Managers (using the draft structure), presented long term Activity Plans to Council on 25 October and 8 November 2023. The Executive Leadership Team presented prioritised strategic investments (new opportunities for investing into the community and organisation) to Councillors on 24 November and 6 December 2023.

Alongside the development of Activity Plans and prioritised strategic investments, briefings were held to review key strategies and policies required under the LTP such as the Financial Strategy, Revenue and Finance Policy, Development Contributions, Infrastructure Strategy and Significance and Engagement Policy.

All of this work precedes and informs developing a draft work programme and forecasting a 10-year budget to implement that work programme.

4. Subject - *Kaupapa*

The LTP Draft Budget V1 was presented to Council in a workshop briefing on 13 December 2023. The feedback and guidance from Council will be used to review the proposed work programme and draft budget and prepare a Version 2 for consideration by Council on 31 January 2024.

A final draft work programme and budget will be presented to Council on 7 February 2023. This will inform the development of a community consultation document which will be presented to the Environment, Energy and Resilience Standing Committee and used for LTP community engagement which is scheduled for mid-March to mid-April 2023.

After consultation, hearings and deliberations which will take us through to May 2024, the final LTP budget and work programme will be released to Audit. This will allow the LTP to be adopted before the end of June 2024 to meet legislative requirements.

5. Options analysis - *Ngā Kōwhiringa*

5.1. Option 1: Adopt the draft work programme and budget (Version 1) for the Long Term Plan 2024-2034 – preferred option

<i>Advantages</i>	<i>Disadvantages</i>
Enables staff to have a draft budget to receive feedback and guidance from Council and prepare a Version 2. Allows work to continue on the Long Term Plan.	There are no identified disadvantages.

9.1 Long Term Plan 24/34 Draft Budget Version 1(Cont.)

5.2. Option 2: Do not accept the draft work programme and budget (Version 1)

Advantages	Disadvantages
There are no identified advantages with this option.	Staff will not be able to work on a Version 2 work programme and budget. It puts at risk Council's legislative requirement to complete an LTP by 30 June 2024. Staff and Council will be required to restart a new process to develop a draft work programme and budget.

6. Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

The decisions and matters of this report are assessed to be of low significance in accordance with the Council's Significance and Engagement Policy. However, this report is part of the broader Long Term Plan 2024-2034 process and will be assessed to be of high significance when the budget and work programme is ready for LTP consultation.

6.1. Engagement and community views

Engagement on this matter is not being undertaken at this stage. Community consultation will occur when the budget and work programme is complete and approved for consultation by Council.

7. Considerations - *Whai Whakaaro*

7.1. Financial/budget considerations

The budget and work programme were presented to Council in a workshop briefing on 13 December 2023. Feedback, direction and guidance received at that briefing will be used to shape a second version of the budget and work programme which will be presented to Council for further discussion in early 2024.

The budget and work programme will need to be approved by Council before consultation with the community can occur.

7.2. Strategic alignment

There are no inconsistencies with any of the Council's policies or processes for the review of the Long Term Plan in relation to this report.

7.3. Climate change assessment

The Long Term Plan considers the broader impacts of Council on its environment and the District's mitigation and adaptation opportunities/challenges.

The draft budget includes proposals based on the Council's Climate Strategy review process.

9.1 Long Term Plan 24/34 Draft Budget Version 1(Cont.)

7.4. Risks

There are no known risks associated with the matters of this report. This report enables the staff to have a working draft and Council's guidance and directions can be incorporated into that draft.

9.2 Adoption of the Whakatāne District Council Annual Report 2022/23

9.2 Adoption of the Whakatāne District Council Annual Report 2022/23



To: **Whakatāne District Council**

Date: **Thursday, 21 October 2023**

Author: **H Allison/ Strategic Policy Analyst**

Authoriser: **S Perdia/ GM Strategy and Transformation**

1. Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to present the Whakatāne District Council Annual Report 2022/23 to the Council for adoption.

2. Recommendations - *Tohutohu akiaki*

1. **THAT** the Whakatāne District Council Annual Report 2022/23 report be received; and
2. **THAT** the Council notes that auditors have advised they intend to provide a qualified opinion with respect to non-financial statement of service performance measurement limitations related to the number of complaints received about water supply, wastewater and stormwater; and
3. **THAT** the Council adopts the audited Whakatāne District Council Annual Report 2022/23, attached as Appendix 1 of the report, subject to any minor immaterial grammatical corrections or page referencing identified prior to publishing, in accordance with Section 98 of the Local Government Act 2002; and
4. **THAT** the Council notes that the Annual Report 2022/23 and a Summary will be made publicly available within a month of the adoption of the Annual Report.

3. Background - *He tirohanga whakamuri*

The Whakatāne District Council Annual Report 2022/23 is a legislative requirement under the Local Government Act 2002 (LGA). The purpose of the Annual Report is to compare our actual activities and performance for the year with our intended activities and level of performance as set out for the year in the Long-Term Plan and the Annual Plan, and; to promote accountability to our community for the decisions made throughout the year.

The LGA requires the Annual Report to be adopted within four months after the end of the financial year to which it relates (31 October).

This year, due to Audit timeframes and level of work required, the statutory timeframe of 31 October 2023 for adoption could not be met due to complexity of measurement and testing around matters around the audit.

The final signed Audit opinion for the Whakatāne District Council Annual report 2022/23 can only be issued following the adoption and signing of the Annual Report at the Council meeting today. The final Audit Opinion will be included as an appendix in the final Annual Report that will be published.

9.2 Adoption of the Whakatāne District Council Annual Report 2022/23(Cont.)

A Summary Annual Report 2022/23 will also be published alongside the Annual Report 2022/23.

3.1. Work to date

In August 2023, the Committee received and approved a draft Annual Report 2022/23 which included a narrative of the activities and accomplishments throughout the year, along with the results of our non-financial performance measures that were set in our Long Term Plan 21-31.

Council staff have been working with Audit NZ from September to provide all the information that has been requested and audited. The audit process is now complete and financial information is included within this final version of the Annual report 2022/23 for adoption by Council.

Council is required to produce a summary of its Annual Report. This Summary Annual Report must be made publicly available no later than one month after the adoption of the Annual report and does not need to be adopted by Council. The Summary Annual Report is currently being worked on and is on track for completion.

4. Annual Report Audit Process

Audit New Zealand commenced their auditing process in September 2023.

This year, due to Audit timeframes and level of work required, the statutory timeframe could not be met due to complexity of measurement and testing around matters such as :

- equity accounting associated with Te Rāhui Herenga Waka 2021 Whakatāne;
- provision accounting for future costs associated with landfills;
- valuation associated with accounting for Thornton bridge vest from BOPRC ;
- valuation associated with accounting for properties vacant or on short term leases considered held for investment;
- valuations in general;
- measurement of complaints associated with water supply, wastewater and stormwater;
- requests for accounting and sampling to a manner and a degree not anticipated where they differed from prior year process.

Additional WDC staff hours associated with this matter over and above normal annual report delivery have been roughly estimated at approximately 800hrs with approximately 200hrs being undertaken over and above normal work hours.

Audit New Zealand has provided a draft their Audit Report which has been included as Appendix 2 to the report and for which Audit New Zealand will be in attendance online for the meeting to answer any points of clarity or questions.

The final Audit Opinion will be included as an appendix in the final Annual Report 2022/23 that will be published.

9.2 Adoption of the Whakatāne District Council Annual Report 2022/23(Cont.)

5. Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

5.1. Assessment of Significance

The decisions and matters of this report are assessed to be of low significance, in accordance with the Council's Significance and Engagement Policy.

5.2. Engagement and community views

Engagement on this matter is not being undertaken in accordance with Section 4.2 of the Council's Significance and Engagement Policy. This states that the Council will not consult when there is already a sound understanding of the views and preferences of the persons likely to be affected or interested in the matter.

6. Considerations - *Whai Whakaaro*

6.1. Financial/budget considerations

There are no budget considerations associated with the recommendations of this report.

6.2. Strategic alignment

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

6.3. Climate change assessment

The Annual Report includes a climate change section with achievements for the 2022/23 financial year. This includes the ongoing monitoring of Council's energy use and carbon footprint as Council works towards the target of becoming a net carbon zero organisation by 2030.

The decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

6.4. Risks

There are no known risks associated with the matters of this report.

7. Next steps - *Ahu whakamua*

Once the Annual Report is adopted and signed by the Mayor and Chief Executive, Audit New Zealand can formally issue their opinion.

The Local Government Act requires that within one month of the adoption of the Annual Report, both the full Annual Report and Summary thereof are made publicly available. The intention is for both the full Annual Report and Summary to be made available on the Council's website and supported by social and traditional media promotions.

Typically, the project will close with a (internal) debrief process, providing opportunities to highlight what went well and identify opportunities for improvement in the project for next time.

9.2.1 Appendix 1 - Annual Report 2022/23

Attached to this report:

- Appendix 1 - Annual Report 2022/23
- Appendix 2 - Draft 2022-23 External Audit Report for 30 June 2023

9.2.1 Appendix 1 - Annual Report 2022/23

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



ANNUAL REPORT TE PŪRONGO Ā-TAU 2022/23

For the period 1 July 2022 to 30 June 2023

whakatane.govt.nz

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



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9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Message from Mayor Dr Victor Luca

Kupu whakataki
o te Koromatua

At the close of each financial year, Council is required to review the previous 12 months to assess what was delivered in terms of what was intended, for that year of the Long Term Plan. This report is prepared to capture that information and communicate with residents the progress in our work programme and how we performed against the measures we set. It's our 'report card' if you will.

This Annual Report tells residents about the services, community projects, and facilities Council provided from 1 July 2022 to 30 June 2023. It shows how these have contributed to achieving our vision, community outcomes and priorities that we determined, after consultation with our communities, for the 2021-31 Long Term Plan.

Everyone in business knows – and Council is essentially a big multi-delivery business – there have been operating challenges in the last few years, with the impacts of COVID-19 affecting global supply chains, unusually high rates of inflation driving up the cost of materials, and a tight job market. When I consider these factors, I think it's remarkable we were able to deliver what we did.

I strongly encourage people to take the time to read the report and learn more about what Council delivers for its communities. I'd like to think that with more understanding, people will be more encouraged to tell us what their aspirations are for their communities and get involved in engagement activities that help us, as Elected Members, to make the right decisions.

Dr Victor Luca
MAYOR KOROMATUA
21 December 2023

Your Council Ngā Kaikaunihera



Dr Victor Luca
Mayor



Lesley Immink
Deputy Mayor



Julie Jukes
Councillor, Whakatāne-
Ōhope General Ward



Nándor Tánczos
Councillor, Whakatāne-
Ōhope General Ward



Andrew Iles
Councillor, Te Urewera
General Ward



Gavin Dennis
Councillor, Rangitāiki
General Ward



Wilson James
Councillor, Rangitāiki
General Ward



John Pullar
Councillor, Whakatāne-
Ōhope General Ward



Tu O'Brien
Councillor, Rangitāiki
Māori Ward



Toni Boynton
Councillor, Kāpū-te-rangi
Māori Ward



Ngapera Rangiaho
Councillor, Toi ki Uta
Māori Ward

Our Vision and Community Outcomes

Tō mātau matakitenga

Our vision – *More life in life* – and community outcomes were established through the Long Term Plan 2021-31. Our vision and outcomes set out the high-level direction and goals Council will work towards to achieve its primary purpose to support and enhance the social, cultural, economic, and environmental wellbeing of our communities. Our vision embraces Council’s role in supporting our communities to flourish, fulfil their potential and live life to its fullest. A strong, resilient, and enabled Council organisation will help ensure we can achieve the things that are most important to us all.

More life in life

Working together to make living better for our communities, now and in the future



Strong, resilient Council organisation focused on continuous improvement

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Our Strategic Priorities

Ngā rautaki matua

The strategic priorities are the eight priorities Council consulted the community on when developing the 2021–31 Long Term Plan. The eight priorities provide the Council with key areas of focus to achieve our vision of ‘More life in life’. Each priority is supported by strategies, programmes of work and key projects.



Strengthening iwi, hapū and whanau partnerships



Preparing for population growth and housing demand



Enhancing the environmental outcomes of our activities



Improving the safety, security and resilience of infrastructure



Building climate change and natural hazard resilience



Enhancing the vibrancy of our communities



Facilitating economic regeneration and employment opportunities



Ensuring Council is enabled and fit for the future

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Our work Ā mātau mahi

The Local Government Act 2002 sets out the purpose of local government in New Zealand. It gives us a framework and empowers us to decide which activities we undertake, how we undertake them, and makes us accountable to our communities. It states that our overall role is to ensure democratic local decision-making and action by, and on behalf of, communities. We must meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

Our mahi/work involves the delivery of a wide range of services and facilities that families, households, businesses, and visitors rely on and use every day. At the top of our list are services that ensure the health and safety of our communities, such as providing clean drinking water, appropriate treatment and disposal of wastewater, and local transport networks that allow people to move safely around the district. Many other Council activities play an essential role in making this a great district for us to live, work and play.

Our work is organised into eleven groups – including the corporate services group, which supports the delivery of our other activities. A Council-controlled organisation (CCO) operates the Whakatāne Airport in a Joint Venture agreement with the Ministry of Transport Te Manatu waka.

Our groups of activities, and everything we do at Council works towards our priorities, outcomes, and vision. To ensure our success in working towards our long-term vision, outcomes, and priorities; each of our groups of activities below have performance measures. Within the “Our activities and services” section of this report from page 36, which reports our results for these performance measures, we have included the outcomes that the activity works towards.

Our groups of activities



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Celebrating our awards

Me whakanui ka tika

Excellence in Organisation and People Development Award

The Taituarā Local Government Excellence Awards are held annually to recognise outstanding projects, and approaches that exemplify professional excellence in local government management. A crucial aspect contributing to the success of these awards is the potential for other councils to easily replicate the winning project in their pursuit of similar improvements.

The Whakatāne District Council was announced as the recipient of the Excellence in Organisation and People Development Award in the 2023 Taituarā Local Government Excellence Awards.

This award acknowledges the outstanding efforts of over 140 Council staff members who contributed to the development of the organisational vision and values “Toitū to Kotahitanga – Better Together”. The judge’s commented that Toitū te Kotahitanga stood out not only for the improvements in staff engagement, but because of its strong linkage to the council’s strategic objectives.

The People First Programme *successfully* integrated a new vision and set of values that serve as guiding principles for staff members. This initiative has not only enhanced leadership capabilities and communication through leadership development but has also positively impacted performance in key areas such as leadership, culture, and communication.

In the spirit of Toitū to Kotahitanga – Better Together, the People First Programme invests in improving Council and enables us to deliver better for our communities.

Delivering on our District's vision and outcomes

E tutuki ana i te
matakiteanga me
ngā putanga hapori
o te rohe

This section provides a snapshot of the services, community projects, and facilities Council provided over the financial year 1 July 2022 to 30 June 2023, which have contributed to achieving our vision, community outcomes and priorities.

This is the second Annual Report measuring our progress against the 2021-31 Long Term Plan.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Constructively and collaboratively engaging with Iwi, hapū and whānau

Kia mahi tahi ki ngā Iwi, ngā hapū me ngā whānau

Strengthening Iwi, hapū and whānau partnerships

E whakawhanake ana i ngā rangapū ā-whānau, ā-hapū, ā-iwi anō hoki

Local Elections with Māori Wards

In the 2022 Local Elections, Māori wards were included for the first time in the Whakatāne District. Māori wards are intended to substantially represent the importance of the Māori community voice, to provide assurance that issues of priority to Māori can be more directly brought to Council, and to promote confidence in Local Government decision making processes.

The Council structure now includes three general wards (Rangitāiki, Whakatāne-Ōhope and Te Urewera), and three Māori wards (Rangitāiki, Kāpū-te-rangi, and Toi ki Uta). Each Māori ward has one Councillor, and the general wards have a total of seven Councillors. Supporting the Council are four Community Boards: Murupara, Rangitāiki, Tāneatua and Whakatāne-Ōhope.

Tu O'Brien was elected as the Councillor for the Rangitāiki Māori Ward, Ngapera Rangiaho for Toi Ki Uta Māori Ward, and Toni Boynton for Kāpū-te-rangi Māori Ward.



Our commitment to strong Māori Relationships

Since the appointment of the Kaihautū Māori role and the establishment of Toi Kōtuitia (Strategic Māori Partnerships Team), the focus has been on building a strong foundation of cultural capacity and capability with the support of Te Ohu Māori (Māori staff advisory group) within the organisation. Over the past year, the team has implemented the Te Toi Waka Whakarei – Māori Relationship Strategy. This strategy demonstrates our firm commitment to working with the seven Iwi, 80 hapū, and 69 marae and other Māori entities within our District’s boundaries. Guiding practical solutions to ensure our engagement and relationships with Iwi, hapū and whānau are enduring, effective, and valued.

Our plan outlines, Whakatāne District Council’s commitment to meeting our legal and relationship obligations, and how we can be more responsive to and proactive for Māori. Iwi, hapū and whānau have significant contributions to make for the betterment of the whole district through their cultural, social, environmental, and economic aspirations.

It is essential to keep in mind that as the current stewards of relationships between, Iwi, hapū and whānau, we have responsibilities as staff and Elected Members, to our partners to enable and support them to achieve their aspirations.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Te Toi Waka Whakareī
(Māori Relationship Strategy)**

Te Toi Waka Whakareī – Māori Relationship Strategy sets out a schedule of annual activities that are internally focussed, setting up Council to be fit for purpose. Through internal engagement, discussion with Iwi, hapū and whānau, we have determined that six focus areas will assist us in achieving our plan. These include:

- Strengthening leadership- Elected Members and the Executive leadership team understand the Māori worldview and embody Te Tiriti o Waitangi to support and improve the relationship outcomes for Māori.
- Achieving partnership excellence- Champion a relationship-first approach with Māori to support effective and equitable engagement.
- Becoming an empowered organisation- Council works to fulfil its commitment and legal obligations to Māori under Te Tiriti o Waitangi and aims to ensure its staff can deliver Māori outcomes.
- Promoting Māori identity- The Council aims to reflect and promote Māori culture and identity within the environment and to value mātauranga Māori.
- Improving decision making- Agile policies that guide Council and reflect Māori views, knowledge, and Te Tiriti o Waitangi, and explore Māori aspirations (partnering or self-governance).
- Improving performance and accountability - Council and Māori collaboratively create performance measures to inform and improve, ensuring we are achieving partnership excellence.

These six focus areas not only drive the projects that Toi Kōtuia manage, but also direct and guide other workstreams to implement these factors into their work programming.

Te Kahupapa - Culture Competency Framework

Te Kahupapa is Council's cultural competency framework created by Toi Kōtuia (Strategic Māori Partnership Team) and is designed to deliver cultural competency training throughout the Council. This contributes towards our Long Term Plan commitments and our responsibilities as a Te Tiriti Partner to continue to build and strengthen existing relationships through the activities of Council. It is an exciting time to be at Council as we focus on people and capability.

This framework is the foundation to ensure Council has a thorough understanding of Iwi, hapū and whānau within our District. Since the delivery of the trainings began, over 60% of staff (including Elected Members) have completed one or more cultural competency trainings.

Engagement with Iwi, hapū and whānau

Council has increased our Māori focussed roles to support engagement and the delivery of Te Toi Waka Whakareī. Additional initiatives include shared business planning with Iwi and hapū, and the Better Off Funding Iwi Policy Hub, to support Iwi to participate in agreed projects. These support our journey to healthier relationships and ensuring Iwi, hapū, and whānau are enabled to participate, whilst continuing to build the level of trust and confidence as a Te Tiriti Partner.

Internal process and policies to build the guidance and knowledge within the organisation is changing how we operate and how we are seen and heard. Guidelines and te reo Māori training for staff is increasing the confidence of staff and how we converse and communicate publicly. Developing our methodologies to work closer with Iwi, hapū and whānau is ongoing, and ensuring staff and Elected Members have a greater understanding.

Arts and Culture has been particularly busy. Council has partnered with Iwi and hapū to host exhibitions at Te Kōputu a te whanga a Toi Whakatāne Library and Exhibition Centre, as well as Te Whare Taonga o Taketake Whakatāne Collections, Archive and Research Museum. Collections have travelled the district also, hosted by hapū and marae with great feedback and enthusiasm for more.

Council staff have been supporting Iwi and hapū events locally in the CBD and in our remote communities, via our responsibilities as Council, but the manner in which we have conducted ourselves is different and the feedback has been positive.

The main Council Building Redevelopment Project has been a memorable project for Council staff who worked with members of Iwi and hapū from the whole district as we brought to life the highly treasured, maunga (mountains), awa (rivers) and the taonga (treasured) species that tell of the place and people in the district. This project to weave a cultural narrative through the building ensures we are moving steadily toward a Council that reflects the many communities and recognises and promotes the rich history of tangata whenua.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Strong, connected, interdependent, diverse communities *Ngā hapori pūkeke*

Preparing for population growth and housing demand *E whakarite ana ki te tipuranga o te taupori me ngā tonotono whare*

Ensuring our infrastructure, facilities and services have capacity for growth.

One of Council's core priorities throughout this financial year has been progressing the development of the Our Places – Eastern Bay of Plenty Spatial Plan. The Plan will set out where and how we can grow across the Eastern Bay of Plenty to accommodate population and employment growth in a positive way while contributing to our social, economic, environmental, and cultural wellbeing.

Partners in this collaborative project include the Eastern Bay of Plenty councils, Iwi authorities and Central Government agencies. Building effective and enduring partnerships will ensure that the needs and development aspirations of all Eastern Bay of Plenty communities are understood, and the plan is focused

on the most important community interests within the sub-region.

The sub-region's challenging natural geography, increasing demand on housing (including affordability and suitability of housing stock), increasing demand on existing infrastructure, and further development of economically important industries, are all key challenges that require integrated management and partner led solutions. It is also important while managing growth, that we deliver appropriate wellbeing outcomes where communities can live and access the lifestyle, they desire including employment, recreation, and cultural and social opportunities.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Development of the Spatial Plan will help position the Eastern Bay of Plenty in the development of a Regional Spatial Strategy and Infrastructure Strategies, the Waters Services Reform and Central Government investment priorities.

- During the 2022/23 financial year, several key activities have been undertaken including:
- Finalising the five foundation reports and review of relevant tangata whenua documentation.
- Establishing the Project Leadership and Project Governance Groups.
- Finalising the project outcomes and agreeing a project plan.
- Updating the forecasts for population and housing and business land demand.
- Identifying areas vulnerable to natural hazards and other potential development constraints.
- Understanding the range of development options across the sub-region and the associated infrastructure implications.
- Developing an engagement strategy, which includes finalising project branding and setting up a website.

Contributing to urban development and housing growth

One of the core functions of Council is the issuing of building and resource consents, which plays a vital role in shaping urban development and fostering economic growth. This aligns with our priorities in preparing for population growth and housing demand, and in facilitating economic regeneration and employment opportunities.

We have identified that we will need an additional 4,000 homes to accommodate an anticipated growth of 45,000 residents by the year 2050. This influx of residents wishing to find their home in the Whakatāne District creates demand for more robust infrastructure as well as an increase of places to live in our district.

This year, we have seen a decrease in the number of consent applications for both building and resource, which might be attributed to escalating interest rates, increase in material costs, and strain on material supply chains. Nonetheless, we have issued 124 consents for the construction of new homes with a value of \$46.8 million, and additional 11 consents for commercial structures with a value of \$6.8 million.



The enabling of more housing within the district can contribute positively towards the availability and affordability of homes.

We have also issued a total of 187 resource consents relating to land use and subdivision. Of note, during the 2022-2023 financial year, Council granted consents for residential developments including a 17-lot subdivision in Piripai Rise, and a six-lot townhouse development in Landing Road, Whakatāne. The issuing of these consents aligns with our Whakatāne District Plan in ensuring additional housing for our growing population.

One of the major developers contributing to our built environment is Kāinga Ora who help meet the need for social and affordable homes for whānau in Whakatāne. There has also been an increased interest in Papakāinga housing developments in our rural zones.

Each year we monitor satisfaction of our building and resource consents process. Feedback indicates that 65% of individuals who lodged a resource consent application with Council were satisfied with the process, with 69% satisfied with the building consents process. Both reaching our target of 60%. Notably, this year's results mark an improvement on the previous year which shows our commitment to always improving.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Enhancing the vibrancy of our communities

E whakanui ana i te whitawhita o ngā hapori

Active Whakatāne

Our Active Whakatāne Strategy has seen the delivery of a range of projects throughout the 2022/23 financial year. These projects have made it safer and easier for transport users and have enhanced our streets by lowering traffic speeds and encouraging traffic away from our residential streets. Just as importantly, the Active Whakatāne Programme has provided evidence to support bids for external funding. Funding assistance from the National Land Transport Fund, means that for every \$1 million in rates invested in this Long Term Plan period, we can deliver \$5.8 million worth of active transport improvements with the vast majority of work going to local suppliers and contractors. Without our Active Whakatāne Strategy, leveraging these opportunities wouldn't be possible.

The implementation of 'Locky Docks' across the community has been made possible by a generous \$80,000 grant from Trust Horizon. These innovative bike racks provide secure storage and free charging for e-bikes. These Locky Docks have been installed at the following locations:

- Robert Harris, The Strand Whakatāne
- Caroline Eve, The Strand Whakatāne
- Mahy Reserve, Ōhope Beach
- Whakatāne Aquatic and Fitness Centre, Short Street Whakatāne
- Viet Eatery, Kopeopeo

These Locky Docks will be the first across the country and are part of our ongoing efforts to promote an active lifestyle and sustainable transportation options. They offer a secure and convenient solution for cyclists, particularly e-bike users, encouraging more people to embrace eco-friendly modes of transportation.

In addition, an e-bike library has been funded by the Climate Emergency Response Fund. This allows residents to trial different types of e-bikes for a small fee. The library will include a range of town bikes, cargo bikes, and mountain bikes, and will allow people to try before purchasing one of their own.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

As part of our Active Whakatāne programme we have been working to make active travel like walking, cycling, and scootering, safer and easier for everyone. During the 2022/23 financial year we:

- Installed a raised crossing platform across the Salonika Street intersection for St Josephs and Allandale Primary schools and residents at the Disability Resource Centre.
- Installed a raised crossing platform across Goulstone Road to allow safer access to Rex Morpeth Park, the Whakatāne Aquatic Centre, Rugby Park and schools.
- Installed speedbumps, crossing platforms and narrowed the intersection on Pouwhare Street. This has made the route slower and has improved accessibility for mobility impaired users, cyclists, and walkers by providing them level access across roads.
- Created a slow speed area outside Edgecumbe Primary and Edgecumbe College to reduce the risk to students and whānau in this busy area. We also created a shared use path to encourage more active travel by school students. This project is being completed across 2022/23 and 2023/24.

These efforts under the Active Whakatāne Programme demonstrate our commitment to creating a safer and more accessible environment for active travel throughout our community.

**Better Off Funding projects**

The Whakatāne District has been granted \$5.66 million of 'Better Off' funding dedicated to community wellbeing projects. Funding can be used for projects budgeted for in the current Long Term Plan (from years one to three) where the Better Off Funding could cover the additional costs from accelerating a project or be used for the full costs of a project in years four to 10 of the Long Term Plan, if Better Off Funding would accelerate, scale-up and/or enhance the quality of the planned investment.

The funding also had to be for projects that:

- Supported communities to transition to a sustainable and low-emissions economy, including building resilience to climate change and natural hazards
- Deliver infrastructure and/or services which allowed housing development and growth, with a focus on brownfield (previously developed land which is not currently in use) and infill development opportunities where those are available and/or
- Deliver infrastructure and/or services that support local place-making and improvements in community well-being.

The seven projects that will receive Better Off Funding are:

Planning for Murupara and Minginui regeneration, and amenity projects (\$700K)

Both Murupara and Minginui require significant support for town regeneration and infrastructure to enable housing, commercial, and wellbeing projects that will be transformational in their communities. The project will be delivered in partnership with Ngāti Manawa and Ngāti Whare, with funding provided for:

1. Master planning and infrastructure planning for Murupara township in partnership with Ngāti Manawa.
2. Master planning and infrastructure planning for Minginui village in partnership with Ngāti Whare.
3. Implementation of early recreation and amenity opportunities in each town.

Developing shared use cycle trail from Edgecumbe to Thornton (\$900K)

This project seeks to support the 'Small Towns Initiatives' focus within the Active Whakatāne strategy which aims to develop connections for active transport (often using stop banks as a route) in and between our district's smaller settlements. A specific opportunity for Better Off Funding is to develop the link between Edgecumbe and Thornton which is a longstanding aspiration and priority of the Edgecumbe community.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Enhancing Civil Defence preparedness and strengthening Waimana and Te Teko community halls (\$1.36 million)**

This initiative is for a suite of projects to support civil defence response capability and community resilience to natural hazards. Including:

- 1) Accelerating seismic strengthening of rural halls at Waimana and Te Teko that are expected to function as civil defence centres.
- 2) Development of civil defence response infrastructure across the district.

Commencing a two-year trial for a collective Iwi policy hub (\$1 million)

All Iwi in the Whakatāne District are giving a strong and recurring message to the Council that capacity to engage in various complex programmes is a significant ongoing challenge and prevents engagement as desired. After formative conversations between Iwi Chief Executives and the Council Chief Executive, the proposal is for Council to directly fund a Policy Hub whereby Iwi can recruit (or provide existing people) skilled in policy, law, resource management, economic development and Mātauranga Māori to provide engagement and policy support.

Delivering Hono Hapori - mobile community outreach for Council services (\$500K)

The Hono Hapori Community Outreach initiative aims to support better community access to Council services. The initiative acknowledges that the makeup of our District in terms of its size, numerous remote communities, deprivation, and internet barriers means there are varying levels of access to Council services. The proposal provides for community outreach by fitting out two vehicles (one of which is an e-Vehicle), to take a range of Council services into rural and remote communities, and engage with communities especially Iwi, hapū and whānau.

Providing for a CCTV upgrade and expansion (\$1 million)

Much of the existing CCTV (closed-circuit television) network infrastructure is inefficient, ageing and/or requires more resources to enable active monitoring. This initiative proposes improvements to the current CCTV network to ensure greater deterrence of ram-raids and smash and grabs while responding to demand for greater security in our rural areas and smaller townships.

Accelerating the Our Places – Eastern Bay of Plenty Spatial Plan (\$200K)

The development of an Eastern Bay of Plenty Spatial Plan is underway to support housing development and growth demands acknowledging current pressure, while maintaining a long term view. Largely driven by the timing of Central Government reforms, there is a need to accelerate the spatial plan to co-inform other critical infrastructure planning and strategy development. Critical links include waters strategy and asset management planning ahead of water services reforms and in advance of Council's next Long Term Plan.

A year of creativity, community, and connection

The Whakatāne Libraries and Galleries team has had a busy year and presented a varied range of programmes, events, and services for communities.

The Murupara Library provided a community hub for the 2023 Census Team, Wahine Whakapakari Courses, Murupara Area School class library sessions, local home-schooling group sessions, and as a meeting space for Midland/EBOP Auahi Kore Coalition, Māori Women's Welfare League, and Youth Space. The team has also particularly enjoyed collaborating with other community groups including Te Ara Tika, Eastbay REAP and Youth Space to deliver a series of successful school holiday programmes.

In April 2023 the Whakatāne Library team had a great time hosting celebrated author and Te Awhi Rito, NZ Reading Ambassador, Ben Brown, author, illustrator, and cartoonist Toby Morris, and students from James St School in Te Kōputu. As part of the Storyline's Trust tour, this was a great chance for tamariki to learn about bringing stories to life from two masters of their craft. The library also had a jam-packed week full of activities and events for Matariki and again hosted the Molly Morpeth Canady Award.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

The school holiday programmes throughout the year have provided opportunities for families to be entertained, learn new arts and crafts, have fun, and meet other families. Events and activities included Doggie Storytime with Amy and canine companion Tippet from Harmony & Hope animal rescue, learning all about how to take care of our furry friends. A bird themed holiday programme featuring a very popular 'Make Your Own Bird Feeder' session using upcycled cat food tins, and a 'Tweets'n'Beats' composition session mixing native bird and tuatara calls into music. We also celebrated the return of Hā Kākano; the weekly Preschool Storytime, that has been attracting good crowds.

Customers at Te Kōputu have been thrilled with the addition of a new digital scanner for the community to digitise their family documents and favourite whānau photos, free of charge. On-demand streaming service Hoopla was introduced, allowing members to access online books, comics, movies, music and more 24/7 with their library card details, and online magazines were added to the popular BorrowBox platform. A classic DVD collection celebrating the oldies but goodies of the film world, was created to allow many of those who don't have suitable Wi-Fi connections to still enjoy the movies they know and love.

Mā Koutou, Mā Tātau – Our People, Our Spaces Strategy

The Whakatāne District boasts an abundance of shared spaces and facilities including rivers, mountains, parks, reserves, playgrounds, and sports fields. We have been working to develop a new People and Places Strategy to keep up with changing demand on these spaces. The projects incorporate two streams of work – the development of the Whakatāne People and Places Strategy and the Rex Morpeth Recreation Hub Master Plan.

The Whakatāne People and Places Strategy aims to address the open space requirements of our present and future communities. Its purpose is to enable effective decision making regarding the management, development, acquisition, and divestment of open spaces.

The Rex Morpeth Recreation Hub Master Plan will outline the future use and development of the 17 hectares of recreational space within Rex Morpeth Park and Rugby Park. This will include a development option for the Whakatāne War Memorial Hall, to ensure the provision of a suitable multipurpose facility for use in the future.

The development of the Whakatāne People and Places Strategy and the Rex Morpeth Recreation Hub Master Plan is a unique opportunity to help set the future direction and ensure current and future needs for open space within the Whakatāne District; while also contributing to the planning for a multipurpose facility and recreational space to address social, cultural, and sporting needs. Community engagement commenced in March 2023, with a final plan on track to be completed in December 2023.

Community good projects

We are proud to share the numerous projects and initiatives undertaken by the Council to improve the beauty and functionality of the Whakatāne District we know and love. This includes:

- Shade sails installed at Sullivan Lake and Thompson Crescent in Whakatāne, and Puriri Crescent in Edgecumbe, ensuring that families can enjoy the playgrounds without concerns of excessive sun exposure.
- At Mananui Reserve Whakatāne, we replaced the existing modular playground, offering an improved play space for children to explore, learn, and have fun.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

- The Harbourside trail in Ōhope and the bike track at Warren Park in Whakatāne were both resurfaced, to improve safety to users.
- We constructed a path around the stormwater pond at Whitehorse Drive retention pond in Whakatāne, to enable equal access to people of all abilities to enjoy the natural bush environment. This 'Bird Walk' path now features a picnic table donated by Halo and a drinking fountain contributed by the Whakatāne Ōhope Community Board.
- At Thornton Domain, we have improved amenities for visitors' convenience and comfort. The upgrades include the installation of an electric BBQ, a drinking fountain, two beach showers, and two picnic tables.

Thanks to the generous funding of \$200,000 secured from the Lion Foundation, we have successfully completed several other projects that have contributed to the well-being of our community. These projects include:

- Murupara basketball court: We transformed an existing netball court in Murupara into a full-sized basketball court, providing more opportunities for our youth to engage in active and healthy recreation. The project involved resurfacing the court, installing basketball hoops, and adding a fence to separate the basketball and netball courts, ensuring safe and enjoyable play for all.

- Eivers Park, Te Teko Playground Shade Sails: We installed shade sails at Eivers Park playground in Te Teko, ensuring that children can play out of the heat of the sun.
- Thornton/Okorero toilet: We addressed the need for toilet facilities in the area by installing a prefabricated dry vault toilet on the eastern side of the Rangitāiki River, opposite Thornton Domain.

Community Wellbeing Project – Waitara Oranga Hapori

The Community Wellbeing Project (CWP) is a community and social sector-led initiative that sets out to achieve better social outcomes for Whakatāne District residents.

In 2022, more than 50 social sector providers (including representatives from Māori-led organisations) met to identify the key barriers to communities in the Whakatāne District thriving and to agree on opportunities to work collaboratively on solving issues. The focus areas identified for collaborative action are:

- Housing and homelessness
- Community connection (to services and each other) including transport and digital enablement
- Community safety
- Intergenerational and transferred trauma
- Rangatahi / Youth participation and achievement
- Social sector capacity and connection
- Attracting funding and better use of resources.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Several initiatives are underway as part of this project including a Social Sector Network group that meets quarterly to support collective action groups and track progress on focus areas. Two of the collective action groups underway are facilitating a collaborative response to homelessness in the district.

Homelessness Response

Two groups have been formed to address homelessness in the district:

- Homelessness Prevention Alliance (HPA)
- Homelessness Response Group (HRG)

Both groups have multi-agency membership.

The HPA addresses the district's strategic approach to addressing homelessness and the HRG deals with day-to-day responses to issues of homelessness.

The HPA commissioned a District Homelessness Overview Report which is now endorsed by Council. They have also applied to the Housing and Urban Development Innovation and Partnership fund for funding to implement a strategic plan. More planning, advocacy, and response initiatives will be rolled out during the 2023 year.

Youth Strategy

A Youth Strategy, facilitated by the Whakatāne District Youth Council, was completed in 2022. This followed a comprehensive survey in 2021 that asked a range of rangatahi what living in Whakatāne District was like now, and what would make it an even better place to live. The Youth Strategy 2022-2027 (Te Rautaki Rangatahi) has a vision that 'Every young person is inspired and supported to explore unlimited opportunities and thrive as tomorrow's leaders.' It contains actions that the Youth Council will help rangatahi to deliver.

The Youth Council is a diverse group of young people aged between 12-24 with varying backgrounds and interests. The group is selected each year to represent the young people of the district, to learn about how local government works and what councils do and to advance youth-related issues and interests. The completed strategy is available to view on Council's website.

Community Planning

Throughout the year, the Community Partnerships Team has been assisting with three community planning processes this year. These community plans are place-based plans, led by representatives of local communities and assisted by Council staff. They are 'community-owned,' but include actions directed at Council and other funding agencies for support. Community plans are tools for capturing and prioritising the aspirations of communities and providing a 'roadmap' for how to get there.

It is important that any community planning exercise is inclusive and representative of all sectors of the community. The process seeks to gain general agreement on actions for community improvement that can be delivered by a range of providers including, but not limited to, Council. Two community plans – Edgecumbe and Ōtamakaokao (Awatapu) are now complete and moving into the delivery phase, while the Murupara Community Plan is in progress.

Eastern Bay of Plenty Road Safety Programme

Our Eastern Bay of Plenty Road Safety Programme aims to raise community awareness about road safety and works towards a safe road system throughout the region that is free of death and serious injury accidents.

The programme is facilitated by Council in partnership with programme sponsor Waka Kotahi NZ Transport Agency, NZ Police, ACC and other road safety agencies.

Key programmes delivered in 2022/23 in partnership with our community include a holiday season driver safety campaign focusing on reducing drink driving and 1st of January Fatigue Stop. Various young driver safety education events have also been delivered around the Eastern Bay and a marae-based recidivist drink-drive programme. Additionally, we provided cycle skills education to 735 young people, facilitated a Go by Bike Day, for adults and Wheels Days promoting Safe and Active Transport Modes, to over 2000 tamariki. During the colder months we have focused on Winter Pit Stops, and educating drivers on what car checks are required to stay safe.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Facilitating economic regeneration and employment opportunities

E whakahaere ana i te tipuranga o te taiōhanga me ngā āheinga mahi

Developing the Whakatāne Boat Harbour

Whakatāne town wharf and the entire east Coast of the North Island have reached maximum capacity for berthage. The new Boat Harbour aims to address this issue by offering a long-term solution, providing safer and more resilient berthage for storing vessels in the town.

The development plans include the establishment of a marine servicing centre equipped with a mobile boat hoist capable of lifting vessels. The Boat Harbour will offer a new option for lifting boats out of the water, allowing them to undergo maintenance and servicing.

Additionally, an onsite marine training school will be established to train skilled workers for the site and support the existing marine industry in Whakatāne. This industry currently includes two of New Zealand's largest and more popular aluminium boat builders.

The Boat Harbour project, with a budget of \$29.4 million, aims to retain existing jobs while generating over 600 new employment opportunities.

It is expected to bring significant economic, environmental, and social benefits to the region. Furthermore, the project will contribute to restoring the connections and mauri (life force) of the river, ensuring its preservation for future generations. The Kanoa- Regional Economic Development & Investment Unit of the Ministry of Business and Innovation and Employment is providing \$19.6 million and Whakatāne District Council is funding \$9.8 million from a loan against its existing Harbour Endowment Fund.

The commercial Boat Harbour project reached a significant milestone in January 2022 when land lease and company documents were agreed and signed enabling the Te Rāhui Herenga Waka Whakatāne Limited Partnership to form and the Board of Directors to commence work on establishing the development company, consenting and construction procurement processes.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

The Resource Consent was prepared, submitted, and then approved through the fast-track consenting process in August 2022 through the Environment Protection Agency. Once consent was approved the development company has been able to start preliminary site works and stakeholder engagement to prepare management plans required under the Resource Consent. The Bay of Plenty Regional Council and Whakatāne District Council are the monitoring and compliance agencies for the Resource Consent. Council, as a shareholder, attends board meetings and receives regular reports from its board appointed representative.

Supporting tourism recovery across the district

Despite the challenges posed by inflation on consumer spending and the gradual recovery of international tourism post-COVID-19, we are pleased to report that the visitor market in the Whakatāne District has continued to flourish with an increase of 10.9% in visitor spending.

Alongside marketing activity to encourage more visitors, work continues to support new tourism products and infrastructure to help sustain growth in the future. New cycleway projects are underway and Wharfside Port Ōhope will see further investment prior to the 2023/24 summer period. Mitchell Park in Whakatāne CBD will also be upgraded over the next financial year to meet demand for an improved events and market space.

Events have bounced back post COVID-19 and continue to be a key driver for visitors. Council supported a number of events over the past year including, Toi’s Challenge, Jazz in the Park, Farming Like Grandad, Local Wild Food Festival, West End Wiggle, Soaked in Adventure, Youth Development Rugby and Light Up Whakatāne.



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Improving the safety, security and resilience of infrastructure

E whakapai ana i te haumaru me te aumangea o te hangaroto

Matatā Wastewater Project

Our Matatā Wastewater Project aims to deliver a sustainable wastewater solution for Matatā that improves public health and community wellbeing, prevents, or minimises the adverse effects on the environment, reflects co-design principles, and is affordable to build and operate.

The project is supported by Te Niaotanga o Mataatua o Te Arawa Co-design Group, which includes representatives from Te Mana o Ngāti Rangitihī Trust, Tūwharetoa ki Kawerau, Ngāti Awa hapu (Ngāi Te Rangihouhiri, Ngāti Hikakino and Te Tawera) and our Council.

Throughout 2022/23 we have continued working collaboratively on co-design of the wastewater project, continued environmental monitoring of surface and ground water and ecological monitoring of invertebrates, and commenced testing of specific requirements and subsequent sites for possible land disposal and treatment.

Transport Capital Works

Over the past year the Council has made significant strides in enhancing our road network, ensuring the safety and well-being of our community and visitors. We re-implemented a seal extension programme for rural roads, recognising the considerable respiratory health benefits it brings to families residing in dust-prone areas. By extending the seal on roads like Hallett Road, Mangaone Road, Edgcombe Soldiers Road, and Orini Road, we not only improve air quality and respiratory health but also protect our sensitive natural waterways, vegetation, and horticultural areas. Particularly, our kiwifruit production, known for its sensitivity to dust, benefits from this initiative.

With a growing region there are many more vehicles on the road with new residents and visitors travelling around our beautiful rohe for work and recreation as well as activity related to the growing economic prosperity. Making sure these activities on our roads can be undertaken safely and efficiently by car, foot,

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

or bike has been a focus for transport investment. This has seen seal extension work on Kohi Point Road completed, as well as design and pre-implementation work undertaken for significant safety improvements on Thornton Road and reconstruction of the Landing Road roundabout. We've also had our eye on improving the resilience of the network to the growing impacts of climate change with new drainage works delivered on Matahi Road and design work undertaken to reduce the impact of localised flooding on Peace Street, Whakatāne.

Ensuring resilient three waters infrastructure

In the past year, Council has made significant strides in enhancing infrastructure and water management capabilities. Our team has been busy, and the following projects have now been completed:

Barry Avenue Stormwater Pumpstation rebuild:

The Barry Avenue Stormwater Pumpstation in Whakatāne has been successfully reconstructed, replacing the aging facility that served the community for approximately 40 years. The new station, now situated 35 metres away from the original location, features two new flood pumps alongside a low-flow jockey pump that has replaced the older flood pumps. Importantly, the new location is well away from the stopbank which now doesn't undermine the structural integrity of the river defence system. This upgrade now ensures improved efficiency and resilience in managing stormwater.

Braemar Water Treatment Plant upgrade: We are committed to providing safe and high-quality drinking water and have installed new equipment at the Braemar Water Treatment Plant. The new equipment ensures water supply meets compliance by updating chlorination, arsenic removal, corrects pH, and includes UV treatment. This has enhanced the treatment plant, ensures safe water for our residents, and meets the drinking water standards that came into effect 1 January 2023. The upgrade works were substantially completed in June with progressive commissioning being carried out in July.

Water network renewals: A total of 2,342 metres of water mains were replaced across the district, with a particular focus on replacing old, galvanised iron water lines. These renewals have contributed to the reliability and efficiency of the water supply system.

**Water pump upgrades at Whakatāne Water**

Treatment Plant and Bridger Glade: With a strong focus on energy reduction, we have undertaken upgrades at the Whakatāne Water Treatment Plant and Bridger Glade. Five new pumps have been installed at Whakatāne Water Treatment Plant and two at Bridger Glade, along with new variable speed drives and associated pipe work. These upgrades are part of our ongoing energy reduction programme and were identified from our energy audit as an action to complete. The new pumps at the Whakatāne Water Treatment Plant are generating electricity saving of approximately 23%, which equates to monthly energy savings of almost \$5,600.

Wastewater pipe relining: 690 metres of pipe along Domain Road, Whakatāne, from King Street to McAlister Street intersection, has been successfully relined. The work was carried out during night hours, with minimal disruption to traffic due to effective traffic management services.

Oxidation pond fencing: Prioritising community safety, we have fenced all five oxidation ponds, implemented electronic gates, installed information kiosks, and added pond ladders. These measures ensure that our essential water treatment facilities remain secure and safeguarded.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Pohutu Street Sewer Pump Station upgrade:

The upgrade of the Pohutu Street, Whakatāne Sewer Pump Station has been pivotal in reducing wet weather wastewater overflows. The station now boasts two new pumps, variable speed drives, updated electrical controls, and enhanced valving, contributing to more efficient wastewater management.

Rūātoki new source investigations:

Extensive research and drilling have been carried out to investigate potential new drinking water sources. Two investigation bores have already been completed and plans for a production bore at one of the investigated bore sites will be underway for the 2023-24 year. This aims to secure a reliable water supply for the community's future needs.

Otumahi Reservoir site: In preparation for the construction of the Otumahi Reservoir, the site access, stormwater management systems, and bulk earthworks have been completed as part of stage one of the project. These essential preliminary works lay the foundation for a successful reservoir construction, scheduled for completion in the upcoming year. This reservoir allows for better optimisation of water flow to the Edgecumbe and Te Teko supply area and also improves the resilience and continuity of water supply for the community.

Bunyan Road East Sewer Pump Station:

To accommodate the needs of developing land and ensure proper wastewater management, a new sewer pump station was constructed at Bunyan Road East. The project not only caters to the current six land developments but also provides provisions for serving an additional 74 proposed lots. The developers have committed to covering the full cost based on their proportion of lots developed, demonstrating a collaborative approach to infrastructure expansion.

These achievements reflect our Council's dedication to providing essential services, enhancing infrastructure, and ensuring the overall well-being of our communities.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Ensuring Council is enabled and fit for the future

E whakapakari ana i te Kaunihera ki anamata

Preparing for Central Government Reforms

Central Government is progressing a substantial programme of reforms that will reshape roles and functions of Local Government into the future. Throughout the 2022/23 financial year, Council has continued to understand and influence the reforms on behalf of our district and communities and to ensure smooth transition to new ways of working dependent on the reform outcomes. We have provided submissions on the Water Services Entities Bill 1, Water Services Legislation Bill 2, Water Services Economic Efficiency and Consumer Protection Bill 3. We have also provided feedback via workshops and made submissions to Future for Local Government Review to inform development of final recommendations. We also made submissions to Resource Management reform: Natural and Built Environment Bill, and Spatial Planning Bill. The key areas of reform include:

Waters Services Reform: Change is underway that will see Three Waters Services (drinking water, wastewater, and stormwater) currently run by 67 councils across New Zealand, being operated by 10 publicly owned, specialised water service entities. Over the past year, Council has taken up numerous opportunities to influence the development of new legislation while also working alongside central government to prepare for smooth transition of services, systems, data and information, and workforce. The new entities are required to be up and running no later than 30 June 2026.

Resource Management Reform: The current Resource Management Act will be replaced by the Spatial Planning Act and the Natural Built Environment Act which will transform the way we manage the environment and plan land use. In the past year Council has made submissions to central government on the draft Acts.



Future for Local Government Review:

The Future for Local Government Review aims to identify how local government needs to evolve over the next 30 years to improve the wellbeing of local communities, the environment, funding, and financing, and to embody Te Tiriti. In the past year, Council has participated in workshops and made submissions to the review.

Climate Change Reform: The Climate Change Response (Zero Carbon) Amendment Act 2019, provided the framework for New Zealand to develop and implement policies to stabilise the climate in line with our Nationally Determined Contributions through the Paris Agreement. The act sets new domestic greenhouse gas targets, enabled the establishment of emission budgets, required the government to develop and implement policies for climate change adaptation (National Adaptation Plan) and mitigation (Emissions Reduction Plan) as well as establishing the independent climate change commission. The Emissions Reduction Plan and National Adaptation Plan are reviewed and updated every year.

New Zealand Waste Strategy and Waste Legislation Reform: The Waste Legislation Reform is developing new waste legislation to replace the current Waste Minimisation Act 2008 and the Litter Act 1979. The new legislation will support the delivery of many significant initiatives including the waste strategy and waste actions of the Emissions Reduction Plan. It is expected that the new legislation will be enacted in 2025.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Civic Centre Council Building Redevelopment**

The Council office building was constructed in 1989. Since, the functions of government and the expectations of what we deliver has continued to expand and evolve. Significant upgrade of the main Council office began at the end of 2021, with staff relocated to four office spaces within the Whakatāne town centre. By the end of the 2022/23 financial year, the building has been completed with staff set to move back into the redeveloped office in July 2023.

The redevelopment has meant that important health and safety upgrades have been made, including earthquake strengthening. Additionally, the redevelopment facilitated a more adaptable and versatile use of space, featuring an increase in meeting rooms and collaborate workspaces. To improve accessibility for the public and increase the visibility of democracy, the Council Chambers and public meeting rooms were relocated from the upper floor to the ground floor. This move allows for easier access to Council meetings and offers modern meeting spaces for community use. Throughout the redevelopment process the Council prioritised supporting local business and employment by adopting a procurement approach which supported local business whenever feasible.

Adopting Annual Plan for 2023/24

In June 2023 we adopted a new Annual Plan for the 2023/24 financial year which updates and implements year three of the 2021-31 Long Term Plan.

The new Annual Plan aims to address the financial pressures that most Councils across the country are facing. These pressures are driven in part by rising inflation and interest rates and fund some additional projects and activities necessary to be carried out over the 2023/24 year.

The Annual Plan adopted an average 9.5% rates increase for the Whakatāne District. This increase reflects the balance between making things affordable for communities and navigating extraordinary inflationary pressures, while delivering services and facilities which make the Whakatāne District a fantastic place to live, work and play.

Getting organised for the 24-34 Long Term Plan

Every three years, Council reviews the District's Long Term Plan. This plan will set Council's priorities, direction, and will carry the thoughts and aspirations of our communities' and turn them into actions. There's no denying we're living in a time of extraordinary inflationary and affordability pressures. Council will need to make some hard decisions, balancing investment with affordability, while ensuring we keep up our momentum and focus on what is most important to the people of the Whakatāne District. As we start drafting this next Long Term Plan, Council wants to work together with all communities to ensure the Whakatāne District continues to be the best it can be for the people living here now and for future generations. Throughout the last year, we have completed an environmental scan, reviewed what you have told us in the last five years, workshopped with focus groups, and received 364 pre-engagement submissions from you in May and June 2023.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Thriving Circular Economies

Ka whakapuāwai ngā taiōhanga kōpae

Enhancing the environmental outcomes of our activities

E whakanui ana i ngā putanga taiao i ā mātau mahi

Making Greener Decisions

This year, we launched 'Future Fit', alongside Bay of Plenty Regional Council and Tauranga City Council. Future Fit was developed by Auckland City Council and is a questionnaire covering consumption under the categories of eat, move, energy, buy and talk. The answers then create a carbon footprint for your household and compare you to the world and national average. Future Fit also helps you set everyday actions to reduce your footprint.

In early 2023, we engaged Energy Management Solutions (EMSOL) to undertake a preliminary feasibility study to determine which of our sites had the potential for solar power to be installed. This feasibility study was a first step, and we anticipate more work will be required to take a solar project forward. As part of the review of our Climate Change Strategy, our technical advisory group will provide us with direction on the next steps for this work.

Reducing our energy use

Our Energy Management Programme has delivered continuous reductions and cost savings since it started in 2019. This program aims to identify, implement, and monitor opportunities for energy savings and emission reductions and was established in collaboration with the Energy Efficiency and Conservation Authority (EECA) and the support of Energy Management Solutions (EMSOL).

In the 2022/23 financial year, our Energy Management Program has achieved significant cost savings and a substantial reduction in carbon emissions. We have successfully saved approximately \$106,223 and reduced carbon emissions by 70,375 tCo2e through the implementation of energy-efficient practices and retrofitting initiatives. Moreover, our program resulted in a total energy savings of 55,520 kWh during the same period.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

We have continued to see energy savings through energy reduction actions such as turning off swimming pool boilers over summer months, switching to LED lighting, and optimising heating, ventilation, and air conditioning systems. Our Three Waters team have also incorporated energy efficient measures into infrastructure including more energy efficient high lift pumps.

The installation of the pool cover at the Murupara pools is another example of energy efficiency as the cover traps heat and reduces the energy required to heat the pool. It is projected that the pool cover will save approximately 14,000 kWh, \$2,400, and 1,800 kg CO₂e.

Carbon Footprint

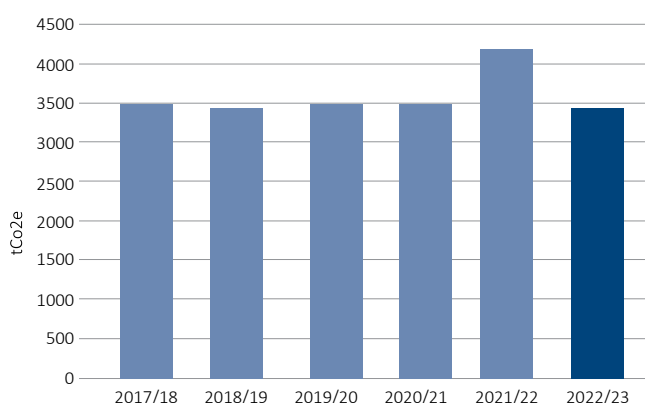
Our top five carbon emission sources:

- Wastewater Treatment Plant – 65%
- Electricity – 12%
- Diesel (cars) – 9%
- Natural gas – 3%
- Electricity transmission and distribution losses – 2%

Over the 2022/23 financial year, Council’s carbon footprint was 3,402 tonnes of carbon dioxide equivalent (tCO₂e). This is a 24 percent decrease in the activity measured over the 2021/22 financial year, at 4,330 tCO₂e. This year we focused on data quality and aligning with the latest emissions factors, which enables us to gain a clearer picture of our progress.

Our Wastewater Treatment Plant accounted for 2219 tCO₂e (65%). This was an increase on the 2017/18 base year and was attributed to changes in carbon accounting methodology (an increase in the emission factor for methane), and a greater volume of treated wastewater discharged resulting in higher emissions. Our electricity consumption decreased over the last year, contributing 421 tCO₂e (12%) of our carbon footprint. As we transition away from high emission energy sources such as LPG and natural gas, we anticipate increases in electricity usage. A significant portion of our electricity consumption supports our Three Waters infrastructure and we are proud to report a 61 percent reduction in natural gas usage since the 2017/18 base year. This success can be attributed to the transition to electric heat pumps at the Whakatāne Aquatic Centre.

Whakatāne District Council’s Council Footprint*



** This data is subject to significant uncertainty and therefore the conclusions that are drawn should be treated with caution at this stage.*

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Waste minimisation**

Council is dedicated to making a positive impact on waste management in our communities. We remain actively working on the 27 actions we set in our Waste Management and Minimisation Plan and continue to provide kerbside services to over 14,000 properties and the running of our two refuse transfer stations. With recent changes in waste-related legislation by central government, we've been quick to adapt our plans and operations accordingly.

On top of this, during the 2022/23 financial year we have:

- Started a major project with Community Resources Whakatāne (CReW) to increase the amount of construction and demolition waste diverted from landfill for re-use.
- Diverted 39% off all waste passing through Council's refuse transfer stations from landfill, including:
 - » composting over 5,200 tonnes of green waste
 - » crushing and reusing 426 tonnes of concrete
 - » recycling 1,548 tonnes of glass
- Worked with the community group Waste Zero Whakatāne to provide collections of hard to recycle items at markets.

Provided free composting courses.

- Implemented improved waste minimisation systems at schools.
- Provided free compost for community gardens.
- Continued to provide free waste education to schools.
- Provided 500 discounted home composting units to the community.

We set a target to stay below 70 percent of the national average of waste sent to landfill per person for the year. This year we are proud to share that we achieved our target and were 52.8 percent of the national average.



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Intergrating nature into our decision making

E whakaaro nui ana ki te taiao i ā mātau whakataunga

Building climate change and natural hazard resilience

E whakakaha ana i te aumangea ki te huringa āhuarangi me ngā tūraru matepā taiao

Emergency Management

Reduction: The Council actively participated in the development of the Bay of Plenty Regional Climate Risk Reduction Assessment, as well as other natural hazard investigations revising the current tsunami inundation maps, and coastal hazard inundation and erosion risks. Council continues to collaborate with the Bay of Plenty Regional Council flood team on assessing and responding to the risk of a breach of the Whakatāne stop banks.

The Council has revised its landslide risk assessment initially completed in 2013, factoring climate change into the calculations. That has led to revised low, medium, and high-risk zones, and will be incorporated into the District Plan through a Plan Change in the 2023/24 year. The Council is progressing the preparation of a plan change to the Whakatāne District Plan to establish minimum floor levels for buildings across the district. The underlying flood

modelling for Whakatāne is now available for use by planners, building inspectors and our asset managers. We continue to work with building owners in the Whakatāne town centre to coordinate earthquake risk assessments to encourage a collaborative, timelier and cost-effective response to strengthen earthquake prone buildings.

The Council has continued its regular monitoring of the state of the escarpments, in Whakatāne and Ōhope, for vegetative and geological instability above residential houses. The Council advises the landowner if it appears there may be an increased risk from tree or rock fall, or the mass movement of a slope. Over the course of the wet summer, the Council worked with several landowners and responded to several slips along these escarpments. The Council has also undertaken remedial work on its properties where a risk was identified.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Readiness: The Council is supporting the preparation of several Community Emergency Response Plans, with their progress being highly variable. These will cover the areas of Matatā, Thornton, Edgecumbe, Waiōhau, Murupara, Waimana, Wainui, Manawahe, Te Teko, Minginui, Te Whāiti, Ōhiwa and Ōhope. Some of these are marae-based teams and some are allocated space in their local community halls for emergency preparedness for initial response phases. In three cases, the outcome of completed plans, has led to the establishment of a supporting Community Emergency Response Team, which comprises local volunteers who undertake initial response and support services to their communities.

Response: We have assisted two property owners in Manawahe Rd as a result of flooding to their properties over time. This was a direct result of the wet summer and sheer amount of rainfall that fell in the Manawahe Hills. The Council co-ordinated the pumping of flood waters from a slow soakage area where no natural fall was occurring. Despite pumping 500 million litres of water over the period of one month, the houses were eventually flooded, leading to insurance settlements for both.

The Council is working collaboratively with the Rotorua Lakes Council, Western Bay of Plenty District Council and Bay of Plenty Regional Council, as surface and groundwater levels continue to cause flooding of the road network. While our emergency management team, and Council’s Transport and Three Waters teams were well prepared in advance of Cyclone Gabrielle anticipating extensive damage, we were extremely fortunate to have minor flooding and wind damage. This enabled Council staff to deploy and support the response and ongoing recovery efforts in Wairoa, Napier and in Tairāwhiti/Gisborne. Two staff members were also deployed to the Auckland storm event, providing valuable insights into how our largest city responded to this event.



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Other things we do

He aha atu anō ā mātau mahi

Providing core activities and services for our communities every day

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

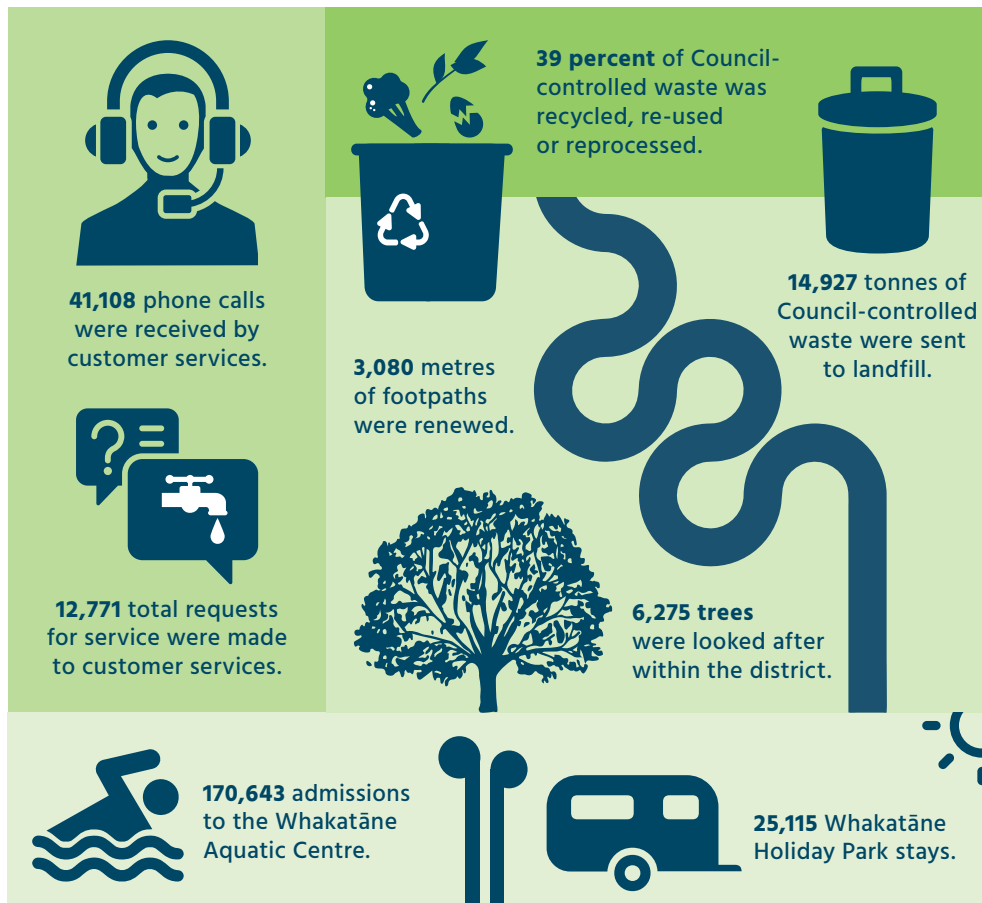
The Council plays an important role in promoting the social, economic, environmental, and cultural well-being of our communities. We do this in several ways, including through the delivery of core activities and services to our communities. We look after roads, cycleways, and footpaths, to ensure that everyone can journey safely around the district. We are also responsible for managing waste and ensuring that the water you drink is clean and safe. These essential services contribute to the health and economic prosperity of residents while also contributing to the protection of our environment.



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Snapshot of some of the activities and services we provided in the past year.

Ētahi o ngā mahi me ngā ratonga kua tutuki pai i te tau kua pahure



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Overview of our non-financial performance

Te tirohanga whānui a ngā mahi

How we performed against our targets for the year

I pehea ā mātau mahi i ngā whāinga tiritiringa o te tau

The Council has 69 non-financial performance measures set throughout the Long Term Plan 2021-31. Within the 69 non-financial performance measures, 33 are mandatory as outlined in the Local Government Act 2002. These measures are indicated by an (M). DIA guidance has been followed in measuring performance against all mandatory performance measures.

Monitoring our non-financial performance allows us to see how we are tracking against the levels of service we said the community can expect from us. This means we can identify areas for specific focus if required.

We review our measures and structure every three years when we develop each Long Term Plan. This is the second time we are reporting on our performance against the 2021-31 Long Term Plan measures. These measures, the targets against each, and the results for the past year, are set out in the 'Our Activities and Services' section of this Annual Report.

We have selected a range of measures to help the public assess the level of service for major aspects and that are meaningful for the community. These include measuring how timely we are, our key project milestones, community perceptions and how happy users are.

Several of our measures relate to our 2022/23 Resident Survey, which is undertaken by SIL Research. The purpose of this research is to engage with Whakatāne District residents, to determine levels of satisfaction and perceptions of Council's services, communications, and management. 150 survey responses were collected each quarter, providing a total sample of 600 surveys for the final analysis.

Overall results are reported with margins of error at a 95% confidence level, with individual margins of error provided as a note below each measure throughout this report.

The results for two measures (in the environmental management – consents and building activities) are taken from a survey sent to users of the service. The Survey requests the services to be rated on a 1–10 score. Overall 'satisfaction' percentages are aggregated 6-10 responses on a 1-10 scale.

For our emergency management measures, a survey is conducted by the Bay of Plenty Civil Defence Emergency Management Group. The survey asks respondents 10 statements that are applicable to them.

In reporting our performance, we indicate whether our result has met the year's target or has not met the years target. When we have not met target we have provided a note that provides an explanation as to why we have not met target. This is an exception when it is a satisfaction measure, as we cannot make assumptions on why respondents of the survey were not happy with the service or facility. For comparison to previous years, we have provided the results of the performance measures from the last two years where we have the result available.

No significant judgements on aggregation.

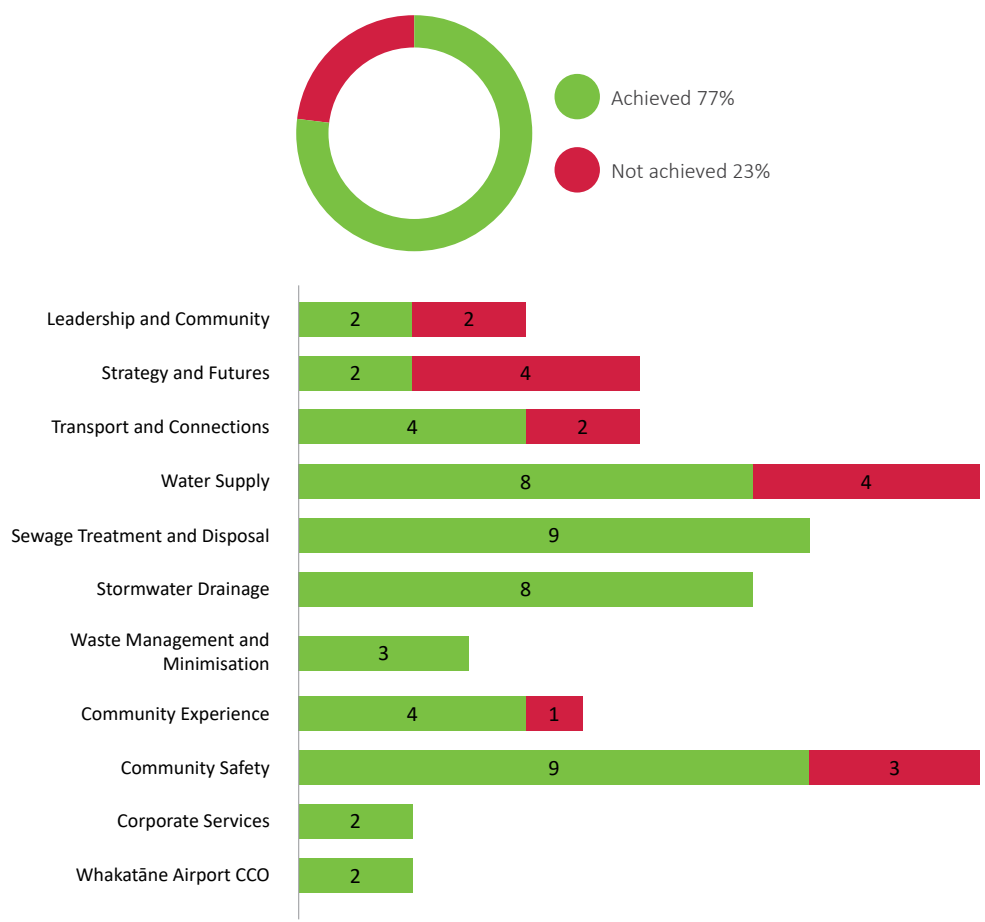
The financial statements within the Annual Report were prepared in accordance with and comply with New Zealand Generally Accepted Accounting Principles (GAAP) and comply with Public Sector Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 1 entity.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



The summary below shows our how we performed against our measures, grouped into 11 different activities.

2022/23 non-financial performance measure results



In summary our performance measure results show that:

- Overall, 61 percent of residents were satisfied with services received from the Whakatāne District Council compared with 58 percent for the whole of New Zealand.
- 60 percent of our measures relating to residents satisfaction of a service or facility met target
- 82 percent of the mandated measures were met
- Council met target for 77 percent of all performance measures

The Statement of Service Performance has been prepared in accordance with Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period, and complies with PBE financial reporting standards.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Our activities and services

Ā mātou mahi me
ngā ratonga



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How to read this chapter

He whakamāramatanga o tēnei wāhanga

Our activities and their effects

The work that we do is categorised into 11 different activities. We are a shareholder in four 'Council Controlled Organisations' (CCOs) – companies with council(s) as majority shareholders.

For each group of activities

For each group of activities, we list the activities in that group and what those activities do for our communities. You will also find the community outcomes that each group of activities contributes to.

Long Term Plan 2021-31 Outcomes:

- Constructively and collaboratively engaging with Iwi, hapū and whānau
- Strong, connected, interdependent, diverse communities
- Integrating nature into our decision making and
- Thriving circular economies.



CONSTRUCTIVELY AND COLLABORATIVELY ENGAGING WITH WHĀNAU, HAPŪ AND IWI



STRONG, CONNECTED, INTERDEPENDENT, DIVERSE COMMUNITIES



INTEGRATING NATURE INTO OUR DECISION MAKING



THRIVING CIRCULAR COMMUNITIES

How we performed

The following section shows how we performed against our targets for the year and, where possible, the previous two years as well.

What these activities cost and how they were paid for (Funding impact statement)

The Funding Impact Statement for each group of activities shows our budgeted costs, as provided for in our Long Term Plan 2021-31, and our actual costs during the 2022/23 year. It also describes how the activities were funded and includes information about our internal borrowing movements for the activities in 2022/23. An explanation of the categories used in these statements can be found on the next page.

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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Operational****Sources of operating funding (revenue)**

General rates, uniform annual general charges (UAGC), 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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Leadership and Community Hautūtanga me te Hapori

Contribution to community outcomes:

- Constructively and collaboratively engaging with Iwi, hapū and whānau
- Strong, connected, interdependent, diverse communities.

This group of activities provides open, effective, and accountable governance for the district and supports connected and inclusive leadership for our communities. We are committed to partnering with, and supporting the aspiration of Iwi, Hapū and Whanau. We acknowledge the value of doing this, and the resulting positive outcomes for all communities.

We also work with local interest groups, stakeholder groups, the general public, central government, neighbouring councils and others, because it helps us keep in touch with the priorities of our communities, and because it presents significant opportunities to deliver better outcomes for the district.

Activities in this group:

- Local governance
- Iwi, hapu, whānau relationships
- Community engagement
- Community development

\$0 capital expenditure

**\$3.9 million
operating expenditure**

2/4 performance measures met

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

What these activities cost and how they were paid for

Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: LEADERSHIP AND COMMUNITY WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023	LTP 2021/22 \$000	LTP 2022/23 \$000	ACTUAL 2022/23 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,150	3,230	3,222
Targeted rates	369	376	387
Subsidies and grants for operating purposes	30	-	64
Fees and charges	-	-	-
Internal charges and overheads recovered	1,446	1,484	1,387
Local authorities fuel tax, fines, infringement fees, and other receipts	3	23	173
Sources of operating funding (A)	4,998	5,113	5,233
Applications of operating funding			
Payments to staff and suppliers	3,554	3,655	3,896
Finance costs	2	2	3
Internal charges and overheads applied	1,364	1,374	1,542
Other operating funding applications	-	-	-
Applications of operating funding (B)	4,919	5,030	5,440
Surplus (deficit) of operating funding (A-B)	79	83	(208)
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(6)	(6)	(6)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	(6)	(6)	(6)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	73	77	(213)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	73	77	(213)
Surplus (deficit) of capital funding (C-D)	(79)	(83)	208
Funding balance ((A-B) + (C-D))	-	-	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

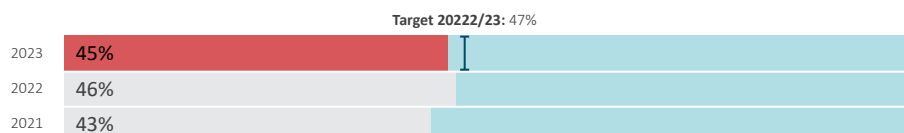
How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

Percentage of users of the whakatane.govt.nz website that remain engaged.

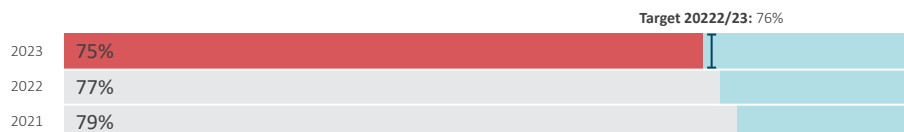


Overall satisfaction with performance in communicating with residents and ratepayers.



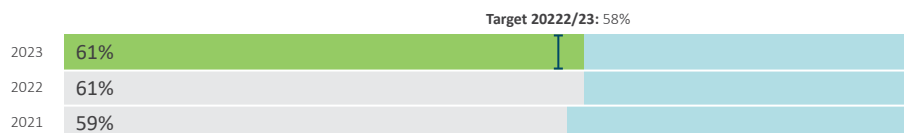
Note: Margin of error is 4%.

User satisfaction with Council’s Customer Service front desk.



Note: Margin of error is 6%.

Overall satisfaction with services received from the Whakatāne District Council.



Note: Margin of error is 4%.

LEGEND Not comparable against target Achieved Not achieved Target value indication

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Strategy and Futures

Ngā Rautaki me te tirohanga ki Anamata

Contribution to Community Outcomes:

- Strong, connected, interdependent, diverse communities
- Integrating nature into our decision-making
- Thriving circular economies
- Constructively and collaboratively engaging with iwi, hapū and whanau

This group of activities develops strategies, plans and policies to address the challenges and opportunities facing our district- such as climate change, housing demand and land use planning, and economic development. As the needs of our district and communities change, we aim to meet these evolving needs, and work towards a future that is important to all of us.

Activities in this group:

- Strategy and policy
- Economic development and regeneration
- Resource management – policy



\$0.2 million capital expenditure

\$5.4 million operating expenditure

2/6 performance measures met

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

What these activities cost and how they were paid for

Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: STRATEGY AND FUTURES WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023	LTP 2021/22 \$000	LTP 2022/23 \$000	ACTUAL 2022/23 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,851	5,065	4,878
Targeted rates	972	991	987
Subsidies and grants for operating purposes	920	887	324
Fees and charges	2,384	2,431	2,404
Internal charges and overheads recovered	255	260	192
Local authorities fuel tax, fines, infringement fees, and other receipts	29	29	287
Sources of operating funding (A)	9,410	9,664	9,072
Applications of operating funding			
Payments to staff and suppliers	6,064	6,227	4,996
Finance costs	248	248	430
Internal charges and overheads applied	2,047	2,085	2,169
Other operating funding applications	-	-	-
Applications of operating funding (B)	8,360	8,560	7,595
Surplus (deficit) of operating funding (A-B)	1,051	1,104	1,477
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	63
Development and financial contributions	-	-	-
Increase (decrease) in debt	(1)	410	(314)
Gross proceeds from sale of assets	2,025	2,225	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	2,024	2,635	(251)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	24	67	4
- to improve level of service	-	-	160
- to replace existing assets	301	42	41
Increase (decrease) in reserves	2,750	3,629	1,021
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	3,075	3,739	1,226
Surplus (deficit) of capital funding (C-D)	(1,051)	(1,104)	(1,477)
Funding balance ((A-B) + (C-D))	-	-	-

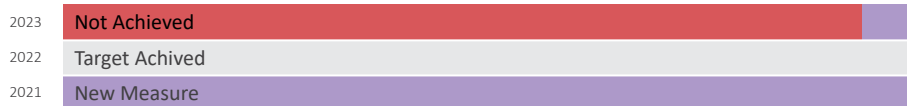
9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

Preparation of the Future Development Programme

Target 2022/23: Complete Eastern Bay Spatial Plan and Future Development Strategy



Note: The Spatial Plan is expected to be completed by June 2025 as agreed by Council in September 2022. Therefore, target for year two set in the 2021-31 Long Term Plan has not been met. Long Term Plan targets were set prior to the agreement of the project plan.

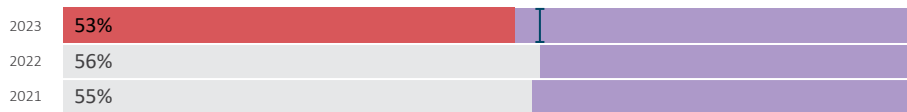
Progress made to develop District Plan changes.

Target 2022/23: Develop plan changes to ensure the District Plan remains responsive to local issues and is consistent with the requirements of the broader planning framework including the National Policy Statement for Urban Development.



Satisfaction with efforts to attract and expand business.

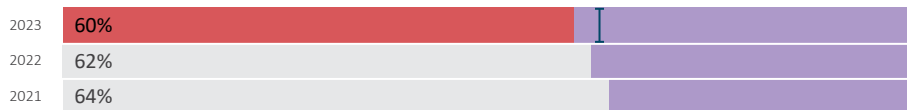
Target 2022/23: 56%



Note: Margin of error 5%.

Satisfaction with efforts to promote tourism.

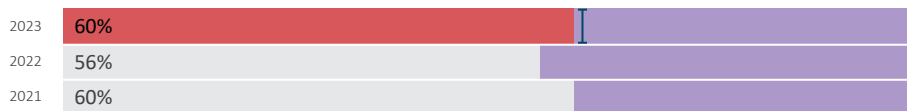
Target 2022/23: 63%



Note: Margin of error 5%.

Satisfaction with efforts to enable and promote events.

Target 2022/23: 61%



Note: Margin of error 5%.

LEGEND ● Not comparable against target ● Achieved ● Not achieved | Target value indication

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Council Controlled Organisation – 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 District Council, Ōpōtiki District Council, Whakatāne District Council, and the Bay of Plenty Regional Council, working together with local Iwi. Toi-EDA undertakes activities to contribute to the sustainable growth and development of the local economy. Toi-EDA’s purpose and vision is to grow the Eastern Bay of Plenty: Tini o Toi – kia tipu, kia puawai (To create, grow and blossom the myriads of Toi). Toi-EDA contributes to the outcomes of the Economic Development and Regeneration activity in the ‘Strategy and Futures’ group of activities.

How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

Toi-EDA delivers initiatives under each of the three pillars; A Winning Brand, Economic Engine and Thriving Communities, that support the sustainable growth and development of the local economy.

Target 2022/23: At least three initiatives underway each year

2023	Achieved
2022	Achieved
2021	New Measure

LEGEND Not comparable against target Achieved Not achieved Target value indication

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Transport Connections Ngā hononga waka

Contribution to community outcomes:

- Strong, connected, interdependent, diverse communities
- Integrating nature into our decision-making
- Thriving circular economies.

This group of activities aims to provide a safe, reliable, and sustainable transport system that is accessible to everyone and caters to a variety of transport choices. This increasingly provides for pedestrians, cyclists, and the mobility impaired, alongside motorised vehicles. We aim to deliver a well-functioning transport system that keeps people and places connected, supports a vibrant economy, and allows for efficient day-to-day running of our communities.

Activities in this group:

- Transport connections



\$14.1 million capital expenditure

\$10.3 million operating expenditure

4/6 performance measures met

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

What these activities cost and how they were paid for

Te utu o ēnei ngohe, ā, i pēhea i whakaea

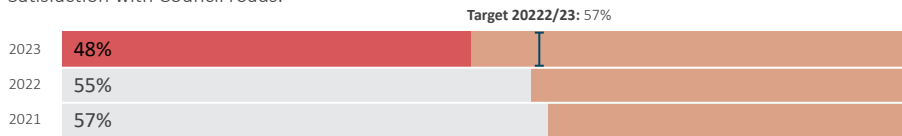
FUNDING IMPACT STATEMENT: TRANSPORT CONNECTIONS WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023	LTP 2021/22 \$000	LTP 2022/23 \$000	ACTUAL 2022/23 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(31)	(31)	(31)
Targeted rates	5,985	6,492	6,323
Subsidies and grants for operating purposes	4,526	4,611	6,336
Fees and charges	34	35	115
Internal charges and overheads recovered	2,088	2,152	2,279
Local authorities fuel tax, fines, infringement fees, and other receipts	841	870	876
Sources of operating funding (A)	13,442	14,128	15,899
Applications of operating funding			
Payments to staff and suppliers	7,116	7,321	9,568
Finance costs	378	434	696
Internal charges and overheads applied	3,142	3,230	3,214
Other operating funding applications	-	-	-
Applications of operating funding (B)	10,636	10,985	13,478
Surplus (deficit) of operating funding (A-B)	2,806	3,144	2,421
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	6,495	9,002	8,522
Development and financial contributions	90	93	21
Increase (decrease) in debt	1,571	3,008	2,360
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	8,157	12,103	10,903
Applications of capital funding			
Capital expenditure			
- to meet additional demand	956	4,068	1,508
- to improve level of service	4,029	4,875	5,206
- to replace existing assets	5,584	5,757	7,435
Increase (decrease) in reserves	394	546	(823)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	10,963	15,247	13,325
Surplus (deficit) of capital funding (C-D)	(2,806)	(3,144)	(2,421)
Funding balance ((A-B) + (C-D))	-	-	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How we performed *Ā mātau mahi*

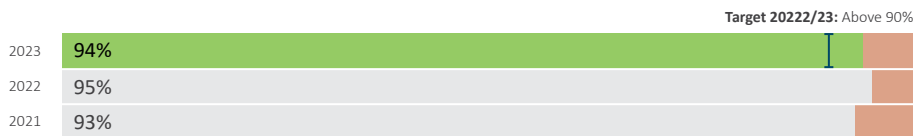
Performance measures (how we will measure our service delivery)

Satisfaction with Council roads.

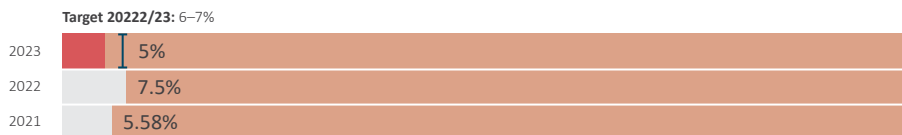


Note: Margin of error 4%.

The average quality of ride on a sealed local road network, measured by smooth travel exposure (M).

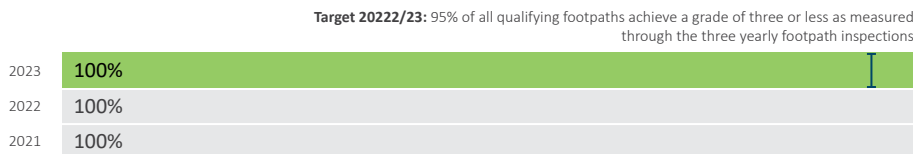


Percentage of sealed local road network that is resurfaced (M).

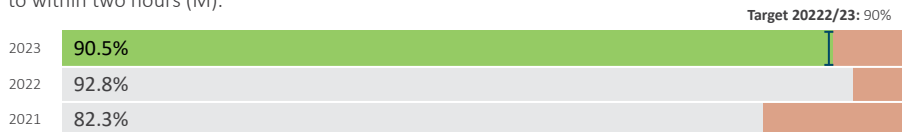


Note: We have a three-year program of resurfacing sealed roads. While we did not reach our annual target this year, we are on track to achieve our target over the three-year period.

Percentage of qualifying footpaths within the district that fall within the level of service or service standard for the condition of footpaths set out in the Activity Management Plan (M).



Percentage of emergency customer service requests relating to roads and footpaths responded to within two hours (M).



Percentage of all other customer service requests relating to roads and footpaths responded to within seven days (M).



LEGEND ● Not comparable against target ● Achieved ● Not achieved | Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the ‘Non-Financial Performance Measures Rules 2013’ in accordance with section 261b of the Local Government Act 2002.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Water Supply Ngā puna wai

Outcomes:

- Strong, connected, interdependent, diverse communities
- Integrating nature into our decision-making
- Thriving circular economies
- Constructively and collaboratively engaging with iwi, hapū and whānau.

This group of activities provides safe, reliable, and sustainable water supplies to our district. This currently includes provision to over 12,500 properties for domestic, industrial, commercial, and agricultural use. With large areas of our district being rural, and in some cases isolated, many households have independent systems supplying their own needs. Water is also provided for urban firefighting requirements.

Activities within this group:

- Water supply



\$6.4 million capital expenditure

\$3.6 million operating expenditure

8/12 performance measures met

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

What these activities cost and how they were paid for

Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: WATER SUPPLY WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023	LTP 2021/22 \$000	LTP 2022/23 \$000	ACTUAL 2022/23 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	7,065	7,549	7,896
Subsidies and grants for operating purposes	165	-	-
Fees and charges	1,488	1,126	149
Internal charges and overheads recovered	248	254	111
Local authorities fuel tax, fines, infringement fees, and other receipts	4	4	4
Sources of operating funding (A)	8,970	8,933	8,160
Applications of operating funding			
Payments to staff and suppliers	2,875	2,390	2,644
Finance costs	463	584	969
Internal charges and overheads applied	2,634	2,687	2,996
Other operating funding applications	-	-	-
Applications of operating funding (B)	5,972	5,661	6,609
Surplus (deficit) of operating funding (A-B)	2,999	3,272	1,552
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	1,935	-	-
Development and financial contributions	71	74	(1)
Increase (decrease) in debt	1,829	7,598	4,655
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	3,835	7,672	4,655
Applications of capital funding			
Capital expenditure			
- to meet additional demand	75	699	185
- to improve level of service	5,074	8,168	4,791
- to replace existing assets	1,165	1,828	1,453
Increase (decrease) in reserves	520	249	(222)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	6,834	10,944	6,206
Surplus (deficit) of capital funding (C-D)	(2,999)	(3,272)	(1,552)
Funding balance ((A-B) + (C-D))	-	-	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

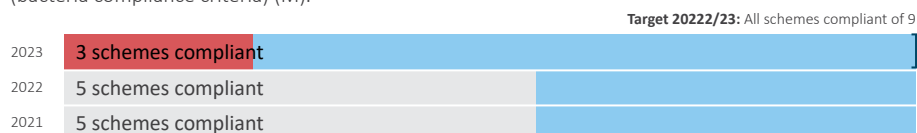
How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

The regulatory framework for drinking water transitioned in the 2022/23 year from the Drinking-water Standards (Revised 2018) (DWSNZ 2018) to the Drinking Water Quality Assurance Rules (DWQAR), which came into effect on 14 November 2022. Compliance against both requirements was independently assessed and verified by Wai Comply.

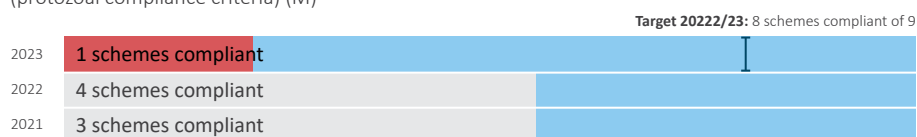
The first two performance measures below are mandated by the Department of Internal Affairs which we are required to report against in this Annual Report. There are currently no mandated performance measures pertaining to the new DWQAR and as such the results below are against the DWSNZ 2018 for the full financial year.

The extent to which Council’s drinking water supplies comply with Part 4 of the Drinking Water Standards (bacteria compliance criteria) (M).



Note: Please refer to the table on the next page for a breakdown of compliance by scheme.

The extent to which Council’s drinking water supplies comply with Part 5 of the Drinking Water Standards (protozoal compliance criteria) (M)



Note: Please refer to the table on the next page for a breakdown of compliance by scheme.

The bacterial compliance criteria (part 4) in the former DWSNZ 2018 applied to water leaving the treatment plants and water in the distribution zones. Water leaving the treatment plants was assessed against one of five criteria based on the type of disinfection employed. Water in the distribution zones was monitored for the presence of E. coli and met the bacterial compliance criteria when the number of samples in which E. coli was found was equal to or less than the allowable exceedances listed in the DWSNZ. Taumata Arowai is notified if any samples are positive for E. coli.

The protozoal compliance criteria (part 5) in the former DWSNZ 2018 were assessed at the treatment plants. A scheme was determined to achieve protozoal compliance if all treatment plants supplying the scheme during the reporting period met the criteria. Protozoal treatment of water is typically achieved through filtration and/or ultraviolet (UV) disinfection. However, if treatment is interrupted during the reporting period (for example due to power outages or flood events that cause periodic high turbidity issues), compliance with the protozoal criteria will not be met. As such, some Council schemes did not meet the part 5 criteria. To ensure a safe drinking water supply if treatment is interrupted, all Council water supplies are monitored with alarm systems which alert staff or automatically shut down the water supply if necessary for cases of high turbidity or low levels of free available chlorine equivalent (FACE).

LEGEND ● Not comparable against target ● Achieved ● Not achieved | Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the ‘Non-Financial Performance Measures Rules 2013’ in accordance with section 261b of the Local Government Act 2002.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Council’s drinking water supplies compliance

Wai Comply Limited completed an independent assessment of the performance of Whakatāne District Council as a “water supplier” for the period of 1 July 2022 – 30 June 2023. The assessment was undertaken against the standards and regulatory framework outlined in the below table.

Performance standard and general criteria

Period	Performance standard(s)	General assessment criteria
July to December 2022	Drinking Water Standards for New Zealand 2005 (Revised 2018) (DWSNZ 2018)	Section 4 Bacterial Compliance Criteria Section 5 Protozoal Compliance Criteria
January to June 2023	Drinking Water Quality Assurance Rules 2022 (DWQAR)	General Rule G17 T1, T2 & T3 Bacterial Rules T1, T2 & T3 Protozoal Rules D1, D2 & D3 Bacterial Rules
	Water Services (Drinking Water Standards for New Zealand) Regulations 2022 (DWSNZ 2022)	<i>E. coli</i> maximum acceptable value (MAV)

Assessment summary

Water Supply Scheme	Section and Component	DWSNZ 2018 Jul-Dec 2022	DWQAR outcome Jan-Jun 2023	<i>E. coli</i> review outcome Jan-Jun 2023
Whakatāne	Bacterial criteria <ul style="list-style-type: none"> 1 treatment plant 2 zones 	Met	Met	Met
	Protozoa criteria <ul style="list-style-type: none"> 1 treatment plant 	Met	Met	N/A
Matatā	Bacterial criteria <ul style="list-style-type: none"> 1 treatment plant 2 zones 	Met	Not met No UV disinfection was in place for several days in March 2023 due to a major treatment plant upgrade. Treatment plant chlorine rules were not met on one or more days during the audit period. No online UVT monitoring was in place during the audit period.	Met
	Protozoa criteria <ul style="list-style-type: none"> 1 treatment plant 	Not met Low UV intensity event in July 2022.	Not met No UV disinfection was in place for several days due to a major treatment plant upgrade. No online UVT monitoring was in place during the audit period.	N/A
Murupara	Bacterial criteria <ul style="list-style-type: none"> 1 treatment plant 1 zone 	Met	Not met No bacterial treatment option was in place, zone residual disinfection rules not met during the audit period.	Not met <i>E. coli</i> detected at multiple locations on the 8th and 9th of February 2023, and the 28th of February.
	Protozoa criteria <ul style="list-style-type: none"> 1 treatment plant 	Not met No recognised protozoa barrier in place during the audit period.	Not met No recognised protozoa barrier in place during the audit period.	N/A

Ordinary Council - AGENDA

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Water Supply Scheme	Section and Component	DWSNZ 2018 Jul-Dec 2022	DWQAR outcome Jan-Jun 2023	<i>E. coli</i> review outcome Jan-Jun 2023
Otumahi	Bacterial criteria <ul style="list-style-type: none"> 1 treatment plant 1 zone 	Met	Not met Low chlorine event in April 2023 and high turbidity across several days in April 2023 that were suspected to be a monitoring equipment issue.	Met
	Protozoa criteria <ul style="list-style-type: none"> 2 treatment plants 	Met	Not met Paul Road Treatment Plant: no DWQAR-recognised protozoa barrier in place during the audit period. Te Teko Treatment Plant: no online UVT monitoring was in place during the audit period.	N/A
Rangitāiki Plains	Bacterial criteria <ul style="list-style-type: none"> 2 treatment plants 1 zone 	Not met Johnson Road Treatment Plant: data loss event 8 and 9 September 2022.	Not met Braemar Treatment Plant and the Johnson Road Treatment Plant: treatment plant DWQAR chlorine rules were not met on one or more days during the audit period.	Met
	Protozoa criteria <ul style="list-style-type: none"> 2 treatment plants 	Not met Braemar Treatment Plant and the Johnson Road Treatment Plant: no protozoa barrier in place during the audit period.	Not met Braemar Treatment Plant and the Johnson Road Treatment Plant: no DWQAR-recognised protozoa barrier in place during the audit period.	N/A
Rūātoki	Bacterial criteria <ul style="list-style-type: none"> 1 treatment plant 1 zone 	Not met The maximum interval between <i>E. coli</i> samples exceeded the requirement each month between July and November 2022.	Not met Multiple days during the audit period, usually associated with events where poor-quality source water overwhelmed the treatment plant processes, affecting chlorine and UV disinfection rules, no online UVT monitoring was in place during the audit period.	Met
	Protozoa criteria <ul style="list-style-type: none"> 1 treatment plant 	Not met Multiple days during the audit period, usually associated with events where poor-quality (high turbidity) source water overwhelmed the treatment plant processes.	Not met Multiple days during the audit period, usually associated with events where poor-quality (high turbidity) source water overwhelmed the treatment plant processes, no online UVT monitoring was in place during the audit period.	N/A

Ordinary Council - AGENDA

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Water Supply Scheme	Section and Component	DWSNZ 2018 Jul-Dec 2022	DWQAR outcome Jan-Jun 2023	E. coli review outcome Jan-Jun 2023
Tāneatua	Bacterial criteria <ul style="list-style-type: none"> 1 treatment plant 1 zone 	Not met High turbidity and low UV intensity events between July and November 2022.	Not met Low chlorine event in June 2023.	Met
	Protozoa criteria <ul style="list-style-type: none"> 1 treatment plant 	Not met High turbidity and low UV intensity events between July and November 2022.	Not met No online UVT monitoring was in place during the audit period.	N/A
Te Mahoe	Bacterial criteria <ul style="list-style-type: none"> 1 treatment plant 1 zone 	Met	Met	Met
	Protozoa criteria <ul style="list-style-type: none"> 1 treatment plant 	Met	Not met No DWQAR-recognised protozoa barrier in place during the audit period.	N/A
Waimana	Bacterial criteria <ul style="list-style-type: none"> 1 treatment plant 1 zone 	Met	Met	Met
	Protozoa criteria <ul style="list-style-type: none"> 1 treatment plant 	Met	Not met No online UVT monitoring was in place during the audit period.	N/A

E. coli transgressions in Murupara during 2022/23

Samples collected from the Murupara distribution zone on 8 February 2023 tested positive for E. coli. There were further E. coli transgressions in samples collected on 9 February 2023. The Council issued a boil water notice and began dosing with sodium hypochlorite. Daily sampling was carried out from 10 to 23 February, returning to the usual frequency after no further positive results were obtained. A water tanker was provided as an alternative supply to the community.

On 28 February 2023, a positive E. coli result of 1 MPN/100mL was detected in a sample collected from the Murupara distribution zone. The system was dosed with sodium hypochlorite and daily sampling was carried out on 1, 2 and 3 March 2023. Sampling returned to the usual frequency after no further positive results were obtained.

Upgrades during 2022/23

During 2022/23, the Awakaponga water treatment plant (which supplies Matatā township) was upgraded, including installation of an upgraded UV treatment system and chlorine contact tank.

The Braemar Spring water treatment plant was upgraded with a new plant being constructed to include UV treatment and arsenic removal using an absorption media filtration process, in addition to chlorination.

Planned upgrades include installation of UVT sensors where required and installation of UV treatment at the Te Mahoe and Paul Road water treatment plants. The Council is investigating alternative water sources for the Rūātoki supply. Consultation is underway with Iwi and the community in Murupara regarding water treatment options for the Murupara water supply.

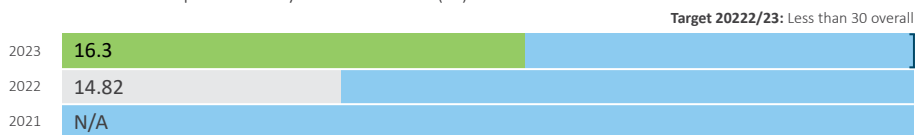
9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

The total number of complaints per 1,000 connects, received by the Council about any of the following:

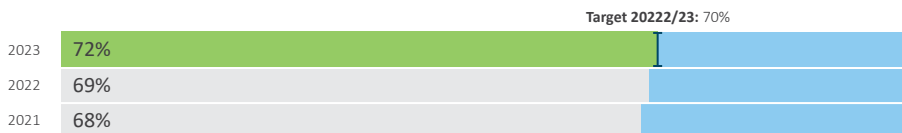
- Drinking water clarity
- Drinking water taste
- Drinking water odour
- Drinking water pressure of flow
- Continuity of supply
- The Council’s response to any of these issues (M)



Note: The 2022 and 2021 previous year results have been restated from 6.33 and N/A to better align with the DIA performance measure guidelines. This change in calculation has seen Council include complaints where we have found no problem on inspection of the complaint, and calculate the number of connections by rating system. Total number of connections as of 1 July 2022 was 13,360.*

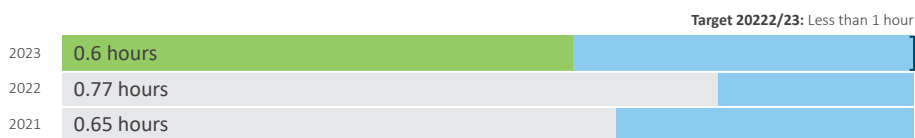
**The method of restatement has enabled a comparative to be completed for 2021. The processes used by the Council and its afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013. Although Council has recorded the number of planned and unplanned shutdowns to water supply, it has not recorded the number of calls received in relation to these shutdowns. In respect of calls received by the afterhours call centre service, Council were not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.*

Satisfaction with the water supply and quality of drinking water (supplied by Council).

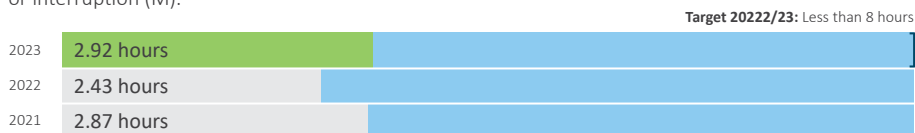


Note: Margin of error 4%.

Median response time to attend urgent callouts for areas supplied by Council, from the time that the local authority receives notification to the time that the service personnel reach the site (M).



Median response time to resolve urgent callouts for areas supplied by Council, from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (M).



LEGEND ● Not comparable against target ● Achieved ● Not achieved | Target value indication

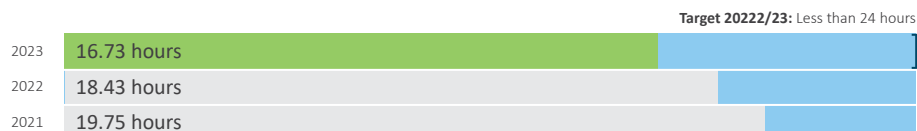
(M) – This performance measure is mandatory for all Councils to report on, set under the ‘Non-Financial Performance Measures Rules 2013’ in accordance with section 261b of the Local Government Act 2002.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

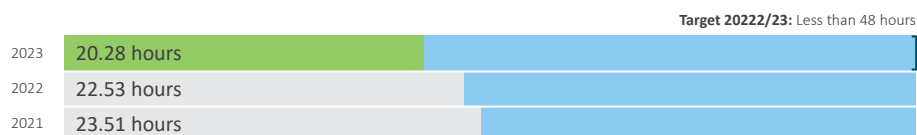
How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

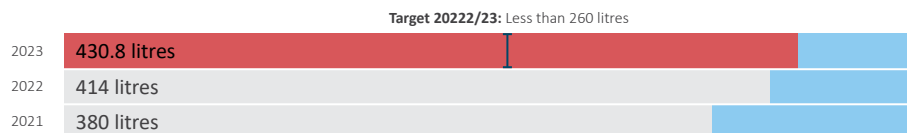
Median response time to attend non-urgent callouts for areas supplied by Council, from the time that the local authority receives notification to the time that service personnel reach the site (M).



Median response time to resolve non-urgent callouts for areas supplied by Council, from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (M).

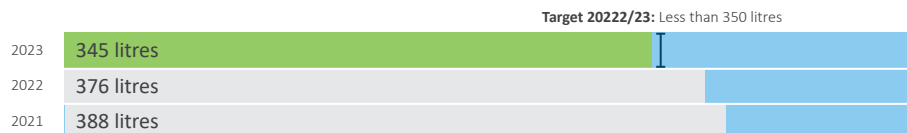


Average consumption of drinking water per day per resident in the district for metered areas supplied by Council (M).



Note: A number of factors can contribute to council not meeting the target, including properties with internal leaks. As council is continuing to install water meters throughout the district a number of newly metered properties have shown to have previously undetected internal leaks. Meters are installed on properties in both urban and rural area and a number of farm connections are high water users.

Average consumption of drinking water per day per resident in the district for unmetered areas supplied by Council (M)



LEGEND Not comparable against target Achieved Not achieved Target value indication

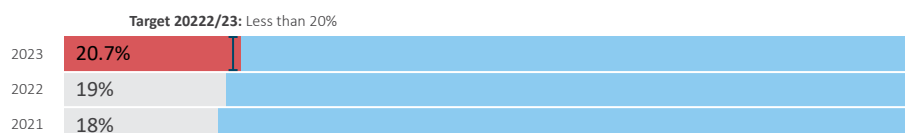
(M) – This performance measure is mandatory for all Councils to report on, set under the ‘Non-Financial Performance Measures Rules 2013’ in accordance with section 261b of the Local Government Act 2002.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How we performed *Ā mātau mahi*

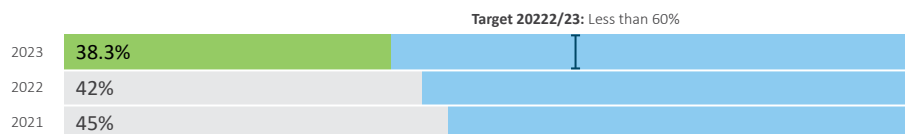
Performance measures (how we will measure our service delivery)

Percentage of real water loss from Council-networked reticulation system for metered schemes based on the standard International Water Association (IWA) water balance (M).



Note: Percentage of metered properties for water systems within the Whakatāne district: Whakatāne & Ōhope 100%; Plains 100%; Murupara 5%; Rūātōki 100%; Tāneatua 94%; Matatā 9%; Waimana 100%; Te Mahoe 100%. Council staff have been trained to undertake water loss data analysis based on industry best practice, utilising the International Water Association (IWA) methodology, Benchloss New Zealand software and Water NZ Waterloss Guidelines. Real water losses are dependent upon the size of a water supply system, water pressure, total length of pipes and whether metered or unmetered. Metered supplies use the recorded production volume and the consumption volume of water, with adjustments made for expected unavoidable water losses. Small, unmetered water supplies are calculated using minimum night flow assessment reduced by the estimated nighttime consumption. At times Council engages third-party consultants to review and validate Council data and processes.

Percentage of real water loss from Council-networked reticulation system for unmetered schemes (M).



LEGEND

- Not comparable against target
- Achieved
- Not achieved
- Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the ‘Non-Financial Performance Measures Rules 2013’ in accordance with section 261b of the Local Government Act 2002.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Sewage and Treatment Disposal

Te rāwekeweke me te rukea o te parakaingaki

Outcomes:

- Strong, connected, interdependent, diverse communities
- Integrating nature into our decision-making
- Thriving circular economies
- Constructively and collaboratively engaging with Iwi, hapū and whānau

This group of activities provides the district with reliable and sustainable sewage treatment and disposal services. We aim to provide services to collect, treat, and dispose of wastewater in a safe and sustainable way that protects public health and doesn't compromise ecosystems.

Activities in this group:

- Sewage treatment and disposal



\$2.7 million capital expenditure

\$1.9 million operating expenditure

9/9 performance measures met

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

What these activities cost and how they were paid for

Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: SEWAGE AND TREATMENT DISPOSAL WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023	LTP 2021/22 \$000	LTP 2022/23 \$000	ACTUAL 2022/23 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	417	442	470
Targeted rates	5,101	5,306	5,192
Subsidies and grants for operating purposes	1	-	-
Fees and charges	189	207	212
Internal charges and overheads recovered	110	146	49
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	78
Sources of operating funding (A)	5,817	6,102	6,000
Applications of operating funding			
Payments to staff and suppliers	1,155	1,234	1,316
Finance costs	340	341	571
Internal charges and overheads applied	1,993	2,079	2,332
Other operating funding applications	-	-	-
Applications of operating funding (B)	3,488	3,654	4,219
Surplus (deficit) of operating funding (A-B)	2,329	2,448	1,781
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	659	-	-
Development and financial contributions	86	89	19
Increase (decrease) in debt	651	645	875
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	1,397	734	893
Applications of capital funding			
Capital expenditure			
- to meet additional demand	29	38	330
- to improve level of service	1,879	1,183	1,448
- to replace existing assets	580	1,065	881
Increase (decrease) in reserves	1,238	895	16
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	3,726	3,182	2,674
Surplus (deficit) of capital funding (C-D)	(2,329)	(2,448)	(1,781)
Funding balance ((A-B) + (C-D))	-	-	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

Satisfaction with the sewage system for areas supplied by the Council.



Note: Margin of error 4%.

Total number of complaints received per 1,000 connections about any of the following:

- sewage odour
- sewerage system faults
- system blockages
- the Council’s response to any of these issues (M).

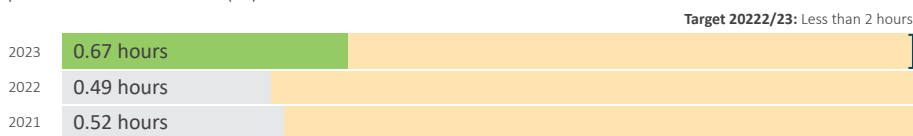


Note: The 2022 and 2021 previous year results have been restated from 9.42 and N/A* to better align with the DIA performance measure guidelines. This change in calculation has seen Council include complaints where we have found no problem on inspection of the complaint, and calculate the number of connections by rating system. Total number of connections as of 1 July 2022 was 12,557.

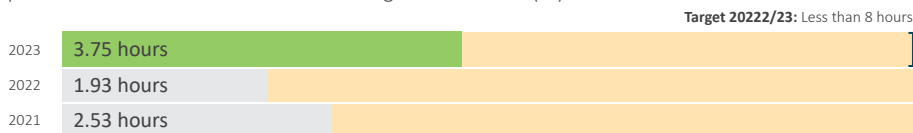
*The method of restatement has enabled a comparative to be calculated for 2021. The process used by the Council’s afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013.

In respect of calls received by the afterhours call centre service, Council were not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.

Median response time to attend a sewage overflow resulting from a blockage or other fault in the Council’s sewerage system, from the time that the Council receives notification to the time that service personnel reach the site (M).



Median response time to resolve a sewage overflow resulting from a blockage or other fault in the Council’s sewerage system, from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault (M).



LEGEND Not comparable against target Achieved Not achieved Target value indication

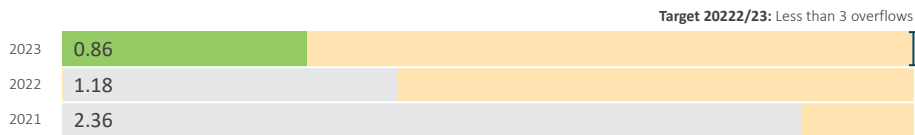
(M) – This performance measure is mandatory for all Councils to report on, set under the ‘Non-Financial Performance Measures Rules 2013’ in accordance with section 261b of the Local Government Act 2002.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

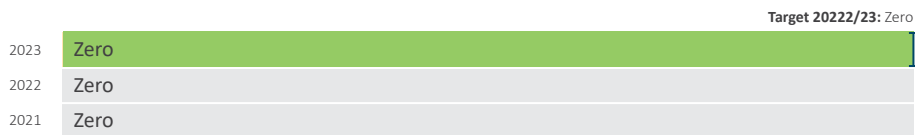
How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

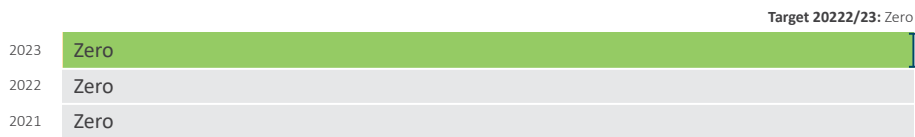
Number of dry weather sewage overflows from the Council’s sewerage system per 1,000 connections to that sewerage system (M).



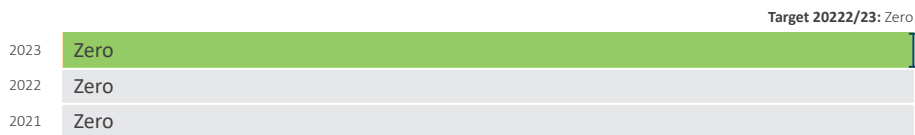
Number of abatement notices received by the Council in relation to the resource consents for discharge from our sewerage systems (M).



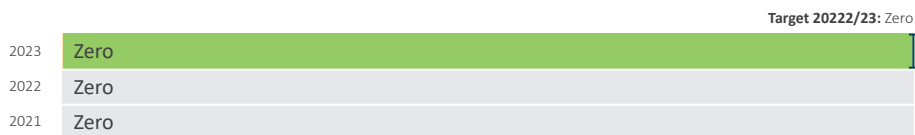
Number of infringement notices received by the Council in relation to the resource consents for discharge from our sewerage systems (M).



Number of enforcement orders received by the Council in relation to the resource consents for discharge from our sewerage systems (M).



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



LEGEND ● Not comparable against target ● Achieved ● Not achieved | Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the ‘Non-Financial Performance Measures Rules 2013’ in accordance with section 261b of the Local Government Act 2002.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Stormwater Drainage *Te awakeri o te wai āwhā*

Outcomes:

- Strong, connected, interdependent, diverse communities
- Integrating nature into our decision-making
- Thriving circular economies
- Constructively and collaboratively engaging with Iwi, hapū and whānau

This group of activities helps protect people and property from the impacts of flooding as well as protecting public health from the potentially adverse effects of stormwater run-off. Because stormwater is discharged into streams, rivers, and coastal waters, it needs to be as clean as possible. While we do not treat stormwater run-off, we monitor stormwater discharge to ensure it meets the required standards. Alongside our stormwater activity, river stop banks are managed by Bay of Plenty Regional Council with the similar objective of protection from the impacts of flooding.

Activities:

- Stormwater drainage



\$2.8 million capital expenditure

\$6.2 million operating expenditure

7/7 performance measures met

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

What these activities cost and how they were paid for

Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: STORMWATER DRAINAGE WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023	LTP 2021/22 \$000	LTP 2022/23 \$000	ACTUAL 2022/23 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	324	322	323
Targeted rates	3,822	3,959	4,081
Subsidies and grants for operating purposes	778	-	654
Fees and charges	-	-	-
Internal charges and overheads recovered	2,472	2,525	3,498
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	42
Sources of operating funding (A)	7,395	6,806	8,598
Applications of operating funding			
Payments to staff and suppliers	4,266	3,557	5,167
Finance costs	639	607	1,043
Internal charges and overheads applied	1,001	1,017	1,292
Other operating funding applications	-	-	-
Applications of operating funding (B)	5,905	5,181	7,502
Surplus (deficit) of operating funding (A-B)	1,490	1,625	1,096
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	138	-	-
Development and financial contributions	17	18	3
Increase (decrease) in debt	(876)	(124)	(748)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	(722)	(106)	(744)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	10	112	15
- to improve level of service	154	961	601
- to replace existing assets	459	2,948	2,223
Increase (decrease) in reserves	146	(2,502)	(2,487)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	768	1,519	352
Surplus (deficit) of capital funding (C-D)	(1,490)	(1,625)	(1,096)
Funding balance ((A-B) + (C-D))	-	-	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

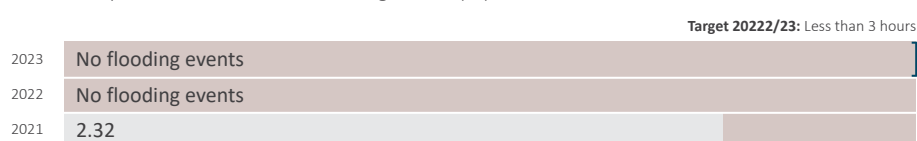
Number of flooding events in the district.



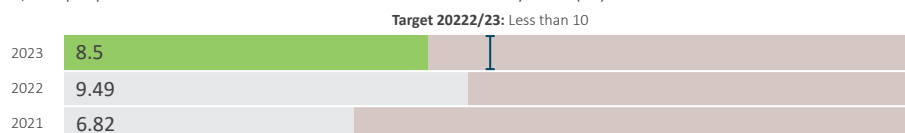
For each flooding event*, the number of habitable floors affected (per 1,000 properties connected to the Council’s stormwater system) (M).



Median response time to attend a flooding event* (M).



The number of complaints received about the performance of the stormwater system, expressed per 1,000 properties connected to the Council’s stormwater system (M).



Note: The 2022 and 2021 previous year results have been restated from 11.57 and 2.03 to better align with the DIA performance measure guidelines. This change in calculation has seen Council include complaints where we have found no problem on inspection of the complaint, and calculate the number of connections by rating system. The number of properties connecting to the stormwater system as of 1 July 2022 was 10,435.

The process used by the Council’s afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013. In respect of calls received by the afterhours call centre service, Council were not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.

LEGEND ● Not comparable against target ● Achieved ● Not achieved | Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the ‘Non-Financial Performance Measures Rules 2013’ in accordance with section 261b of the Local Government Act 2002.

*The DIA requires results for these measures to be presented according to the following definitions:

‘Flooding event’ - an overflow of stormwater from a territorial authority’s stormwater system that enters a habitable floor. ‘Stormwater system’ - the pipes and infrastructure (excluding roads) that collect and manage rainwater run-off, from the point of connection to the point of discharge.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

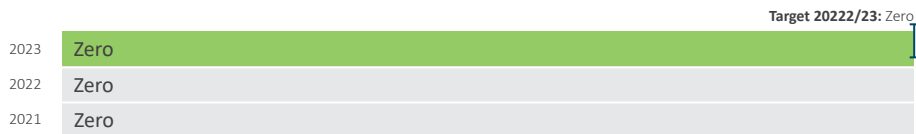
How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

Number of infringement notices received by the Council in relation to the resource consents for discharge from our stormwater system (M).



Number of enforcement orders received by the Council in relation to the resource consents for discharge from our stormwater system (M).



Number of convictions received by the Council in relation to the resource consents for discharge from our stormwater system (M).



LEGEND Not comparable against target Achieved Not achieved Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the ‘Non-Financial Performance Measures Rules 2013’ in accordance with section 261b of the Local Government Act 2002.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Waste Management and Minimisation Te Whakahaere me te Whakaiti Para

Outcomes:

- Integrating nature into our decision-making
- Thriving circular economies

The Waste Management and Minimisation group is about protecting the health of people and the environment, by providing a reliable kerbside rubbish and recycling collection service and promoting waste minimisation and resource recovery. We aim to encourage and support waste reduction, reuse, and recycling through education programmes, and by providing the right infrastructure and services. Waste management must meet the requirements of several pieces of legislation, including the Waste Minimisation Act 2008, the New Zealand Waste Strategy 2010, and the Local Government Act 2002.

Activities:

- Waste management and minimisation



\$0.1 million capital expenditure

\$7 million operating expenditure

3/3 performance measures met

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

What these activities cost and how they were paid for

Te utu o ēnei ngohe, ā, i pēhea i whakaea

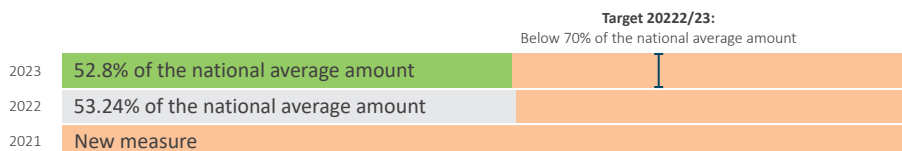
FUNDING IMPACT STATEMENT: WASTE MANAGEMENT AND MINIMISATION WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023	LTP 2021/22 \$000	LTP 2022/23 \$000	ACTUAL 2022/23 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,629	1,676	1,334
Targeted rates	3,287	3,483	3,614
Subsidies and grants for operating purposes	130	235	414
Fees and charges	1,525	1,717	1,947
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	76
Sources of operating funding (A)	6,571	7,110	7,384
Applications of operating funding			
Payments to staff and suppliers	5,573	6,104	6,907
Finance costs	69	60	119
Internal charges and overheads applied	540	551	562
Other operating funding applications	-	-	-
Applications of operating funding (B)	6,182	6,715	7,588
Surplus (deficit) of operating funding (A-B)	389	395	(203)
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	80	321	-
Development and financial contributions	-	-	(13)
Increase (decrease) in debt	(257)	(256)	166
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	(177)	65	153
Applications of capital funding			
Capital expenditure			
- to meet additional demand	5	5	10
- to improve level of service	83	328	9
- to replace existing assets	19	29	59
Increase (decrease) in reserves	106	99	(128)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	212	461	(50)
Surplus (deficit) of capital funding (C-D)	(389)	(395)	203
Funding balance ((A-B) + (C-D))	-	-	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

Amount of waste sent to landfill per person* each year.



User satisfaction with refuse disposal (transfer station facilities).



Note: Margin of error 5%.

User satisfaction with the kerbside waste collection service.



Note: Margin of error 3%.

LEGEND ● Not comparable against target ● Achieved ● Not achieved | Target value indication

*As per population estimates of the district provided by Stats

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Community Experience Ngā wheako hapori

Outcomes:

- Strong, connected, interdependent, diverse communities
- Constructively and collaboratively engaging with Iwi, hapū and whānau

This group of activities provides and maintains a range of services, spaces and facilities for community use, recreation, and amenity. We aim to provide activities and spaces that enhance the quality of life for our residents and visitors and that celebrate our beautiful District, arts, and culture.

Activities in this group:

- Recreation
- Community facilities
- Arts and culture
- Ports and harbour
- Whakatāne Holiday Park



\$2.7 million capital expenditure

\$2.3 million operating expenditure

4/5 performance measures met

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

What these activities cost and how they were paid for

Te utu o ēnei ngohe, ā, i pēhea i whakaea

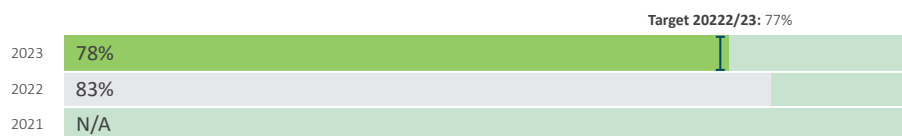
FUNDING IMPACT STATEMENT: COMMUNITY EXPERIENCE WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023	LTP 2021/22 \$000	LTP 2022/23 \$000	ACTUAL 2022/23 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	11,703	12,033	11,445
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,481	19	150
Fees and charges	2,682	2,753	2,779
Internal charges and overheads recovered	1,824	1,865	2,012
Local authorities fuel tax, fines, infringement fees, and other receipts	206	103	659
Sources of operating funding (A)	17,896	16,774	17,044
Applications of operating funding			
Payments to staff and suppliers	8,108	8,331	11,443
Finance costs	482	505	906
Internal charges and overheads applied	6,289	6,426	6,813
Other operating funding applications	-	-	-
Applications of operating funding (B)	14,879	15,262	19,161
Surplus (deficit) of operating funding (A-B)	3,017	1,512	(2,117)
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	5,438	1,197	210
Development and financial contributions	119	121	101
Increase (decrease) in debt	(1,816)	5,770	5,278
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	3,740	7,088	5,589
Applications of capital funding			
Capital expenditure			
- to meet additional demand	10,470	2,416	135
- to improve level of service	785	1,273	483
- to replace existing assets	1,626	2,339	2,068
Increase (decrease) in reserves	(6,124)	(2,916)	(4,701)
Increase (decrease) of investments	-	5,488	5,488
Applications of capital funding (D)	6,757	8,599	3,472
Surplus (deficit) of capital funding (C-D)	(3,017)	(1,512)	2,117
Funding balance ((A-B) + (C-D))	-	-	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

User satisfaction with recreation facilities in the Whakatāne District (sports fields, parks and reserves, playgrounds, boat ramps and wharf facilities).



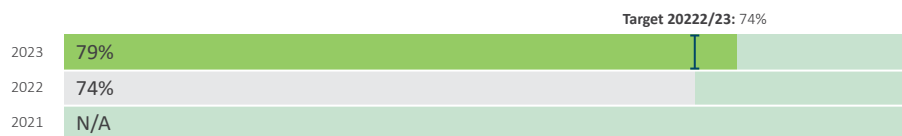
Note: Index results are average scores of other calculated measures. Unlike other measures in this report, index results are not directly collected from the population and do not have margin of errors.

User satisfaction with public swimming pools in the Whakatāne District.



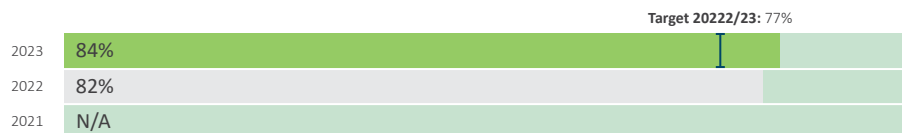
Note: Margin of error 6%.

User satisfaction with community facilities in the Whakatāne District (public toilets, public halls, cemeteries, crematorium facilities).



Note: Index results are average scores of other calculated measures. Unlike other measures in this report, index results are not directly collected from the population and do not have margin of errors.

User satisfaction with art and culture services in the Whakatāne District (Te Whare Taonga o Taketake-Whakatāne Museum and Research Centre, District Libraries, Te Kōputu a te Whanaga a Toi- Whakatāne Library and Exhibition Centre).



Note: Index results are average scores of other calculated measures. Unlike other measures in this report, index results are not directly collected from the population and do not have margin of errors.

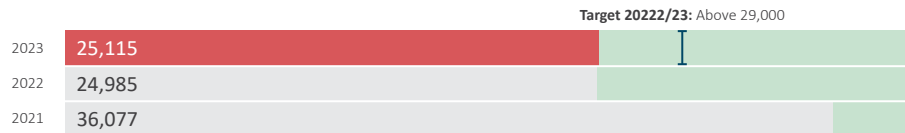
LEGEND Not comparable against target Achieved Not achieved Target value indication

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

Total guest nights in the Whakatāne Holiday Park.



Note: We did not meet target due to the ongoing impact from decreased international tourist market. The holiday park usually has a 22% international market but this year, it is only 7% this year which is an increase of 1% on last year. It is also important to note however that the Holiday Park exceeded it revenue targets and saw an increase of guest nights compared to last year.

LEGEND Not comparable against target Achieved Not achieved Target value indication

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Community Safety

Te marutau o te hapori

Outcomes:

- Strong, connected, interdependent, diverse communities
- Integrating nature into our decision-making



This group of activities delivers a range of functions that contribute towards the Whakatāne District being a place where people feel safe and are protected from a range of risks to their health and wellbeing. We aim to make sure that buildings and public places are safe for people that use them, and that legal standards are met. We also have a crucial role to play in civil defence emergencies, as our district has faced a number of natural hazard events in recent history.

Activities in this group

- Health and safety
- Resource management – consents
- Building control
- Road safety
- Emergency management

\$0 million capital expenditure

\$4.7 million operating expenditure

9/12 performance measures met

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

What these activities cost and how they were paid for

Te utu o ēnei ngohe, ā, i pēhea i whakaea

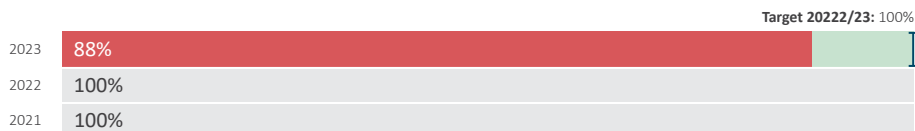
FUNDING IMPACT STATEMENT: COMMUNITY SAFETY WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023	LTP 2021/22 \$000	LTP 2022/23 \$000	ACTUAL 2022/23 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,922	4,033	3,786
Targeted rates	-	-	-
Subsidies and grants for operating purposes	302	310	278
Fees and charges	2,524	2,573	1,907
Internal charges and overheads recovered	50	51	20
Local authorities fuel tax, fines, infringement fees, and other receipts	999	1,019	1,139
Sources of operating funding (A)	7,796	7,986	7,130
Applications of operating funding			
Payments to staff and suppliers	3,762	3,861	4,544
Finance costs	88	78	128
Internal charges and overheads applied	3,216	3,283	3,467
Other operating funding applications	-	-	-
Applications of operating funding (B)	7,065	7,222	8,140
Surplus (deficit) of operating funding (A-B)	731	763	(1,010)
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	11
Development and financial contributions	-	-	-
Increase (decrease) in debt	(260)	(268)	(235)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	(260)	(268)	(224)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	-	-	11
- to replace existing assets	-	-	-
Increase (decrease) in reserves	471	495	(1,245)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	471	495	(1,234)
Surplus (deficit) of capital funding (C-D)	(731)	(763)	1,010
Funding balance ((A-B) + (C-D))	-	-	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How we performed *Ā mātau mahi*

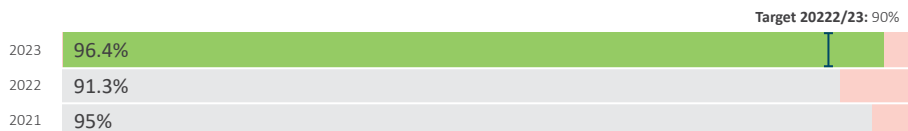
Performance measures (how we will measure our service delivery)

Percentage of licenced premises inspected at least once per year, excluding special licences.



Note: Target not met due to staff turnover. Licensing inspector left 28 April with new licensing inspector beginning on 1 May, however, there were no inspections in May due to training of inspector.

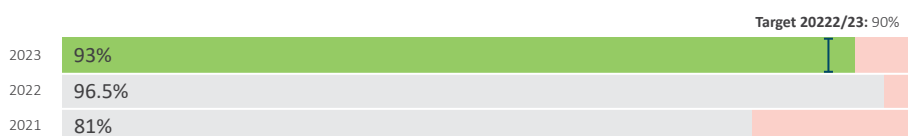
Percentage of complaints relating to abandoned cars, litter, and general bylaw offences responded to within two working days.



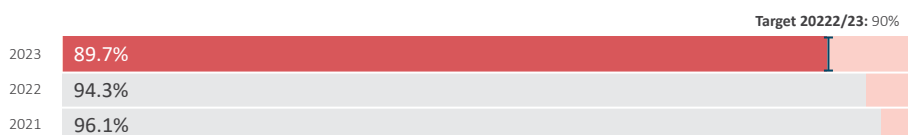
Percentage of after-hours excessive noise complaints responded to promptly.*



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



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



Note: Note: Response time is slightly off target this year, this is due to staff shortages and illness as well as response time to complaints after hours.

.....
LEGEND ● Not comparable against target ● Achieved ● Not achieved | Target value indication

*'Promptly' is defined as responding to excessive noise complaints within the following timeframes: Area 1 (Ōhope, Whakatāne, Tāneatua, Coastlands, Awakeri, Thornton Road to Golf Links Road): less than 60 minutes Area 2 (Edgecumbe, Matatā, Otamarakau, Otakiri, Onepū, Te Teko, Te Mahoe and Wainui to the Ōpātiki intersection): less than 100 minutes Area 3: (Murupara, Galatea, and environs): less than 120 minutes.

(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261B of the Local Government Act 2002.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

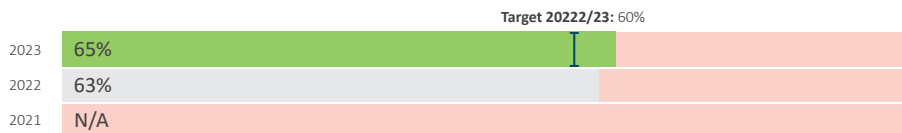
How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

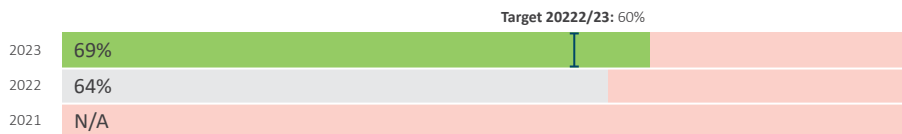
Percentage of all other animal control complaints responded to within two working days.



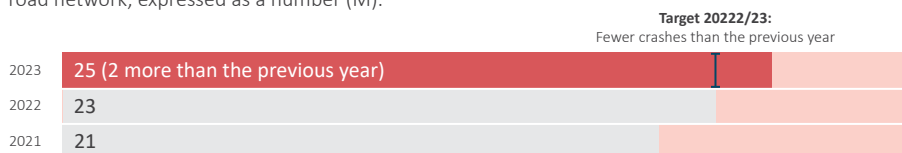
User satisfaction with Council’s resource consent process.



User satisfaction with Council’s building consent process.

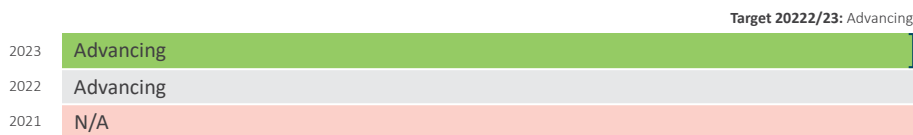


The change from the previous year in the number of fatalities and serious injury crashes on the local road network, expressed as a number (M).



Note: Whakatāne has sadly followed a national trend with increases in both fatal and serious crashes this year. Alcohol was a contributing factor in 68% of crashes and speed at 48%. Young drivers (15 to 24) were overrepresented at 42% of crashes. All these factors are being targeted in 2023-24 at both a local and national level.

The district is prepared for and can effectively respond to an emergency.



LEGEND ● Not comparable against target ● Achieved ● Not achieved | Target value indication

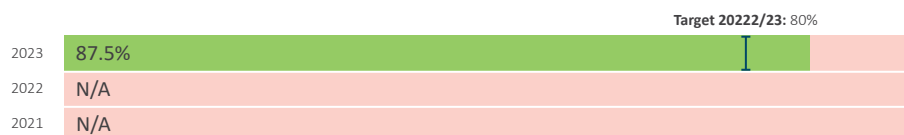
(M) – This performance measure is mandatory for all Councils to report on, set under the ‘Non-Financial Performance Measures Rules 2013’ in accordance with section 261B of the Local Government Act 2002.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

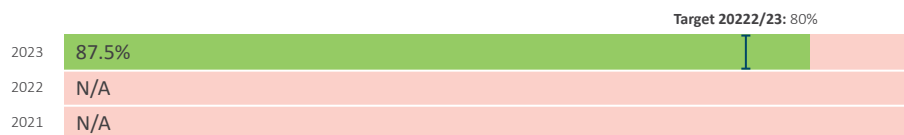
How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

Percentage of residents that have an understanding of what consequences would be if a disaster struck their area.



Percentage of residents that have taken any action to prepare for an emergency.



LEGEND Not comparable against target Achieved Not achieved Target value indication

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



Corporate Services Ngā ratonga rangatōpū

Outcomes:

- Strong, connected, interdependent, diverse communities

This group of activities delivers a range of functions and services that support all activities of Council. These are often referred to as our 'internal activities' and includes functions such as financial services, information management, human resources and technology and systems.

Activities:

- Corporate and District activities



\$14.1 million capital expenditure

\$16.1 million operating expenditure

4/4 performance measures met

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

What these activities cost and how they were paid for

Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: CORPORATE SERVICES WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023	LTP 2021/22 \$000	LTP 2022/23 \$000	ACTUAL 2022/23 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(539)	667	1,825
Targeted rates	-	-	-
Subsidies and grants for operating purposes	35	-	-
Fees and charges	548	559	55
Internal charges and overheads recovered	15,309	15,603	16,493
Local authorities fuel tax, fines, infringement fees, and other receipts	344	354	(397)*
Sources of operating funding (A)	15,698	17,184	17,975
Applications of operating funding			
Payments to staff and suppliers	13,204	13,462	14,673
Finance costs	(861)	(253)	54*
Internal charges and overheads applied	2,254	1,814	1,654
Other operating funding applications	1,525	1,533	1,422
Applications of operating funding (B)	16,122	16,556	17,803
Surplus (deficit) of operating funding (A-B)	(424)	627	172
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	74
Development and financial contributions	-	-	-
Increase (decrease) in debt	178	6,995	17,767
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	178	6,995	17,841
Applications of capital funding			
Capital expenditure			
- to meet additional demand	470	5,389	5,982
- to improve level of service	104	3,418	6,406
- to replace existing assets	1,823	1,085	1,756
Increase (decrease) in reserves	(2,643)	(2,269)	3,869
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	(246)	7,623	18,013
Surplus (deficit) of capital funding (C-D)	424	(627)	(172)
Funding balance ((A-B) + (C-D))	-	-	-

*The negative figure is a result of fuel tax being distributed to the appropriate cost centre and recognising that it is effectively subsidising general rates collected.

**Finance costs are negative as a result of spreading the total cost of debt across all appropriate cost centres and having a positive variance.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

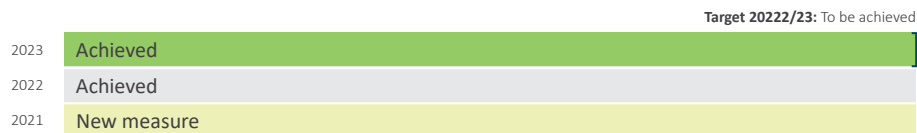
How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

Local Government Funding Agency (LGFA)

The Local Government Funding Agency allows Councils to borrow funds at lower interest margins than would be otherwise possible. In the past year this has provided Council with access to a broader range of borrowing options, so less ratepayer funds are spent on interest repayments. Find out more about the LGFA in our Long Term Plan or on the LGFA website.

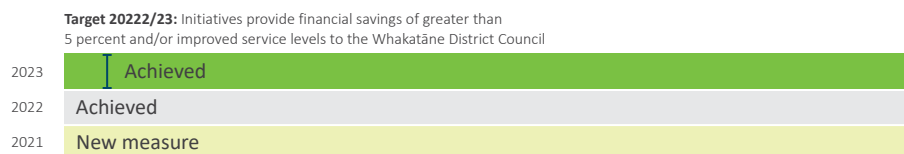
Estimated annual savings for the Council is between 5 bps and 10 bps (weighted average) below trading bank margins for term loans.



Bay of Plenty Local Authority Shared Services

Bay of Plenty Local Authority Shared Services Limited investigates, develops, and delivers shared services, joint procurement, and communications for the participating Councils. In the past year the Council has continued to benefit from substantial cost savings as a result of participating in this CCO. Key areas where savings were achieved included the costs of insurance, postal services, software, and aerial photography. During the last year significant benefits have been achieved through inter-regional collaboration with BOPLASS leading a number of procurement projects across large collectives of Councils.

Total estimated savings to the Council for each financial year.



LEGEND ● Not comparable against target ● Achieved ● Not achieved | Target value indication

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

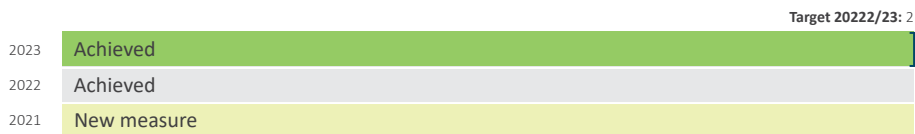
Whakatāne Airport

The Whakatāne Airport continued to experience the ongoing effects of COVID-19 through the 2021/22 financial year, with Air Chathams still operating reduced flight services as a result. However, by the end of the financial year passenger numbers were starting to pick up again and a resumption of normal scheduled services was being planned. The Whakatāne Airport is a valued community asset, contributing to residents’ quality of life and is crucial to the economic wellbeing of the district and provides an essential lifeline service by providing emergency air transport facilities as required.

The Airport is maintained to Civil Aviation Authority (CAA) requirements.



Minimum of two executive management meetings per year with our Airport Operator and Airline.



LEGEND ● Not comparable against target ● Achieved ● Not achieved | Target value indication

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

What these activities cost and how they were paid for

Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: WHAKATĀNE AIRPORT WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023	LTP 2021/22 \$000	LTP 2022/23 \$000	ACTUAL 2022/23 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	167	171	223
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	2	2	-
Sources of operating funding (A)	169	173	223
Applications of operating funding			
Payments to staff and suppliers	530	410	634
Finance costs	14	14	25
Internal charges and overheads applied	166	172	182
Other operating funding applications	-	-	-
Applications of operating funding (B)	710	596	840
Surplus (deficit) of operating funding (A-B)	(541)	(423)	(617)
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	135	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	49	(21)	3
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	184	(21)	3
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	9
- to improve level of service	210	35	80
- to replace existing assets	60	35	21
Increase (decrease) in reserves	(627)	(515)	(724)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	(357)	(444)	(614)
Surplus (deficit) of capital funding (C-D)	541	423	617
Funding balance ((A-B) + (C-D))	-	-	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Our costs in detail

Ngā taipitopito utu



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Introduction to 'our costs in detail'***Te whakatakinga ki ngā taipitopito 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*Ngā waitara uara matua*

This table provides an update on the major capital projects that were planned for the 2022/2023 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 paeraro ahumoni*

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 whakapuakanga pūtea*

The financial statements are included to provide an overview of the Council's financial performance and financial position for the 2022/23 year.

Notes to the financial statements*Ngā kōrero e tāpiri ake ki ngā whakapuakanga 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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Capital projects

Ngā waitara uara

PROJECT NAME	PROJECT COMMENT	LONG TERM PLAN	REVISED BUDGET	ACTUAL 2022/23
STRATEGY AND FUTURES				
Airport Land Purchase	Not required, earthwork development budgeted 2024 AP	-	184,563	-
TRANSPORT CONNECTIONS				
Active Whakatāne	Inflation impact	1,031,000	1,023,000	1,591,407
Blueberry Curves Road Safety Improvements	Rephased	3,526,020	170,000	149,108
Drainage-Culverts	Balance carried forward to 2024	194,859	193,347	139,628
Keepa Road Improvements	Business costs and design costs only this year. Rephased to 2024	-	3,719,390	111,827
Kōhī Point Road Seal Extension	Time delays and cost overrun due to historic site discovery.	-	194,181	338,635
Low Cost/Low Risk Improvements	Remaining works rephased to 2023/24	3,283,220	3,388,248	1,603,896
Low Cost/Low Risk Road to Zero	Remaining works rephased to 2023/24	-	1,633,830	408,829
Non-Financially Assisted Seal Extensions	Remaining works rephased to 2023/24	773,250	1,464,293	1,152,307
Pavement Rehabilitation	Complete	960,892	953,436	820,923
Resurfacing- AC	Complete	422,710	419,430	427,835
Resurfacing Chipseal	Complete	1,958,900	1,943,700	2,323,165
Structures- Bridges	Mainly Wainui Rd bridge, rephased to 2024	119,596	219,579	23,310
Unsealed Metalling	Inflation impact	541,275	537,075	778,020
Special Purpose Roads - Pavement Rehab	No works planned this year, all rephased to 2024	-	273,105	4,263
Special Purpose Roads - Unsealed Metalling	Remaining works rephased to 2023/24	216,510	214,830	139,920
Special Purpose Roads - Bridge Renewals	Mimiha stream bridge rephased to 2024	-	2,149,763	391,491
Special Purpose Roads- Low Cost/ Low Risk Improvement Structures	Mimiha stream bridge and guardrails rephased to 2024	-	4,067,385	30,160
Special Purpose Roads- Low Cost/Low Risk Improvements Carriageways	Remaining works rephased to 2023/24	257,750	255,750	156,102
WATER SUPPLY				
Blueberry Curves Watermain Relocation	Rephased to 2024 to align with roading project	-	540,225	-
Otumahi Water Storage	Timing, works will continue into 2024	4,657,500	5,030,709	805,193
WHK W Backflow Preventors	Main works rephased to 2024	345,000	343,000	26,214
Plains W Backflow Preventors	Rephased to 2024, still requires community consultation	621,000	617,400	14,167
Water Resilience Braemar	Inflation impact	1,552,500	2,305,804	2,800,129
Whk Sludge Treatment	No works planned this year	828,000	823,200	-
Whakatāne Water Treatment Plant Upgrade	Complete	517,500	514,500	612,610

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Capital projects

Ngā waitara uara

PROJECT NAME	PROJECT COMMENT	LONG TERM PLAN	REVISED BUDGET	ACTUAL 2022/23
SEWAGE TREATMENT AND DISPOSAL				
Edgecumbe Wastewater Relining	Balance carried forward to 2024	517,500	514,500	21,790
Equalised Sewer Network Renewals	20% inflation impacts, \$350k to be bought forward from 2024	207,000	205,800	737,709
Matatā Wastewater Scheme	Balance carried forward to 2024	724,500	1,147,536	639,354
Whakatāne Wastewater- Upgrade Wastewater Treatment Plant	Main works rephased to 2024	310,500	969,256	147,429
STORMWATER DRAINAGE				
Whakatāne Stormwater Barry Ave Upgrade	Complete	-	1,204,846	2,130,050
Whakatāne Stormwater Western Catchment Upgrade	Remaining works 2023/24	3,379,275	3,779,918	313,669
WASTE MANAGEMENT AND MINIMISATION				
Local Organic Waste Processing Plant	Project on hold pending food waste project investigation and legislation changes. Carry forward funds to 2024	321,300	403,190	-
COMMUNITY EXPERIENCE				
Holiday Park- Renewals	Complete	50,950	51,050	49,307
Holiday Park Upgrades	Complete	50,950	51,050	65,783
In Town Wharf Remediation	Timing	-	504,783	21,695
Kakahoroa Development (Civic Heart)	Council continuing to work with Kanoa to determine high level options for reset of Te Aro Hou programme	1,146,375	6,323,625	-
Waterfront Promenade	Council continuing to work with Kanoa to determine high level options for reset of Te Aro Hou programme	1,146,375	6,305,627	-
Library Collection Improvement	Complete	20,400	20,520	18,050
Multi, Sports Events Centre	Balance carried forward to 2024	101,900	218,002	119,419
Shade Sail Implementation	Complete	40,760	40,840	40,510
Significant Sites- Whakatāne Renewals	Complete	50,950	34,999	35,850
Whakatāne Aquatic Plant Sandfilters	Contracts in place, rephase to 2024	-	459,450	196,081
Tidal Pool Remediation	Balance carried forward to 2024	101,900	201,509	13,872
Whakatāne Harbour Eastern Wall Strengthening	Requires consent and iwi approval. Main works rephased to 2024	478,930	479,870	-
Whakatāne New Cemetery	Investigation ongoing for the new site	509,500	1,553,114	5,459
COPORATE AND DISTRICT ACTIVITIES				
Council Building- Upgrades and 'Green' Options	Complete	6,656,312	10,817,379	10,898,079
Exhibition Centre LED Lighting	Complete	81,920	81,760	139
Investigate Enterprise Resource Planning (ERP) Replacement	Timing	2,048,000	2,402,841	6,365
CC Upgrade Meeting Room AV Equip	Timing	-	325,460	510,690
Library HVAC- fit for purpose	Balance carried forward to 2024	-	138,009	-
COUNCIL CONTROLLED ORGANISATIONS				
Replacement of Windsack Structures	Balance carried forward to 2024	0	50,000	0
Runway Lighting Navigation Upgrade	Balance carried forward to 2024	0	200,000	58,793

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Financial prudence benchmarks

Ngā paeraro ahumoni

Annual report disclosure statement for the year ending 30 June 2023

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.

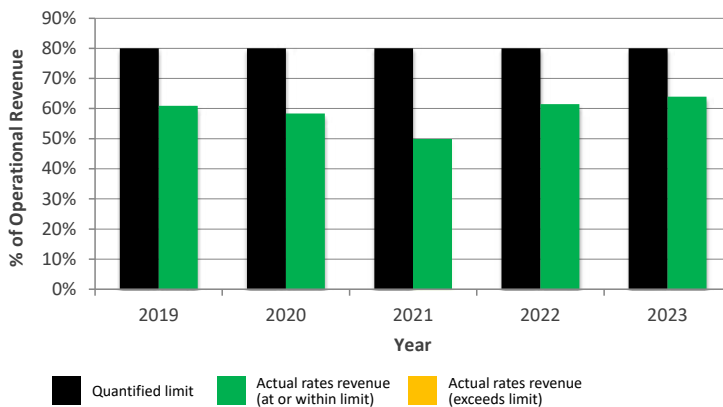
Rates income affordability

The following graphs compare the Council’s actual rates income with quantified limits on rates included in the financial strategy

Quantified Limit is 80% of operating revenue

Operating revenue is total revenue less development contributions, vested assets and gains on valuation.

Total rates revenue for each year of the Ten-Year Plan period will be limited to 80% of operating revenue.



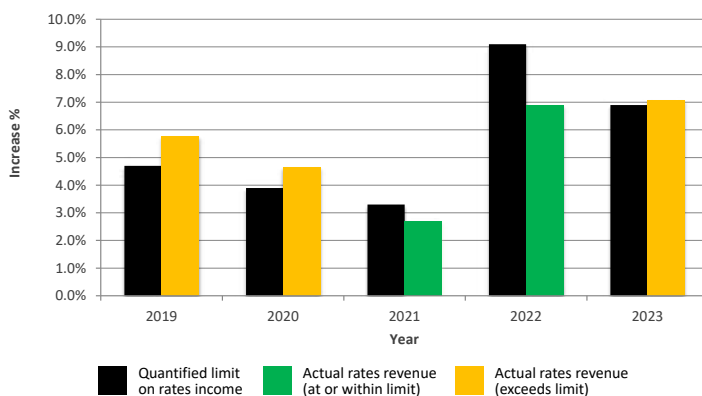
9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

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

- For 2018-2021, the annual percentage increase in the Local Government Cost Index*+2%
- For 2022-2024 6.93% as specified in the 2021-31 LTP



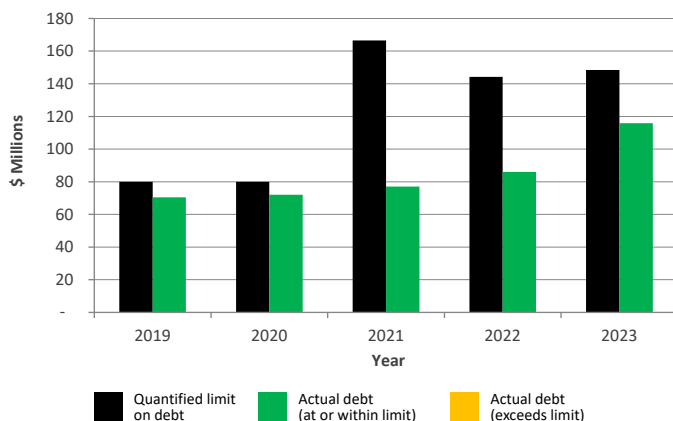
Debt affordability benchmark

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.

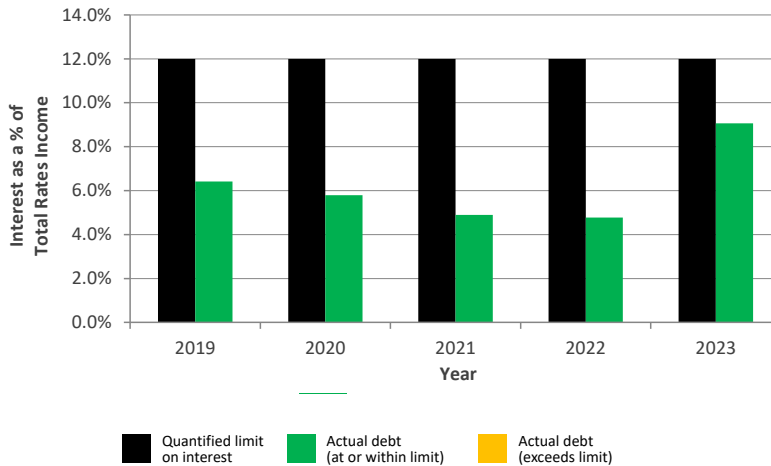
The quantified limit with effect from the 2021-31 Long Term Plan is for total debt to be capped at 175% of total revenue.



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

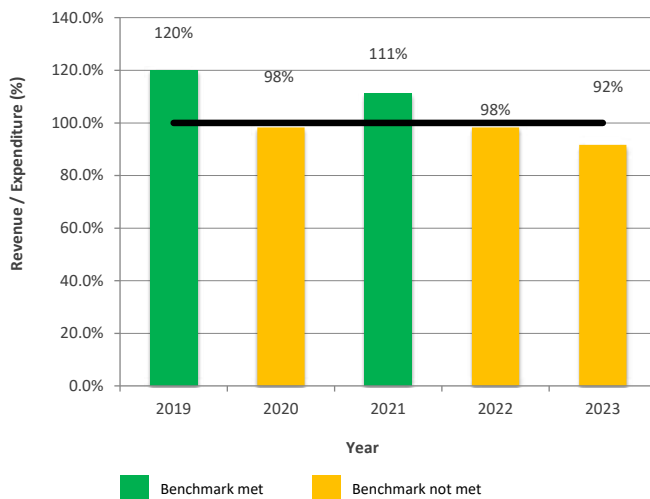
Our limit on interest as a percentage of total rates income

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

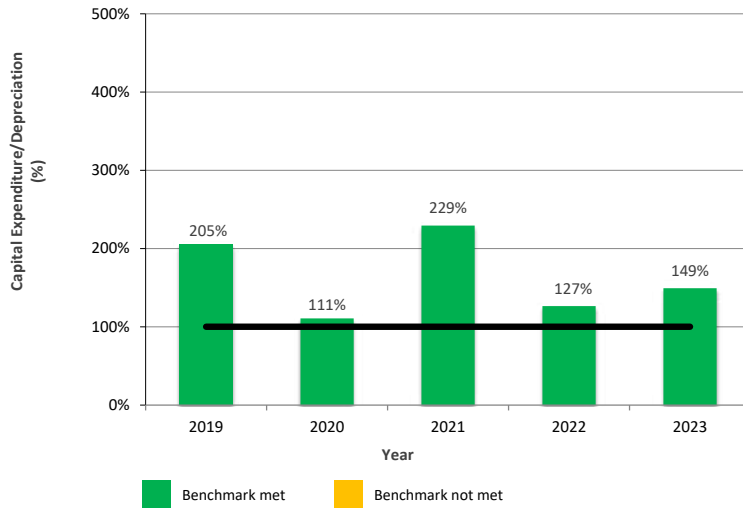
The following graph displays the Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial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



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Essential services benchmark

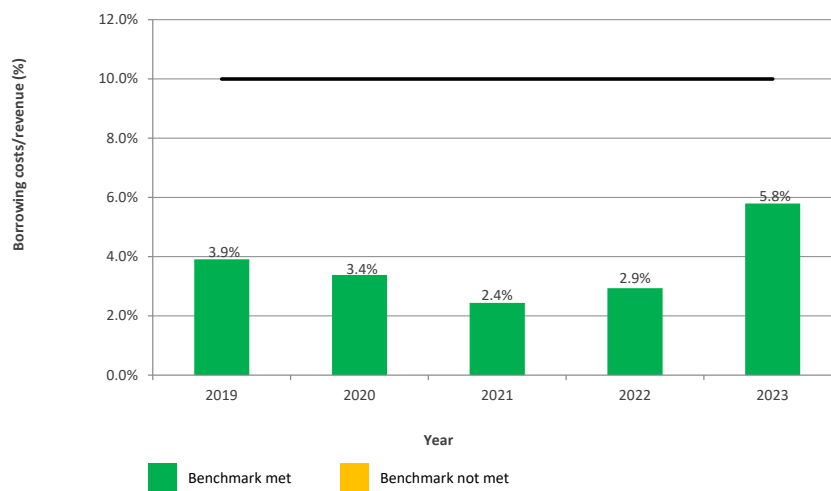
The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

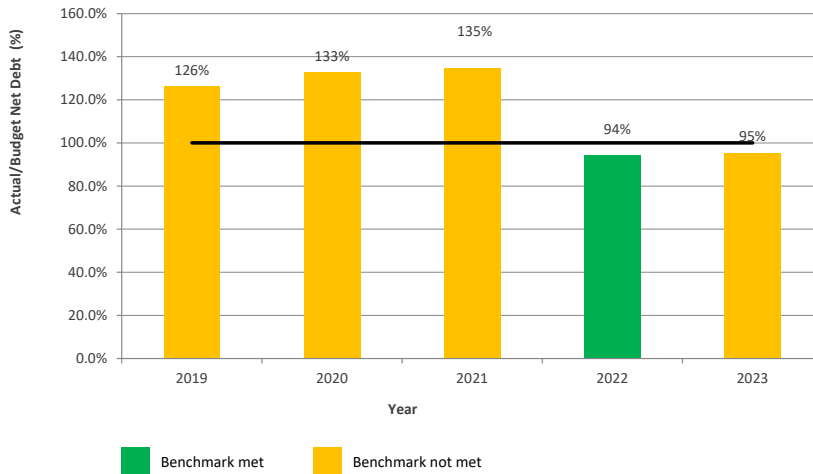
Because Statistics New Zealand projects the Council’s population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

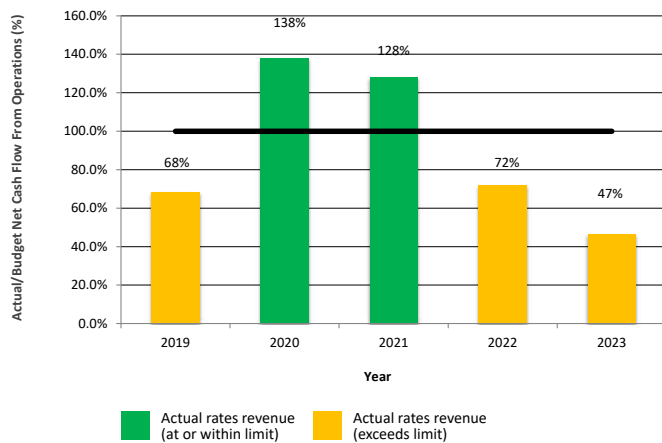
Debt control benchmark

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.



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.



9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Financial Statements

Ngā matapae whakapuakanga pūtea

Statement of comprehensive revenue and expense for the year ended 30 June 2023

		ACTUAL 2023 \$000	BUDGET 2023 \$000	ACTUAL 2022 \$000
Rates	Note 2	55,217	55,036	51,601
Subsidies and Grants	Note 3	17,722	23,280	18,745
Development and Financial Contributions		131	394	226
Fees and Charges	Note 3	8,001	8,734	8,061
Interest Revenue	Note 6	499	46	32
Other Revenue	Note 3	4,857	3,559	4,061
Gains	Note 7	3,287	191	7,224
Total Revenue		89,714	91,240	89,950
Personnel Costs	Note 4	25,177	22,795	21,953
Depreciation and Amortisation Expense	Note 5 & Note 14	23,086	17,948	21,690
Finance Costs	Note 6	4,917	2,606	2,417
Other Expenses	Note 5	39,330	34,738	37,720
Future loss on sale- investment property	Note 5	1,804	-	185
Revaluation Losses	Note 5	2,678	-	3
Total Expenses		98,618	78,087	83,967
Gains (Loss) on Share of Joint Venture/Associates equity	Note 13	(382)	(300)	(392)
Surplus (Deficit) Before Tax		(7,660)	12,853	5,590
Income Tax Expense (Benefit)	Note 8	865	-	-
Surplus (Deficit) After Tax		(8,525)	12,853	5,590
Other Comprehensive Revenue and Expense of Joint Ventures/Associates	Note 13	(227)	-	-
Gains (Loss) on Property, Plant and Equipment Revaluations		60,707	10,455	357,821
Deferred Tax on Revaluations		865	-	-
Other Comprehensive Revenue and Expense		61,345	17,125	363,411
Total Comprehensive Revenue and Expense		52,820	17,125	363,411

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

The Notes and the Statement of Accounting Policies on pages 99-162 form part of the Financial Statements.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Statement of financial position as at 30 June 2023

		ACTUAL 2023 \$000	BUDGET 2023 \$000	ACTUAL 2022 \$000
Accumulated Funds	Note 23	446,370	480,972	448,049
Operating Reserves		2,300	1,055	10,543
Restricted Equity	Note 23	15,074	10,580	14,913
Asset Revaluation Reserves	Note 23	730,274	339,408	668,703
TOTAL EQUITY		1,194,018	832,015	1,142,209
Cash and Cash Equivalents	Note 9	3,815	9,071	1,888
Term Deposits- Current	Note 9	-	-	6,000
Receivables	Note 11	15,650	12,724	11,622
Goods and Services Tax	Note 11	643	51	41
Inventory	Note 10	313	283	296
Derivatives	Note 12	134	-	-
Non-current Assets Held for Sale	Note 17	-	1,000	-
Total Current Assets		20,555	23,129	19,847
Non-Current Assets				
Non-current Assets Held for Sale	Note 17	10,051	12,710	11,855
Deferred Tax Asset	Note 8	-	-	-
Derivatives	Note 12	2,164	848	1,098
Investment in CCOs and other similar entities	Note 13	15,256	13,986	9,397
Operational Assets	Note 14	113,532	98,458	95,555
Infrastructural Assets	Note 14	1,062,267	713,711	995,325
Intangible Assets	Note 14	602	2,026	529
Forestry Assets	Note 16	280	272	244
Investment Property	Note 17	44,043	46,144	43,536
Restricted Assets	Note 18	61,088	46,261	55,511
Work in Progress	Note 14	10,519	12,011	24,184
Total Non-Current Assets		1,319,803	946,427	1,237,234
TOTAL ASSETS		1,340,358	969,556	1,257,081
Payables and Deferred Revenue	Note 19	20,467	24,884	18,644
Derivatives Financial Instruments	Note 12	1	-	1
Borrowings and Other Financial Liabilities	Note 22	12,300	10,000	10,000
Employee Entitlements	Note 21	3,374	3,141	2,964
Provisions	Note 20	757	40	641
Goods and Services Tax	Note 19	-	-	-
Total Current Liabilities		36,899	38,065	32,250
Non-Current Liabilities				
Derivative Financial Instruments	Note 12	-	-	-
Borrowings and Other Financial Liabilities LT	Note 22	104,500	92,000	77,000
Employee Entitlements LT	Note 21	502	655	479
Provisions LT	Note 20	4,439	6,788	5,143
Deferred Tax Liability	Note 8	-	33	-
Total Non-Current Liabilities		109,441	99,476	82,622
TOTAL LIABILITIES		146,340	137,541	114,872
NET ASSETS (Assets minus Liabilities)		1,194,018	832,015	1,142,209

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

The Notes and the Statement of Accounting Policies on pages 99-162 form part of the Financial Statements.

Dr. Victor Luca
Mayor
21 December 2023

Steph O'Sullivan
Chief Executive
21 December 2023

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Statement of changes in net assets and equity for the period ended 30 June 2023

	ACTUAL 2023 \$000	BUDGET 2023 \$000	ACTUAL 2022 \$000
Balance at 1 July	1,142,209	808,707	779,226
Total Comprehensive Revenue and Expense for the Year	52,820	23,308	363,411
Other Adjustment	1,011	-	(429)
Balance as at 30 June 2023	1,194,018	832,015	1,142,209

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

The Notes and the Statement of Accounting Policies on pages 99-162 form part of the Financial Statements.

Ordinary Council - AGENDA

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Statement of cashflows for the year ended
30 June 2023

	ACTUAL 2023 \$000	BUDGET 2023 \$000	ACTUAL 2022 \$000
Receipts from Rates Revenue	54,061	55,036	49,924
Subsidies and Grants Received	16,456	24,677	19,862
Fees and Charges and Other Revenue Received	11,048	8,297	14,272
Interest Received	499	46	32
Payments to Suppliers and Employees	(59,912)	(54,198)	(60,879)
Payments to Agencies	(2,279)	-	-
Interest Paid	(4,917)	(2,606)	(2,417)
GST (Net)	(602)	(500)	879
Net Cash Flow from Operating Activities	14,354	30,752	21,673
Receipts from Sale of Property, Plant and Equipment	1,041	-	988
Purchase of PPE	(43,383)	(39,397)	(28,807)
Acquisition of Investments	(5,885)	(6,379)	(6,270)
Net Cash Flows from Investing Activities	(48,227)	(45,776)	(34,089)
Proceeds from borrowings	44,800	29,830	14,000
Repayment of borrowings	(9,000)	(9,000)	(5,000)
Net Cash Flow from Financing Activities	35,800	20,830	9,000
Net increase/decrease in Cash	1,927	4,975	(3,416)
Cash at beginning of year	1,888	4,096	5,304
Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	3,815	9,071	1,888
Represented by:			
Cash at Bank	3,815	9,071	1,888

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

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

The Notes and the Statement of Accounting Policies on pages 99-162 form part of the Financial Statements.

	2022 \$000	CASHFLOWS	NON-CASH CHANGES		NOTES	2023 \$000
			Acquisition	New Leases		
Reconciliation of Liabilities Arising from Financing Activities						
Long Term Borrowings	86,000	27,500	-	-	Note 22	113,500
Other Term Liabilities- Deposit Held	1,000	-	-	-	Note 22	1,000
ANZ Short Term Loan	-	2,300	-	-	Note 23	2,300
Term Deposit proceeds	-	6,000	-	-		-
Long Term debt	87,000	35,800	-	-		116,800

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Funding impact statement for Whakatāne District Council
 Te Whakapuakanga Pūtea mō Te Kaunihera ā-rohe
 o Whakatāne

FUNDING IMPACT STATEMENT: WHOLE OF COUNCIL WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2023 OPERATIONAL	ANNUAL PLAN 2021/22 \$000	ACTUAL 2021/22 \$000	ANNUAL PLAN 2022/23 \$000	ACTUAL 2022/23 \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	25,426	25,515	27,232	27,252
Targeted rates	26,599	26,566	28,364	28,480
Subsidies and grants for operating purposes	8,368	7,763	6,974	8,220
Fees and charges	11,373	9,689	10,351	9,569
Interest and dividends from investments	45	31	46	499
Local authorities fuel tax, fines, infringement fees, and other	2,380	2,857	2,253	2,436
Total sources of operating funding (A)	74,191	72,420	75,220	76,455
Applications of operating funding				
Payments to staff and suppliers	55,675	57,633	57,153	65,154
Finance costs	1,847	2,418	2,606	4,918
Other operating funding applications	1,525	1,046	1,531	1,422
Total applications of operating funding (B)	59,047	61,097	61,290	71,494
Surplus (deficit) of operating funding (A-B)	15,144	11,324	13,930	4,961
CAPITAL				
Sources of capital funding				
Subsidies and grants for capital expenditure	14,745	10,444	15,823	8,880
Development and financial contributions	384	226	394	131
Increase (decrease) in debt	1,014	9,000	26,263	29,800
Gross proceeds from sale of assets	2,025	526	2,225	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	18,167	20,196	44,704	38,811
Applications of capital funding				
Capital expenditure				
- to meet additional demand	12,039	2,998	12,811	8,168
- to improve level of service	12,107	13,163	28,009	19,114
- to replace existing assets	11,557	12,010	15,748	15,916
Increase (decrease) in reserves	(2,392)	3,349	(3,421)	(4,915)
Increase (decrease) of investments	-	-	5,488	5,488
Total Applications of capital funding (D)	33,311	31,520	58,635	43,772
Surplus (deficit) of capital funding (C-D)	(15,144)	(11,324)	(13,930)	(4,961)
Funding Balance ((A-B) + (C-D))	-	-	-	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Reconciliation between the funding impact statement and comprehensive revenue and expense**

The funding impact statement is prepared in compliance with the requirements of clause 15, part 1, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive revenue and expense, the funding impact statement is not compliant with generally accepted accounting standards (GAAP).

The funding impact statement is intended to show in a transparent manner how all sources of funding received by Council are applied. It does not include “non-cash” that is classified as income on the statement of revenue and expense (as required by GAAP) such as assets that are vested to Council through the subdivision process, or unrealized gains on assets. The statement of comprehensive revenue and expense also requires “non-cash” expenses such as depreciation, amortisation and unrealised losses of assets to be reflected, whereas these are excluded from the funding impact statement.

The reconciliation below identifies the differences between the two statements.

	NOTES	ACTUAL 2023 \$000	ACTUAL 2022 \$000
Total comprehensive revenue wholly attributed to Whakatāne District Council		52,820	363,411
Surplus (deficit) of operating funding per Whole of Council funding impact statement		4,961	11,324
Difference		47,859	352,087
The difference comprises:			
Depreciation and amortisation	Note 5, 14	(23,086)	(21,690)
Capital Income		9,011	10,670
Revaluation of Assets		60,707	357,821
Vested Assets	Note 3	1,475	116
Gains/ (Losses) on Revaluation	Note 7, 17	(1,195)	7,036
Adjustment for Provisions	Note 20	71	(2,638)
Income Tax Expense	Note 8	(865)	-
Other		1,741	772
	-	47,859	352,087

Notes to the financial statements

Ngā kōrero e tāpiri ake ki ngā whakapuakanga 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 no longer 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, local 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 2023. The financial statements were authorised for issue by Council on 15 December 2023.

S98 of the Local Government Act 2002 requires that Council adopts the annual report within 4 months after the end of the financial year.

Basis of entity

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.

Standards newly effective which have been adopted

Standards and amendments which are newly effective and which are relevant to Council are:

PBE FRS 48 – Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted.

IPAS 41 – Financial Instruments

PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFR 9 Finance Instrument and is effective for financial years beginning on or after 1 January 2022, with early adoption permitted. The main changes compared with PBE IPSAS 29 that are relevant to Council 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 earlier recognition of impairment losses.

Accounting policies have been updated to comply with PBE IPSAS 41. There have been no material effects in doing so.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Summary of significant accounting policies

Basis of consolidation

The financial statements are no longer consolidated line by line with the council investment in Whakatāne Airport.

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 its investment in Whakatāne Airport as an investment but no longer consolidates 50% of the income and expenses of the venture.

Revenue

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained in the following.

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 and subsequent recognition of interest revenue.
- 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.
- Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements, as the Council is acting as an agent for BOPRC.

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

Any fees for disposal of waste are recognised at the time the waste is disposed of 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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Sales of goods**

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

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.

Salaries and wages

Salaries and Wages are recognised as an expense as employees provide services.

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

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

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 amount due, less an allowance for expected credit losses (ECL).

Further aspects of the significant accounting policy related to Receivables are included in note 11 below to which it relates.

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 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

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

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. 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.

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

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

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, furniture and fittings, 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

Ordinary Council - AGENDA

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

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 (APPROX. AVERAGE OVER ALL ASSETS IN THAT CATEGORY)	YEARS
Roading	
Land – road reserve	Not depreciated
Road formation	Not depreciated
Sealed pavement	67
Sealed pavement surface	16
Unsealed pavement	Not depreciated
Unsealed wearing course	4
Bridge railings	10
Signs	16
Drainage (incl headwalls)	49
Large culverts	50
Retaining walls	74
Surface water channel	54
Railings	22
Traffic islands	50
Street lighting	26
Footpaths	47
Bridges	92
Car parks	50
Water	
Treatment plant / headworks	13
Pump stations	11
Reservoirs	38
Trunk main	41
Main	49
Service line	33
Harbour assets	
Harbour assets	15-30
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 assets	17.5
Operation 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

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**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.

Software as a service (SaaS)

Two IFRIC (IFRS Interpretations Committee) agenda decisions were released in 2019 and 2021. The 2019 agenda decision dealt with whether fees paid in exchange for access to the suppliers application software in a SaaS arrangement gives rise to an intangible asset or is a service contract.

The 2021 agenda decision dealt with the accounting treatment of the costs an entity incurs in customising or configuring the supplier's application software in a SaaS arrangement.

While the decisions of the committee do not directly impact PBE standards, which are mainly based on IPSAS1, given that NZIAS 38 Intangible Assets and PBE IPSAS 31 are similar, IFRIC's conclusions are authoritative support and may be considered under GAAP. As a result, the agenda decisions will be applied in Council's accounting policy and will be effective commencing from the reporting year reporting year ended 30 June 2022.

As at 30 June 2023, no intangible assets held by Council were impacted by this change in accounting policy.

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%

There has been no other change to accounting requirements in relation to software development other than those addressed in the 2019 and 2021 IFRIC agenda decisions in respect of SaaS.

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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**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 2022/23 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

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

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 Annual Plan 2022/23. 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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**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 2022/23, valuations were carried out on Land, Buildings, Museum, Library Books, Harbour, Parks, Forestry, Restricted Assets, Investment Property and Property held for Sale. Fair Value Assessments were carried out on Roding and Three Waters.

All assets have been valued on the fair value assumption while taking account broader volatility in economic conditions such as rapid shifts in interest rates and higher than average inflation following on from COVID-19 economic impacts. 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 2023.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 2 - Rates

	ACTUAL 2023 \$000	BUDGET 2023 \$000	ACTUAL 2022 \$000
GENERAL RATES			
General Rates	26,290	26,411	24,593
TARGETED RATES ATTRIBUTABLE TO ACTIVITIES:			
District Growth	986	988	984
Solid Waste	3,614	3,634	3,292
Stormwater Drainage	4,081	4,123	3,810
Sewage Treatment and Disposal	5,192	5,262	5,063
Water Supply	3,372	3,315	3,146
Roads and Footpaths	6,323	6,322	5,988
Leadership	387	391	366
Council Controlled Activities	-	-	-
Rate Penalties	962	821	923
Rates Remissions	(515)	(560)	(480)
VOLUMETRIC CHARGES FOR WATER	4,524	4,329	3,916
Net Rate Revenue	55,216	55,036	51,601

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 June 2023	30 June 2022
The number of rating units within the District	17,081	17,039
The total capital value of rating units within the District	16,737,673,905	11,263,595,700
The total land value of rating units within the District	9,116,066,150	5,841,725,050

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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Rating base information continued**

The annual rates revenue of the Council for the year ended 30 June 2023 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
Rates	55,216	51,601
Lump Sum Contributions	-	-
Total Annual Rates Revenue	55,216	51,601

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 3 - Other revenue, subsidies and grants

	ACTUAL 2023 \$000	BUDGET 2023 \$000	ACTUAL 2022 \$000
SUBSIDIES AND GRANTS			
Government Grants	1,317	7,639	2,037
DIA Grant- 3 Waters	646	-	4,672
NZTA Subsidies	15,759	15,641	12,036
Total Subsidies and Grants	17,722	23,280	18,745
OTHER REVENUE			
Vested Assets	1,475	-	116
Infringements & Fines	261	285	292
Petrol Tax	301	318	278
Rental Revenue from Investment Properties	2,394	2,371	2,521
Rental Revenue Other	398	317	192
Dividend Revenue	7	5	5
Insurance recoveries	4	-	35
Other Services	17	263	622
Total Other Revenue	4,857	3,559	4,061
Total subsidies and grants and other revenue	22,579	26,839	22,806

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
FEES AND CHARGES		
Aquatic Centre Fees	952	679
User Pays Fees and Charges- Waste	2,154	1,893
User Pays Fees and Charges- Community Safety	1,566	1,505
User Pays Fees and Charges- Recreation	1,140	1,159
User Pays Fees and Charges- Environmental	383	402
User Pays Fees and Charges- Other	676	395
Expense Recoveries- Recreation	8	461
Expense Recoveries- Environmental	275	230
Expense Recoveries- Other	125	289
BCA Development Levy	354	458
Licenses	205	208
Parking Fees	49	102
Berthage	113	119
Other Fees and Charges	-	161
Total Fees and Charges	8,000	8,061

Note 4 - Personnel Costs

	ACTUAL 2023 \$000	BUDGET 2023 \$000	ACTUAL 2022 \$000
Salaries and Wages	24,510	20,495	21,387
Defined Contribution Plan for Employer Contributions	*	679	555
Increase (Decrease) in Employee Entitlements	(12)	1,745	(40)
Total Personnel Costs	25,177	22,795	21,953

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

* Employer contributions to defined contribution plans include contributions to Kiwisaver

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 5 - Depreciation and other expenses

		ACTUAL 2023 \$000	ACTUAL 2022 \$000
DIRECTLY ATTRIBUTABLE DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY			
Community Safety		10	10
Leadership and Community		17	17
Strategy and Futures		144	128
Community Experience		3,830	3,276
Waste Management and Minimisation		55	53
Roads and Footpaths		9,453	9,000
Water Supply		4,057	3,819
Stormwater Drainage		1,564	1,552
Sewage Treatment and Disposal		2,375	2,257
Reportable Council-controlled Organisations		-	-
Corporate & District Activities Funds Applied		1,581	1,577
Total Depreciation and Amortisation Expense		23,086	21,689
<i>For further information on change of estimate, please refer to Note 34.</i>			
DIRECTLY ATTRIBUTABLE DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY			
Audit NZ- Council Financial Statements		229	160
Audit NZ- Annual Plan / Long Term Plan		-	-
Audit NZ- Debenture Trust Deed		7	6
Audit Fees – Other		60	-
Grants and Subsidies		591	410
Insurance Premiums		1,479	1,256
Investment Property Expenses		171	177
Loss on disposal of assets		6	-
Movement in Doubtful Debt Impairment		(1,287)	872
Operating Leases		139	234
* Other Operating Expenses		38,522	32,963
** Movement in Provisions	**	(588)	1,642
Total Other Expenses		39,329	37,720

* Other operating expenses included items such as: Contract payments \$17.9 million (2022: \$15.52 million) and Consultant payments \$4.69 million(2022: \$3.53 million)

** Movement in Landfill, Aftercare, Weathertight and Other Claims and Future Loss on Sale – Investment Property Provisions

		ACTUAL 2023 \$000	ACTUAL 2022 \$000
NON-FINANCIAL INSTRUMENTS			
Future Loss on Sale of Investment Property		1,804	185
Loss on Forestry Valuation		-	3
Loss on Investment Property		2,678	-
FINANCIAL INSTRUMENTS			
Derivative Financial Instruments	Note 12	-	-
Total Revaluation Losses		4,480	188

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 6 - Interest revenue and finance costs

	ACTUAL 2023 \$000	BUDGET 2023 \$000	ACTUAL 2022 \$000
Interest Revenue	499	46	32
Finance Costs- interest on borrowings	(4,917)	(2,606)	(2,417)
Net Finance Costs	(4,418)	(2,560)	(2,385)

Note 7 - Gains

		ACTUAL 2023 \$000	BUDGET 2023 \$000	ACTUAL 2022 \$000
NON-FINANCIAL INSTRUMENTS				
Revaluation- Land and Buildings		-	-	-
Revaluation- Investment Property	Note 17	-	166	2,889
Revaluation- Forestry	Note 16	36	25	-
Revaluation- Property Intended for Sale	Note 17	1,804		
Gain on Disposal of Assets		247	-	120
Total Non-Financial Instruments		2,087	191	3,009
NON-FINANCIAL INSTRUMENTS				
Revaluation- Derivative Financial Instruments	Note 12	1,200	-	4,215
Total Non-Financial Instruments		1,200	-	4,215
Total Gains		3,287	191	7,224

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 8 - Income tax

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
COMPONENTS OF TAX EXPENSE		
Current Tax	-	-
Adjustments to Current Tax in Prior Years	-	-
Deferred Tax	865	-
Total Tax	865	-
RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING SURPLUS		
Surplus (Deficit) Before Tax	(7,660)	5,590
Tax @ 28% (2022: 28%)	(2,145)	1,565
Plus (Less) tax effect of:		-
Non-deductible Expenditure	1,404	(1,565)
Non-taxable Revenue	-	-
Tax loss not recognised	1,847	-
Deferred Tax Adjustment	-	-
Prior Year Adjustment	(241)	-
Tax Expense (Benefit)	865	-

	PROPERTY, PLANT AND EQUIPMENT \$000	EMPLOYEE ENTITLEMENTS \$000	TAX LOSSES \$000	TOTAL \$000
DEFERRED TAX ASSET (LIABILITY)				
Balance at 30 June 2021	(1,228)	-	1,228	-
Charged to Surplus or Deficit	62	-	(62)	-
Charged to Other Comprehensive Revenue and Expense	-	-	-	-
Balance at 30 June 2022	(1,165)	-	1,165	-
Charged to Surplus or Deficit	103	-	(969)	(865)
Charged to Other Comprehensive Revenue and Expense	865	-	-	865
Balance at 30 June 2023	(197)	-	196	-

A deferred tax asset has not been recognized in relation to unused tax losses of \$10,246,131 (2022:\$4,211,019).

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 9a - Cash and cash equivalents

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
Cash at bank and on hand	3,815	1,888
Total cash and cash equivalents	3,815	1,888
<i>The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.</i>		
INTEREST RATES		
The weighted average effective interest rates during the year on Cash and Cash Equivalents were:		
	2023	2022
Cash and cash equivalents	2.28%	0.28%

Note 9b - Term deposits - current

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
Cash at bank and on hand	-	6,000
Total cash and cash equivalents	-	6,000

Note 10 - Inventories

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
HELD FOR DISTRIBUTION		
Water and Sewerage Spare Parts	290	289
Road Safety Vouchers	22	7
Other	-	-
Total Inventories	312	296

No inventories are pledged as security for liabilities (2022: \$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 2023 amounted to \$Nil (2022: \$Nil). The loss in service potential of inventories held for distribution is determined on the basis of obsolescence.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note II - Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation, or when there is objective evidence that the amount due will not be fully collected.

Previous accounting policy

In the previous year, receivables were recorded at face value, less any provision for impairment. The impairment provision was calculated based on a review of specific overdue receivables and assessment, including an analysis of past collection history and debt write-offs.

Breakdown of receivables and further information

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
Rates Receivables	7,574	7,800
Metered Water Receivables	4,523	4,617
Sundry Debtor Receivables	2,783	2,720
Regulatory Receivables	346	344
NZTA Receivable	3,066	1,466
Income Accrued	1,402	250
Airport Debtors	-	-
GST Receivable	643	41
	20,337	17,238
Less Provision for Impairment of Rates Receivables	(5,070)	(6,360)
Less Estimated Credit Loss on Other Receivables	(12)	(9)
	15,255	10,869
Prepayments	1,037	794
Total Receivables including GST Receivable	16,292	11,663
Receivables from non-exchange transactions- this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	7,670	6,098
Receivables from exchange transactions- this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	8,622	5,565

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note II - Receivables (continued)

Rates receivable

Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 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.

In addition to LG(R)A 2002, there are a number of other acts, and Council Rates Remission and Postponement policies provided for within these Acts which impact on Councils ability to collect rates including:

- The Local Government Act 2002
- Local Government (Rating of Whenua Māori) Amendment Act 2021
- Māori Land Act 1993
- Te Ture Whenua Māori Act 1993
- Limitation Act 2010

The Council has provided for an impairment of rates receivable grouped into general land rates, Māori land rates and metered water rates. Impairment has been provided for each group based on the payment profile of revenue on credit over the prior six years and the corresponding historical rates write-offs experienced for that period.

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.

Rates receivable includes rates receivable on behalf of Bay of Plenty Regional Council (BOPRC) for rating to properties within the Whakatāne District territorial authority boundaries for BOPRC related rates through 30 June 2022. BOPRC took over responsibility for invoicing directly for BOPRC rates from 1 July 2022.

The Chief Executive approved the write-off of rates receivable (exclusive of GST?) during the year under the LG(R) A 2002 as follows:

- -Section 90A: \$898,748 (2022: \$549,729)
- -Section 90B: Nil (2022:Nil)

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
GENERAL LAND RATES RECEIVABLES DAYS PAST DUE		
Not Past Due	-	-
Past due 30 days	-	-
Past due 60 days	519	336
Past due 90 days – 1 Year	994	936
Past due 1 – 3 years	1,379	1,331
Past due over 3 years	1,107	970
Balance at 30 June	3,999	3,573
	ACTUAL 2023 \$000	ACTUAL 2022 \$000
MĀORI LAND RATES RECEIVABLES DAYS PAST DUE		
Not Past Due	-	-
Past due 30 days	-	-
Past due 60 days	125	201
Past due 90 days – 1 Year	594	691
Past due 1 – 3 years	1,339	1,368
Past due over 3 years	1,517	1,967
Balance at 30 June	3,575	4,227

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note II - Receivables (continued)

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
METERED WATER RATES RECEIVABLES DAYS PAST DUE		
Not Past Due	3,209	3,578
Past due 30 days	1	-
Past due 60 days	73	46
Past due 90 days – 1 Year	453	326
Past due 1 – 3 years	497	421
Past due over 3 years	290	246
Balance at 30 June	4,523	4,617

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
MOVEMENT IN THE PROVISION FOR IMPAIRMENT OF RATES RECEIVABLES		
At 1 July	6,360	5,496
Provision Adjustment Made During the Year	(392)	1,430
Receivables Written Off During the Year	(898)	(566)
Balance at 30 June	5,080	6,360

Other receivables

The ECL rates for other receivables at 30 June 2023 and 1 July 2022 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

	2023 \$000 GROSS	2022 \$000 GROSS	2023 \$000 ECL	2022 \$000 ECL
OTHER RECEIVABLES DAYS PAST DUE				
Not past due	2,085	1,846	-	-
Past due 30 days	100	75	-	-
Past due 60 days	48	105	-	-
Past due 90+ days	896	1,038	12	9
	3,129	3,129	12	9

	2023 \$000	2022 \$000
ESTIMATED CREDIT LOSSES ON OTHER RECEIVABLES		
Balance at 1 July measured under PBE IPSAS 29	153	-
ECL adjustment due to adoption of PBE IPSAS 41	(141)	9
Opening balance for credit losses at 1 July	12	9
Additional provisions made during the year	105	161
Provisions reversed during the year	(97)	-
Other receivables written off during the year	(9)	(17)
Balance at 30 June	12	153

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

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Note 12 - Derivative financial instruments**

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
CURRENT ASSET PORTION		
Interest rate swaps	134	-
CURRENT LIABILITY PORTION		
Interest rate swaps	1	1
NON-CURRENT ASSET PORTION		
Interest rate swaps	2,164	1,098
NON-CURRENT LIABILITY PORTION		
Interest rate swaps		
Balance at 30 June	2,297	1,097

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 Hedgebook software and then checked to independent ANZ and BNZ confirmations. No interest rate swaps were due to mature at 30 June 2023.

Information about interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$61.5 million (2022: \$53.5 million). At 30 June 2023 the average fixed interest rates of cash flow hedge interest rate swaps were 3.62% (2022: 3.549%).

At 30 June 2023 the fixed interest rates of cash flow hedge interest rate swaps varied from 1.51% to 5.9% (2022 1.51% to 5.9%).

Unrealised gains and losses recognised on interest rate swap contracts as at 30 June 2023 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 (in whole dollars):

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 12 - Derivative financial instruments continued

2023	SWAP 1	SWAP 2	SWAP 3	SWAP 4	SWAP 5	SWAP 6	SWAP 7	SWAP 8	SWAP 9
Maturity Date	20/07/2023	22/09/2023	21/03/2024	22/03/2024	20/04/2024	24/06/2024	22/09/2024	20/12/2024	30/03/2025
Fixed Rate	4.9900%	5.9000%	4.8700%	4.9500%	4.4000%	1.5100%	5.0000%	4.7300%	3.7800%
Amount	\$2,000,000	\$1,700,000	\$1,600,000	\$1,000,000	\$2,500,000	\$2,000,000	\$1,000,000	\$2,000,000	\$2,000,000
Fair Value	2,980	(929)	10,730	6,129	33,002	81,975	8,588	26,543	58,393
2023	SWAP 10	SWAP 11	SWAP 12	SWAP 13	SWAP 14	SWAP 15	SWAP 16	SWAP 17	SWAP 18
Maturity Date	22/09/2025	22/07/2026	23/09/2026	20/04/2027	22/06/2027	20/07/2027	24/01/2028	22/03/28	20/04/28
Fixed Rate	4.8000%	3.1900%	3.2400%	3.7600%	3.7500%	1.8600%	1.8350%	3.70%	3.71%
Amount	\$3,000,000	\$2,500,000	\$1,000,000	\$2,000,000	\$1,700,000	\$2,000,000	\$4,000,000	\$1,000,000	\$2,500,000
Fair Value	34,699	140,920	52,319	73,238	65,716	210,065	495,214	26,883	62,723
2023	SWAP 19	SWAP 20	SWAP 21	SWAP 22	SWAP 23	SWAP 24	SWAP 25	SWAP 26	
Maturity Date	15/03/30	15/04/30	15/09/30	15/06/31	15/09/31	15/01/32	17/04/34	16/04/35	
Fixed Rate	3.19%	3.69%	3.19%	3.20%	3.19%	3.18%	3.78%	3.78%	
Amount	\$2,000,000	\$3,000,000	\$2,000,000	\$2,000,000	\$3,000,000	\$4,000,000	\$5,000,000	\$5,000,000	
Fair Value	77,680	98,026	133,999	120,337	132,136	118,269	101,863	125,793	
FAIR VALUE TOTAL									\$2,297,291

Note 13 - Investment in Council controlled organisations and other similar entities

Accounting Policy

The Council adopted the new group standards, PBE IPSAS 34 to 38, in the 2019-20 year. In adopting these new standards, the council has updated its accounting policies for its investments in associates and joint ventures.

Associate

An associate is an entity over which the council has significant influence and that is neither a subsidiary or an interest in a joint venture. Investments in associates are accounted for in the financial statements using the equity method of accounting.

Investments in associates are measured at cost in the councils financial statements.

Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of the arrangement by way of binding agreement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint ventures are measured at cost in the councils' financial statements.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Note 13 - Investment in Council controlled organisations and other similar entities (continued)****Equity method of accounting**

Investments in associates and joint ventures are accounted for in the financial statements using the equity method of accounting.

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the groups share of the change in net assets of the entity after the date of acquisition. The council's share of the surplus / deficit is recognised in the council surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the council statements.

If the share of deficits in the entity equals or exceeds the interest in the entity, the council discontinues recognising its share of further deficits. After council's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the council has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the council will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
Shares- Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd): 38,788 shares @ \$1.29	50	50
Shares- Bay of Plenty Local Authority Shared Services Limited	9	9
Shares- NZ Local Government Funding Agency	100	100
Borrower Notes- NZ Local Government Funding Agency	2,432	1,664
Investment - Whakatāne Airport	6,641	7,224
Loan - Air Chathams	350	350
Investment - Te Rāhui Herenga Waka 2021 Whakatāne	5,674	-
Total Investment in Council Controlled Organisations and Other Similar Entities	15,256	9,397

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Note 13 - Investment in Council controlled organisations and other similar entities (continued)****Breakdown of investment in joint venture and further information**

The council has a 50% interest in a joint venture, the Whakatāne Airport, which facilitates air services to Whakatāne and the surrounding district. The Ministry of Transport hold the other 50% interest in this venture.

The council's interest in the Whakatāne Airport is measured using the equity method of accounting in the council financial statements.

Financial information relating to Whakatāne Airport is provided below:

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURE		
INVESTMENT IN WHAKATĀNE AIRPORT		
Current assets	1,469	1,103
Non-current assets at revaluation	12,034	13,309
Work in Progress	78	62
WDC loan account	(178)	71
Current Liabilities	(122)	(98)
Non-current liabilities	-	-
Net Assets	13,281	14,447
Reconciliation to equity accounted carrying amount		
Joint Venture's net assets	13,281	14,447
Council's share	50%	50%
Council's Share of Equity Accounted in Joint Venture	6,641	7,224
Revenue (excluding interest)	224	128
Interest Revenue		
Operating Expenses	788	768
Personnel Costs	35	27
Depreciation and Amortisation	113	117
Income Tax expense	-	-
Surplus / (Deficit)	(712)	(784)
Other comprehensive revenue and expense	(454)	2,116
Total comprehensive revenue and expense	(1,166)	1,332
Reconciliation of joint venture Surplus / (Deficit)		
Joint Venture's Surplus (Deficit)	(712)	(784)
Council's share	50%	50%
Council's Share of Joint Venture Surplus / (Deficit)	(356)	(392)

Ordinary Council - AGENDA

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 13 - Investment in Council controlled organisations and other similar entities (continued)

Breakdown of investment in the limited partnership with Te Rāhui Herenga Waka 2021 LP and further information

The council has an interest in a limited partnership, Te Rāhui Herenga Waka 2021 Whakatāne, which was formed to facilitate the construction of the new boat harbour. The other two equal partners are Te Rāhui Lands Trust and Ngāti Awa in this venture.

The council, in accordance with the limited partnership agreement, has committed capital of \$9,800,000 of the total committed capital of \$24,000,000 reflecting an intended closing equity of 33.3% in the limited partnership.

In accordance with the limited partnership agreement clause 10.2, the entitlement to income and capital arising and losses accruing shall be allocated to the limited partners on a pro rata basis on the aggregate amount of paid up capital. At 30 June 2023 the councils paid up capital in the limited partnership was \$5,700,000 of the Total Paid Up Capital of \$12,400,000. Therefore, Councils share to be applied to the equity accounting method at 30 June 2023 is 46%.

The councils interest in this special partnership is measured using the equity method of accounting in the council financial statements.

Financial information relating to Te Rāhui Herenga Waka 2021 Whakatāne is provided below:

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
SUMMARISED FINANCIAL INFORMATION OF THE LIMITED PARTNERSHIP		
INVESTMENT IN TE RĀHUI HERENGA WAKA 2021		
Current assets	14,905	
Work in Progress	3,486	
Current Liabilities	(241)	
Non-current liabilities	(4,995)	
Net Assets		
Reconciliation to equity accounted carrying amount		
Limited Partnership's net assets	12,345	
Council's share	46%	
Council's Share of Equity Accounted in Limited Partnership	5,674	
Revenue (excluding interest)	115	
Interest Revenue	359	
Operating Expenses	213	
Personnel Costs	-	
Depreciation and Amortisation	-	
Income Tax expense	-	
Surplus / (Deficit)	161	
Other comprehensive revenue and expense	-	
Total comprehensive revenue and expense	161	
Reconciliation of Limited Partnership Surplus / (Deficit)		
Joint Partnership's Surplus (Deficit)	1,611	
Council's share	46%	
Councils Share of Joint Venture Surplus / (Deficit)	74	

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Note 13 - Investment in Council controlled organisations and other similar entities (continued)****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. Each of the nine councils in the region hold shares with Whakatāne District Council holding 9.7% of the shares. BoP LASS 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.

Other financial assets

Other financial assets Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them. A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and held to maturity investments.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

to accumulated funds within equity. The Council designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

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 and such an asset is classified as a current asset. Council's derivatives are categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied. The current/non-current classification of derivatives is explained in the derivatives accounting policy in note 22. 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.

Expected credit loss allowance (ECL)

The Council recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and including forward-looking information.

The Council consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council may determine a default occurs prior

to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Shares in subsidiaries (at cost)

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included term deposits, related party loans, and community loans);
- held-to-maturity investments at amortised cost (included listed bonds); and
- fair value through other comprehensive revenue and expense (included shares and listed bonds).

The main differences for the prior year policies are:

Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.

- Impairment losses on shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment

Refer to Note 32a for further detail on other financial assets.

Impairment

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

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 14 - Property plant and equipment

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

2023	1 JULY 2022			CURRENT YEAR							30 JUNE 2023		
	COST / VALUATION \$000	ACCUMULATED DEPRECIATION & IMPAIRMENT \$000	NET BOOK VALUE \$000	ADDITIONS \$000	DISPOSALS \$000	TRANSFERS \$000	IMPAIRMENT \$000	DEPRECIATION REVERSED ON DISPOSAL / REVALUATION \$000	DEPRECIATION \$000	REVALUATION \$000	COST / REVALUATION \$000	ACCUMULATED DEPRECIATION & IMPAIRMENT \$000	NET BOOK VALUE \$000
OPERATIONAL ASSETS													
Land*	33,004	-	33,004	500	-	251	-	-	-	(3,496)	30,259	-	30,259
Buildings**	52,695	3,305	49,390	13,417	-	(2,236)	-	4,679	1,679	2,093	61,290	305	60,984
Plant & equipment	7,758	4,150	3,608	973	33	-	-	33	512	-	8,698	4,629	4,070
Furniture & fittings	3,388	2,428	960	883	-	-	-	-	176	-	4,271	2,604	1,667
Office equipment	7,081	5,531	1,550	968	-	-	-	-	473	-	8,049	6,004	2,046
Motor vehicles	4,097	2,416	1,681	1,556	747	-	-	646	477	-	4,906	2,247	2,659
Harbour vessels	32	32	-	-	-	-	-	-	-	-	32	32	-
Museum collection	5,092	-	5,092	-	-	-	-	-	-	5,945	11,037	-	11,037
Library books	1,027	757	270	119	-	-	-	1,141	383	804	809	1	810
Total Operational Assets	114,174	18,619	95,555	18,415	780	(1,985)	-	6,498	3,699	5,346	129,351	15,820	113,531
INFRASTRUCTURAL ASSETS													
Land roading	91,363	-	91,363	-	-	-	-	-	-	-	91,363	-	91,363
Stormwater	77,315	1,554	75,761	3,804	-	-	-	-	1,564	12,871	93,990	3,119	90,871
Harbour	9,493	614	8,879	4,573	-	-	-	1,313	700	(3,091)	9,662	-	9,662
Parks	14,198	1,913	12,285	1,935	-	-	-	3,061	1,147	(1,745)	11,327	-	11,327
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Core Council Infrastructure Assets</i>													
Roading network	607,708	-	607,708	13,513	-	-	-	-	9,319	15,034	636,255	9,319	626,936
Water- Treatment plants & facilities	3,861	115	3,746	-	-	(2,186)	-	-	51	319	1,993	165	1,828
Water- Other	125,512	3,710	121,802	10,202	-	2186	-	-	4,006	12,657	150,557	7,716	142,841
Sewerage- Treatment plants & facilities	7,439	225	7,214	-	-	14,517	-	-	715	5,443	27,399	940	26,459
Sewerage- Other	68,599	2,030	66,569	3,452	-	(14,517)	-	-	1,648	7,126	64,660	3,678	60,982
Total Infrastructural Assets	1,005,488	10,161	995,327	37,480	-	-	-	4,374	19,150	48,612	1,087,205	24,937	1,062,268
INTANGIBLE ASSETS													
Computer software	5,494	4,964	530	312	-	-	-	-	239	-	5,806	5,203	603
Total	1,125,156	33,744	1,091,412	56,207	780	(1,985)	-	10,872	23,088	53,958	1,222,362	45,960	1,176,401

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

Valuation uncertainty: With more detailed valuations Council is able to determine assets categorised as treatment plant as opposed to other plant more accurately, for water and sewerage assets. An allocation has been made in the transfers column to ensure the proportions are more accurate according to the asset valuations. 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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 14 - Property plant and equipment Movement in the carrying value for each class of property, plant and equipment are as follows:

2022	1 JULY 2021			CURRENT YEAR							30 JUNE 2022		
	COST / VALUATION \$000	ACCUMULATED DEPRECIATION & IMPAIRMENT \$000	NET BOOK VALUE \$000	ADDITIONS \$000	DISPOSALS \$000	TRANSFERS \$000	IMPAIRMENT \$000	DEPRECIATION REVERSED ON DISPOSAL / REVALUATION \$000	DEPRECIATION \$000	REVALUATION \$000	COST / REVALUATION \$000	ACCUMULATED DEPRECIATION & IMPAIRMENT \$000	NET BOOK VALUE \$000
OPERATIONAL ASSETS													
Land*	25,388	-	25,388	-	-	-	-	-	-	7,616	33,004	-	33,004
Buildings**	52,506	1,814	50,692	189	-	-	-	-	1,491	-	52,695	3,305	49,390
Plant & equipment	7,063	3,679	3,384	695	-	-	-	-	471	-	7,758	4,150	3,608
Furniture & fittings	3,310	2,223	1,087	78	-	-	-	-	205	-	3,388	2,428	960
Office equipment	6,668	5,115	1,553	413	-	-	-	-	416	-	7,081	5,531	1,550
Motor vehicles	3,654	2,073	1,581	573	130	-	-	115	458	-	4,097	2,416	1,681
Harbour vessels	32	32	-	-	-	-	-	-	-	-	32	32	-
Museum collection	5,092	-	5,092	-	-	-	-	-	-	-	5,092	-	5,092
Library books	924	412	512	103	-	-	-	-	345	-	1,027	757	270
Total Operational Assets	104,637	15,348	89,289	2,051	130	0	-	115	3,386	7,616	114,174	18,619	95,555
INFRASTRUCTURAL ASSETS													
Land roading	91,363	-	91,363	-	-	-	-	-	-	-	91,363	-	91,363
Stormwater	77,207	2	77,205	108	-	-	-	-	1,552	-	77,315	1,554	75,761
Harbour	8,432	304	8,128	1,061	-	-	-	-	310	-	9,493	614	8,879
Parks	14,064	873	13,191	134	-	-	-	-	1,040	-	14,198	1,913	12,285
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Core Council Infrastructure Assets</i>													
Roading network	282,418	15,777	266,641	8,668	-	-	-	24,776	8,999	316,622	607,708	-	607,708
Water- Treatment plants & facilities	3,861	-	3,861	-	-	-	-	-	115	-	3,861	115	3,746
Water- Other	119,332	7	119,325	6,180	-	-	-	-	3,703	-	125,512	3,710	121,802
Sewerage- Treatment plants & facilities	7,439	-	7,439	-	-	-	-	-	225	-	7,439	225	7,214
Sewerage- Other	68,705	6	68,699	-106	-	-	-	-	2,024	-	68,599	2,030	66,569
Total Infrastructural Assets	672,821	16,969	655,852	16,045	-	-	-	24,776	17,968	316,622	1,005,488	10,161	995,327
INTANGIBLE ASSETS													
Computer software	5,416	4,629	787	78	-	-	-	-	335	-	5,494	4,964	530
Total	782,874	36,946	745,928	18,174	130	-	-	24,891	21,689	324,238	1,125,156	33,744	1,091,412

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**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:

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
Water, Stormwater & Wastewater Systems	6,761	12,388
Roading Network	2,219	290
Buildings	406	1,973
Parks and Reserves	34	2,281
Ports and Harbour	585	5,498
Intangible Assets	296	431
Plant and Equipment	218	1,323
Total work in progress	10,519	24,184

Replacement cost - Core Council infrastructure assets

	MOST RECENT ESTIMATE OF REPLACEMENT COST \$000	DATE OF ESTIMATE
Roading Networks	839,010	30 June 2023
Water- treatment plants & facilities	286,877	30 June 2023
Sewerage- treatment plants & facilities	207,163	30 June 2023
Stormwater	160,009	30 June 2023

Valuations on operational and restricted assets

	FAIR VALUE	VALUATION
Operational Land	30,259	30 June 2023
Operational Buildings	60,984	30 June 2023
Park Assets	11,327	30 June 2023
Harbour Assets	9,662	30 June 2023
Library Books	810	30 June 2023
Harbour Land Not Leased (Restricted Asset)	4,479	30 June 2023
Recreational Reserves	56,609	30 June 2023
Museum Collection	11,037	30 June 2023

Insurance of assets

The following information relates to the insurance of Council assets at 30 June 2023.

	2023 \$000	2022 \$000	2021 \$000
The total net book value of all Council assets covered by insurance contracts	471,357	415,016	407,210
The maximum amount to which insured assets are insured	614,466	563,352	506,028
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	831,024	811,726	437,898
The value of funds maintained for self-insurance **	213	283	284

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 2022/23

** Funds withdrawn to support costs incurred following 2017 floods. The payments continued for the next two years and funds are just beginning to be built up again.

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

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 15 - Valuation

Land (operational, restricted and infrastructural)

The most recent valuation was performed by an independent Certified Practicing Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2023.

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 Practicing Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2023.

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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 15 - Valuation (continued)

Methods and significant assumptions applied in estimating the assets fair values

Optimised replacement costs have been calculated using modern equivalent materials. No design optimisation has been identified. Unit rates have been applied to components of the network based on size, material, depth and location.

The most recent valuation of Water, Wastewater and Stormwater assets was performed by Roger Khoo and Peter Erceg of Aon Valuation Services, and the valuation was effective as at 30 June 2021. A further fair value assessment was carried out at 30 June 2023.

The most recent valuation for Road assets was performed by Shahaanan Arulgnanapragasam, WSP Limited, and the valuation was effective as at 30 June 2022. A further fair value assessment was carried out at 30 June 2023.

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 International Valuation Standards 2017 and the relevant Accounting Standards and Policy. The most recent valuation of the library collection was performed by J Munroe, Certified Practising Valuer of AON, and the valuation was effective as at 30 June 2023.

Museum collection

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 Dunbar Sloane and the valuation was effective as at 30 June 2023.

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 2023.

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
Balance at 1 July	244	247
Gains (Losses) Arising from Changes in Fair Value on Valuation	36	(3)
Decreases due to Sales	-	-
Balance at 30 June	280	244

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 16 - Forestry assets

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 arm's length market transaction of current market evidence as at 30 June 2023.

Note 17 - Investment property and non-current assets held for sale

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
INVESTMENT PROPERTY		
Balance at 1 July	43,536	40,419
Sales and Disposals	-	(445)
Additions	-	-
Fair Value Gains (Losses) on Valuation	(2,678)	2,692
Transfer (to) from Restricted Assets	-	-
Transfer from Non-Current Assets Held for Sale	-	870
Transfer from Operational Buildings	1,985	-
Transfer from Operational Land	-	-
Transfer to Operational Land	-	-
Transfer from Restricted Land	1,200	-
Transfer to Restricted Land	-	-
Balance at 30 June	44,043	43,536
Information about the revenue and expenses in relation to investment property is detailed below:		
Rental Revenue	2,394	2,521
Direct Operating Expenses from Investment Property Generating Revenue	171	177
NON-CURRENT ASSETS HELD FOR SALE		
Balance at 1 July	11,855	12,528
Sales	-	-
Fair Value Gains (Losses) on Valuation	(1,804)	197
Impairment losses	-	-
Transfer to Operational Assets	-	-
Transfer to Investment Property	-	(870)
Balance at 30 June	10,051	11,855
NON-CURRENT ASSETS HELD FOR SALE SPLIT BETWEEN		
Assets where proceeds are expected within one year	-	-
Assets where proceeds are expected after one year	10,051	11,855
	10,051	11,855

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

Most of the value in the Non-Current Assets Held for Sale category relate to land that has been sold to developers under an Agreement for Sale and Purchase which is now unconditional.

A decision has been issued on legal issues relating to the Resource Consent and it is expected that the developer will once again begin the development progress and progress payments will be made accordingly.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 17 - Investment property and non-current assets held for sale (continued)

All investment properties held by Council were valued at 30 June 2023 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 (2022: \$nil).

Valuation uncertainty

Volatility in economic conditions such as rapid shifts in interest rates and higher than average inflation following on from COVID-19 virus has had a major impact on the New Zealand economy. Due to the severe market disruption and lack of transactional data, a greater degree of uncertainty is attached to our valuation.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 18 - Restricted assets

2023	COST/ REVALUATION 1 JULY 2022 \$000	ADDITIONS CURRENT YEAR \$000	DISPOSALS CURRENT YEAR \$000	TRANSFER TO OPERATING LAND \$000	TRANSFER FROM RECREATIONAL RESERVES \$000	TRANSFER TO HARBOUR LAND \$000	TRANSFER TO ASSETS HELD FOR SALE \$000	TRANSFER (TO) FROM INVESTMENT PROPERTY \$000	REVALUATION CHANGE CURRENT YEAR \$000	COST/ REVALUATION 30 JUNE 2023 \$000
Harbour Land (Not Leased)	6,594	-	-	-	(1,200)	-	-	-	(915)	4,479
Recreational Reserves	48,917	42	(14)	-	-	-	-	-	7,664	56,609
Total	55,511	42	(14)	-	(1,200)	-	-	-	6,749	61,088

2022	COST/ REVALUATION 1 JULY 2021 \$000	ADDITIONS CURRENT YEAR \$000	DISPOSALS CURRENT YEAR \$000	TRANSFER TO OPERATING LAND \$000	TRANSFER FROM RECREATIONAL RESERVES \$000	TRANSFER TO HARBOUR LAND \$000	TRANSFER TO ASSETS HELD FOR SALE \$000	TRANSFER (TO) FROM INVESTMENT PROPERTY \$000	REVALUATION CHANGE CURRENT YEAR \$000	COST/ REVALUATION 30 JUNE 2022 \$000
Harbour Land (Not Leased)	5,495								1,099	6,594
Recreational Reserves	40,764		-	-	-	-	-	-	8,153	48,917
Total	46,259	-	-	-	-	-	-	-	9,252	55,511

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).

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 19 - Payables and deferred revenue

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
PAYABLES AND DEFERRED REVENUE UNDER EXCHANGE TRANSACTIONS		
Trade Payables	8,964	6,457
Accrued Expenses	3,458	2,142
Income Received in Advance	5,395	5,061
Deposits	1,371	1,340
Amounts due to Customers for Contract Work	674	760
Rates payable to Regional Council	605	2,884
PAYABLES AND DEFERRED REVENUE UNDER NON-EXCHANGE TRANSACTIONS		
Other Taxes Payable (GST)	-	-
Income Received in Advance	-	-
	20,467	18,644

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 2023 \$000	ACTUAL 2022 \$000
CURRENT PORTION		
Landfill Aftercare Provision	757	641
Weathertightness and Other Claims Provision	-	-
Balance at 30 June	757	641
NON-CURRENT PORTION		
Landfill Aftercare Provision	2,643	1,543
Weathertightness and Other Claims Provision	75	75
Future loss on Sale- Investment Property Provision	1,721	3,525
Balance at 30 June	4,439	5,143
Total Provisions	5,196	5,784
LANDFILL AFTERCARE PROVISION		
Balance at 1 July	2,184	417
Increase (Decrease) in Net Present Value	1,216	1,767
Balance at 30 June	3,400	2,184
WEATHERTIGHTNESS AND OTHER CLAIMS PROVISION		
Balance at 1 July	75	385
Increase (Decrease) in Provision	-	(310)
Balance at 30 June	75	75
FUTURE LOSS ON SALE-INVESTMENT PROPERTY PROVISION		
Balance at 1 July	3,525	3,340
Increase (Decrease) in Provision	(1,804)	185
Balance at 30 June	1,721	3,525

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 20 - Provisions (continued)

Landfill aftercare costs

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

Weathertightness and other building related claims provision

The Weathertight Homes Resolution Service (WHRS), a central government service established under the Weathertight Homes Resolution Services Act 2006, no longer accepts claims. Council has no historical claims outstanding with this service. Council has continued to provide for potential liability in the 2023 financial statements of \$75,000 based on the expected outcome of known weathertight and other building related claims.

Future loss on sale - Investment property provision

A provision has been made to take account of the difference between the current fair value of Property Intended for Sale and the sale price as stated in the Sale and Purchase Agreement in September 2017. See also Note 17.

Other claims

There are no other claims known at 30 June 2023 other than those provided for.

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

Note 21 - Employee Entitlements

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
CURRENT PORTION		
Accrued pay	1,014	821
Annual and Long Service Leave	2,340	2,088
Sick Leave	19	54
Total Current Portion	3,374	2,964
NON-CURRENT PORTION		
Long Service Leave	459	456
Sick Leave	43	23
Total Non-Current Portion	502	479
Total Employee Entitlements	3,875	3,443

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 2023. For sick leave the average discount rate used in the valuation was 4.7%.

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. The Long Service Leave valuation also assumes annual salary growth of 3% p.a. but uses a rising discount rate of 4.19% to 5.43% over a 10-year period.

The valuation has been carried out in accordance with PBE IPSAS 39.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 22 - Borrowings and other financial liabilities

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
CURRENT PORTION		
Secured loans		9,000
Deposits		1,000
Current Borrowings and Financial Liabilities		87,000
NON-CURRENT PORTION		
Secured Loans	103,500	77,000
Other Financial Liabilities	1,000	-
Non-Current Borrowings and Financial Liabilities	104,500	77,000
Total Borrowings	116,800	87,000
<i>The fair values of borrowings including current portion equate to their carrying values.</i>		
MATURITY PROFILE		
Maturing in under one year	12,300	10,000
Maturing in 1-2 years	17,000	10,000
Maturing in 2-3 years	22,000	11,000
Maturing in 3-4 years	32,500	14,000
Maturing in 4-5 years	17,000	14,000
Maturing in 5 years+	16,000	28,000
	116,800	87,000

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 2023 range from 1.06% to 6.89% (2022: 1.06% to 4.04%) with a weighted average rate of 5.78% (2022: 3.29%). Interest expense for 2023 was \$4.918 million (2022: \$2.417 million).

Security

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

Internal borrowings

Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

ANZ Loan Facility

The council has an interchangeable loan facility with ANZ of \$15 million. As at 30 June 2023, \$2.3 million of this facility was being utilised.

Fair values

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

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 23 - Equity

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
EQUITY		
Accumulated funds	446,370	448,049
Council Created Operating reserves	2,300	10,543
Restricted Equity Reserves	15,075	14,913
Asset revaluation reserves	730,274	668,703
Total Public Equity	1,194,018	1,142,208
ACCUMULATED FUNDS		
Balance at 1 July	448,049	443,255
Other Reserve Movements	(1,237)	(429)
Surplus/(Deficit) for the Year	(8,525)	5,590
Transfers to Council Created Reserves	(20,937)	(17,498)
Transfers to Restricted Reserves	(3,023)	(2,812)
Transfers from Council Created Reserves	29,180	17,191
Transfers from Restricted Reserves	2,862	2,753
Balance at 30 June	446,370	448,049
ADD COUNCIL CREATED RESERVES (INCL. DEPRECIATION RESERVES)		
Balance at 1 July	10,543	10,235
Transfer from accumulated funds	20,937	17,498
Transfer to accumulated funds	(29,180)	(17,191)
Balance at 30 June	2,300	10,543
Total accumulated funds	447,068	458,592
RESTRICTED EQUITY RESERVES		
Balance at 1 July	14,913	14,854
Transfers from Accumulated Funds	3,023	2,812
Transfer to Accumulated Funds	(2,862)	(2,753)
Balance at 30 June	15,075	14,913
ASSET REVALUATION RESERVE		
Balance 1 July	668,703	310,882
Revaluation of Operational Assets	(599)	7,171
Revaluation of Museum	5,945	-
Revaluation of Restricted Assets	6,749	9,252
Revaluation of Roading	15,034	341,398
Revaluation of Water	12,975	-
Revaluation of Sewerage	12,569	-
Revaluation of Land Drainage	12,871	-
Revaluation of Other Infrastructural Assets	(4,836)	-
Deferred Tax on Revaluation	865	-
Balance at 30 June	730,274	668,703

9.2.1 Appendix 1 - Annual Report 2022/23 (Cont.)

Note 23 - Equity continued Information about reserve funds held for a specific purpose is provided below. Note: () depicts an overdrawn reserve account balance.

	ACTIVITY	PURPOSE	30 JUNE 2021 \$000	2021/22 TRANSFERS IN \$000	2021/22 TRANSFERS OUT \$000	30 JUNE 2022 \$000	2022/23 TRANSFERS IN \$000	2022/23 TRANSFERS OUT \$000	30 JUNE 2023 \$000
COUNCIL OPERATING RESERVES									
SEPARATE OPERATING RESERVES									
General Rates and Revenues	General Council	For General Rate funded Surpluses or Deficits	(159)	2,022	(3,913)	(2,050)	5,681	(5,067)	(1,436)
Roading Rate	Roads and Footpaths	For Roading Rate funded Surpluses or Deficits	1,523	568	(552)	1,539	70	(967)	642
Refuse Collection Rate	Waste	For Refuse Rate funded Surpluses or Deficits	42	153	(189)	6	18	(258)	(234)
Equalised Wastewater	Sewage Treatment and Disposal	For Wastewater Rate funded Surpluses or Deficits	(620)	1,266	(1,365)	(720)	1,685	(1,106)	(142)
Matatā Wastewater	Sewage Treatment and Disposal	For Wastewater Rate funded Surpluses or Deficits	(20)	-	(73)	(93)	-	(105)	(198)
Murupara Wastewater	Sewage Treatment and Disposal	For Wastewater Rate funded Surpluses or Deficits	(87)	66	(2)	(23)	14	(1)	(10)
Equalised Water	Water	For Water Rate funded Surpluses or Deficits	884	588	(338)	1,134	733	(1,166)	701
Murupara Water	Water	For Water Rate funded Surpluses or Deficits	55	50	(1)	104	4	(37)	71
Plains Water	Water	For Water Rate funded Surpluses or Deficits	(508)	101	(167)	(574)	136	(499)	(937)
Dog Control	Animal Control	For Animal Control Operating Surpluses or Deficits	(26)	-	(68)	(94)	-	(195)	(289)
Parking Enforcement	Parking	For Parking Enforcement Operating Surpluses or Deficits	51	1	(27)	25	-	(85)	(60)
Pensioner Housing	Pensioner Housing	For Pensioner Housing Operating Surpluses or Deficits	598	19	-	617	32	-	649
Airport Whakatāne	Whakatāne Airport	For Whakatāne Airport Operating Surpluses or Deficits	(1,219)	-	(305)	(1,525)	-	(463)	(1,988)
Fixed Assets			1,860	511	-	2,371	130	-	2,501
Disaster Mitigation	Stormwater	For Disaster Mitigation Surpluses or Deficits	21	7	(136)	(108)	140	(46)	(14)
Whakatāne Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	145	167	(322)	(10)	26	(311)	(295)
Ohope Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	201	14	(1)	214	9	(86)	137
Edgumbe Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	4	18	-	22	23	-	45

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 23 - Equity (continued) Information about reserve funds held for a specific purpose is provided below. Note: () depicts an overdrawn reserve account balance.

	ACTIVITY	PURPOSE	30 JUNE 2021 \$000	2021/22 TRANSFERS IN \$000	2021/22 TRANSFERS OUT \$000	30 JUNE 2022 \$000	2022/23 TRANSFERS IN \$000	2022/23 TRANSFERS OUT \$000	30 JUNE 2023 \$000
Matatā Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	(6)	6	(0)	(0)	-	(108)	(108)
Murupara Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	2	1	(0)	3	1	-	3
Taneatua Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	(12)	3	(0)	(9)	1	(0)	(9)
Te Teko Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	1	-	(0)	1	-	(1)	(0)
Te Mahoe Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	4	110	(110)	4	-	(6)	(2)
District Growth	District Growth	For District Growth Rate funded Surpluses or Deficits	83	231	(7)	307	25	(204)	128
COUNCIL OPERATING RESERVES			2,814	5,902	(7,576)	1,140	8,727	(10,712)	(846)
OTHER RESERVES									
Car Parks Development	Parking	For the Development of Car parks in the District	17	1	(0)	17	1	-	18
Museum Collections	Exhibitions, Research, Storage & Archives	For the purchase of Assets for the Museum Collection	1	-	-	1	-	-	1
Galatea Reserve Development	General Council	For amenities within the Galatea and Murupara areas	2	-	-	2	-	-	2
Disabled Facilities	General Council	For the improvement of Disabled Facilities throughout the District	1	-	(0)	1	-	(0)	1
Roading Storm Damage Reserve	Roads and Footpaths	To fund costs associated with storm damage to the Councils Rooding network	284	191	0	475	202	(231)	446
Te Mahoe Water- special	Water	For the purchase of Capital Expenditure for the Te Mahoe Water scheme	23	1	-	24	1	-	25
General Disaster Reserve	Corporate and District	To fund General Disasters	205	8	-	213	11	-	224
Asset Divstment	General Council	Surplus funds from the Divstment of Council Assets	297	543	(43)	798	41	(13)	826
Sale of Bennett Block	General Council	Surplus funds from the Divstment of Council Assets	(109)	-	(3)	(113)	-	(6)	(119)
Leaky Homes Reserve	Building	To fund weather tight claims	71	156	(48)	179	168	(25)	322
Whakatane Community Board	Leadership	Separately collected rates for community projects	2	58	(0)	59	47	-	107

Note 23 - Equity (continued) Information about reserve funds held for a specific purpose is provided below. Note: () depicts an overdrawn reserve account balance.

	ACTIVITY	PURPOSE	30 JUNE 2021 \$000	2021/22 TRANSFERS IN \$000	2021/22 TRANSFERS OUT \$000	30 JUNE 2022 \$000	2022/23 TRANSFERS IN \$000	2022/23 TRANSFERS OUT \$000	30 JUNE 2023 \$000
Rangitaiki Community Board	Leadership	Separately collected rates for community projects	33	18	(0)	50	3	(2)	50
Taneatua Community Board	Leadership	Separately collected rates for community projects	9	8	(0)	17	6	-	23
Murupara Community Board	Leadership	Separately collected rates for community projects	24	1	(1)	24	1	(1)	25
Iwi Liaison Community Projects	Governance	Separately collected rates for community projects	8	-	-	8	-	-	9
Waste Minimisation	Waste	For Funding Waste Minimisation Expenditure	178	171	(116)	232	441	(198)	475
Whakatane Holiday Park	Whakatane Holiday Park	To fund the Whakatane Holiday Park	(612)	-	(353)	(965)	-	(298)	(1,264)
Whakaari 2019 Eruption	Emergency Mananagement	To fund the Whakaari 2019 Eruption	(211)	-	(7)	(218)	-	(11)	(229)
Parks and Reserves Financial Contribution	Parks and Reserves	To fund Capital Expenditure for Parks and Reserves	130	43	(20)	153	88	-	241
OTHER RESERVES			353	1,197	(593)	957	1,011	(786)	1,182
DEPRECIATION RESERVES									
Whakatane Water	Whakatane Water	To fund the renewal of Water assets	(476)	1,092	(1,291)	(676)	1,123	(672)	(224)
Ohope Water	Ohope Water	To fund the renewal of Water assets	(1,119)	136	(33)	(1,016)	138	(49)	(928)
Edgecumbe Water	Edgecumbe Water	To fund the renewal of Water assets	(250)	55	(7)	(203)	56	(9)	(155)
Matata Water	Matata Water	To fund the renewal of Water assets	167	16	-	183	19	(30)	172
Taneatua Water	Taneatua Water	To fund the renewal of Water assets	20	29	(7)	42	31	-	73
Murupara Water	Murupara Water	To fund the renewal of Water assets	346	41	(133)	254	68	(3)	319
Ruatoki Water	Ruatoki Water	To fund the renewal of Water assets	172	5	(0)	177	9	(0)	186
Waimana Water	Waimana Water	To fund the renewal of Water assets	33	11	(1)	44	11	-	55
Plains Water	Plains Water	To fund the renewal of Water assets	(380)	52	(184)	(512)	130	(365)	(747)
Te Mahoe Water	Te Mahoe Water	To fund the renewal of Water assets	99	4	(184)	(82)	1	(4)	(85)
Whakatane Wastewater	Whakatane Wastewater	To fund the renewal of Wastewater assets	2,287	761	(727)	2,321	149	(802)	1,668
Ohope Wastewater	Ohope Wastewater	To fund the renewal of Wastewater assets	(1,106)	173	(32)	(966)	178	(78)	(866)
Edgecumbe Wastewater	Edgecumbe Wastewater	To fund the renewal of Wastewater assets	1,575	540	-	2,115	151	(22)	2,244
Taneatua Wastewater	Taneatua Wastewater	To fund the renewal of Wastewater assets	643	134	-	777	157	(7)	927
Te Mahoe Wastewater	Te Mahoe Wastewater	To fund the renewal of Wastewater assets	(31)	7	(1)	(25)	7	13	(4)

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 23 - Equity (continued) Information about reserve funds held for a specific purpose is provided below. Note: () depicts an overdrawn reserve account balance.

	ACTIVITY	PURPOSE	30 JUNE 2021 \$000	2021/22 TRANSFERS IN \$000	2021/22 TRANSFERS OUT \$000	30 JUNE 2022 \$000	2022/23 TRANSFERS IN \$000	2022/23 TRANSFERS OUT \$000	30 JUNE 2023 \$000
Murupara Wastewater	Murupara Wastewater	To fund the renewal of Wastewater assets	450	176	-	626	200	-	825
Matatā Wastewater	Matatā Wastewater	To fund the renewal of Wastewater assets	-	59	-	59	64	-	123
Whakatane Land Drainage	Whakatane Land Drainage	To fund the renewal of Stormwater assets	(786)	388	(495)	(892)	356	(2,688)	(3,225)
Ohope Land Drainage	Ohope Land Drainage	To fund the renewal of Stormwater assets	(113)	50	(3)	(66)	51	(24)	(38)
Edgecumbe Land Drainage	Edgecumbe Land Drainage	To fund the renewal of Stormwater assets	(15)	45	-	30	49	-	78
Matata Land Drainage	Matata Land Drainage	To fund the renewal of Stormwater assets	22	14	-	36	16	-	52
Taneatua Land Drainage	Taneatua Land Drainage	To fund the renewal of Stormwater assets	21	11	-	32	12	(30)	14
Te Mahoe Land Drainage	Te Mahoe Land Drainage	To fund the renewal of Stormwater assets	20	5	(0)	26	6	-	32
Murupara Land Drainage	Murupara Land Drainage	To fund the renewal of Stormwater assets	105	41	-	146	47	-	193
Te Teko Land Drainage	Te Teko Land Drainage	To fund the renewal of Stormwater assets	7	3	-	10	4	-	13
Refuse Disposal	Waste	To fund the renewal of Refuse Disposal assets	77	39	(21)	95	40	(79)	56
Libraries	Libraries	To fund the renewal of Library assets	91	118	(101)	108	21	(113)	16
Museum	Exhibitions, Research, Storage & Archives	To fund the renewal of Museum assets	158	7	(2)	163	11	(2)	172
Parks, Reserves, Recreation & Sports Fields	Parks, Reserves, Recreation & Sports Fields	To fund the renewal of Parks and Gardens & Sports fields assets	348	626	(540)	434	138	(556)	16
Cemeteries & Crematoria	Cemeteries & Crematorium	To fund the renewal of Cemeteries & Crematorium assets	90	186	(48)	228	18	(43)	203
Recreation	Recreation	To fund the renewal of Recreation assets	164	5	-	169	12	0	181
Swimming Pools	Aquatic Centres	To fund the renewal of Aquatic Centre assets	127	250	(187)	190	207	(494)	(97)
Halls	Halls	To fund the renewal of Halls assets	(290)	383	(133)	(39)	189	(103)	47
Dog Control	Animal Control	To fund the renewal of Dog Control assets	(4)	-	(0)	(4)	-	(0)	(4)
Public Conveniences	Public Conveniences	To fund the renewal of Public Conveniences assets	74	90	(99)	64	91	(143)	13
Pensioner Housing	Pensioner Housing	To fund the renewal of Pensioner Housing assets	413	13	-	426	22	-	448
Stratgic & Investment Property	Commercial Property	To fund the renewal of Commercial Property assets	3	-	-	3	-	(0)	3
Vehicle & Plant Reserve	Vehicle & Plant	To fund the renewal of Vehicle and Plant	665	553	(530)	688	55	(182)	561

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 23 - Equity (continued) Information about reserve funds held for a specific purpose is provided below. Note: () depicts an overdrawn reserve account balance.

	ACTIVITY	PURPOSE	30 JUNE 2021 \$000	2021/22 TRANSFERS IN \$000	2021/22 TRANSFERS OUT \$000	30 JUNE 2022 \$000	2022/23 TRANSFERS IN \$000	2022/23 TRANSFERS OUT \$000	30 JUNE 2023 \$000
Corporate Property	Corporate & District Activities	To fund the renewal of Corporate Property assets	958	319	(273)	1,003	(672)	(0)	331
Information Management	Corporate & District Activities	To fund the renewal of Information Management assets	1,638	811	(617)	1,832	78	(1,862)	48
Port	Ports & Harbour	To fund the renewal of Ports & Harbour assets	267	227	(973)	(479)	249	(200)	(430)
Roading- assisted / non-assisted / special and safety	Roads and Footpaths	To fund the renewal of Roothing assets	1,195	2,179	(1,721)	1,654	730	(2,221)	162
Airport- Whakatane 50%	Whakatane Airport	To fund the renewal of Whakatane Airport assets	(628)	105	(18)	(541)	107	(37)	(471)
Whakatane Holiday Park	Whakatāne Holiday Park	To fund the renewal of Whakatāne Holiday Park assets	35	44	(64)	15	44	(49)	9
DEPRECIATION RESERVES			7,071	9,802	(8,424)	8,449	4,371	(10,854)	1,966
COUNCIL OPERATING RESERVES			10,238	16,901	(16,593)	10,545	14,109	(22,352)	2,303
RESTRICTED RESERVES									
Development Contributions - Whakatane Water	Water	To fund growth related capital expenditure	(218)	33	(6)	(192)	3	(14)	(203)
Development Contributions - Ohope Water	Water	To fund growth related capital expenditure	130	5	-	135	15	-	150
Development Contributions - Edgcumbe Water	Water	To fund growth related capital expenditure	8	-	-	9	-	-	9
Development Contributions - Matata Water	Water	To fund growth related capital expenditure	78	2	-	81	4	-	85
Development Contributions - Plains Water	Water	To fund growth related capital expenditure	(68)	5	(2)	(65)	-	(3)	(68)
Development Contributions -Whakatane Wastewater	Wastewater	To fund growth related capital expenditure	(1,705)	8	(487)	(2,185)	18	(113)	(2,280)
Development Contributions - Coastlands Wastewater	Wastewater	To fund growth related capital expenditure	(385)	-	(12)	(397)	-	(305)	(702)
Development Contributions - Ohope Wastewater	Wastewater	To fund growth related capital expenditure	283	9	-	292	16	-	308

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 23 - Equity (continued) Information about reserve funds held for a specific purpose is provided below. Note: () depicts an overdrawn reserve account balance.

	ACTIVITY	PURPOSE	30 JUNE 2021 \$000	2021/22 TRANSFERS IN \$000	2021/22 TRANSFERS OUT \$000	30 JUNE 2022 \$000	2022/23 TRANSFERS IN \$000	2022/23 TRANSFERS OUT \$000	30 JUNE 2023 \$000
Development Contributions - Edgcumbe Wastewater	Wastewater	To fund growth related capital expenditure	(4)	-	(0)	(4)	-	(0)	(4)
Development Contributions - Community Infrastructure	Arts & Culture, Recreation & Community Facilities	To fund growth related Community Infrastructure	434	67	(1)	500	50	(7)	543
Development Contributions- Parks, Gardens and Reserves	Parks, Reserves, Recreation & Sports Fields	To fund growth related Parks, Gardens and Reserves capital expenditure	150	5	(1)	154	8	-	162
Development Contributions - Rural Reserves	Parks, Reserves, Recreation & Sports Fields	To fund growth related capital expenditure	(34)	-	(1)	(36)	-	(2)	(37)
Development Contributions - Solid Waste	Waste	To fund growth related Solid Waste capital expenditure	315	27	-	342	17	(13)	346
Development Contributions- Rooding	Roads and Footpaths	To fund growth related Rooding capital expenditure	678	75	(67)	686	56	(83)	659
Development Contributions - Non Fin Assisted Rooding	Roads and Footpaths	To fund growth related capital expenditure	5	-	-	5	-	-	5
Development Contributions - Whakatane Land Drain	Stormwater	To fund growth related capital expenditure	164	18	(14)	168	12	(16)	164
Development Contributions - Ohope Land Drain	Stormwater	To fund growth related capital expenditure	135	4	-	140	7	-	147
Development Contributions - Matata Land Drainage	Stormwater	To fund growth related capital expenditure	-	-	-	1	-	-	1
Development Contributions - Whakatane Carparks	Roads and Footpaths	To fund growth related capital expenditure	(9)	-	(0)	(10)	-	(0)	(10)
Otarawairere Disaster Mitigation	Stormwater	To fund growth related capital expenditure at Otawairere	(51)	-	(2)	(52)	-	(3)	(55)
Capital Contributions - Rooding	Roads and Footpaths	Financial Contributions for Rooding Capital Projects	66	2	-	69	4	-	72
Subdivision Contributions - Whakatane	General Council	To fund capital expenditure in the Whakatane Ward	22	1	(8)	14	1	-	15
Subdivision Contributions - Ohope	General Council	To fund capital expenditure in the Ohope Ward	49	2	-	51	3	-	53
Subdivision Contributions - Edgcumbe	General Council	To fund capital expenditure in the Edgcumbe Ward	28	1	-	29	2	-	30
Subdivision Contributions - Matata	General Council	To fund capital expenditure in the Matata Ward	24	1	-	24	1	-	26

9.2.1 Appendix 1 - Annual Report 2022/23 (Cont.)

Note 23 - Equity (continued) Information about reserve funds held for a specific purpose is provided below. Note: () depicts an overdrawn reserve account balance.

	ACTIVITY	PURPOSE	30 JUNE 2021 \$000	2021/22 TRANSFERS IN \$000	2021/22 TRANSFERS OUT \$000	30 JUNE 2022 \$000	2022/23 TRANSFERS IN \$000	2022/23 TRANSFERS OUT \$000	30 JUNE 2023 \$000
Subdivision Contributions - Murupara	General Council	To fund capital expenditure in the Murupara Ward	(0)	-	(0)	(1)	-	(0)	(1)
Subdivision Contributions- Rural	General Council	To fund capital expenditure in the Rural Ward	6	-	-	6	-	-	6
Harbour Capital Fund	Ports & Harbour	For Ports & Harbour Operating Surpluses or Deficits	1,608	2,133	(2,151)	1,589	2,099	(2,302)	1,386
Harbour Land Sales	Ports & Harbour	Funds set aside from the sale of Harbour assets	13,144	415	-	13,559	707	-	14,266
RESTRICTED RESERVES			14,853	2,812	(2,753)	14,913	3,023	(2,861)	15,074
TOTAL RESERVES			25,091	19,713	(19,346)	25,458	17,132	(25,213)	17,377

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Note 24 - Joint venture**

The Council's has a joint venture with the Whakatāne Airport.

Please see Notes 13 and 34 for further information on councils 50% share of the net assets in Whakatāne Airport.

Note 25 - Reconciliation of net surplus (deficit) after tax to net cashflow from operating activities

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
Surplus / (Deficit) Before Tax	(8,525)	5,590
Add / (Less) Non-cash Items		
Share of Joint Ventures/Associates Surplus / (deficit)	382	392
Vested Assets	(1,475)	(116)
Depreciation and Amortisation Expense	23,086	21,690
Impairments	-	-
(Gains)/Losses on Revaluation- Property Intended for Sale	1,804	(12)
(Gains)/Losses on Revaluation- Investment Property	2,678	(2,692)
(Gains)/Losses Forestry	(36)	3
(Gains)/Losses Museum Collection	-	-
(Gains)/Losses on Revaluation- Derivative Financial Instruments	(1,201)	(4,215)
Total Non-Cash Items	25,818	15,050
Add / (less) Items classified as investing or financing activities		
(Gains)/losses on disposal of property, plant and equipment	(246)	(120)
Total Items Classified as Investing or Financing Activities	(246)	(120)
Add / (Less) Movements in other Working Capital Items		
(Increase)/Decrease in Receivables	(4,004)	7,284
(Increase)/Decrease in Prepayments	(243)	(87)
(Increase)/Decrease in Inventory	(17)	(39)
Increase/(Decrease) in Payables	1,441	(7,954)
Increase/(Decrease) in Provisions	(588)	1,642
Increase/(Decrease) in Employment Entitlements	433	307
Increase/(Decrease) in Deferred tax	864	-
Net movement in working capital items	(2,114)	1,153
Net cash inflow/(outflow) from operating activities	14,353	21,673

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 26 - Capital commitments and operating leases

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
CAPITAL COMMITMENTS		
Roading Network	2,150	4,003
Stormwater	860	1,641
Wastewater	46	87
Water System	973	1,821
Port	4,100	9,588
Total Capital Commitments	8,129	17,141
<i>Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.</i>		
OPERATING LEASES AS LESSEE		
Not later than one year	34	72
Later than one year and not later than five years	98	16
Total Non Cancellable Operating Leases as Lessee	132	88
<i>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.</i>		
OPERATING LEASES AS LESSOR		
Not later than one year	2,115	2,312
Later than one year and not later than five years	6,315	5,287
Later than five years	6,812	5,808
Total Non-Cancellable Operating Leases as Lessor	15,242	13,407

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

Quantified contingent liabilities

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
Other Claims	-	-
Total Contingencies	-	-

Contingent liabilities

The Council has contingent liabilities for indemnity claims, but the only claims that might be estimated are 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 is one potential liability faced by the Council.

Weathertightness and other building related claims

Refer Note 20. The Council has included a provision in the accounts for a potential liability in relation to weathertightness and other building related claims. 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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 27 - Contingencies Quantified contingent liabilities continued

Engineering report on subdivision

Representatives of the owners of properties within this subdivision have approached Council because of issues arising around slips and stormwater management in and around the accessway of the subdivision. In an attempt to find a resolution, the Council commissioned a geotechnical engineer to assess the accessway and to determine its state. While no formal legal proceedings have been issued against the Council, it has been notified. Staff are discussing the report conclusions with the representatives of the owners and working with the insurers on the issue.

Resource consent on water bottling plant

The Supreme Court has granted leave to the appellants to challenge the Court of Appeal decision that led to the granting of resource consents for an expanded water bottling plant in Otakiri. The Court of Appeal decision was released in late 2022, effectively dismissing the appeals. The Court did not agree that the consent was appropriately considered as a "change of conditions" of an existing consent, and instead considered that a new resource consent should have been applied for. It did however decide that the full matters that would have been considered as a new consent were in fact considered during the processing of the s127 application and therefore the earlier Court decision stands. The Council's legal costs are \$282,145 and is unlikely to be covered by insurance. The Council may be asked to consider an application for a costs award should Council be successful in the Court of Appeal.

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.

On the 2 August 2023, Riskpool notified member councils that their appeal over non weathertight defects had been dismissed. This means that Riskpool now has a liability for that members claim. The amount of the claim is still in dispute and there is a hearing set down in the High Court on 11 December 2023 to resolve this issue. There are a number of other claims, some involving Court proceedings, which involve the same issue and which have been waiting on the outcome of the Supreme Court decision. Further information is being sought about the actual or anticipated liability of those claims.

Before the advent of the latest court case, Riskpool had indicated that a future call might be made (possibly in the 2024 year) of approximately \$30,000.

Employment dispute

There was one employment dispute at 30 June 2023. This can't yet be quantified but may result in a payment of approximately \$10,000 (2022: nil).

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 27 - Contingencies Quantified contingent liabilities continued

New Zealand Local Government Funding Agency

Whakatāne District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a local currency rating from Fitch Ratings of AA+ and Standard and Poor's of AAA. Their foreign currency rating from both is AA+.

As at 30 June 2023, Whakatāne District Council is one of 30 local authority shareholders and 68 local authority guarantors of the LGFA. In that regard it has uncalled capital of \$100,000. When aggregated with the uncalled capital of other shareholders, \$20 million 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 LGFA's borrowings. At 30 June 2023, LGFA had borrowings totalling \$16,310 million (2022: \$15,789 million).

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 LGFA 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.

Edgecumbe Stop bank Breach 2017

In August 2023 a class action claim (Jill Payne and IAG New Zealand Ltd) was raised against Council together with Bay of Plenty Regional Council related to alleged duty of care in relation to monitoring and maintaining a flood wall located at 54-64 College Road, Edgecumbe. Council is contesting the claims which have not been quantified due to the nature of the issues, the uncertainty of the outcome and / or the extent to which the Council have a responsibility to the claimant.

Contingent assets

There are no known contingent assets at balance date.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 28 - Related party transactions to be disclosed

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 2019 financial year. During the year the Council contracted BOPLASS Limited for services costing \$139,907.70 (2022: \$144,910.52).

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 related parties. Administrative and maintenance transactions totalling \$56,584 (2022: 49,297) were carried out with the Joint Venture. Funds held by Council on behalf of the Airport total \$ 2,397,759 deficit (2022: \$2,031,585 deficit).

Key management personnel compensation

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
COUNCILLORS AND MAYOR		
Remuneration	670	637
Number of elected officials	11	11
EXECUTIVE TEAM, INCLUDING THE CHIEF EXECUTIVE		
Remuneration	1,926	1,787
Full-time equivalent member	8	7.8
Total Key Management Personnel Remuneration	2,596	2,424
Total Full-Time Equivalent Personnel	19	18.8

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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

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 \$317,098.64 (2022: \$315,890.71) including KiwiSaver. In addition, a benefit of \$12,552.57 (2022 \$12,982.36) for a vehicle.

Elected representatives

Elected representatives received the following remuneration:

MAYOR AND COUNCILLORS	2023				2022			
	SALARIES \$000	HEARINGS \$000	ALLOW AND EXP REIMB \$000	VEHICLE \$000	SALARIES \$000	HEARINGS \$000	ALLOW AND EXP REIMB \$000	VEHICLE \$000
Luca, Victor (Mayor)	110,933	-	2,870	2,021	37,417	-	1,750	-
Boynton, Toni	31,344	-	1,247	-	-	-	-	-
Dennis, Gavin	48,393	-	5,869	-	37,417	-	4,612	-
Iles, Andrew	52,142	-	8,731	-	67,351	-	9,481	-
Immink, Lesley (Deputy Mayor)	58,527	-	3,493	-	41,159	-	2,528	-
James, Wilson	48,393	-	1,750	-	37,417	-	1,750	-
Jukes, Julie	53,850	-	1,750	-	56,126	-	1,750	-
O'Brien, Thomas	31,344	-	1,247	-	-	-	-	-
Pullar, John	49,485	-	1,750	-	41,159	-	1,750	-
Rangiaho, Bella	31,344	-	1,955	-	-	-	-	-
Silcock, Alison	10,913	-	3,104	-	37,417	-	8,237	-
Tánczos, Nándor	53,850	-	1,750	-	56,126	680	1,750	-
Turner Judy (ex Mayor)	38,360	-	1,306	749	131,489	-	1,936	2,511
Van Beek, Gerard	16,370	-	503	-	56,126	-	1,750	-
COMMUNITY BOARD MEMBERS								
Rangitāiki								
Bourk, Graeme	1,533	-	275	-	5,258	-	800	-
Brown, Heemi	3,798	-	570	-	-	-	-	-
Byrne, Kris	3,067	-	275	-	10,515	-	800	-
Clark, Alison	1,533	-	230	-	5,258	-	800	-
Falwasser, Peter	3,798	-	646	-	-	-	-	-
Flowerday, Peter	3,798	-	728	-	-	-	-	-
Gardiner, Ross	3,798	-	728	-	-	-	-	-
Harvey, Evan	1,533	-	275	-	5,258	-	800	-
McIndoe, Clive	3,798	-	570	-	-	-	-	-
Ngaropo, Pouroto	1,533	-	230	-	5,258	-	800	-
Waaka, Leeann (C)	8,456	-	845	-	5,258	-	800	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 29 - Remuneration continued

MAYOR AND COUNCILLORS	2023				2022			
	SALARIES \$000	HEARINGS \$000	ALLOW AND EXP REIMB \$000	VEHICLE \$000	SALARIES \$000	HEARINGS \$000	ALLOW AND EXP REIMB \$000	VEHICLE \$000
Tāneatua								
Boynton Toni	1,182	-	230	-	4,053	-	800	-
Bryant, Talei	2,928	-	570	-	-	-	-	-
Faulkner, Mary	1,182	-	230	-	4,053	-	800	-
George, Natasha	2,309	-	449	-	-	-	-	-
Knowles, Les	1,182	-	230	-	4,053	-	800	-
Le Sueur Yvonne	1,182	-	230	-	4,053	-	800	-
Ruiterman, Luke	4,110	-	800	-	4,053	-	800	-
Stensness, Moana	2,154	-	472	-	-	-	-	-
Thrupp, Honey	2,928	-	570	-	-	-	-	-
Yalden, Diane (C)	6,674	-	800	-	8,107	-	800	-
Whakatāne / Ōhope								
Bonne, Linda	8,913	-	800	-	8,790	-	800	-
Hall, Tony	2,564	-	230	-	8,790	-	800	-
Hamill, Carolyn (C)	14,171	279	800	-	8,790	-	800	-
Hanna, Moira	5,128	-	230	-	17,581	-	800	-
Howard, Christopher	8,913	-	800	-	8,790	-	800	-
Inman, Mark	8,913	-	800	-	8,790	-	800	-
Iseri, Ozgur	6,349	-	570	-	-	-	-	-
Lee, Cindy	2,564	-	230	-	8,790	-	800	-
Manning, Jennifer	2,564	-	230	-	8,790	-	800	-
McLean, Douglas	6,349	-	570	-	-	-	-	-
Murupara								
Bannan Kenneth	4,110	-	1,307	-	3,606	-	712	-
Barnett, Tina	2,928	-	570	-	-	-	-	-
Goldsmith, James	2,928	-	570	-	-	-	-	-
Hynes, Ormond	1,182	-	230	-	4,053	-	800	-
Jenner, Memorie	1,182	-	230	-	4,053	-	800	-
McLean, Mere (C)	5,360	-	570	-	-	-	-	-
O'Brien April	1,182	-	230	-	4,053	-	800	-
Prentice, Irma	2,928	-	570	-	-	-	-	-
Rangiaho, Bella	1,182	-	230	-	4,053	-	800	-
Silcock, Alison	1,517	-	295	-	-	-	-	-
Te Amo, Jackie	2,229	-	230	-	8,107	-	800	-
Total Elected Representatives' Remuneration	790,880	279	57,111	2,770	771,417	680	58,004	2,511

The Local Government Members Determination is made by the Remuneration Authority under the Remuneration Act 1977. This governs the maximum payments that Councillors and Community Board members may receive. One community board member was overpaid by \$184.78 being \$154.67 remuneration and \$30.11 allowance. This will be recovered in the 2023/24 financial year.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 29 - Remuneration continued

Council employees

	2023		2022
Total annual remuneration by band for employees as at 30 June:			
\$0- \$59,999	122	\$0- \$59,999	135
\$60,000- \$79,999	69	\$60,000- \$79,999	62
\$80,000- \$99,999	63	\$80,000- \$99,999	56
\$100,000- \$119,999	30	\$100,000- \$119,999	25
\$120,000- \$139,999	21	\$120,000- \$139,999	15
\$140,000- \$159,999	10	\$140,000- \$159,999	9
\$160,000- \$239,999	6	\$160,000- \$239,999	7
\$240,000- \$340,000	4	\$240,000- \$340,000	2
325	311		311

At balance date, the Council employed 210 (2022: 209) full time employees, with the balance of staff representing 67.6 (2022: 60.79) 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 2023 Whakatāne District Council made severance payments of \$5,309 to 1 employee. (2022: \$5,000 to 1 employee.)

Note 31 - Events after balance date

The previous New Zealand Government commenced implementation of a water services reform programme intended to ensure all New Zealanders have safe, clean and affordable water services. It intended to achieve this establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform was enacted by three pieces of legislation:

The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements.

A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.

The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.

The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

There is uncertainty around the water services reform legislation. Recognising with the Coalition Agreement for the 54th Parliament being agreed for the current New Zealand Government, it may be repealed or substantially amended. (2022: Water Services Reform, Cyclone Gabrielle).

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 32a - Financial Instrument Categories

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

	ACTUAL 2023 \$000	ACTUAL 2022 \$000
FINANCIAL ASSETS		
Fair value through surplus or deficit		
Financial Instruments		
Derivative financial instrument assets	2,298	1,098
Loans and receivables		
Cash and cash equivalents	3,815	1,888
Receivables	5,455	2,819
Total loans and receivables	11,568	5,805
Fair value through other comprehensive revenue and expense		
Other financial assets:		
Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd)	50	50
BoP LASS Ltd	9	9
NZ Local Government Funding Agency	2,532	1,764
Investment in Whakatāne Airport	6,641	7,224
Loan to Air Chathams	350	350
Boat Harbour Te Rāhui Herenga Waka	4,074	-
Total fair value through comprehensive revenue and expense	13,656	9,397
FINANCIAL LIABILITIES		
Fair value through surplus or deficit		
Financial Instruments		
Derivative financial instrument liabilities	-	-
Financial liabilities at amortised cost		
Payables	13,519	12,243
Borrowings- Secured loans	115,800	86,000
Total Financial Liabilities at Amortised cost	129,319	98,243

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**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 \$000	QUOTED MARKET PRICE \$000	OBSERVABLE INPUTS \$000	SIGNIFICANT NON- OBSERVABLE INPUTS \$000
2022				
FINANCIAL ASSETS				
Derivatives	1,098	-	1,098	-
Local authority stock	9	-	9	-
Shares	150	-	150	-
Borrower notes	1,664	-	1,664	-
Whakatāne Airport	7,224	-	7,224	-
Loan to Air Chathams	350	-	350	-
FINANCIAL LIABILITIES				
Derivatives	-	-	-	-
2023				
FINANCIAL ASSETS				
Derivatives	2,298	-	2,298	-
Local authority stock	9	-	9	-
Shares	150	-	150	-
Borrower notes	2,433	-	2,433	-
Whakatāne Airport	6,641	-	6,641	-
Loan to Air Chathams	350	-	350	-
FINANCIAL LIABILITIES				
Derivatives	-	-	-	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

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 50-90% 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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 32c - Financial instrument risks (continued)

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

	2023 \$000	2022 \$000
MAXIMUM EXPOSURE TO CREDIT RISK		
Cash at bank and term deposits	3,815	1,888
Trade and other receivables	4,636	2,819
Local authority and government stock	2,433	1,664
Investment in Whakatāne Airport	7,656	7,224
Loan to Air Chathams	350	350
Derivatives	2,298	1,098
Total Credit Risk	21,188	15,042

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:

		2023 \$000	2022 \$000
COUNTERPARTIES WITH CREDIT RATINGS			
Cash at bank and term deposits	AA-	3,815	1,888
Total cash at bank and term deposits		3,815	1,888
Local authority stock and government bonds			
NZ Local Government Funding Agency		2,532	1,764
Total local authority stock and government bonds	AA+	2,532	1,764
COUNTERPARTIES WITH CREDIT RATINGS			
Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd)		50	50
Bay of Plenty Local Authority Shared Services Limited		9	9
Investment in Whakatāne Airport		6,641	7,224
Loan to Air Chathams		350	350
Boat Harbour Te Rāhui Herenga Waka		4,074	-
Bay of Plenty Local Authority Shared Services Limited		11,124	7,633

Receivables arise mainly from 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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)**Note 32c - Financial instrument risks (continued)****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.

	LIABILITY 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 2023						
Trade and Other Payables	13,519	13,519	13,519	-	-	-
Secured Loans	115,800	115,800	12,300	16,000	71,500	16,000
Total	129,319	129,319	25,819	16,000	71,500	16,000
Council 2022						
Trade and Other Payables	12,243	12,243	12,243	-	-	-
Secured Loans	86,000	86,000	9,000	10,000	39,000	28,000
Financial Derivatives						
Total	98,243	98,243	21,243	10,000	39,000	28,000

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

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 32c - Financial instrument risks (continued)

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.

	LIABILITY 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 2023						
Cash and Cash Equivalents	3,815	3,815	3,815	-	-	-
Receivables	5,455	5,455	5,455	-	-	-
Other Financial Assets:						
Local Authority and Government Stock	2,432	2,432	160	328	1,590	355
Loan to Air Chathams	350	350	-	350	-	-
Derivatives	2,297	2,297	134	94	1,162	908
Total	14,349	14,349	9,564	772	2,751	1,263
Council 2022						
Cash and Cash Equivalents	1,888	1,888	1,888	-	-	-
Receivables	2,819	2,819	2,819	-	-	-
Other Financial Assets:						
Local Authority and Government Stock	1,664	1,664	144	160	600	760
Loan to Air Chathams	350	350	-	350	-	-
Derivatives	1,097	1,097	(1)	(48)	45	1,101
Total	7,818	7,818	4,850	462	645	1,861

Sensitivity analysis

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.

	2023 \$000				2023 \$000			
	SURPLUS	-100BPS OTHER EQUITY	SURPLUS	+100BPS OTHER EQUITY	SURPLUS	-100BPS OTHER EQUITY	SURPLUS	+100BPS OTHER EQUITY
FINANCIAL ASSETS								
Cash and cash equivalents	(38)	-	38	-	(19)	-	19	-
Derivatives- Interest rate swaps	-	-	-	-	-	-	-	-
Financial instruments	-	-	-	-	-	-	-	-
Other Financial Assets								
Local Authority and Government Stock	(26)	-	26	-	(18)	-	18	-
Financial Liabilities								
Derivatives- Interest rate swaps	3,570	-	7,112	-	2,703	-	5,608	-
Borrowings								
Bank overdraft	-	-	-	-	-	-	-	-
Debt	1,158	-	(1,158)	-	860	-	(860)	-
Total sensitivity to interest rate risk	4,664	-	6,018	-	3,526	-	4,785	-

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 32c - Financial instrument risks (continued)

Explanation of interest 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 (2022:-100bps/+100bps). Derivative financial liabilities not hedge accounted include interest rate swaps with a fair value totalling \$2,297,000 (2022: \$1,097,000). A movement in interest rates of plus or minus 1.0% has an effect on the swap value of \$3,570,000 (2022: \$2,703,000) and \$7,112,000 (2022: \$5,608,000).

Local authority stock

A total of \$59,000 (2022: \$59,000) 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 \$590 (2022: \$590) on the fair value through equity reserve.

Secured loans (floating)

The Council has floating rate debt with a principal amount totalling \$69 million (2022: \$69 million). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$690,000 (2022: \$690,000). 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.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 34 - Variances from budget

Explanations for major variations from the Council's budget figures in the 2022/23 Annual Report are as follows:

Statement of comprehensive revenue and expense

The deficit before tax of \$7.6 million is \$20.5 million higher than the budgeted surplus of \$12.9 million set in the 2023 Annual Plan. The variance is attributable to the following factors:

Revenue (\$1.5 million 2.3% lower than budget)

- Subsidies and Grants were under budget by \$5.6 million.
- Gains were over budget by \$3 million predominantly due to investment Property potential loss on sale decreasing and Derivative Financial Instruments performing well with the steady rise in floating interest rates.

Expenditure (\$19 million 24% higher than budget)

- Other Expenses exceeded budget by \$4.6 million. This was mainly in the contracts and consultants area.
- Depreciation was over budget by \$5.1 million. This is mainly due to the increasing value of these assets particularly three waters and roading assets.
- The landfill provision increased by \$1.2 million due to extra necessary work being identified.
- Personnel costs finished at \$2.4 million above budget due to pay rises.
- Finance costs finished at \$2.3 million above budget due to increasing interest rates and higher loans.
- Losses were a \$4.5 million unbudgeted expense. The main losses were due to Investment Properties values taking a downward trend.

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 \$52.8 million, which is the combination of the deficit after tax of \$8.5 million and a net gain on revaluation of \$61.6 million includes deferred tax on revaluations. 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 44% (\$362 million) more than budgeted. Nearly all of the variance was in non-current assets.

Total Assets (\$370 million 38% higher than budget)

- Non-current Assets exceeded budget by \$372 million.
- Much of this variance can be explained by having continuous and fair assessments rather than the historical 3 yearly cycles.
- During 2023 a further \$62 million was added to valuations and fair assessments of infrastructural assets.
- Infrastructural assets were over budget by \$349 million.
- Operational Assets were over budget by \$15 million, they were revalued up by \$5 million during 2023.
- Cash finished the year at \$5 million below budget.

Total Liabilities (\$8.8 million 6% more than budget)

- Loans were \$14.8 million more than budget due to capital expenditure being higher than usual and inflationary impacts on cost.
- Payables were \$4.4 million less than budget due to more creditors being paid before balance date.
- Provisions were \$1.6 million lower than originally anticipated as a result of landfill provisions increasing but being offset by future loss on sale of investment property decreasing.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Note 34 - Variances from budget

Statement of cashflows

Cash held at year end was \$5.3 million less than the budget of \$9 million.

The Net Increase / Decrease cashflows was \$3 million less than budget.

Net cashflows from operating activities was \$16 million less than budget, spending more (\$10.4 million) and receiving less income (\$6 million). This is mainly reflected in:

- Fees and charges and other revenue was over budget by \$2.7 million.
- Subsidies and Grants received were below budget by \$8M due to some delays in grants that were moved to the 2023/24 year.

Net cashflows from investing activities paid \$2.4 million more than budget with capital purchases over budget by \$4 million.

Financing activities were overspent by \$15.8 million due to extra loans being raised for capital expenditure and inflationary impacts on costs.

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Statement of compliance

Te Whakapuakanga Whakaū ki ngā Ture

The Council of Whakatāne District Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with, with the exception of section 98(3) which requires the adoption of the annual report by resolution within 4 months after the end of the financial year to which it relates.

*Dr Victor Luca
Mayor
21 December 2023*

*Steph O'Sullivan
Chief Executive
21 December 2023*

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

Audit report *Arotake Pūtea*

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)

9.2.1 Appendix 1 - Annual Report 2022/23(Cont.)



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9.2.2 Appendix 2 - Draft 2022-23 External Audit Report for 30 June 2023

9.2.2 Appendix 2 - Draft 2022-23 External Audit Report for 30 June 2023

9.2.2 Appendix 2 - Draft 2022-23 External Audit Report for 30 June 2023(Cont.)



Independent Auditor's Report

To the readers of Whakatāne District Council's annual report for the year ended 30 June 2023

The Auditor-General is the auditor of Whakatāne District Council (the District Council). The Auditor-General has appointed me, David Walker, 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 xx December 2023. This is the date on which we give our report.

Opinion on the audited information

Unmodified opinion on the audited information, excluding the non-financial performance information

In our opinion:

- the financial statements on pages [...] to [...] and pages [...] to [...]:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2023; and
 - 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;

9.2.2 Appendix 2 - Draft 2022-23 External Audit Report for 30 June 2023(Cont.)

- the funding impact statement on page [...], 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 annual plan;
- the statement about capital expenditure for each group of activities on pages [...] to [...], 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 [...] to [...], 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 non-financial performance information

In our opinion, except for the possible effects of the matter explained in the *Basis for our opinion on the audited information* section of our report, the non-financial performance information on pages [...] to [...]:

- presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - 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 [...] to [...], 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.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

9.2.2 Appendix 2 - Draft 2022-23 External Audit Report for 30 June 2023(Cont.)

Basis for our opinion on the audited information

Non-financial performance information: Our work was limited in respect of the number of complaints received about water supply, wastewater and stormwater

The District Council is required to report against the performance measures set out in the Non-Financial Performance Measures Rules 2013 (the Rules) made by the Secretary for Local Government. These include mandatory performance measures relating to the number of complaints received.

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including how to count complaints. The District Council and its afterhours call centre provider have not been recording and classifying complaints in accordance with this guidance and the method of recording was likely to have understated the actual number of complaints received.

As a result, our audit work was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for these performance measures.

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 opinion on the audited information.

Emphasis of matter - uncertainty over the water services reform programme

Without modifying our opinion, we draw attention to Note [xxx] on page [xxx], which outlines developments in the water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities.

On 14 December 2023, the Government announced its intention to introduce and pass legislation early next year to repeal and replace the 'Three Waters' legislation. The effect of this announcement on the Council is uncertain until such legislation is passed.

9.2.2 Appendix 2 - Draft 2022-23 External Audit Report for 30 June 2023(Cont.)**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 annual 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.

Ordinary Council - AGENDA

9.2.2 Appendix 2 - Draft 2022-23 External Audit Report for 30 June 2023(Cont.)

- 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 non-financial performance information, 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 auditor's 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.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages [...] to [...] and [...] to [...], 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, and we do not express any form of audit opinion or assurance conclusion thereon.

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

9.2.2 Appendix 2 - Draft 2022-23 External Audit Report for 30 June 2023(Cont.)

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: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we will perform a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council.

David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

10 Resolution to Exclude the Public - *Whakataunga kia awere te marea*

10 Resolution to Exclude the Public - *Whakataunga kia awere te marea*

10.1 Resolution to Exclude the Public

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

1. Risk and Assurance Committee Public Excluded Minutes 13 November 2023

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1.	Risk and Assurance Committee Public Excluded Minutes 13 November 2023	Good reason to withhold exists under Section 7.	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No	Interest
1	Maintain legal professional privilege (Schedule 7(2)(g))
1	Protect the privacy of natural persons, including that of deceased natural persons (Schedule 7(2)(a))

10.1 Resolution to Exclude the Public(Cont.)

1 Standing Committee Minutes - *Ngā tuhinga hui a te Komiti Ngātahi*

1 Standing Committee Minutes - *Ngā tuhinga hui a te Komiti Ngātahi*

1.1 Public Excluded Minutes - Risk and Assurance Committee 13 November 2023