



ANNUAL REPORT

PŪRONGO Ā-TAU

2021/22





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MESSAGE FROM MAYOR JUDY TURNER

Kupu whakataki a te Manukura

Tēnā koutou katoa,

The Whakatāne District is one of the best places in the world to live and thrive.

This is the first Annual Report measuring our progress against the current 2021-31 Long Term Plan and as I look back over the past year, I'm proud of what we've achieved as a Council.

As a Council everything we do is aimed at improving the wellbeing of the people in the District. Our vision — More life in life — and community outcomes have set the direction and meant we have delivered a strong programme of work centred around the social, economic, environmental and cultural wellbeing and hauora of communities.

Every day, Council delivers a wide range of services and facilities in order to keep the District running the way it should. We build and maintain the local roads you drive on and footpaths you walk and cycle on, we lay and maintain the pipes that deliver your safe drinking water and take away your wastewater and manage stormwater. We make sure waste can be disposed of safely and keep the streets and parks in your neighbourhood clean and tidy and we provide community facilities for people to enjoy. But that's just the start.

As we continued to operate and navigate a COVID-19 world, there is no denying this has created challenges — with lockdown and restrictions, access to materials, increased costs, and demand for contractor resource. However, it's also created opportunities. It's prompted change and demanded a fresh way of thinking and working.

Council made some bold decisions and committed to a Long Term Plan which ensured we continued to look after the District's assets and services but also invested in things that would boost local amenity and wellbeing outcomes for residents.



We rolled out the Active Whakatāne Programme — aimed at getting more people to walk and cycle — and we completed Stage 1 of the Apanui Avenue Neighbourhood Greenway which has created a safer roading environment.

We adopted Te Toi Waka Whakareī Māori Relationships Strategy which will guide us in supporting the aspirations of Iwi, hapū and whānau for the benefit of all our communities.

We signed the transformational partnership between the Crown, Te Rāhui Lands Trust, Ngāti Awa Group Holdings Limited and Council to create Te Rāhui Herenga Waka Whakatāne 2021 Limited Partnership for the Whakatāne Boat Harbour Development.

We've been working hard to understand what the impacts of the Central Government led reforms programme might mean for us — in particular the Three Waters Reform but also the Resource Management system reform and Future for Local Government Review.

Like most councils, the Eastern Bay of Plenty is experiencing consistent population and economic growth. Work got underway to determine and deliver a joint Spatial Plan for the Whakatāne and Kawerau districts which identifies how and where our communities grow in the future.

This year at Council has been one of leadership, advocacy, navigating complex situations, and making wise decisions for the future of the District, while ensuring we keep the wellbeing of communities at the heart of what we do. And I am proud to be working with you, for you.

Judy Turner
MAYOR *MANUKURA*
20 September 2022



CELEBRATING OUR AWARDS

Trust Horizon Sustainability Award - Horizon Energy Group Business Excellence Awards

Council was awarded the inaugural Trust Horizon Sustainability Award at the Horizon Energy Group Business Excellence Awards on Saturday 14 August 2021.

The award recognised our Energy Management Programme which was introduced after an energy audit in 2018.

The audit identified approximately 26 percent of Council emissions were attributed to electricity and natural gas use. The Programme is run in collaboration with the Energy Efficiency and Conservation Authority (EECA) and Council's energy management contractor EMSOL.

Some of the key changes identified included prioritising the use of electric heat pumps over natural gas boilers at the Whakatāne Aquatic and Fitness Centre, better optimisation of the heating, ventilation, and air conditioning systems at the Whakatāne Library, Exhibition Centre and the Whakatāne Museum and Research Centre.

Supreme Award Winner - Keep New Zealand Beautiful Awards

We are proud to have been awarded the overarching 'Supreme Towns & Cities Award' at the Keep New Zealand Beautiful Awards held in February 2022.

This award recognises Council's commitment to working in partnership with the community to reduce our impact on the environment and on the delivery of several collaborative initiatives which work towards protecting and restoring the local environment.

This included Council's Seed Library initiative at Te Kōputu a te Whanga a Toi which helps to get local tamariki and rangatahi involved in planting and interested in the regeneration of our area, and the work undertaken to map our Districts' trees. To better understand the value of trees and how their lifespan impacts the District.

Whakatāne has received, as part of the Resene awards sponsorship, a mural painted in our town by a local artist up to the value of \$10,000.

OUR VISION AND COMMUNITY OUTCOMES

Tō mātau matakitenga me ngā putanga hapori

Our vision – More life in life – and community outcomes were established through the Long Term Plan 2021–31. Our vision and outcomes set 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



OUR STRATEGIC PRIORITIES

Ngā Rautaki Matua

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



DELIVERING ON OUR DISTRICT'S VISION AND OUTCOMES

*E tutuki ana i te matakitenga
me ngā putanga hāpori o tē rohe*

This section provides a snapshot of the services, community projects, and facilities Council provided over the financial year 1 July 2021 to 30 June 2022 which have contributed to achieving our vision, community outcomes and priorities.

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



STRONG, CONNECTED, INTERDEPENDENT, DIVERSE COMMUNITIES

Enhancing the vibrancy of our communities

E whakanui ana i te whitawhita o ngā hapori

Keeping Whakatāne active

The Active Whakatāne Programme continued to deliver key projects during the 2021/22 financial year. These projects all contribute to achieving the programme vision of “A District where active travel and recreation improves health, connectedness, our environment and economy.” Projects in this programme of work provide safe active travel options for kids to get to school, and key commuter links for active travel.

Completed projects include the James Street shared path and Rex Morepeth shared path. These paths create safe and accessible ways for people to walk, run and cycle to and from their destinations. Supporting projects included

the installation of wayfinding signage, the installation of more bike racks, and a promotion campaign to support the safe and considerate use of the new shared paths.

Design and planning work was also done for several other projects including two neighbourhood safe travel projects on the Crete Street and Goulstone Road intersection and the Hikurangi Street and Eivers Road intersection.

Two raised safety platform crossings on Arawa Street in Matatā and speed humps in Murupara outside the Kohanga, school and medical centre were also installed as well as e-bike charging and parking stations in the Whakatāne CBD.

Community good projects

This past financial year saw the completion of several community good projects. A community good project is one which encourages people to come together, play and participate in indoor, outdoor, and physical activity in a safe and accessible way. The projects also contribute to making the District an attractive place to work, play and socialise.

The Council invests in an extensive maintenance programme to ensure communities continue to come together. This maintenance programme includes, repairing, and installing fences and gates, repairing and refurbishing playground equipment, BBQ areas and picnic tables, replacing litter bins and drinking fountains, managing pests, through to redeveloping car parking areas at public facilities.

Community good projects funded by the Lions Foundation and Lottery Grants allowed us to install accessible toilets near the new skate park in Whakatāne, and two accessibility hoists for the Whakatāne Aquatic Centre and Murupara pool. With this funding we were also able to complete the installation of shade sails for the playgrounds in Matatā, Thornton, Jack Knowles playground in Tāneatua, and the main playground in Murupara. The playgrounds in Te Mahoe and the Thompson Crescent Playground were refurbished and upgraded, and the basketball court in Murupara was resurfaced. In addition, the sports fields and courts at Eivers Park were resurfaced, fencing repaired and lighting improvements made.

Additional funding of \$200,000 from the Lions Foundation has also been approved for the provision of:

- A self-contained dry vault toilet near the Thornton River Outlet.
- A shade sail at the Te Teko Eivers Park Playground.
- Upgrading the Te Teko Netball Courts.
- Resurfacing the Murupara Basketball Court and provisions for basketball towers.

Homelessness in Whakatāne District

A report providing a situational overview of homelessness and housing deprivation in the Whakatāne District was completed in the second half of the financial year and has been published. The report was initiated by the Whakatāne District Homelessness Focus Group (WDHFG) and supported by Council following two sector-wide hui. The report provides a deeper understanding of the scale of homelessness and the state of our District's housing stock.

The information will be used by the focus group and the community to explore initiatives to help prevent homelessness and improve living conditions for those people in precarious housing arrangements. Funding will be sought through local, regional, and national sources.

Eastern Bay Road Safety Programme

This programme of work is focused on promotion and activities to encourage better driver behaviour. It has a particular focus on 'alcohol and speed' which remain key causal factors in fatal and serious crashes on our roads. An award-winning Alcohol Recidivism Tikanga Programme run in collaboration with Te Tohu o Te Ora o Ngāti Awa (NASH), Police and Probation Services was delivered and is dedicated to reducing alcohol-related harm on our roads. To date, this programme has had a 90-plus-percent success rate in stopping repeat offending.

A campaign around the region's senior men's rugby competitions was also launched, and during this period no alcohol-related serious crashes or fatalities were recorded.

Te Kōputu a te whanga a Toi - Whakatāne Library and Exhibition Centre

In May this year (2022) we marked the tenth birthday of Te Kōputu a te whanga a Toi- Whakatāne Library and Exhibition Centre. A two-week long celebration of free homegrown activities including a poetry slam, a clothes swap, author visits and workshops to acknowledge Aotearoa and honour our tangata whenua celebrated this milestone.

Te Kōputu a te whanga a Toi has become an exciting, fun, community hub for all ages. It has created opportunities for young, old and everyone in between to connect to their heritage, the stories that bind us together and help us appreciate our uniqueness through the printed word, the painted image, sacred objects, and the virtual world. Te Kōputu a te whanga a Toi also held events such as the Ngā Mata o te Ariki Tāwhirimātea – A Collaborative Exploration of Matariki, the Molly Morpeth Canaday Award exhibition, and three gallery openings over ANZAC weekend.



Upgrade of the Whakatāne Skate Park

Since its original development in 1998, the Whakatāne Skate Park has been a well-loved and well-used facility. The Park was recently repaired after several cracks were found on the surface. Concrete which had broken out from behind a grinding rail was replaced and the surface of the skatepark was smoothed off to remove imperfections. Local artist and skateboarder Maru Hotene gave the skatepark new life with a taniwha mural which was recognised around the country. It also received positive feedback from the community.

Ngā Tapuwae o Toi Walkway Upgrade

The final stage of a five-year upgrade of the Ngā Tapuwae o Toi walkway has been completed. During the 2021/22 financial year, the remaining section of the walkway between Kapūterangi and Kōhī Point was upgraded along with further remedial works around the junction of the paths at Kāpū Te Rangī.

The upgrade of the first 550m of 'The Birdwalk' stretching from the Whitehorse Drive carpark to the Wainui Te Whara stream now has improved accessibility for wheelchairs and push chairs. This work was co-funded by funding raised by Halo through the Whakatāne-Ōhope Community Board and Grassroots Trust. The work included reshaping the existing track surface, widening and realignment in a few locations, installing drainage and covering the surface with a compact metal.

Te Whare Taonga o Taketake - Whakatāne Collections and Research

During the past two years Te Whare Taonga o Taketake - Whakatāne Collections and Research has undertaken two major projects to make our vast collections of taonga (treasures) available online. The impact of COVID-19 for museums has been substantial, therefore digital, and online access became a priority across the sector. We have now upgraded and improved the content of our website, making our collection accessible online.

There are five featured collections each including images that have been uploaded for public viewing:

1. Pae Kohikohinga, Taonga Māori, Natural Environment
2. Puna Taiao, Social History
3. Puna Pāpori, Photography
4. Whakaahua, Fine Art
5. Toi

FACILITATING ECONOMIC REGENERATION AND EMPLOYMENT OPPORTUNITIES

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

Whakatāne Boat Harbour Development

The Boat Harbour Development is a transformational partnership between the Crown, Te Rāhui Lands Trust, Ngāti Awa Group Holdings Limited and Council. Together they are the Te Rāhui Herenga Waka Whakatāne 2021 Limited Partnership which will develop the commercial Boat Harbour.

In January 2022, the land lease agreement for the Boat Harbour (located on the river side of Keepa Road in Whakatāne) was signed. This agreement enabled the establishment of Te Rāhui Herenga Waka Whakatāne Partnership Company to manage the consenting processes for the development. Council is a shareholder. In June 2022, consent was granted for the Boat Harbour to be developed which signalled a significant milestone for the project. Early-stage works are expected to commence in September 2022.

Once complete, the Boat Harbour will provide an on-site marine training school, a boatyard, and a travel lift which provide for a fit for purpose facility for a growing marine sector, to meet current and future demand for moorings. It is an opportunity to group marine based activity for stronger employment, education, and environmental benefits. It is expected the Boat Harbour will significantly increase the number of jobs in the boat building industry, and marine tourism, overall contributing to our District's Gross Domestic Product (GDP).



Tourism and events

Despite the continued challenges for the local tourism sector due to COVID-19 and the Whakaari/White Island disaster, our visitor economy continues to perform well with many returning to the beautiful Ōhope Beach in the summer months. Our tourism sector employs many people in our District and contributes significantly to our hospitality and retail sectors. Visitor spend in the Whakatāne CBD and Ōhope increased by 10 percent in June 2022 compared to the previous year (2020-21). This was the highest increase across the Bay of Plenty region.

Over the summer of 2021/22 the Port Ōhope 'Wharfside' was opened for the first time as a trial for tourism. It included businesses such as bike, scooter and stand-up paddle board hire and food trucks. Various music and entertainment events, a bar and food trucks have seen the venue continue to be a popular destination event in the winter months.

Council also supported a number of events throughout the District including the West End Wiggle, Matariki, Toi's Challenge (online edition), Flavours of Plenty Food Festival, Molly Morpeth Canaday Award, and Soaked In Adventure race, Kopiko cycle event and Youth Development Rugby.



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 Whakatāne Kawerau Spatial Plan. The Plan will set out where and how we can grow across the District to accommodate population and employment growth in a positive way while contributing to our social, economic, environmental, and cultural wellbeing. This Spatial Plan will be crucial in supporting the District as we are experiencing high demand for housing and economic growth, with an estimated 278 hectares and 3,600 new dwellings required between now and 2050.

This is a collaborative project between the Whakatāne District Council, Kawerau District Council, and Bay of Plenty Regional Council. As well as, partner agencies including Waka Kotahi NZ Transport Agency, Kāinga Ora and the Ministry of Housing and Urban Development. We have emphasised throughout this project a partnership-based approach, including with Iwi, hapū and whanau.

ENSURING COUNCIL IS ENABLED AND FIT FOR THE FUTURE

E whakapakari ana i te Kaunihera ki anamata

Responding to COVID-19

Throughout the financial year the impact of COVID-19 on our communities and the Council continued to be felt. Council introduced a COVID-19 Policy in December 2021 which included a requirement for all staff to be vaccinated against COVID-19, and for those wanting to access Council facilities to also be vaccinated. The principles underpinning the introduction of this Policy included the Council's obligations under the WorkSafe Health and Safety at Work Act to protect the health and wellbeing of staff, to minimise the disruption to levels of service for the community by reducing the risk of transmission and to align with Central Government's policy to avoid the health system becoming overloaded.

The Policy was amended in April 2022 to remove the mandated vaccination requirement in line with Central Government's relaxing of this approach.

Most Council staff that could work from home, did work from home at times when COVID-19 was at its peak throughout the year and Council meetings moved to online. This move was to ensure continuity of Council services by removing the risk of COVID-19 spreading rapidly through a high number of staff. This approach worked well, with cases and isolation impacts of between nine percent and eleven percent of total staff. Following high levels of community transmission throughout March and April, Council staff began transitioning back to the office in May 2022.

A Business Continuity Plan was implemented in February 2022 and included a move to team 'bubbles' at public facing facilities.

COVID-19 case numbers and transmission rates within our community also impacted our infrastructure works programme. Contractors continued to experience issues around staffing and material supply. The pandemic also affected the kiwifruit picking season and the shortage of overseas workers also impacted staff retention at both the Murupara pool and Whakatāne Aquatic Centre.



Investing in transport resources wisely

The Waka Kotahi NZ Transport Agency Technical Audit is undertaken every two to four years to ensure Council is compliant with its standards and guidelines for its road maintenance and improvement activities. The latest audit report highlighted the Whakatāne roading network as being well managed. It went on to mention it was in good condition and is delivering value for money. The overall performance was slightly above average compared to other provincial centres. This is a positive sign for Council as it signals the appropriate pavement and surfacing maintenance and renewal interventions are being done.

The Regional Efficiency Group (REG) Network Performance Report is undertaken annually and measures all councils against a range of network performance criteria. The 2021/22 financial year results are not yet published, however the 2020-21 results showed Council is comparing favourably within the region as well as at a national level.

There were two areas where Council scored low. These were in the areas of investment in shared-use path infrastructure, and crash rates. However, investment was increased in the current Long Term Plan to start addressing these areas.

The Road Efficiency Group Data Quality Report

is undertaken every three years and audits Council's road information databases (RAMM) for quality, accuracy and completeness. The Council received an overall score of 88, placing us in the top 30 percent of all 72 councils.

Our road condition data and numbers of crash data scored 100 percent, as there was no missing information. There are areas with improvement opportunities noted in data accuracy, and completeness of some records. Overall, Council continues to keep high quality up to date data on network conditions to enable good investment decisions to be made and for data to be comparable against other councils. Council continues to invest in the roading network to ensure the District is easy to live in, explore and connect.

Central Government reforms

Central Government has started a substantial programme of reforms that could potentially reshape the traditional roles and functions of local government. Throughout the 2021/22 financial year, Council has been working to understand and influence the reforms on behalf of the District and communities and to ensure smooth transition to new ways of working dependent on the reform outcomes. The reform programme includes:

Resource Management Act - the current Resource Management Act will be replaced by three new acts: Natural and Built Environment Act, Spatial Planning Act, and Climate Adaptation Act.

Future for Local Government Reform - 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 o Waitangi. Council has engaged thoroughly with the Future for Local Government Review, submitting its views at the end of June 2022. Our submission focused on ensuring strong relationships with Iwi, aligned central government funding that considers equity, clarity of roles, and a clear and certain constitutional relationship with Central Government. The draft report was released in October 2022 and Council will consider its feedback on the reports findings prior to its finalisation in middle of 2023.

Three Waters Reform - publicly owned water service entities will manage three waters supply (drinking water, wastewater, and stormwater). The Three Waters Reform creates some uncertainty for our Council. Our submission to Central Government on Three Waters Reform considered conversations with Iwi and the wider community, raising points about the timing of the Reforms, the governance model, the cost and service impacts, the effects on private water supplies and suppliers, and the lack of adequate consultation with Iwi and the community.

As part of the Three Waters Reform programme, Central Government provided stimulus funds of \$7 million to Council in 2020. This was used to accelerate important capital projects in addition to normal work programmes identified in Council's Long Term Plan. The funding was used across more than 16 individual projects and invested in improvements across our water, wastewater and stormwater networks including upgrades to our existing plant, installation of backflow preventors, and pipe maintenance.

We also sought to understand our network more fully by investing in CCTV equipment and conducting additional condition surveys of our wastewater networks. During the 2021/22 financial year Council completed this work on time, on budget, as well as delivering our planned work for the year (as identified in the Long Term Plan 2021-31).

Some key projects delivered include:

- Co-investment into an arsenic removal plant at Braemar water treatment plant;
- Back-up power generation for the Whakatāne water treatment plant;
- Boundary backflow prevention on the Rangitāiki Plains; and
- Purchase of Mobile CCTV equipment and condition assessment surveys.

Climate Change Reform - includes the Climate Change Response Amendment Act, introduces the Emissions Reduction Plan and National Adaptation Plan. Several national waste minimisation initiatives are in progress including the New Zealand Waste Strategy which aims to reduce emissions from waste and embed circular systems.

During the 2021/22 financial year, Council submitted on several waste related consultations within the Waste Minimisation Review. These included the New Zealand Waste Strategy, Compulsory Food Waste Collections and Standardised Kerbside Services, Waste and Litter Legislation, Transforming Recycling, Emission Reduction Plan, Tyres, E-Waste and Big Batteries Product Stewardship Schemes and Waste Data Reporting. The outcomes from most of these consultations are not yet finalised by Central Government but it does mean there are lots of changes coming in how Council and our communities will manage our waste in the future.

The suite of Central Government changes will affect Council's Waste Management and Minimisation Plan 2021-2027 (WMMP) which was adopted during the 2020-21 financial year. When the WMMP was developed, we anticipated some of the proposed changes and included them, however we did not anticipate the number of proposed changes to happen in such a short space of time. The impact will be huge and will place a high demand on Council's resources.

Council Building Redevelopment

The upgrade of the main Council office began at the end of 2021, with staff relocated to four office spaces throughout the Whakatāne town centre. By the end of the 2021/22 financial year, much of the demolition work was complete and contractors have now started on the earthquake strengthening aspect of the rebuild. The redevelopment will provide core health, safety and security upgrades, improve the environmental sustainability of the building, and provide flexible and multi-functional use of space, with increased meeting rooms and collaborative workspaces. Council Chambers and public meeting rooms will be moved from upstairs to the ground floor to make it easier for the public to access Council meetings and make modern meeting spaces available for the community to use.

Council is supporting local businesses and employment by embracing a 'buy local' approach. Around 70 percent of the value of contracts will be kept within the Whakatāne District. To also support our commitment to climate change, a range of different components have been considered to improve the environmental sustainability of the main Council building.



Adopting Annual Plan for 2022-23

In June 2022 we adopted a new Annual Plan for the 2022-23 financial year which updates and implements year two of the 2021-31 Long Term Plan.

The new Annual Plan has no significant variances to the Long Term Plan priorities and deliverables. However, the Annual Plan does aim to address emerging 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 2022-23 year.

The Annual Plan maintains the current 6.93 percent annual rates increase committed to in the first three years of the Long Term Plan. It also funds budget increases through a combination of adjustments to our Fees and Charges Schedule, general reserves from Council underspends, and drawing on some of Central Government's Better off Funding.



THRIVING CIRCULAR ECONOMIES

ENHANCING THE ENVIRONMENTAL OUTCOMES OF OUR ACTIVITIES

*E whakanui ana i ngā putanga pai mō te taiao
i ā mātau mahi*

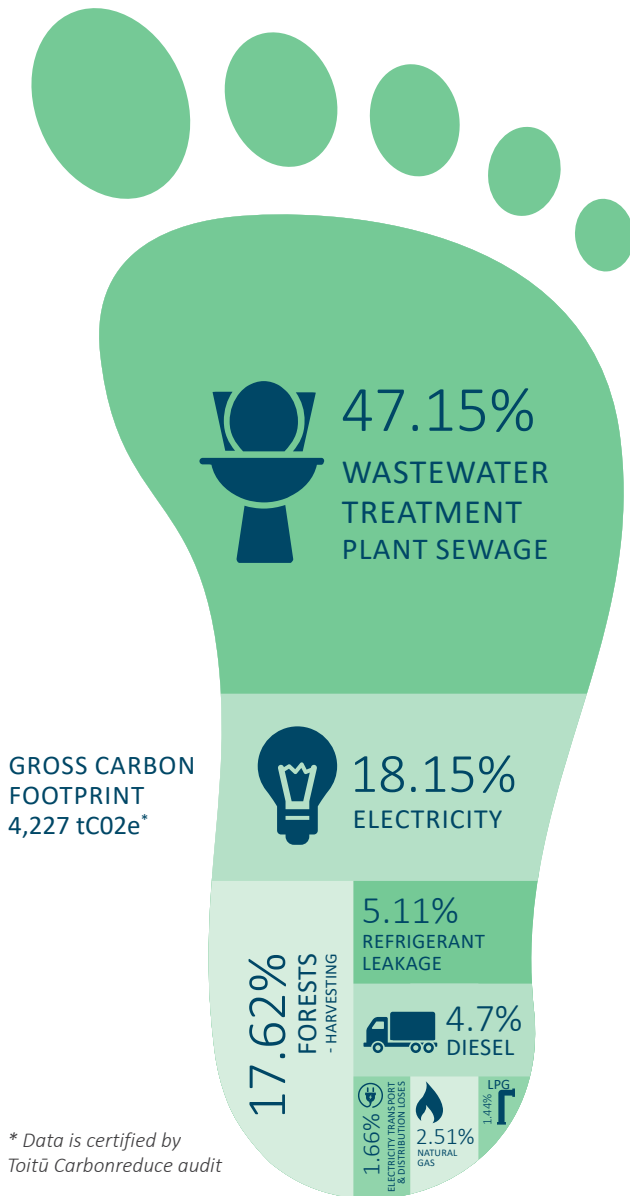
Reducing our energy use

Since 2019, our energy management programme has delivered continuous emissions reduction and cost savings. This programme is run in collaboration with the Energy Efficiency and Conservation Authority (EECA) and with the support of Council's energy management contractor Emsol.

In the last financial year, we have continued the installation of heat pumps, replacing natural gas boilers, transitioning to LED lighting, optimising our heating, ventilation and air conditioning systems, investing in an energy monitoring system and carrying out water pump station upgrades.

An updated energy audit undertaken late in the 2021/22 year, has shown that from 2018 to 2021, energy cost have decreased by \$260,808 per year (electricity and natural gas). Electricity use has increased by 124,198 kWh and natural gas has reduced by 554,305 kWh per year. Carbon emissions from electricity and natural gas have also decreased by 263,114 kg CO₂e per year.

Whakatāne District Council emissions profile for 2021/22*



Carbon footprint

Over the 2021/22 financial year, Council’s carbon footprint was 4,227.09 tonnes of carbon dioxide equivalent (tCO₂e). This is a 26 percent increase on the producing activity measured over the 2020-21 financial year, at 3,357.46 tCO₂e.

Our carbon footprint has increased this year because of two large emitters added on to the ‘inventory’ that we measure. We added a one-off forestry harvesting event which was planted prior to Council adopting a Climate Change Strategy and was intended for harvest at approximately 27 years of age (2021). We have also included refrigerants leakage.

Refrigerators, freezers and air conditioning units all contain refrigerants and sometimes a leakage can happen particularly as the unit’s age.

Refrigerants are used in refrigerators and air conditioning units and they are made up of are made up of chlorofluorocarbons and hydrofluorocarbons which are potent greenhouse gases. When a leakage occurs, these are released into the atmosphere and contribute to warming. Council owns two large chillers, one being 140 kWh and the other being 325 kWh. These chillers are older units and refrigerant leaked in one due to a fractured joint in the heat exchange, and the other because of a non-return valve having failed.

This is the first time that Council has recorded refrigerant leakage since participating in the Carbonreduce programme. We are working to discover how much refrigerant has leaked in previous years and update the carbon emission reports. Council is continuously working to improve our data collection and scope of activities being recorded to ensure we are accurately measuring and can take steps of improvement in the right areas.

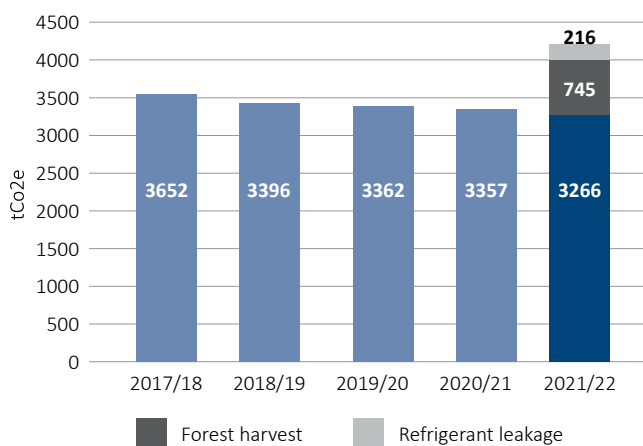
Key highlights regarding our carbon footprint this year include:

- Without the addition of the two additional emitting activities added to the audit this year, the Council’s carbon footprint resulting largely from a change in energy use has reduced by almost 11 percent since 2017-18 (excluding biogenic methane and nitrous oxide).
- The wastewater treatment plant accounted for 1993.50 tCO₂e (~47 percent) of our emissions. This is an increase of seven percent over 2020-21. A key driver of the increase is an increase in the total volume of treated wastewater discharged, which increased the load of nitrogen discharged, resulting in higher NO₃ emissions.
- Air travel has bounced back from lows in 2019-20 and 2020-21, largely due to the return of face-to-face meetings and conferences around the country.
- The amount of petrol and diesel decreased from past reporting years, and there has been a 47 percent reduction in transport generated emissions since the 2017-18. This could be attributed to the transition to electric vehicles, and the lockdown and work from home periods over the last year.

- LPG use increased over the last year. LPG is used at the Crematorium and the Whakatāne Holiday Park. The Whakatāne Holiday Park accounts for only 2.6 percent of total electricity used by Council, however it accounts for over 8 percent of annual carbon emissions. Its energy related carbon emissions are 81,000 kgCO₂e/year, making it the third largest emitter of all of Council’s facilities. This is due to the higher emissions associated with LPG use compared to electricity. The Council has initiated a feasibility study that will include a detailed business case for replacing LPG califonts with a low carbon alternative. However, the main driver of an increase in LPG use is an increased use of the Crematorium.



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.

The graph above highlights the increase in our carbon footprint for the 2021/22 year. This is due to adding additional, relatively large emitters to our inventory. The unexpected forestry harvesting event of 1.1 ha added 745 tCO₂e and the refrigerant leakage of 180.93 tCO₂. These two events were the second and third largest emitted events.

Without the addition of the two additional emitting activities added to the audit this year, Council’s carbon footprint has reduced by almost 11 percent since 2017-18 – resulting largely from a change in energy use.

As a Council we will continue to improve our data collection and how we can measure our emitting activity better. However, as we continue to add CO₂ emitters to our inventory, we can expect to see our footprint fluctuate over the coming years. Following the last audit, Toitū carbonreduce® recommended we include the carbon dioxide which is used to manage PH levels at our swimming pools on our inventory. The result of this will mean an increase in our carbon footprint.

Waste Management and Minimisation Plan (WMMP)

The Council’s WMMP has 27 specific actions which we have started working on. There have also been several other waste minimisation initiatives in the past year that contributed to minimising our waste. We aim not only to divert as much waste as possible from landfill but also to treat waste as a resource and recycle, re-use and reprocess as much as possible, while providing education to help our communities play their part. During the 2021/22 financial year we:

- Composted 20 percent of all our waste.
- Crushed and re-used 1,357 tonnes of concrete waste on resurfacing Council access tracks.
- Had 29 schools signed up to our waste education service and provided them with free recycling collections.
- Provided re-useable nappies to early education centres.
- Ran Love Food, Hate Waste campaigns to help educate people to reduce food waste.
- Supplied advice and free bins to several community events.
- Provided free worm farms and compost bins to schools along with tours of our waste facilities.

We set a target to stay below 70 percent of the national average of waste sent to landfill per person each year. This year, we achieved this target and were 53.24 percent of the national average.



INTERGRATING NATURE INTO OUR DECISION MAKING

BUILDING CLIMATE CHANGE AND NATURAL HAZARD RESILIENCE

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

Implementation of the Climate Change Strategy and Action Plans

A clear vision and targets were set in September 2020 when our Climate Change Strategy and Action Plans were adopted. Council is delivering on the purpose of the Strategy – to align, co-ordinate and integrate work underway and raise awareness of the importance of climate change action- with changes and projects underway.

Our six-monthly reports continue to show progress towards achieving the ambitious targets and actions in the Climate Change Strategy and Actions Plans. This covers leadership, transportation, energy management, waste and circular economies, water services and land use and the built environment. By the end of the 2021/22 financial year, we have either delivered or partially delivered over three quarters of the short-term milestones for our actions (intended to be delivered by or in 2022).

Preparing our District for an emergency

Our emergency management function has continued to contribute to building community resilience. Council has undertaken crucial work to raise community awareness of natural hazards across 17 communities and assist these communities to prepare Community Response Plans. In partnership with Police, we have improved the functioning of the Emergency Services Coordinating Committee, taking over administrative support for the Committee.

The Emergency Operations Centre (EOC) monitored and responded to two events throughout the 2021/22 financial year. On 23 March 2022, heavy rain led to surface flooding across the District, and on 11 April 2022, ex-tropical Cyclone Fifi was predicted to travel through the Bay of Plenty, so a core EOC team closely monitored the forecasted rain, wind, waves, and coastal inundation. We also continued to support regional delivery of emergency management services across the Bay of Plenty by working with Emergency Management Bay of Plenty and participating in the Coordinating Executive Group and the Joint Committee.



Awatarariki debris flow risk management

The Awatarariki Managed Retreat Programme mitigated the risk to life and property from any future debris flow events from the Awatarariki Stream catchment, and disaster resilience factors for the Matatā community.

In May 2005, extremely heavy rainfall in the steep catchments behind Matatā caused a number of debris flows, which devastated much of the coastal township. This event cut major transport links, destroyed 27 homes, damaged 87 other properties, and caused \$20 million in damages.

After several years, the Programme was completed and successfully eliminated the risk to people occupying properties within the high-risk area. Following purchase of the properties the sites were cleared of buildings, driveways and were levelled and grassed. Hazard warning signs were subsequently erected.

Given the scale of the Programme, and the significant interest from Central Government, a project debrief workshop was also held. Department of Internal Affairs and Ministry for the Environment officials attended the workshop to pick up on the lessons learned to help inform policy development around the proposed Climate Adaptation Act due in 2023.





CONSTRUCTIVELY AND COLLABORATIVELY ENGAGING WITH IWI, HAPŪ AND WHĀNAU

STRENGTHENING IWI, HAPŪ AND WHĀNAU PARTNERSHIPS

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

Introduction of Māori wards into the 2022 Local Body Elections

In May 2021, Council voted unanimously to introduce Māori wards for the next two local election cycles. 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.

Early in the 2021/22 year because of this decision, a review was completed in order to assess the appropriate Council structure that would include Māori wards. The Council structure adopted includes three general wards (Rangitāiki, Whakatāne-Ōhope and Te Urewera), and three Māori wards (Rangitāiki, Kāpū Te Rangī, 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. Our Community Boards are Murupara, Rangitāiki, Tāneatua and Whakatāne-Ōhope. The Local Government elections this year (2022) was the first election to implement this new structure.

Māori Responsiveness Framework and Cultural Competency Framework

Since Council's appointment of a Kaihautu Māori (Leader) in April 2021, the 2021/22 year can be characterised as one which continues to build on and nurture relationships with Iwi, hapū and whanau. Kaihautu Māori and staff have worked with Iwi and staff to develop Te Toi Waka Whareī – our Māori Relationship Framework, which Council approved in June 2022. This Framework pulls together the rationale, and internal changes required by Council in order to deliver on our relationship and legislative responsibilities with Iwi, hapū and whanāu. One output of the Framework is a Relationship Work Plan that will assist Council staff on the 'when and how' to engage with Māori effectively. This will strengthen our leadership, empower our organisation, promote Māori identity, and improve decision making, performance and accountability.

Council has also developed a programme of work to raise internal capability to partner with Iwi and hapu and have invested in the development and implementation of Te kahupapa- Cultural Competency Framework. This framework provides for structured training designed to raise the competency of staff including a greater understanding of Te Ao Māori – the Māori world view. There has been a variety of learning initiatives happening over the 2021/22 year, including weekly waiata practice, the commencement of our noho marae programme (staying on marae to learn in an immersion environment) and Engagement workshops.

Continuing to partner on key topics, projects, and services

Council has continued to seek to work in partnership with Iwi, hapu and whanāu on a number of topics, projects and programmes. Key projects include the Te Rāhui Herenga Waka (the Boat Harbour partnership between the Te Rāhui Lands Trust, the Crown, Ngāti Awa Group Holdings Limited and Council), the Matatā Wastewater Project and the Tarawera Awa Restoration project.

Throughout the 2021/22 financial year, Council participated in several forums regularly to advance outcomes important to Iwi, hapū and whanau. This included the Iwi Chairs Forum, Rangitāiki River Forum and Ōhiwa Harbour Implementation Forum.



Pouwhenua hou ki Kāpū Te Rangi unveiled

A new pouwhenua now guards Kāpū Te Rangi pā, an ancient pā site above Whakatāne. Working in partnership with Ngāti Awa, Council assisted with co-ordinating the replacement of the deteriorated Pou, Toi-te-huatahi after standing watch over Whakatāne for the past 22 years.

With oversight from Heritage New Zealand, Council worked in partnership with Ngāti Awa to have the new carving transported from the East Coast. The installation included a special unveiling ceremony overseen by a gathering of the Mataatua Chairs, the Kāhui Kaumatua led by Tā Hirini Moko Mead, Dr Te Kei Merito, Dr Pouroto Ngāropo and Joe Harawira, Tumuaki/Chairman of Te Runanga o Ngāti Awa, Mayor of Whakatāne Judy Turner, Councillors, Council staff and Ngāti Awa uri.

The new pouwhenua was carved by Master Carver Kereama Hohua and is etched from kauri, stands 6.2 metres tall and depicts Toitehuatahi (Toi), the principle ancestor of many North Island tribes, including Ngāti Awa. The pou has taken more than two years to complete with original pouwhenua being preserved, restored, and put on display by Ngāti Awa.



OTHER THINGS WE DO

*He aha atu anō
ā mātau mahi*

Providing core activities and services for our communities every day

*E whakarato ana mātau i ngā
ngohe me ngā ratonga matua
i whakamahia e ngā hapori
ia rā*

Council plays an important role in improving the social, economic, environmental, and cultural wellbeing of 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.

Snapshot of some of the activities and services we provided in the past year (2021/22)

Ētahi o ngā ngohe me ngā ratonga kua tutuki pai i a mātau i tēnei tau (2021/22)

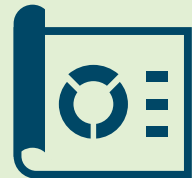


July 2021

Two new exhibitions for Te Kōputu a te Whanga a Toi - Ngā Mata o te Ariki Tāwhirimātea and Came From Te Kore- brought Matariki alive.

August 2021

The 2021-31 Long Term Plan was adopted!



September 2021

We secured a massive funding boost from central government for transport projects.

November 2021



New interactive energy management platform launched.

McAlister Street Watermain Project was completed.



Council was awarded the inaugural Trust Horizon Sustainability Award.



New hoops bring basketball to Ōhope Hall.

December 2021

Kōhī Point Lookout Road got some safety improvements.



Council launched the 'Wharfside' precinct for summers fun and food.

January 2022

The District geared up and welcomed a stream of pedal-powered athletes for Coast-to-Coast.



February 2022



Whakatāne came out on top at the national Keep New Zealand Beautiful Awards!

Pouwhenua hou ki Kāpū Te Rangī was unveiled.



March 2022



The Whakatāne Skate Park got a splash of colour and a new lease of life.

Snapshot of some of the activities and services we provided in the past year (2021/22) continued

Ētahi o ngā ngohe me ngā ratonga kua tutuki pai i a mātau i tēnei tau (2021/22)

April 2022



Whakatāne Libraries and Galleries welcomed three new exhibitions- Te Maramataka: Ko Wai Koe?, I followed you into the sea and Whiria te hauora: Ngāti Rangitahi Koeke.

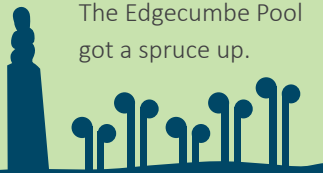


Free training was offered for school pool operators.



The Edgecumbe Pool got a spruce up.

The upgrade of our fave walking track Ngā Tapuwae o Toi between Ōtarawairere Bay and Kāpū Te Rangi was completed.



633m of footpaths were renewed.

674 building consents were issued/renewed.



May 2022

Te Kōputu a te Whanga a Toi- Whakatāne Library and Exhibition Centre turned 10!



The new Gambling Venues Policy was adopted.

June 2022

From July 2021 – June 2022 our Customer Services team took:

A total of 39,110 phone calls

A total of 11,611 service requests

And...dealt with 19,465 emails!



136,324

admissions to the Whakatāne and Murupara Aquatic Centres.



26,464 tonnes

of Council-controlled waste was sent to landfill.



41%

of Council-controlled waste was recycled, re-used or reprocessed



24,985

Whakatāne Holiday Park stays.



\$200,000

secured from The Lion Foundation for 'community good' projects.



OVERVIEW OF FINANCIAL AND NON-FINANCIAL PERFORMANCE

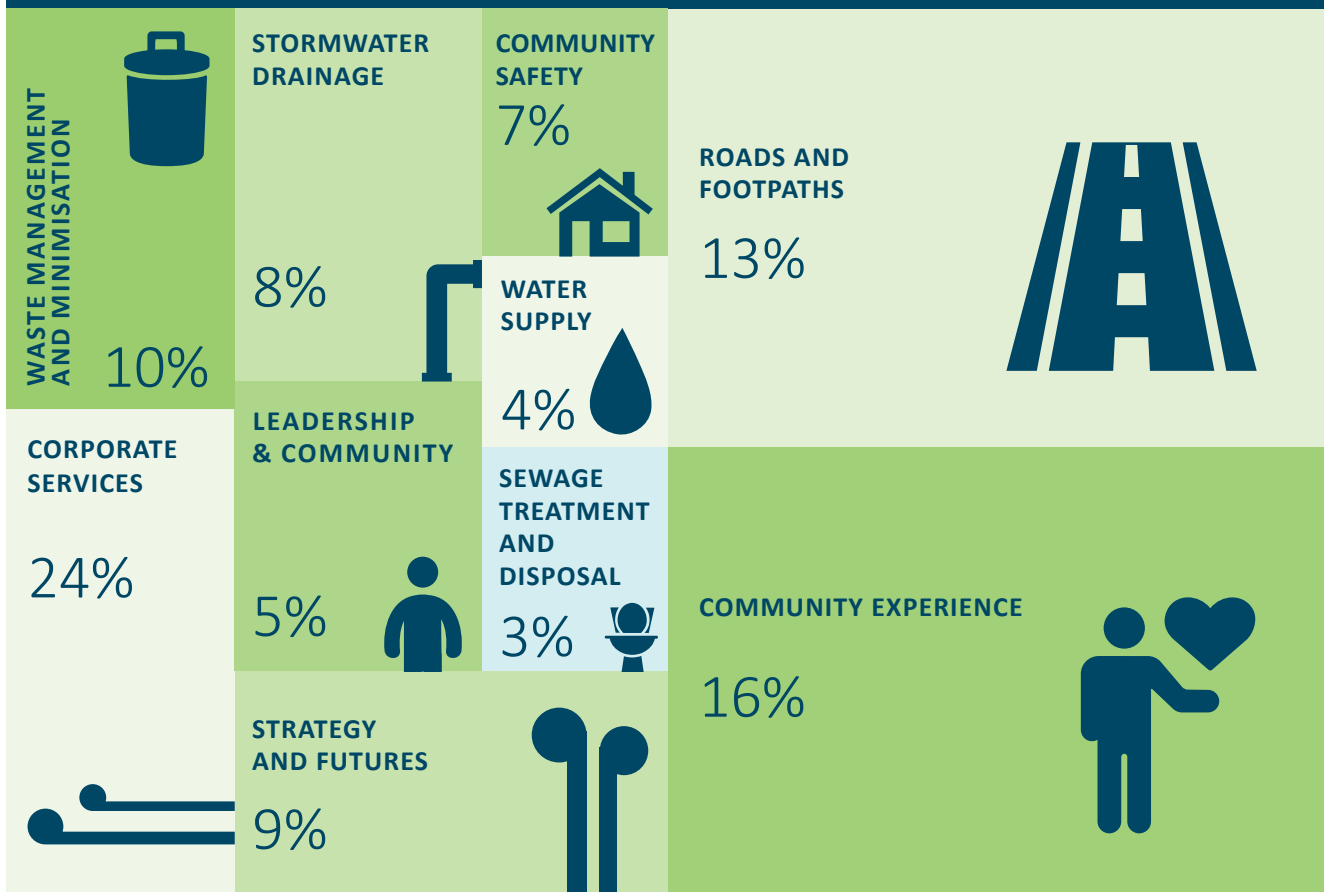
Te tirohanga whānui o ngā hua ahumoni me ngā mahi kē

Operating spend against budgets

Te whakapaunga o te pūtea whakahaere i ngā tahua

We spent \$61 million on operating activities, services and facilities for our communities.

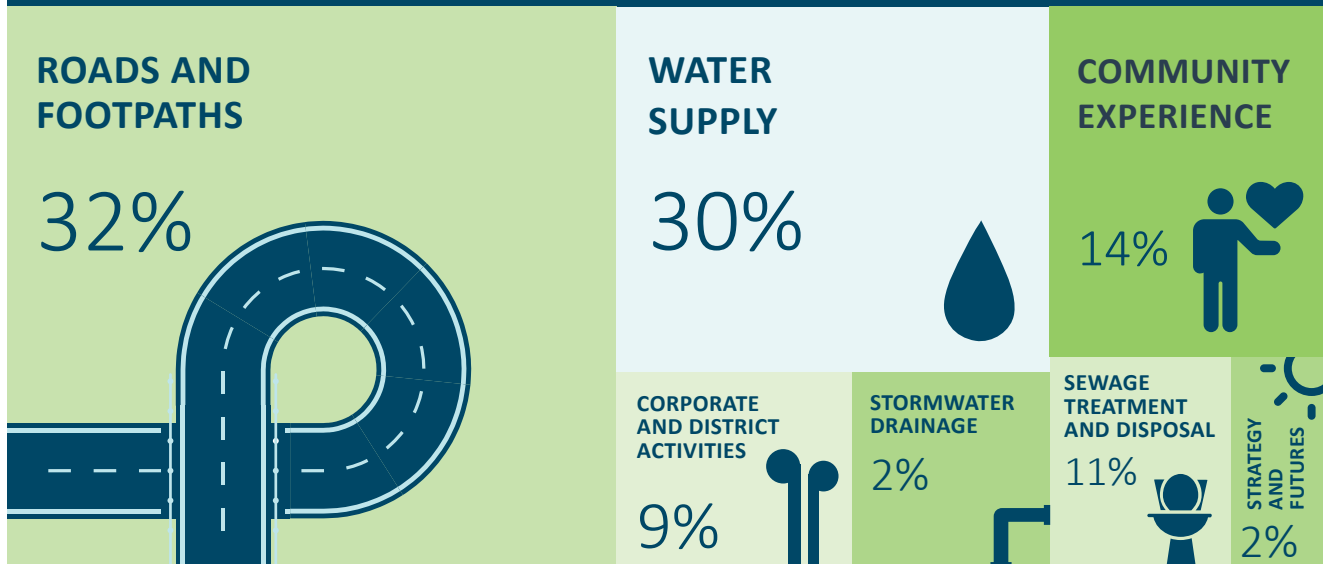
The following graph provides a breakdown of what we spent this money on. This is our operating expenditure and funds the day-to-day running costs of activities, services and facilities.



*Note these percentages align with our Whole of Council Funding Impact Statement and represent cash expenses only.

We spent \$28 million delivering on new or improved assets for our communities.

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



We finished the financial year with an operating surplus

He pūtea whakahaere e toe ana i te mutunga o te tau ahumoni

An operating surplus or deficit is an indication of whether the right amount was budgeted for operational expenditure in the financial year. We finished the 2021/22 financial year with an operating surplus of \$5.6 million versus a budgeted surplus of \$11.4 million.

Contributing to this outcome, our revenue was \$1 million (1%) more than budget. The main reasons were subsidy revenue and gains more than budget. Gains were \$7 million more than budget, predominantly relating to an increased valuation for investment property and a gain on derivatives owing to current low interest rates. Subsidy revenue was \$4.8 million less than budget due to some delay in grants..

Expenditure as around \$6.7 million (8.6%) higher than budget. The key reasons for this variance were higher depreciation due to valuations and increased cost in landfills.

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

OVERVIEW OF OUR NON-FINANCIAL PERFORMANCE

Te tirohanga whānui o ā mātau mahi

How we performed against our targets for the year

I pēhea 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).

Monitoring our non-financial performance allows us to see how we are tracking against levels of service we have 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 first 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. In next Annual Report, we will report on the Annual Plan 2022-23.

We have selected a range of measures that 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 of some of our services.

Several of our measures relate to our 2021/22 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. You can view the Council's Annual Residents Survey [here](#).

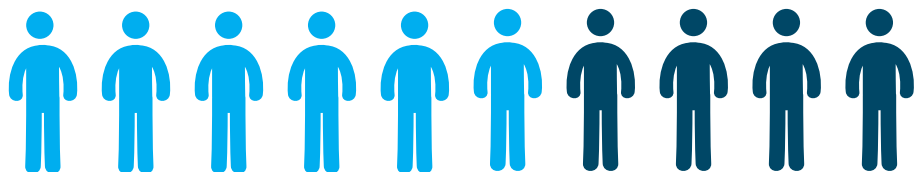
Overall, in 2021/22, 61 percent of residents were satisfied with services received from the Whakatāne District Council compared with 62 percent for the whole of New Zealand.

This year:

- **We achieved 77% (53 out of 69) of our performance targets.**
- **We achieved 80% (53 out of 66) of our targets for the measures that we were able to report against.**
- **We did not achieve 19% (13 out of 69) of our performance targets.**

61%

Satisfaction with services received from Whakatāne District Council



OUR ACTIVITIES AND SERVICES

Ā mātau ngohe
me ngā ratonga



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.



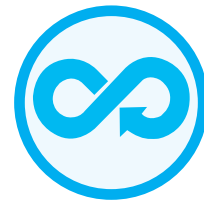
CONSTRUCTIVELY AND COLLABORATIVELY ENGAGING WITH WHĀNAU, HAPŪ AND IWI



STRONG, CONNECTED, INTERDEPENDENT, DIVERSE COMMUNITIES



INTERGRATING NATURE INTO OUR DECISION MAKING



THRIVING CIRCULAR COMMUNITIES

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 and actual costs during the 2021/22 year. It also describes how the activities were funded and includes information about our internal borrowing movements for the activities in 2021/22. An explanation of the categories used in these statements can be found on the next page.

Explanation of categories in the funding impact statements

He whakamāramatanga o ngā whakapuakanga pūtea

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.

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.

Capital

Sources of capital funding

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

Applications of capital funding

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

Funding impact statement 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 2022	ANNUAL PLAN 2020/21 \$000	ANNUAL REPORT 2020/21 \$000	LONG TERM PLAN 2021/22 \$000	ACTUAL 2021/22 \$000
OPERATIONAL				
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	25,285	25,421	25,426	25,515
Targeted rates	23,419	23,601	26,599	26,566
Subsidies and grants for operating purposes	13,731	13,884	8,368	7,763
Fees and charges	9,925	9,767	11,373	9,689
Interest and dividends from investments	45	79	45	31
Local authorities fuel tax, fines, infringement fees, and other	2,145	2,985	2,380	2,857
Total sources of operating funding (A)	74,549	75,738	74,191	72,420
Applications of operating funding				
Payments to staff and suppliers	61,907	62,412	55,675	57,633
Finance costs	2,599	2,319	1,847	2,418
Other operating funding applications	1,114	1,141	1,525	1,046
Total applications of operating funding (B)	65,620	65,872	59,047	61,097
Surplus (deficit) of operating funding (A-B)	8,930	9,866	15,144	11,324
CAPITAL				
Sources of capital funding				
Subsidies and grants for capital expenditure	14,610	20,010	14,745	10,444
Development and financial contributions	127	278	384	226
Increase (decrease) in debt	17,617	5,000	1,014	9,000
Gross proceeds from sale of assets	-	295	2,025	526
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	32,354	25,583	18,167	20,196
Applications of capital funding				
Capital expenditure				
- to meet additional demand	14,289	9,916	12,039	2,998
- to improve level of service	11,775	13,530	12,107	13,163
- to replace existing assets	18,226	16,304	11,557	12,010
Increase (decrease) in reserves	(8,007)	(4,301)	(2,392)	3,349
Increase (decrease) of investments	5,000	-	-	-
Total Applications of capital funding (D)	41,283	35,449	33,311	31,520
Surplus (deficit) of capital funding (C-D)	(8,930)	(9,866)	(15,144)	(11,324)
Funding Balance ((A-B) + (C-D))	-	-	-	-



LEADERSHIP AND COMMUNITY

Hautūtanga me ngā 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 whānau. 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 partnerships
- Community engagement
- Community development

\$0 capital expenditure

**\$3.32 million
operating expenditure**

2/4 performance measures met

What these activities cost and how they were paid for

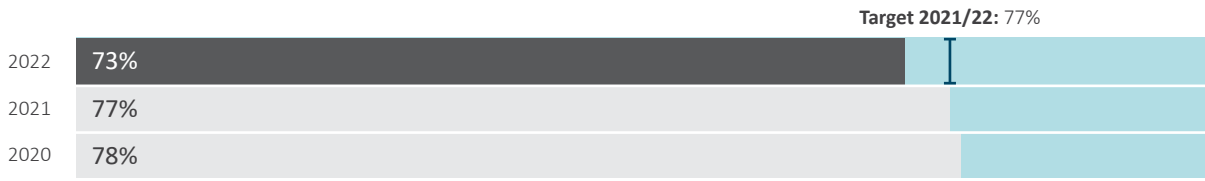
Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: LEADERSHIP WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2022	LTP 2020/21 \$000	LTP 2021/22 \$000	ACTUAL 2021/22 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,203	3,150	2,994
Targeted rates	344	369	366
Subsidies and grants for operating purposes	-	30	78
Fees and charges	-	-	-
Internal charges and overheads recovered	1,051	1,446	1,294
Local authorities fuel tax, fines, infringement fees, and other receipts	2	3	158
Sources of operating funding (A)	3,600	4,998	4,890
Applications of operating funding			
Payments to staff and suppliers	2,688	3,554	3,316
Finance costs	3	2	2
Internal charges and overheads applied	844	1,364	1,401
Other operating funding applications	-	-	-
Applications of operating funding (B)	3,535	4,919	4,719
Surplus (deficit) of operating funding (A-B)	65	79	171
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	60	73	165
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	60	73	165
Surplus (deficit) of capital funding (C-D)	(65)	(79)	(171)
Funding balance ((A-B) + (C-D))	-	-	-

How we performed *Tā mātau mahi*

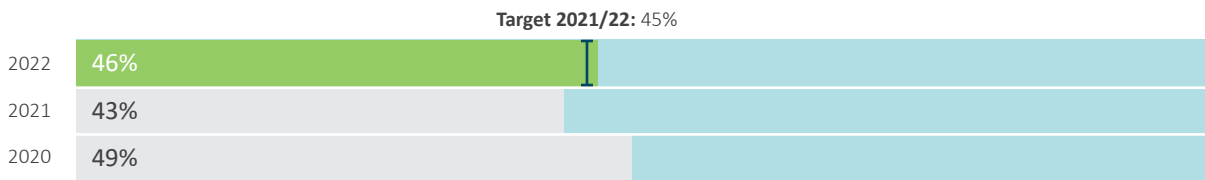
Performance measures (how we will measure our service delivery)

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



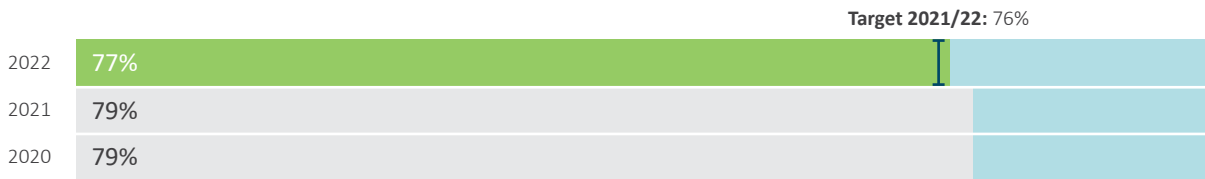
Note: This measure is derived from the bounce rate provided by Google Analytics which is the reporting software that we use. Bounce rate is a metric that measures the percentage of people that visit our website but do not engage with a tracked event (e.g. navigate to another page). Google analytics has released a new software version due to privacy changes that meant that we could no longer see further website use after it first being visited which has impacted our 2021/22 results. Due to this, we cannot compare the result against the target.

Overall satisfaction with performance in communicating with residents and ratepayers



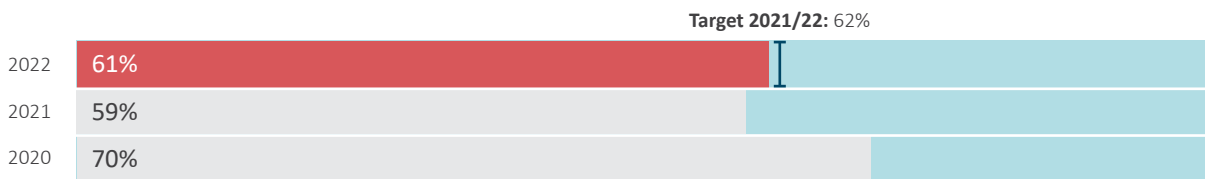
Note: Margin of error is 4%.

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%. Target was not met this year. However, results are within the margin of error.

LEGEND Not comparable against target Achieved Not achieved Target value indication

Strategy and Futures

Council controlled organisation- TOI-EDA

Transport Connections

Water Supply

Sewage and Treatment Disposal

Stormwater Drainage

Waste Management and Minimisation

Community Experience

Community Safety

Corporate Services



STRATEGY AND FUTURES

Ngā Rautaki me te tiro whakamua

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

\$0.56 million capital expenditure

\$5.75 million operating expenditure

4/6 performance measures met

What these activities cost and how they were paid for

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

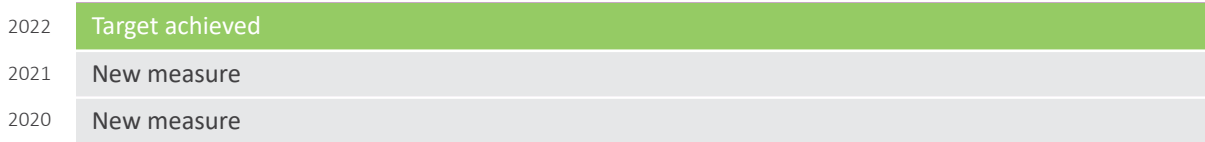
FUNDING IMPACT STATEMENT: STRATEGY AND FUTURES WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2022	LTP 2020/21 \$000	LTP 2021/22 \$000	ACTUAL 2021/22 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,836	4,851	4,610
Targeted rates	786	972	984
Subsidies and grants for operating purposes	21	920	783
Fees and charges	2,522	2,384	2,529
Internal charges and overheads recovered	145	255	105
Local authorities fuel tax, fines, infringement fees, and other receipts	30	29	266
Sources of operating funding (A)	7,340	9,410	9,277
Applications of operating funding			
Payments to staff and suppliers	3,129	6,064	5,502
Finance costs	82	248	252
Internal charges and overheads applied	1,650	2,047	1,868
Other operating funding applications	-	-	-
Applications of operating funding (B)	4,861	8,360	7,622
Surplus (deficit) of operating funding (A-B)	2,479	1,051	1,655
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(335)	(1)	786
Gross proceeds from sale of assets	-	2,025	526
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	(335)	2,024	1,312
Applications of capital funding			
Capital expenditure			
- to meet additional demand	84	24	
- to improve level of service	-	-	505
- to replace existing assets	73	301	53
Increase (decrease) in reserves	1,987	2,750	2,408
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	2,144	3,075	2,966
Surplus (deficit) of capital funding (C-D)	(2,479)	(1,051)	(1,655)
Funding balance ((A-B) + (C-D))	-	-	-

How we performed *Tā mātau mahi*

Performance measures (how we will measure our service delivery)

Preparation of the Future Development Programme

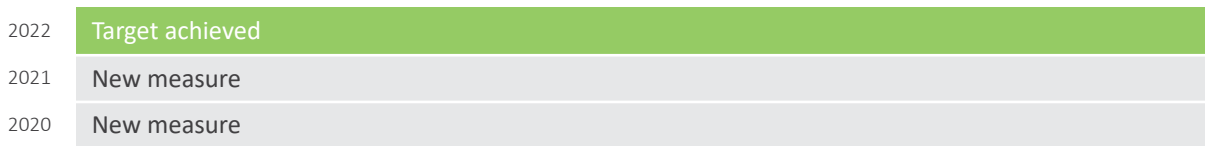
Target 2021/22: Collaborate with other organisations to develop an Eastern Bay Spatial Plan, while also progressing a District-wide Future Development Strategy



Note: This is a new measure for the Long-Term Plan 2021-31. Therefore, we do not have results from previous years to compare our targets to.

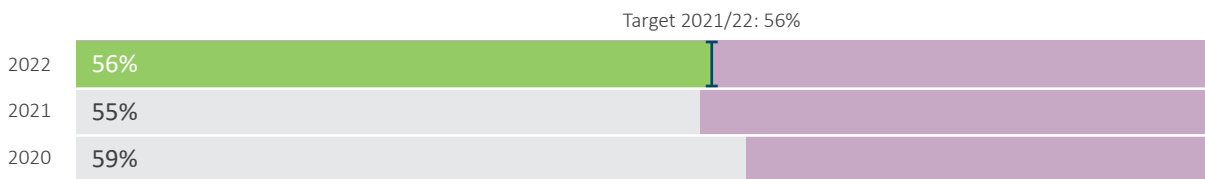
Progress made to develop District Plan changes

Target 2021/22: Develop plan changes to ensure District Plan remains responsive to local issues and is consistent with the requirements of the broader planning framework

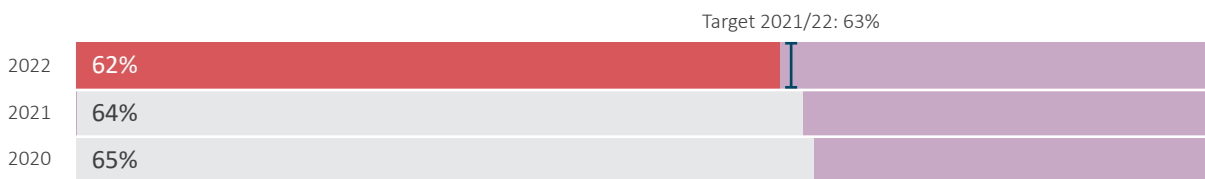


Note: This is a new measure for the Long-Term Plan 2021-31. Therefore, we do not have results from previous years to compare our targets to.

Satisfaction with efforts to attract and expand business

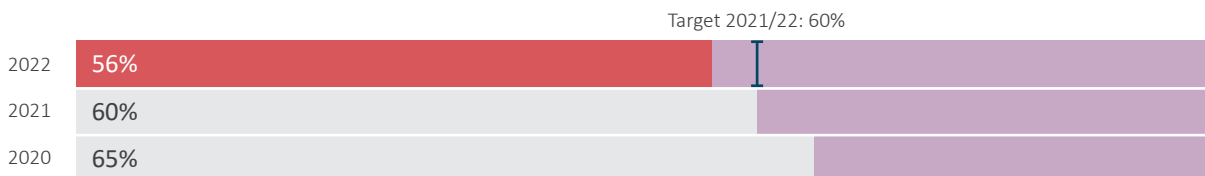


Satisfaction with efforts to promote tourism



Note: Margin of error 4%. Target was not met this year. However, results are within the margin of error.

Satisfaction with efforts to enable and promote events



Note: Margin of error 5%. Target was not met this year. However, results are within the margin of error.

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



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 and 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 puāwai

(To create, grow and blossom the myriads of Toi).

How we performed

Tā 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 2021/22: At least three initiatives underway each year

2022	Target achieved
2021	New measure
2020	New measure



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

\$8.96 million capital expenditure

**\$8.18 million
operating expenditure**

5/6 performance measures met

What these activities cost and how they were paid for

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

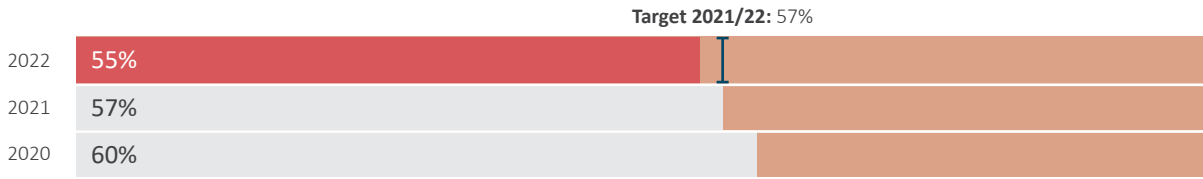
FUNDING IMPACT STATEMENT: TRANSPORT CONNECTIONS	LTP 2020/21 \$000	LTP 2021/22 \$000	ACTUAL 2021/22 \$000
WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2022			
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(26)	(31)	(29)*
Targeted rates	6,550	5,985	5,988
Subsidies and grants for operating purposes	3,858	4,526	5,102
Fees and charges	29	34	125
Internal charges and overheads recovered	1,552	2,088	1,978
Local authorities fuel tax, fines, infringement fees, and other receipts	631	841	847
Sources of operating funding (A)	12,594	13,442	14,012
Applications of operating funding			
Payments to staff and suppliers	6,212	7,116	7,790
Finance costs	471	378	388
Internal charges and overheads applied	2,486	3,142	3,102
Other operating funding applications	-	-	-
Applications of operating funding (B)	9,168	10,636	11,279
Surplus (deficit) of operating funding (A-B)	3,426	2,806	2,733
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	9,752	6,495	6,164
Development and financial contributions	14	90	53
Increase (decrease) in debt	622	1,571	744
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	10,388	8,157	6,961
Applications of capital funding			
Capital expenditure			
- to meet additional demand	2,679	956	785
- to improve level of service	4,543	4,029	3,063
- to replace existing assets	5,987	5,584	5,110
Increase (decrease) in reserves	605	394	735
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	13,814	10,963	9,693
Surplus (deficit) of capital funding (C-D)	(3,426)	(2,806)	(2,733)
Funding balance ((A-B) + (C-D))	-	-	-

* The negative figure is a result of revenue collected within this activity and recognising that it is effectively subsidising general rates collected.

How we performed *Tā mātau mahi*

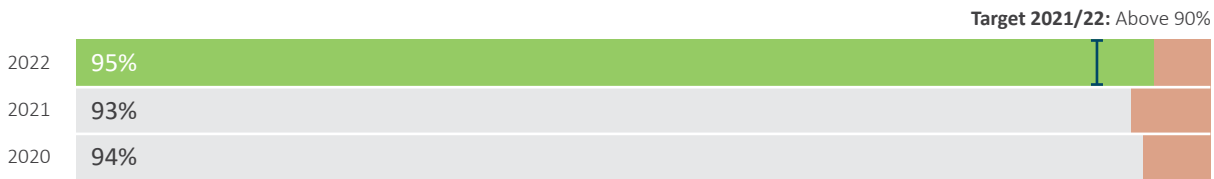
Performance measures (how we will measure our service delivery)

Satisfaction with Council roads

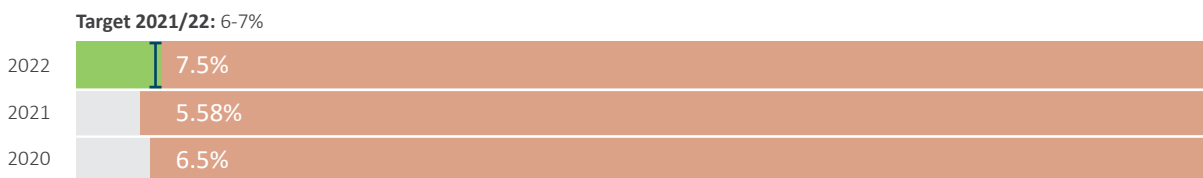


Note: Margin of error 4%. Target was not met this year. However, results are within the margin of error.

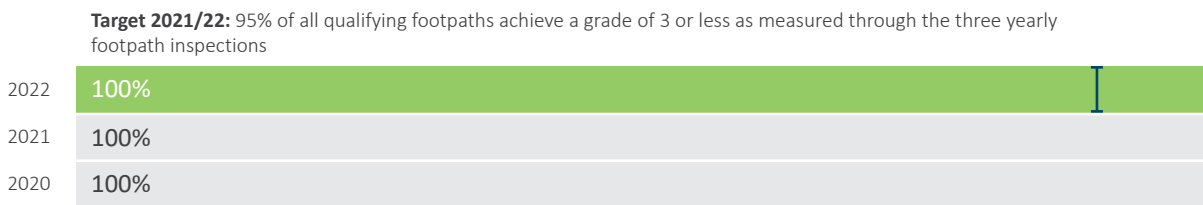
The average quality of ride on a sealed local road network, measured by smooth travel exposure (M)



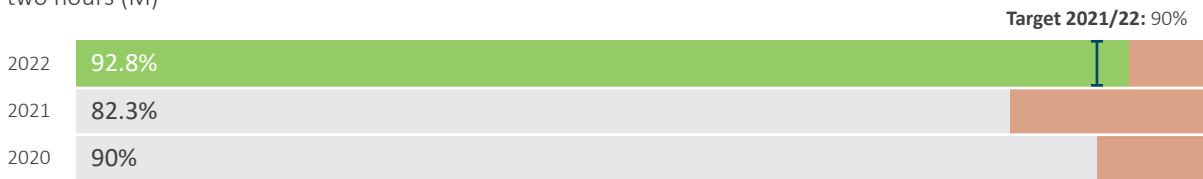
Percentage of sealed local road network that is resurfaced (M)



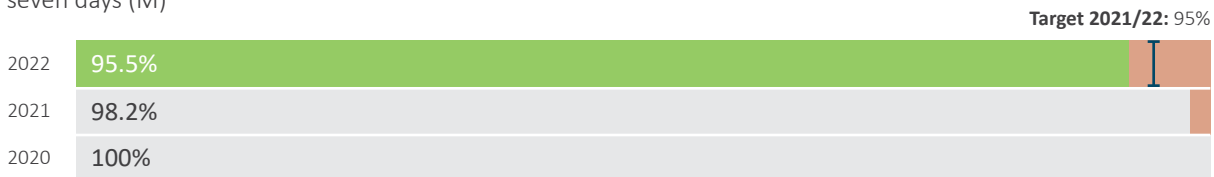
Percentage of qualifying footpaths within the District that fall within the level of service or service standard for the condition of footpaths set out in the Activity Management Plan (M)



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 / Exceeded ● 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



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

\$8.35 million capital expenditure

**\$2.64 million
operating expenditure**

7/12 performance measures met

What these activities cost and how they were paid for

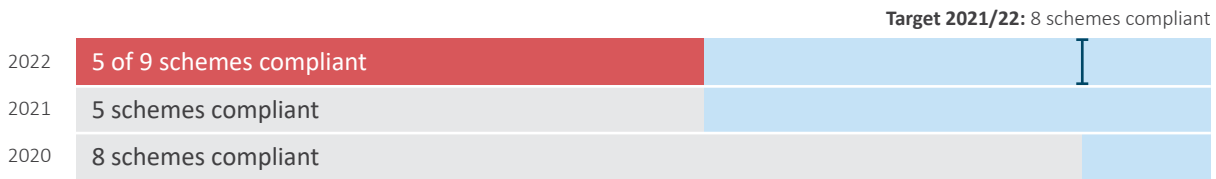
Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: WATER SUPPLY WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2022	LTP 2020/21 \$000	LTP 2021/22 \$000	ACTUAL 2021/22 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,035	7,065	7,062
Subsidies and grants for operating purposes	-	165	80
Fees and charges	58	1,488	109
Internal charges and overheads recovered	56	248	87
Local authorities fuel tax, fines, infringement fees, and other receipts	-	4	10
Sources of operating funding (A)	6,149	8,970	7,348
Applications of operating funding			
Payments to staff and suppliers	1,767	2,875	2,184
Finance costs	654	463	457
Internal charges and overheads applied	1,985	2,634	2,514
Other operating funding applications	-	-	-
Applications of operating funding (B)	4,406	5,972	5,155
Surplus (deficit) of operating funding (A-B)	1,743	2,999	2,193
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	1,935	2,903
Development and financial contributions	44	71	47
Increase (decrease) in debt	900	1,829	3,234
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	943	3,835	6,184
Applications of capital funding			
Capital expenditure			
- to meet additional demand	410	75	697
- to improve level of service	1,061	5,074	5,624
- to replace existing assets	2,722	1,165	2,027
Increase (decrease) in reserves	(1,507)	520	30
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	2,687	6,834	8,377
Surplus (deficit) of capital funding (C-D)	(1,743)	(2,999)	(2,193)
Funding balance ((A-B) + (C-D))	-	-	-

How we performed *Tā mātau mahi*

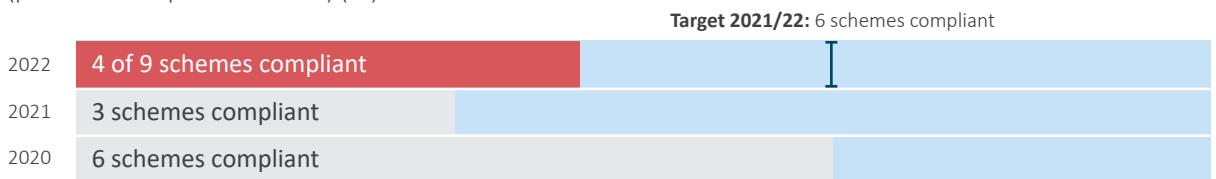
Performance measures (how we will measure our service delivery)

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



Note: 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)*



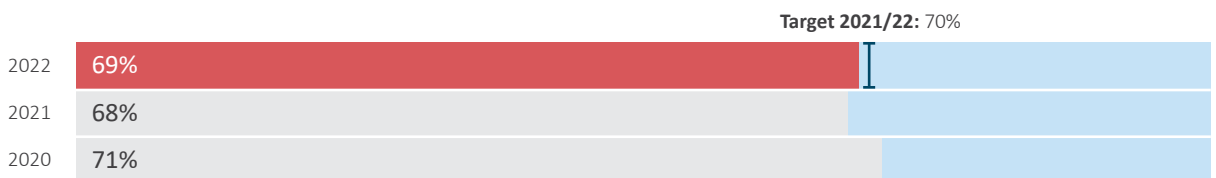
Note: Refer to the table on the next page for a breakdown of compliance by scheme.

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)



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

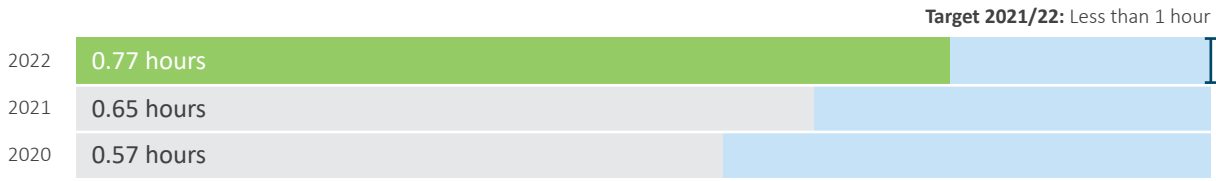


Note: Margin of error 4%.

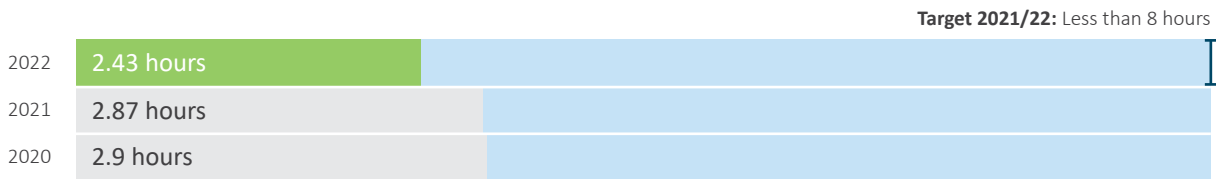
LEGEND ● Not comparable against target ● Achieved / Exceeded ● Not achieved | Target value indication

(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

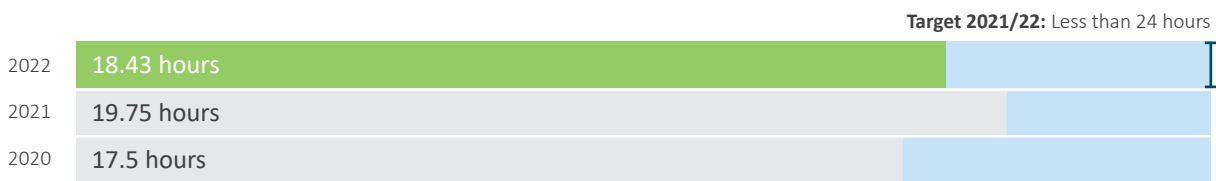
Median response time to attend urgent call-outs for areas supplied by Council, from the time that the local authority receives notification to the time that the service personnel reach the site (M)



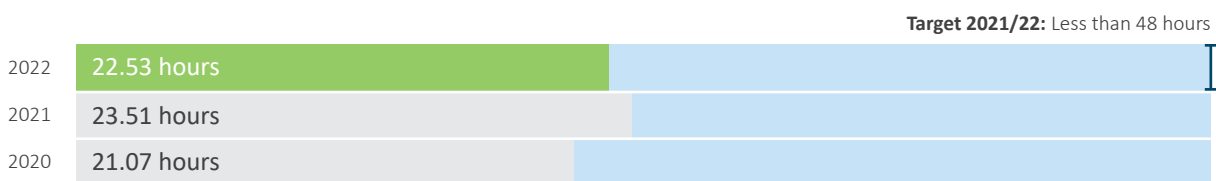
Median response time to resolve urgent call-outs for areas supplied by Council, from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (M)



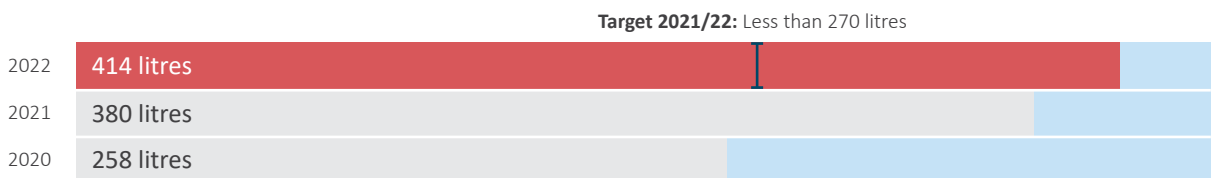
Median response time to attend non-urgent call-outs for areas supplied by Council, from the time that the local authority receives notification to the time that service personnel reach the site (M)



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

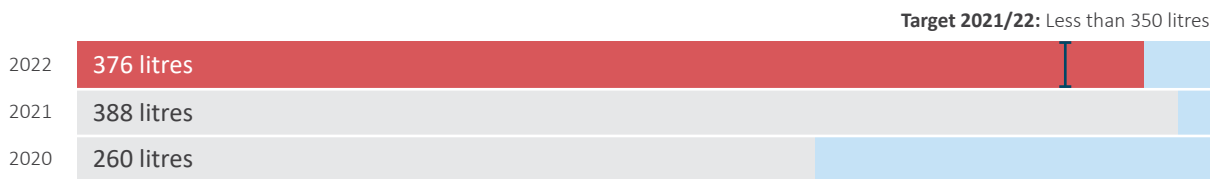


LEGEND

- Not comparable against target
- Achieved / Exceeded
- 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

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



Note: In calculating this year's result, we found that the previous years result was incorrect. Council engaged a consultant who provided a corrected figure of 388 Litres and a report on the data. Due to this, the previous years result has been changed from an achieved to a not achieved result.

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%
Rūātoki	100%
Tāneatua	94%
Matatā	9%
Waimana	100%
Te Mahoe	100%

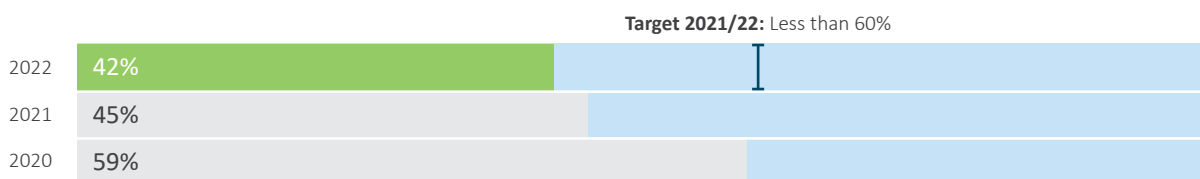
Council staff have been trained to undertake water loss data analysis based on industry best practice, utilising the International Water Association (IWA) methodology, Benchloss New Zealand software and Water NZ Waterloss Guidelines.

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)



Note: Average consumption of drinking water per day per resident in the District for unmetered areas supplied by Council.

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

* The Murupara, Penetito/Galatea Road, and Rangitāiki Plains schemes do not have the necessary infrastructure to consistently meet Part 5 requirements. This is typically provided by filtration and ultraviolet disinfection. Where this infrastructure is not in place, or when treatment is interrupted, back-up systems mitigate health risk.

(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

Council's drinking water supplies compliance

Water Supply Scheme	Compliant with DWSNZ Part 4?	Compliant with DWSNZ Part 5?
Matatā	No – due to a brief instance of low UV at the water treatment plant. There were no <i>E. coli</i> transgressions.	No – due to a brief instance of low UV at the water treatment plant.
Murupara	Yes	No – the water is untreated.
Otumahi (Edgecumbe, Te Teko and surrounds)	Yes	Yes
Rangitāiki Plains*	No – due to instances of low FACE** at the Johnson Road water treatment plant. There were no <i>E. coli</i> transgressions.	No – the water is chlorinated however there is no additional protozoa treatment.
Ruātoki	Yes	No – due to instances of high turbidity at the water treatment plant.
Tāneatua	No – due to instances of high turbidity at the water treatment plant.	No – due to instances of high turbidity at the water treatment plant.
Te Mahoe	No – due to a brief instance of low FACE at the water treatment plant.	Yes
Waimana	Yes	Yes
Whakatāne/ Ōhope	Yes	Yes

In the majority of cases, the non-compliances were due to treatment processes not meeting compliance criteria in the DWSNZ e.g. the turbidity was more than 1.0 nephelometric turbidity unit (NTU) for ≥ 5 percent of the compliance monitoring period or exceeded 2.0 NTU for three-minutes or longer; or UV intensity was less than a required value for more than 5 percent of the compliance monitoring period, or less than 80 percent of the required value for three-minutes or longer. There were three *E. coli* transgressions during the year. Additional sampling was carried out in response with no further transgressions detected.

Failing to comply with the protozoal Standards does not necessarily mean that pathogenic protozoa (*Giardia* spp. and *Cryptosporidium* spp.) were present in the drinking-water. Complying with the protozoal Standards is based on the likelihood that the treatment processes in operation will adequately protect the community if pathogenic protozoa are present in the source water.

*Rangitāiki Plains is non-compliant with the chemical compliance criteria (part 8) of the DWSNZ due to the presence of naturally occurring arsenic that exceeds the maximum acceptable value.

**Free available chlorine equivalent: the free available chlorine concentration that would have the same disinfecting power as the chlorine solution would have when adjusted to a pH of 8.



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 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

\$3.04 million capital expenditure

**\$1.75 million
operating expenditure**

8/9 performance measures met

What these activities cost and how they were paid for

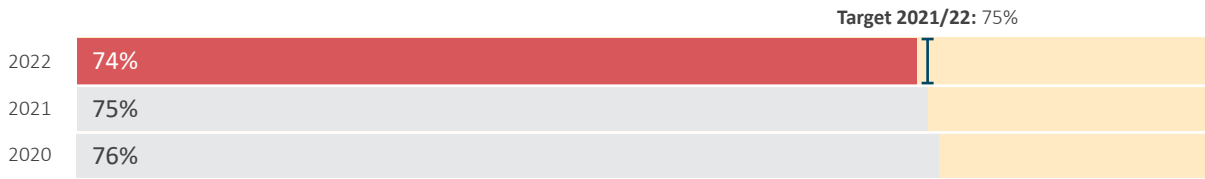
Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: SEWAGE AND TREATMENT DISPOSAL WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2022	LTP 2020/21 \$000	LTP 2021/22 \$000	ACTUAL 2021/22 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	441	417	396
Targeted rates	4,468	5,101	5,063
Subsidies and grants for operating purposes	-	1	293
Fees and charges	145	189	205
Internal charges and overheads recovered	56	110	50
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	35
Sources of operating funding (A)	5,110	5,817	6,042
Applications of operating funding			
Payments to staff and suppliers	987	1,155	1,415
Finance costs	447	340	335
Internal charges and overheads applied	1,506	1,993	1,980
Other operating funding applications	-	-	-
Applications of operating funding (B)	2,939	3,488	3,730
Surplus (deficit) of operating funding (A-B)	2,171	2,329	2,312
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	659	606
Development and financial contributions	51	86	8
Increase (decrease) in debt	(106)	651	220
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	(55)	1,397	833
Applications of capital funding			
Capital expenditure			
- to meet additional demand	40	29	463
- to improve level of service	526	1,879	1,594
- to replace existing assets	464	580	984
Increase (decrease) in reserves	1,085	1,238	104
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	2,116	3,726	3,145
Surplus (deficit) of capital funding (C-D)	(2,171)	(2,329)	(2,312)
Funding balance ((A-B) + (C-D))	-	-	-

How we performed *Tā mātau mahi*

Performance measures (how we will measure our service delivery)

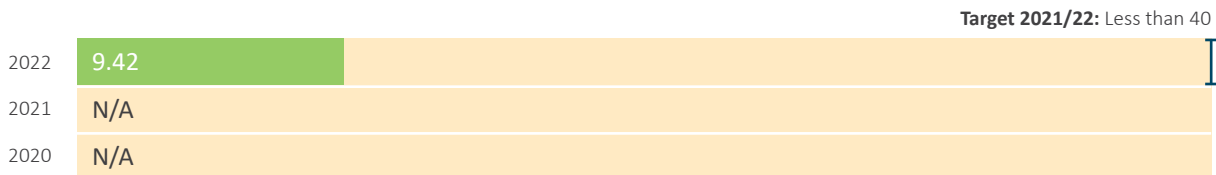
Satisfaction with the sewage system for areas supplied by the Council



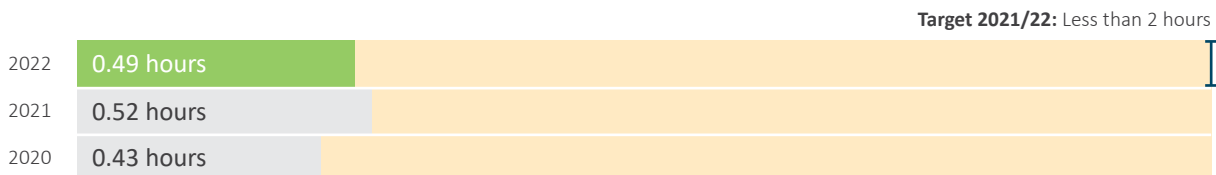
Note: Margin of error 4%. Target was not met this year. However, results are within the margin of error. The denominator for this result is a subset of the total survey population as it is based on only those who indicated that they use the Council provided sewerage system.

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

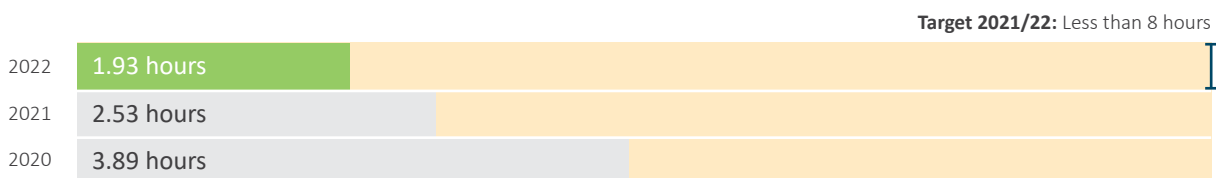
- sewage odour
- sewerage system faults
- system blockages
- the Council’s response to any of these issues (M)



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)



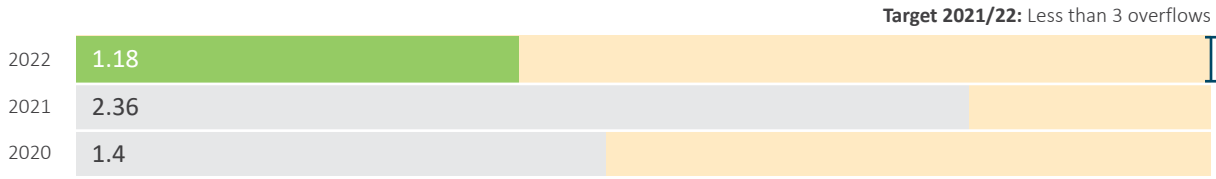
Median response time to resolve a sewage overflow resulting from a blockage or other fault in the Council’s sewerage system, from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault (M)



LEGEND ● Not comparable against target ● Achieved / Exceeded ● 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

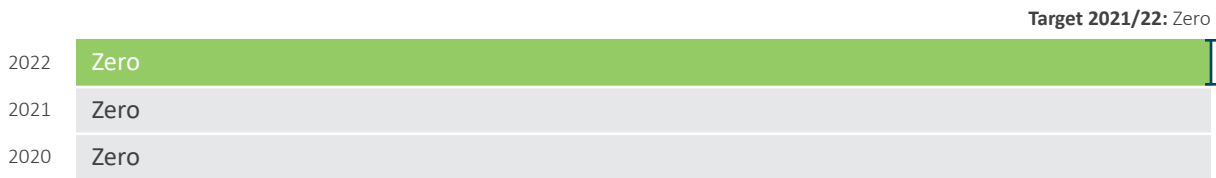
Number of dry weather sewage overflows from the Council’s sewerage system per 1,000 connections to that sewerage system (M)



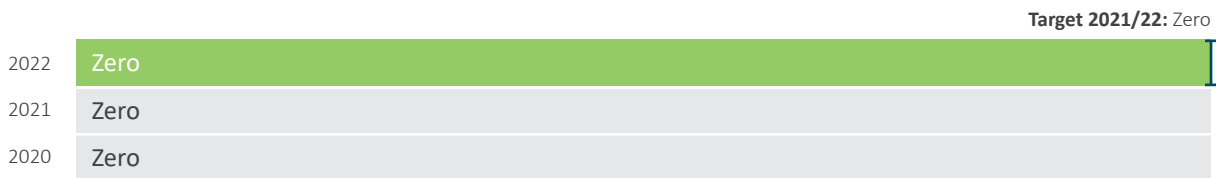
Number of abatement notices received by the Council in relation to the resource consents for discharge from our sewerage systems (M)



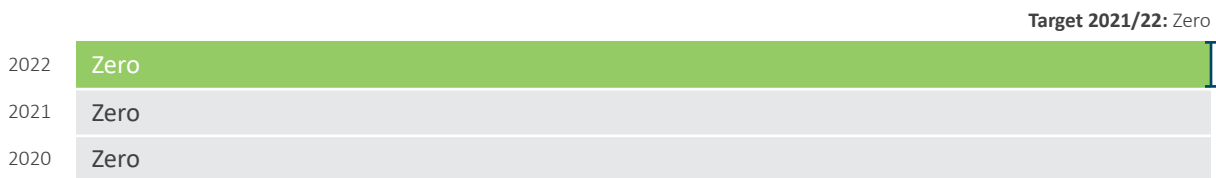
Number of infringement notices received by the Council in relation to the resource consents for discharge from our sewerage systems (M)



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 / Exceeded ● 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



STORMWATER DRAINAGE

Te awakeri o te wai āwhiowhio

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

\$0.70 million capital expenditure

\$4.96 million operating expenditure

7/8 performance measures met

What these activities cost and how they were paid for

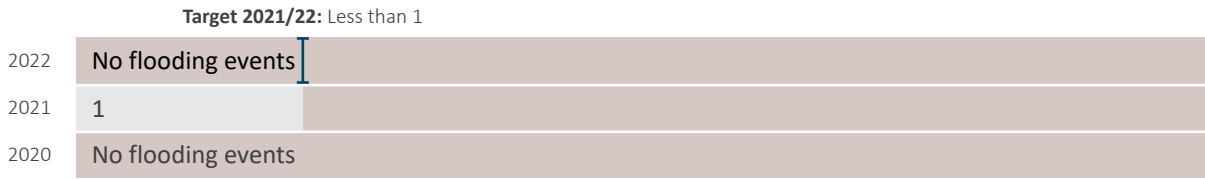
Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: STORMWATER DRAINAGE			
WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2022	LTP 2020/21 \$000	LTP 2021/22 \$000	ACTUAL 2021/22 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	356	324	308
Targeted rates	3,597	3,822	3,810
Subsidies and grants for operating purposes	-	778	758
Fees and charges	-	-	-
Internal charges and overheads recovered	2,030	2,472	2,860
Local authorities fuel tax, fines, infringement fees, and other receipts	105	-	16
Sources of operating funding (A)	6,089	7,395	7,752
Applications of operating funding			
Payments to staff and suppliers	2,811	4,266	4,306
Finance costs	1,070	639	655
Internal charges and overheads applied	961	1,001	1,132
Other operating funding applications	-	-	-
Applications of operating funding (B)	4,841	5,905	6,093
Surplus (deficit) of operating funding (A-B)	1,248	1,490	1,659
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	138	33
Development and financial contributions	25	17	13
Increase (decrease) in debt	1,381	(876)	(695)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	1,406	(722)	(650)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	145	10	11
- to improve level of service	2,692	154	243
- to replace existing assets	358	459	451
Increase (decrease) in reserves	(541)	146	305
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	2,654	768	1,009
Surplus (deficit) of capital funding (C-D)	(1,248)	(1,490)	(1,659)
Funding balance ((A-B) + (C-D))	-	-	-

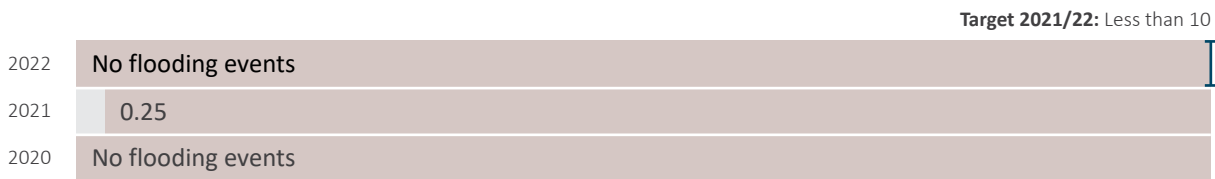
How we performed *Tā mātau mahi*

Performance measures (how we will measure our service delivery)

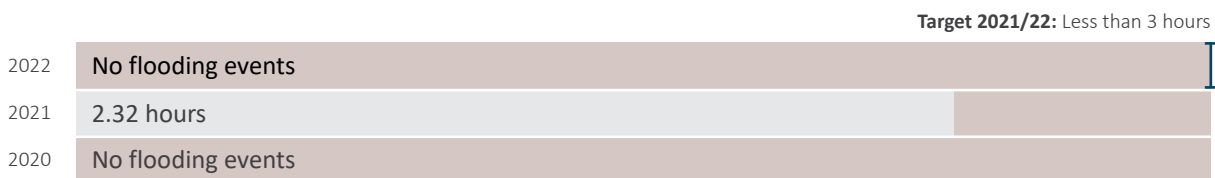
Number of flooding events in the District



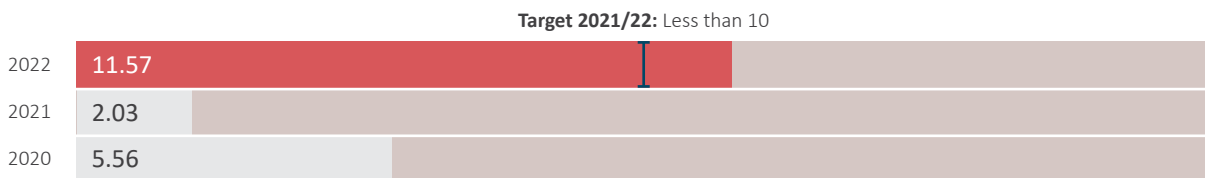
For each flooding event*, the number of habitable floors affected (per 1,000 properties connected to the Council's stormwater system)(M)



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)



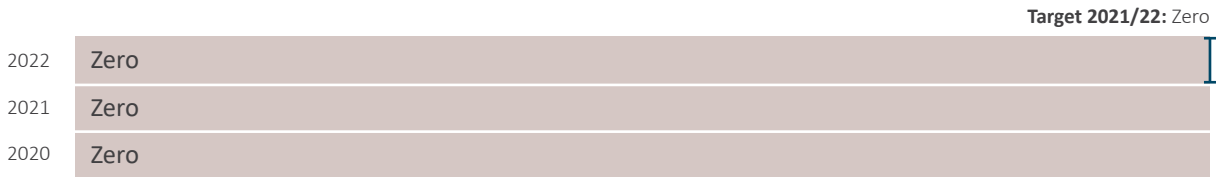
Note: The increase in stormwater complaints compared to last year is due to an increase in rainfall. There has been significantly more rainfall in February, March and June 2022 and also September, October and November 2021. The more frequent heavy rain events have resulted in an increase in sediment/debris/foreign material washing into our network together with greater surface ponding in low lying areas. A secondary effect from increase in rainfall is the average ground temperatures have been much warmer which has seen vegetation continue to grow rapidly over winter when we would normally see it slow down. In some areas where it has been identified that additional vegetation control is required we have added to our vegetation control contract to ensure regular ongoing maintenance. We also carry out spraying in house regularly to problem areas. Once our CCTV crew have completed wastewater inspections in Ōhope and Whakatāne, they will commence inspections on our stormwater network to provide condition assessments enabling us to take a proactive approach to identifying problematic areas.

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

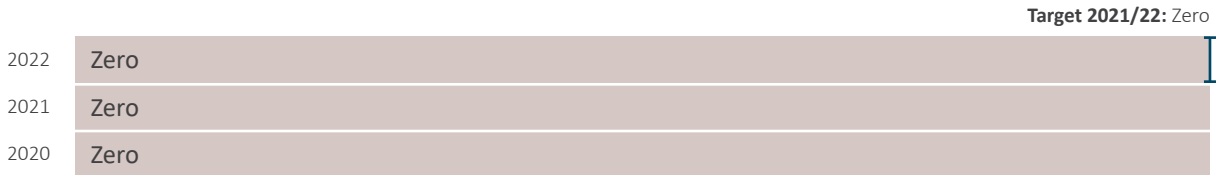
* The DIA requires results for these measures to be presented according to the following definitions: 'Flooding event' - an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. 'Stormwater system' - the pipes and infrastructure (excluding roads) that collect and manage rainwater run-off, from the point of connection to the point of discharge.

(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

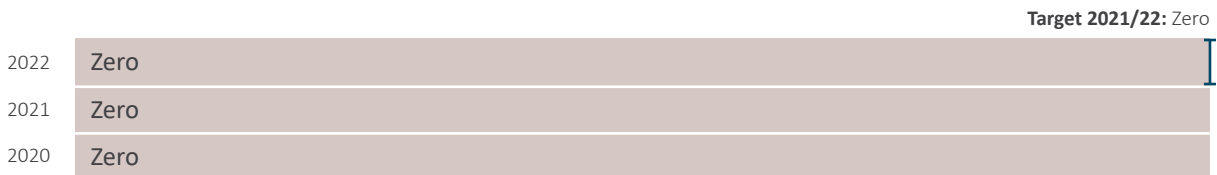
Number of infringement notices received by the Council in relation to the resource consents for discharge from our stormwater system (M)



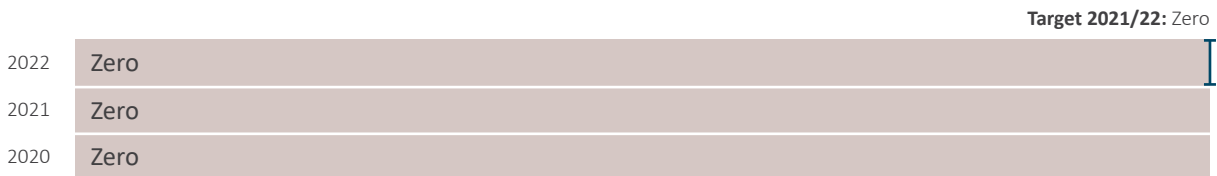
Number of enforcement orders received by the Council in relation to the resource consents for discharge from our stormwater system (M)



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



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 / Exceeded
- Not achieved
- Target value indication

* 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.

(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



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

\$0.01 million capital expenditure

**\$6.23 million
operating expenditure**

3/3 performance measures met

What these activities cost and how they were paid for

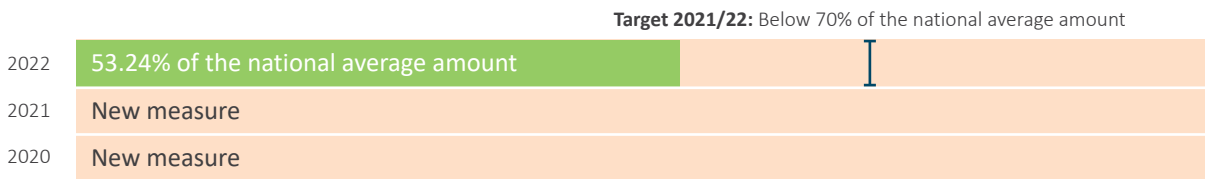
Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: WASTE MANAGEMENT AND MINIMISATION WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2022	LTP 2020/21 \$000	LTP 2021/22 \$000	ACTUAL 2021/22 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,997	1,629	1,548
Targeted rates	2,830	3,287	3,292
Subsidies and grants for operating purposes	114	130	164
Fees and charges	738	1,525	1,894
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	79
Sources of operating funding (A)	5,679	6,571	6,977
Applications of operating funding			
Payments to staff and suppliers	4,700	5,573	6,152
Finance costs	115	69	73
Internal charges and overheads applied	528	540	482
Other operating funding applications	-	-	-
Applications of operating funding (B)	5,343	6,182	6,707
Surplus (deficit) of operating funding (A-B)	337	389	270
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	80	-
Development and financial contributions	-	-	16
Increase (decrease) in debt	(248)	(257)	(257)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	(248)	(177)	(240)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	5	5	2
- to improve level of service	5	83	-
- to replace existing assets	29	19	6
Increase (decrease) in reserves	50	106	22
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	89	212	30
Surplus (deficit) of capital funding (C-D)	(337)	(389)	(270)
Funding balance ((A-B) + (C-D))	-	-	-

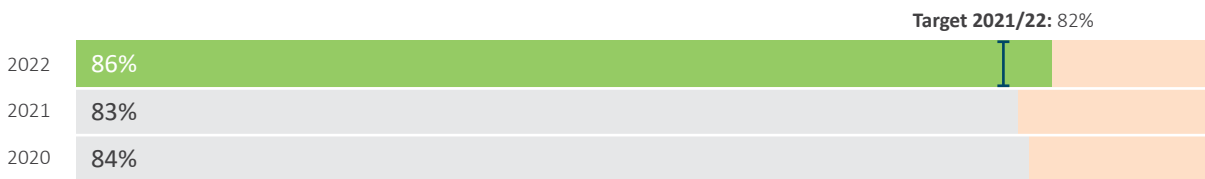
How we performed *Tā mātau mahi*

Performance measures (how we will measure our service delivery)

Amount of waste sent to landfill per person* each year

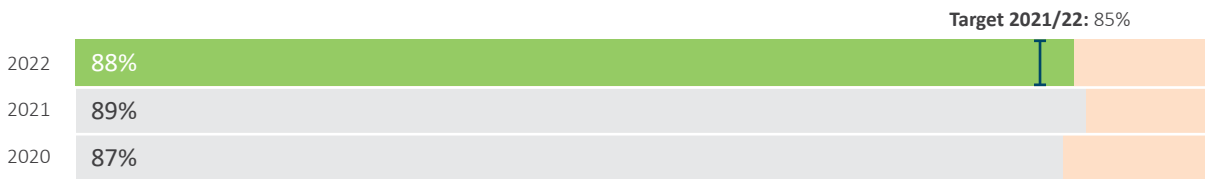


User satisfaction with refuse disposal (transfer station facilities)



Note: Margin of error 4%.

User satisfaction with the kerbside waste collection service



Note: Margin of error 3%.

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

* As per population estimates of the District provided by Stats NZ



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

\$3.96 million capital expenditure

**\$9.66 million
operating expenditure**

4/5 performance measures met

What these activities cost and how they were paid for

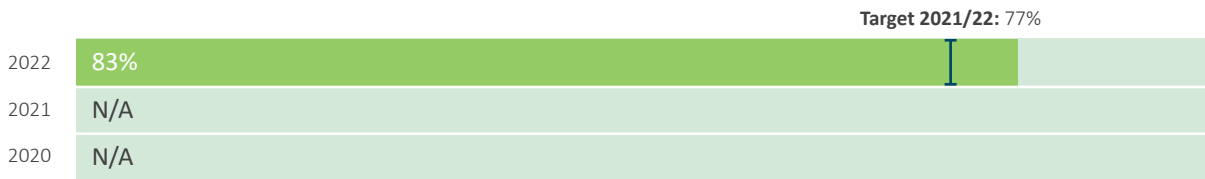
Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: COMMUNITY EXPERIENCE WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2022	LTP 2020/21 \$000	LTP 2021/22 \$000	ACTUAL 2021/22 \$000
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	10,633	11,703	11,122
Targeted rates	-	-	-
Subsidies and grants for operating purposes	20	1,481	147
Fees and charges	2,125	2,682	2,186
Internal charges and overheads recovered	1,632	1,824	1,872
Local authorities fuel tax, fines, infringement fees, and other receipts	113	206	1,188
Sources of operating funding (A)	14,524	17,896	16,514
Applications of operating funding			
Payments to staff and suppliers	7,188	8,108	9,194
Finance costs	590	482	463
Internal charges and overheads applied	5,492	6,289	6,081
Other operating funding applications	-	-	-
Applications of operating funding (B)	13,271	14,879	15,738
Surplus (deficit) of operating funding (A-B)	1,253	3,017	776
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	10	5,438	739
Development and financial contributions	-	119	90
Increase (decrease) in debt	(587)	(1,816)	118
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	(576)	3,740	946
Applications of capital funding			
Capital expenditure			
- to meet additional demand	87	10,470	226
- to improve level of service	251	785	1,253
- to replace existing assets	6,584	1,626	2,485
Increase (decrease) in reserves	(6,245)	(6,124)	(2,241)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	677	6,757	1,722
Surplus (deficit) of capital funding (C-D)	(1,253)	(3,017)	(776)
Funding balance ((A-B) + (C-D))	-	-	-

How we performed *Tā mātau mahi*

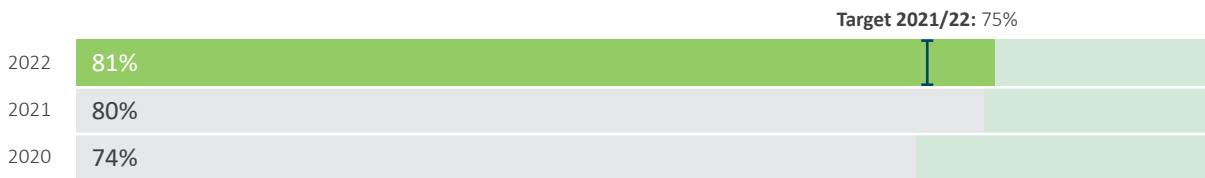
Performance measures (how we will measure our service delivery)

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



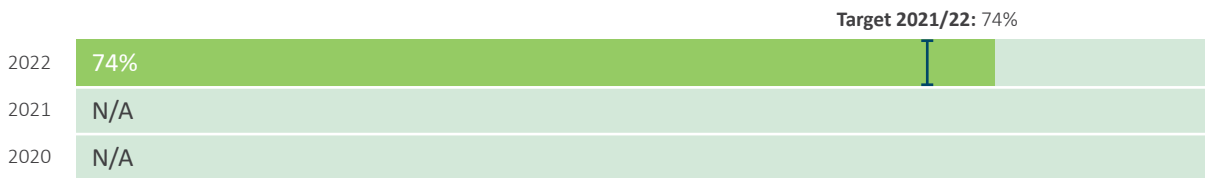
Note: Index results are average scores of other calculated measures. Unlike other measures in this report, index results are not directly collected from the population and do not have margin of errors.

User satisfaction with public swimming pools in the Whakatāne District



Note: Margin of error 6%.

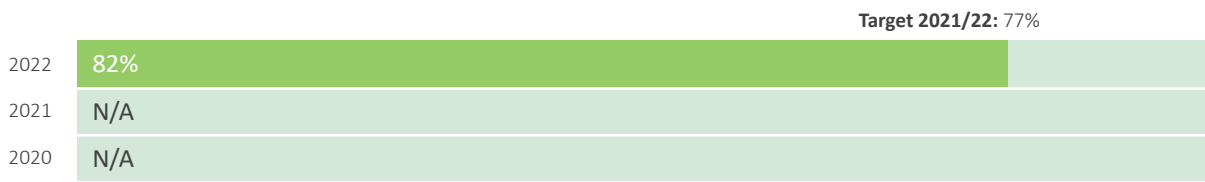
User satisfaction with community facilities in the Whakatāne District (public toilets, public halls, cemeteries, crematorium facilities)



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.

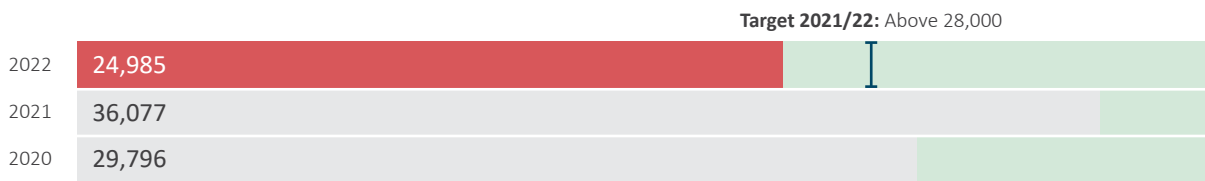
LEGEND ● Not comparable against target ● Achieved / Exceeded ● Not achieved | Target value indication

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.

Total guest nights in the Whakatāne Holiday Park



Note: Reduction in guest nights due to COVID-19 and restrictions. The increase of prices for cabins and sites to align us with market rate has also seen a reduction in the number of visitors to the park. However, the park is achieving higher revenue despite this. 10 permanent residents have left the park in the last 6 months, resulting in less guest nights also.

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



COMMUNITY SAFETY

Te marutau o ngā 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 capital expenditure

**\$4.2 million
operating expenditure**

9/12 performance measures met

What these activities cost and how they were paid for

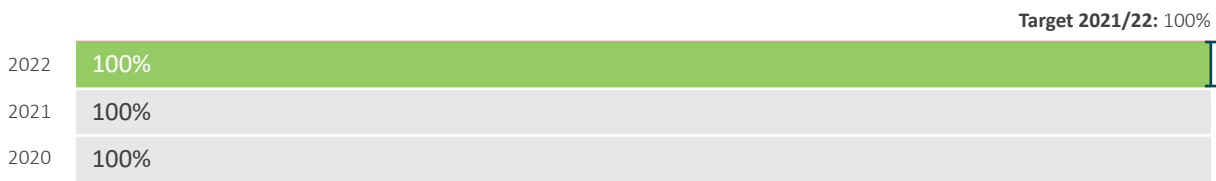
Te utu o ēnei ngohe, ā, i pēhea i whakaea

FUNDING IMPACT STATEMENT: COMMUNITY SAFETY	LTP 2020/21 \$000	LTP 2021/22 \$000	ACTUAL 2021/22 \$000
WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2022			
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,013	3,922	3,727
Targeted rates	-	-	-
Subsidies and grants for operating purposes	263	302	232
Fees and charges	1,766	2,524	2,149
Internal charges and overheads recovered	135	50	15
Local authorities fuel tax, fines, infringement fees, and other receipts	674	999	1,211
Sources of operating funding (A)	5,851	7,796	7,334
Applications of operating funding			
Payments to staff and suppliers	3,292	3,762	4,118
Finance costs	-	88	86
Internal charges and overheads applied	2,245	3,216	3,138
Other operating funding applications	-	-	-
Applications of operating funding (B)	5,537	7,065	7,342
Surplus (deficit) of operating funding (A-B)	313	731	(8)
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	(260)	(260)
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	-	(260)	(260)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	313	471	(268)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	313	471	(268)
Surplus (deficit) of capital funding (C-D)	(313)	(731)	8
Funding balance ((A-B) + (C-D))	-	-	-

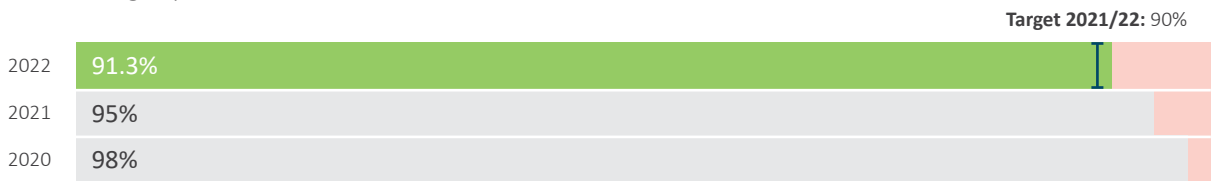
How we performed *Tā mātau mahi*

Performance measures (how we will measure our service delivery)

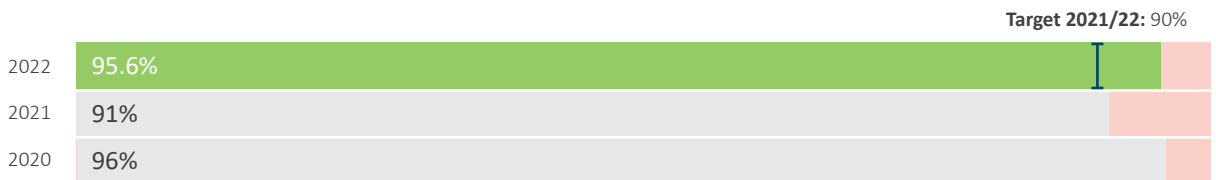
Percentage of licenced premises expected at least once per year, excluding special licences



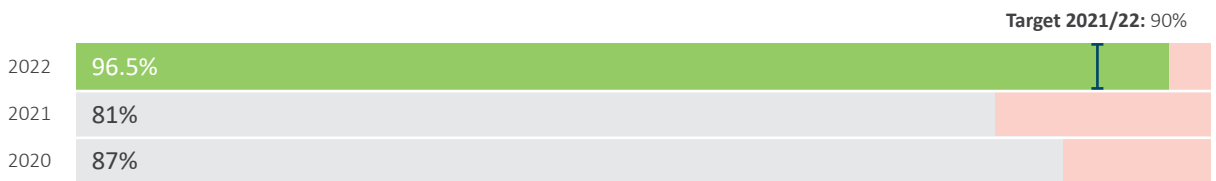
Percentage of complaints relating to abandoned cars, litter, and general bylaw offences responded to within two working days



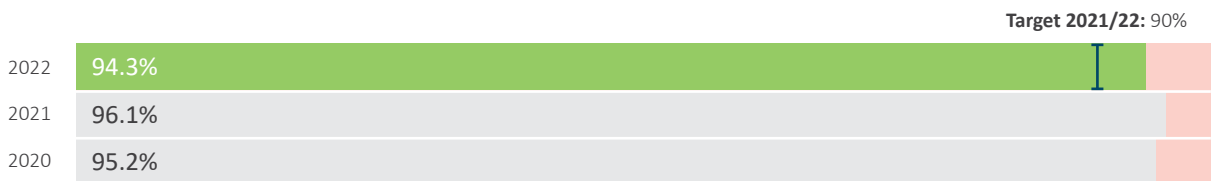
Percentage of after-hours excessive noise complaints responded to promptly*



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

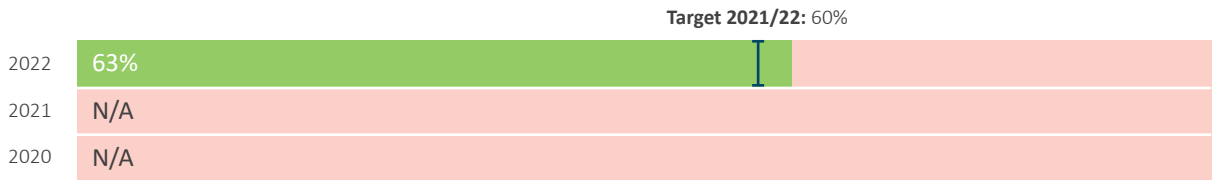


LEGEND ● Not comparable against target ● Achieved / Exceeded ● Not achieved | Target value indication

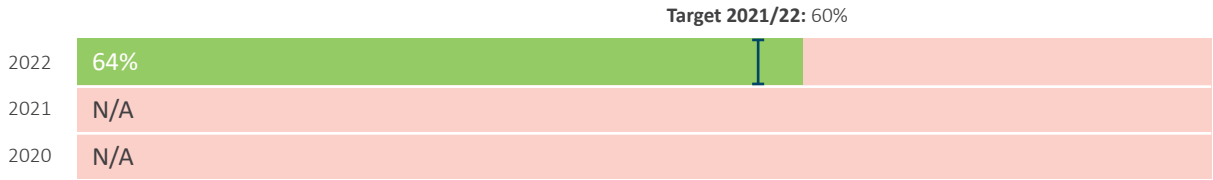
* 'Promptly' is defined as responding to excessive noise complaints within the following timeframes: Area 1 (Ōhope, Whakatāne, Tāneatua, Coastlands, Awakeri, Thornton Road to Golf Links Road): less than 60 minutes Area 2 (Edgecumbe, Matatā, Otamarakau, Otakiri, Onepū, Te Teko, Te Mahoe and Wainui to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

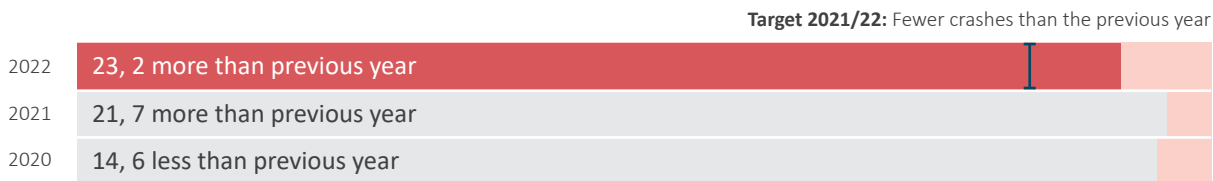
User satisfaction with Council’s resource consent process



User satisfaction with Council’s building consent process

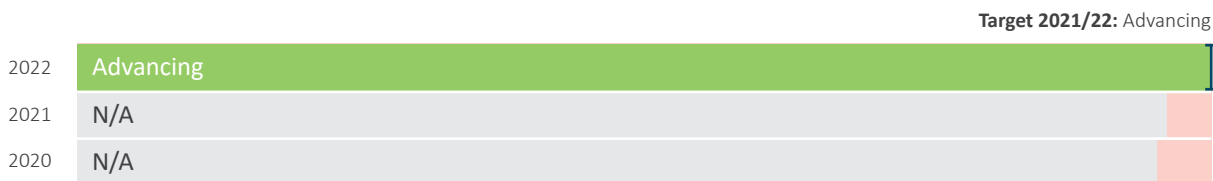


The change from the previous year in the number of fatalities and serious injury crashes on the local road network, expressed as a number (M)

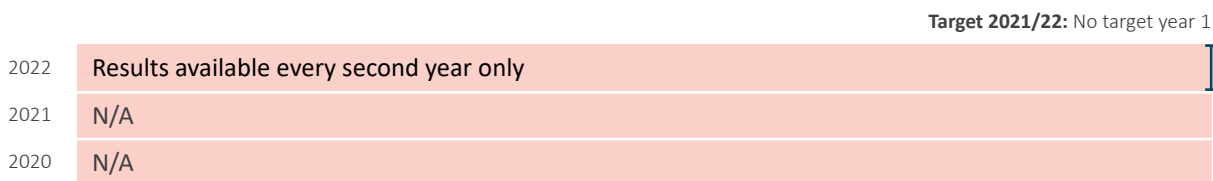


Note: Speed and alcohol continue to be key issues on local and rural roads. One repeat alcohol offender programme was delivered in June 2022, postponed due to Covid, and speed management review is being consulted on.

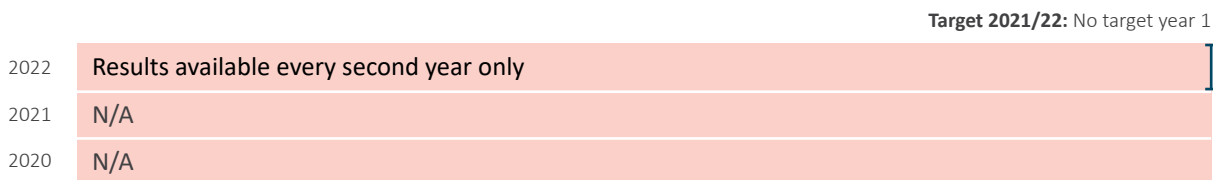
The District is prepared for and can effectively respond to an emergency



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 / Exceeded ● 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 Ōpōtiki 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



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

\$2.59 million capital expenditure

**\$14.41 million
operating expenditure**

4/4 performance measures met

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	LTP 2020/21 \$000	LTP 2021/22 \$000	ACTUAL 2021/22 \$000
WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2022			
OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	691	(539)	841
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	35	126
Fees and charges	374	548	492
Internal charges and overheads recovered	12,384	15,309	14,701
Local authorities fuel tax, fines, infringement fees, and other receipts	356	344	(923)*
Sources of operating funding (A)	13,807	15,698	15,237
Applications of operating funding			
Payments to staff and suppliers	10,342	13,204	13,657
Finance costs	798	(861)	(294)*
Internal charges and overheads applied	779	2,254	1,264
Other operating funding applications	926	1,525	1,046
Applications of operating funding (B)	12,844	16,122	15,673
Surplus (deficit) of operating funding (A-B)	963	(424)	(437)
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(615)	178	5,116
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	(615)	178	5,116
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	470	815
- to improve level of service	91	104	882
- to replace existing assets	1,155	1,823	895
Increase (decrease) in reserves	(898)	(2,643)	2,088
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	348	(246)	4,679
Surplus (deficit) of capital funding (C-D)	(963)	424	437
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.

How we performed *Tā mātau mahi*

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.

Target 2021/22: To be achieved

2022	Achieved
2021	N/A
2020	N/A

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

Target 2021/22: Initiatives provide financial savings of greater than 5 percent and/or improved service levels to the Whakatāne District Council

2022	Achieved
2021	New measure
2020	N/A

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

Target 2021/22: To be achieved

2022	Achieved
2021	Achieved
2020	Achieved

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

Target 2021/22: 2

2022	Achieved
2021	New measure
2020	New measure

What these activities cost and how they were paid for

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

FUNDING IMPACT STATEMENT: AIRPORT			
WHAKATĀNE DISTRICT COUNCIL, YEAR ENDED 30 JUNE 2022	LTP	LTP	ACTUAL
OPERATIONAL	2020/21	2021/22	2021/22
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	243	167	128
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	5	2	1
Sources of operating funding (A)	248	169	128
Applications of operating funding			
Payments to staff and suppliers	325	530	491
Finance costs	27	14	14
Internal charges and overheads applied	148	166	155
Other operating funding applications	-	-	-
Applications of operating funding (B)	500	710	660
Surplus (deficit) of operating funding (A-B)	(252)	(541)	(532)
CAPITAL			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	135	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(17)	49	11
Gross proceeds from sale of assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Sources of capital funding (C)	(17)	184	11
Applications of capital funding			
Capital expenditure			
- to meet additional demand	3	-	60
- to improve level of service	3	210	-
- to replace existing assets	-	60	1
Increase (decrease) in reserves	(275)	(627)	(582)
Increase (decrease) of investments	-	-	-
Applications of capital funding (D)	(270)	(357)	(521)
Surplus (deficit) of capital funding (C-D)	252	541	532
Funding balance ((A-B) + (C-D))	-	-	-

OUR COSTS IN DETAIL

Ngā taipitopito utu



Introduction to 'our costs in detail'

Whakatakinga Utu

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

Update on major capital projects

Ngā waitara uara matua

This table provides an update on the major capital projects that were planned for the 2021/2022 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 2021/22 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.

Capital projects

Ngā waitara uara

PROJECT NAME	PROJECT COMMENT	LONG TERM PLAN	REVISED BUDGET	ACTUAL 2021/22 \$000
Community Experience				
Holiday Park- Renewals	Complete	50,000	50,000	63,843
Holiday Park Upgrades	Complete	50,000	50,000	82,121
In Town Wharf Remediation	Balance carried forward to 2023	100,000	885,014	380,231
Kakahoroa Development (Civic Heart)	Council continuing to work with Kanoa to determine high level options for reset of Te Aro Hou programme	5,175,000	5,175,000	-
Waterfront Promenade	Council continuing to work with Kanoa to determine high level options for reset of Te Aro Hou programme	5,175,000	5,175,000	17,998
Library Collection Improvement	Complete	10,000	10,000	10,000
Multi, Sports Events Centre	Balance carried forward to 2023	50,000	115,902	-
Shade Sail Implementation	Complete	62,910	62,910	67,837
Significant Sites- Whakatāne Renewals	Complete	75,000	125,950	167,144
Sullivan Lake Footpaths and Retaining Walls	Complete	11,000	11,000	10,897
Te Mahoe Playground Refurbishment	Complete	14,500	14,500	14,500
Thompson Crescent Playground Upgrade	Complete	126,890	126,890	126,085
Tidal Pool Remediation	Pending community consultation of recommended actions, funds to be carried forward	100,000	100,000	591
Urgent Repairs on Wharf Structure	Urgent Health and Safety Requirements	-	-	107,221
Whakatāne New Cemetery	Investigation ongoing for the new site	-	251,169	25,355
Coporate and District Activities				
Council Building- Upgrades and 'Green' Options	Underway, balance carried forward to 2023	-	5,592,787	1,418,720
Exhibition Centre LED Lighting	Complete	15,000	15,000	12,995
Investigate Enterprise Resource Planning (ERP) Replacement	Balance carried forward to 2023	200,000	200,000	7,620
Library HVAC-fit for purpose	Supply delays, balance carried forward to 2023	250,000	250,000	111,991
Upgrade Meeting Room Audio-visual Equipment	Underway, balance carried forward to 2023	270,000	270,000	97,840
Council Controlled Organisations				
Replacement of Windsock Structures	Awaiting final report to confirm cost of refurbishment rather than replacement. Carry forward balance to 2023.	50,000	50,000	-
Runway Lighting Navigation Upgrade	Balance carried forward to 2023	200,000	200,000	-

Sewage Treatment and Disposal				
Three Water Reform/Stimulus Pr+A27+A28:A28:E34	DIA stimulus funded projects (Three Water Reform)	658,958	605,697	1,180,810
Coastlands Sewer Pumpstation	Pump station and terminal manhole completed, completion anticipated in 2023 financial year	-	633,000	426,929
Edgecumbe Wastewater Relining	Added to contract schedule for 2023/24 year	100,000	100,000	-
Equalised Sewer Network Renewals	Underspend applied to Seaview Renewal Project	200,000	200,000	84,667
Matatā Wastewater Scheme	The Co-Desing Group has continued to meet to progress this project, including technical workshops and iwi/hapū specific wananga. Balance of funds to be carried forward to continue progressing the project	600,000	877,891	450,655
Whakatāne Wastewater - Upgrade Wastewater Treatment Plant	Concept design completed. Agreed to defer project until resource consent/wastewater strategy approach agreed	700,000	886,096	225,540
Seaview Wastewater Renewal	Funded by Equalised Sewer Network Renewals	-	-	247,995
Stormwater Drainage				
Ōhope Stormwater-Maraetotara Stream	Complete	80,000	80,000	110,166
Whakatāne Stormwater Barry Ave Upgrade	Delay due to pump design, balance carried forward to 2023	-	1,248,309	43,463
Whakatāne Stormwater Western Catchment Upgrade	Preliminary design complete, balance carried forward to 2023	335,000	772,105	351,872
Strategy and Futures				
Airport Land Purchase	Purchase of land is complete, enabling works for site development (earthworks) yet to be undertaken	-	324,812	140,249
Appenzell Reserve Purchase	Vested as a reserve	-	-	20,435
Purchase of 60 The Strand	Purchase funded from Harbour Fund	-	-	344,150
Transport Connections				
Active Whakatāne	Ahead of programme schedule	1,000,000	1,110,000	1,226,264
Blueberry Curves Road Safety Improvements	Funding for pre-implementation (design) approved. Delays due to requirement for archaeological authority, but sufficient time capacity due to majority of physical works planned 24/25	380,000	-	21,851
Drainage-Culverts	Complete; annual ongoing programme	189,000	189,000	225,749
Drainage-Kerb & Channel	Carry forward remaining balance, construction delayed but carried out in 2022/23	315,000	315,000	120,514
Keepa Road Improvements	Harbour development and this project will be completed together. Business case has been progressed. Balance carried forward	-	300,000	53,452
Kōhī Point Road Seal Extension	Carry forward unspent funds to 2023 owing to delay obtaining Historic Places Trust authority	-	900,000	705,819
Low Cost/Low Risk Improvements	Balance carried forward to 2023 for completion	735,000	735,000	604,496
Low Cost/Low Risk Road to Zero	This project is pushed out to 2023 due to delay in NZTA funding confirmation. Project estimate \$2-\$2.5million. Will be funded from LTP Y2&Y3 budgets if required. Carry forward unspent funds	1,800,000	1,800,000	166,170
Non-Financially Assisted Seal Extensions	Delayed to ensure appropriate engagement with affected community	750,000	750,000	52,957
Pavement Rehabilitation	Manawahe site is still underway and will be completed in the next financial year	932,000	650,000	794,788

Resurfacing- AC	Overspend to be funded through reduction in 2023/24 budget (Y3 LTP)	410,000	492,000	525,916
Resurfacing Chipseal	Overspend to be funded through reduction in 2023/24 budget (Y3 LTP)	1,900,000	2,100,000	2,263,271
Special Purpose Roads - Pavement Rehab	Spend not anticipated until 2024	-	135,000	-
Special Purpose Roads - Unsealed Metalling	Complete	210,000	210,000	303,441
Special Purpose Roads - Bridge Renewals	Balance carried forward to 2023 for completion	-	401,140	352,619
Special Purpose Roads - Low Cost/Low Risk Improvements Structures	Balance carried forward to 2023 for completion	-	1,000,000	592
Special Purpose Roads - Low Cost/Low Risk Improvements Carriageways	Complete	250,000	250,000	245,564
Special Purpose Roads - Low Cost/Low Risk Walk & Cycle Improvements	Balance carried forward to 2023 for completion	-	470,000	352,131
Structures- Bridge Renewals	Carry forward funds to 2023 for repair on Wainui Rd causeway bridge	116,000	116,000	15,089
Unsealed Metalling	Complete; annual ongoing programme	525,000	525,000	581,232
Waste Management and Minimisation				
Local Organic Waste Processing Plant	Balance carried forward to 2023	80,000	80,000	-
Water Supply				
Three Water Reform/ Stimulus Projects	DIA stimulus funded projects (Three Water Reform); including Braemar Water Resilience project which is co-funded by Council	3,262,135	4,218,953	4,758,980
Blueberry Curves Watermain Relocation	Complete	34,000	34,000	22,698
New Water Source	Complete, Paul Road number 2 bore commissioned	-	600,000	630,664
Otumahi Water Storage	Accessway procurement completed, carryforward balance to 2023	500,000	500,000	99,791
Plains Water Backflow Preventors	On hold until 2023	600,000	600,000	-
Te Mahoe Water Take Resource Consent	Complete	30,000	30,000	2,615
Whakatāne Water Treatment Plant Upgrade	Includes UV unit deposit, high lift pumps, motor control sets and pipe fittings, installation planned late 2022	400,000	400,000	602,791

Financial prudence benchmarks

Ngā paeraro ahumoni

Annual report disclosure statement for the year ending 30 June 2022

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.

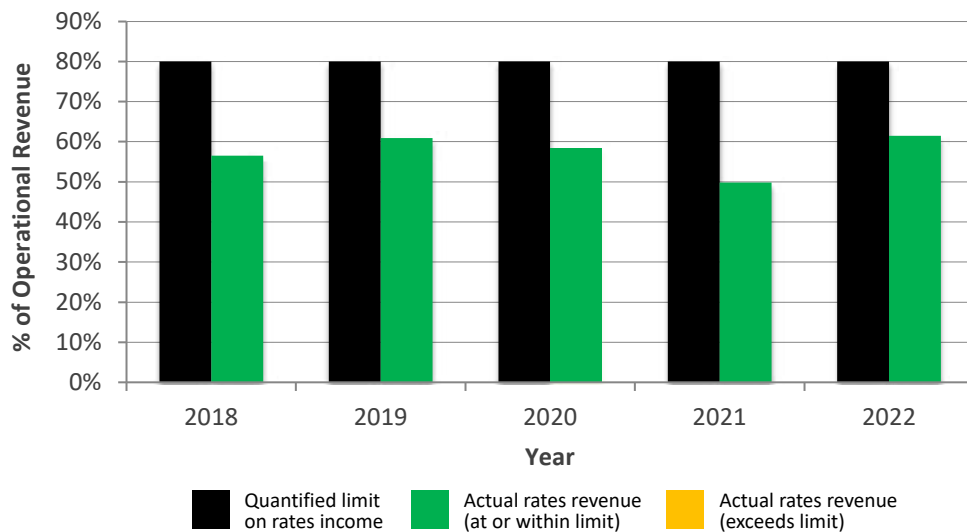
Rates income affordability

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

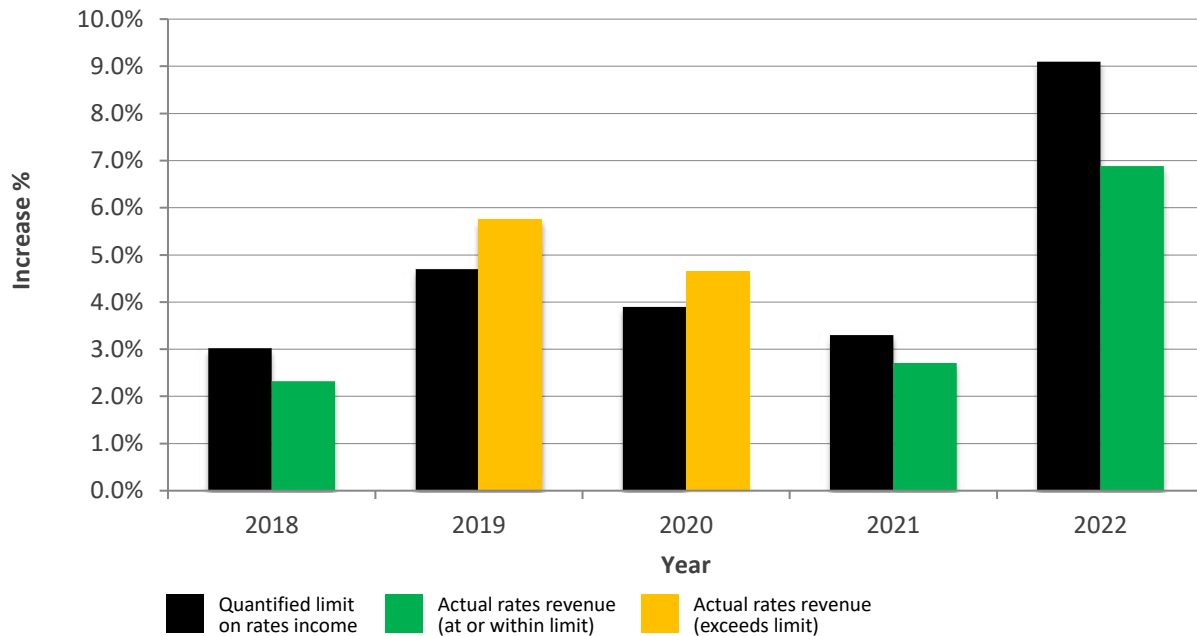


Rates (increases) affordability

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

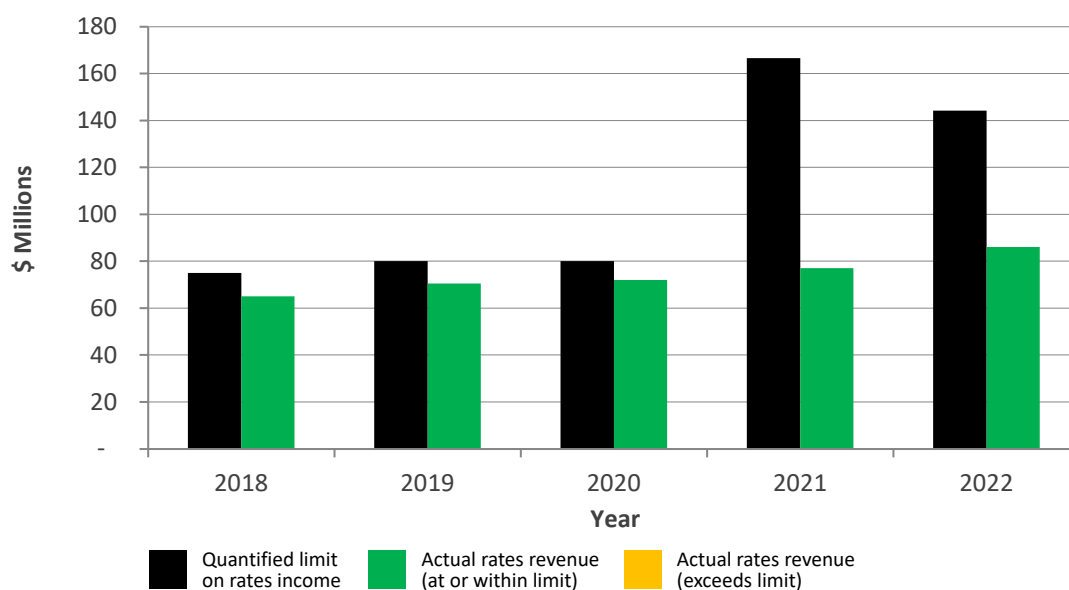


Debt affordability benchmark

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

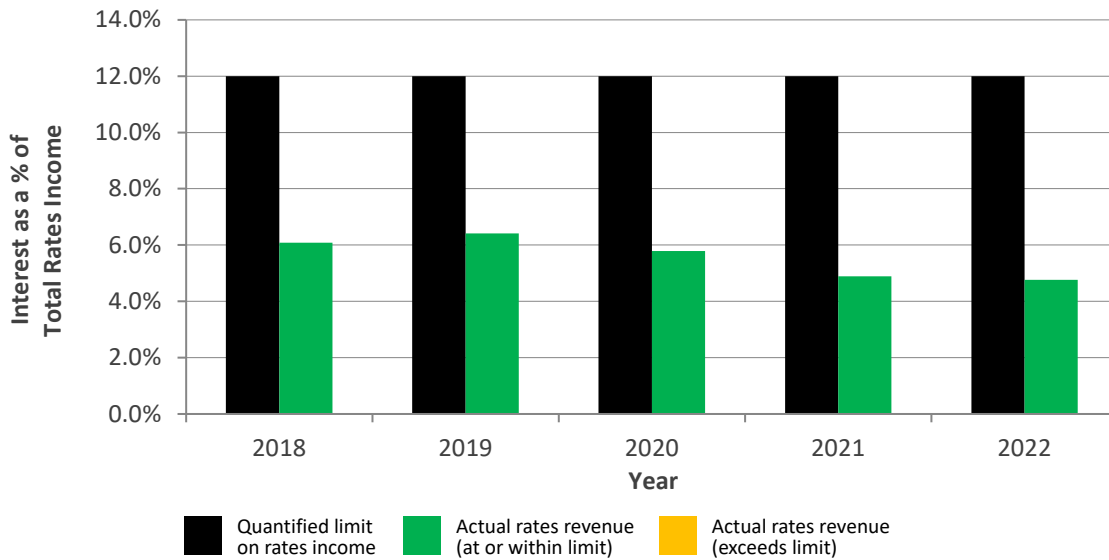
Our limits for debt

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.



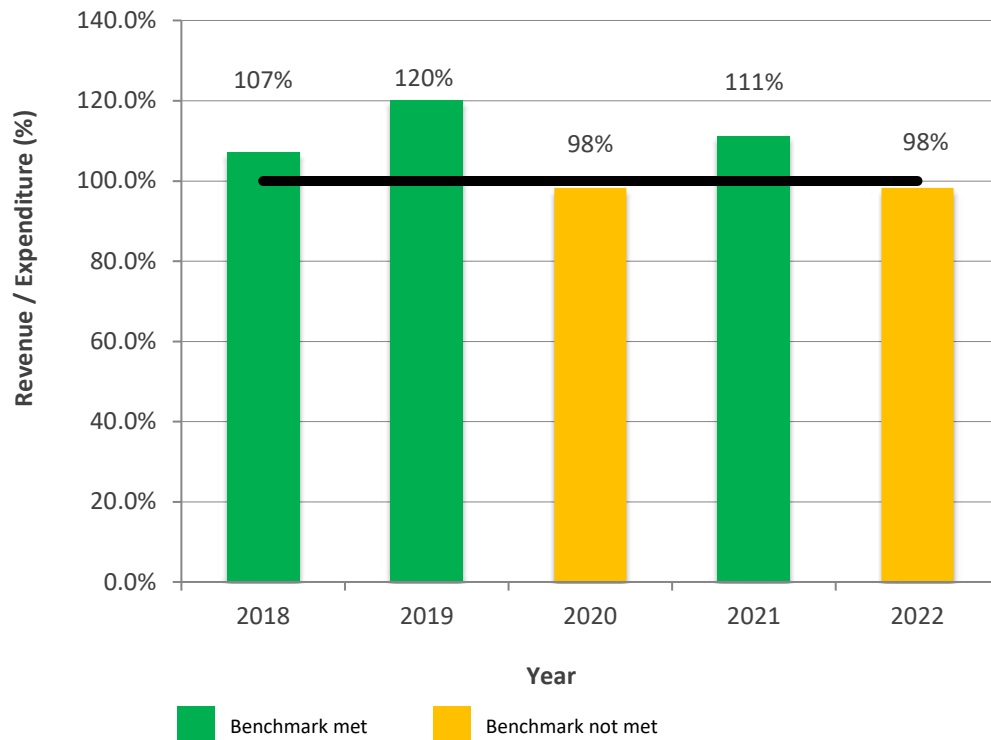
Our limit on interest as a percentage of total rates income

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.



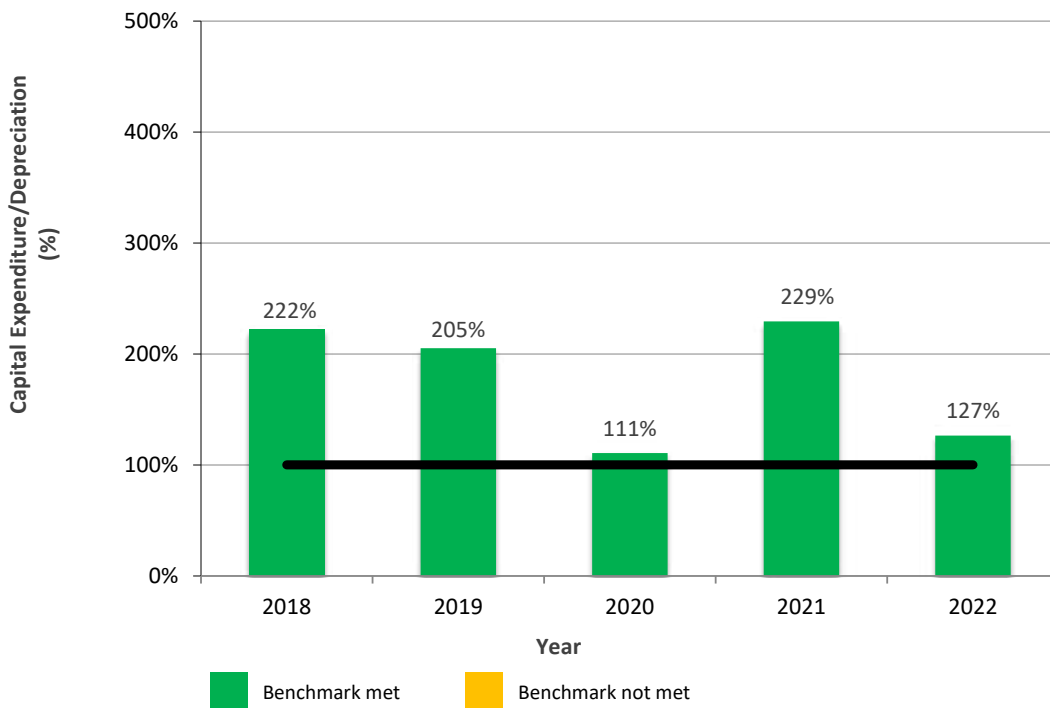
Balanced budget benchmark

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.



Essential services benchmark

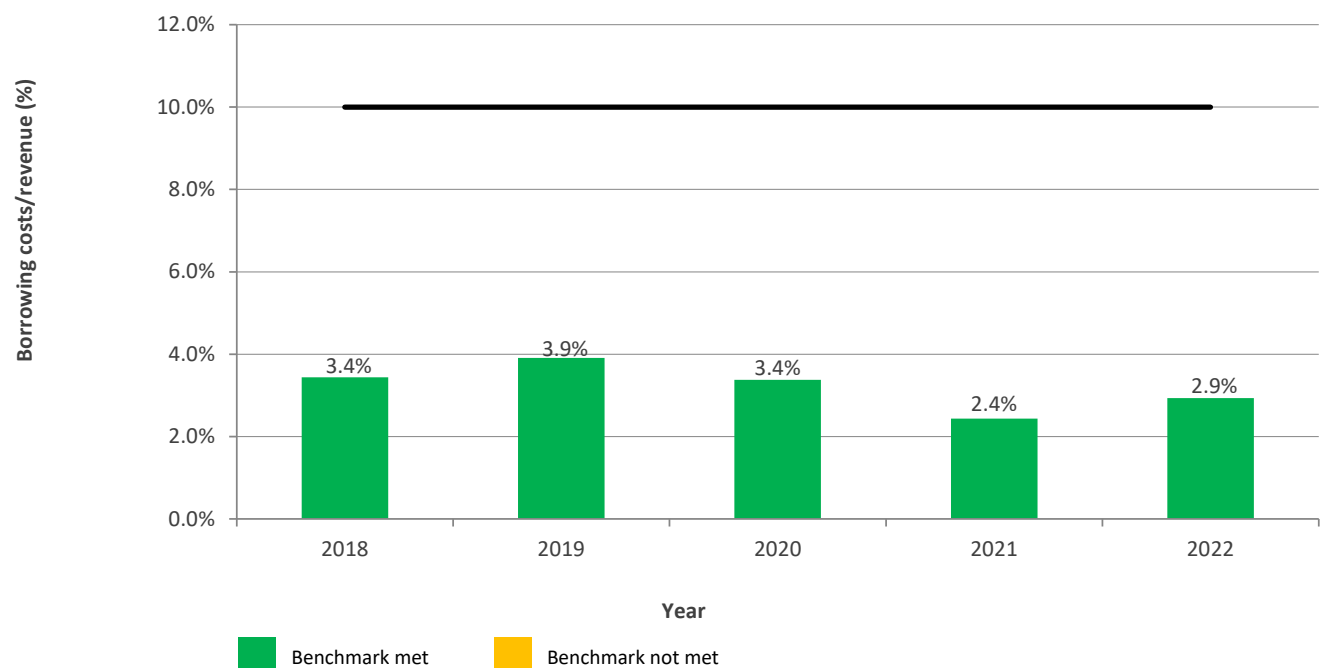
The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

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

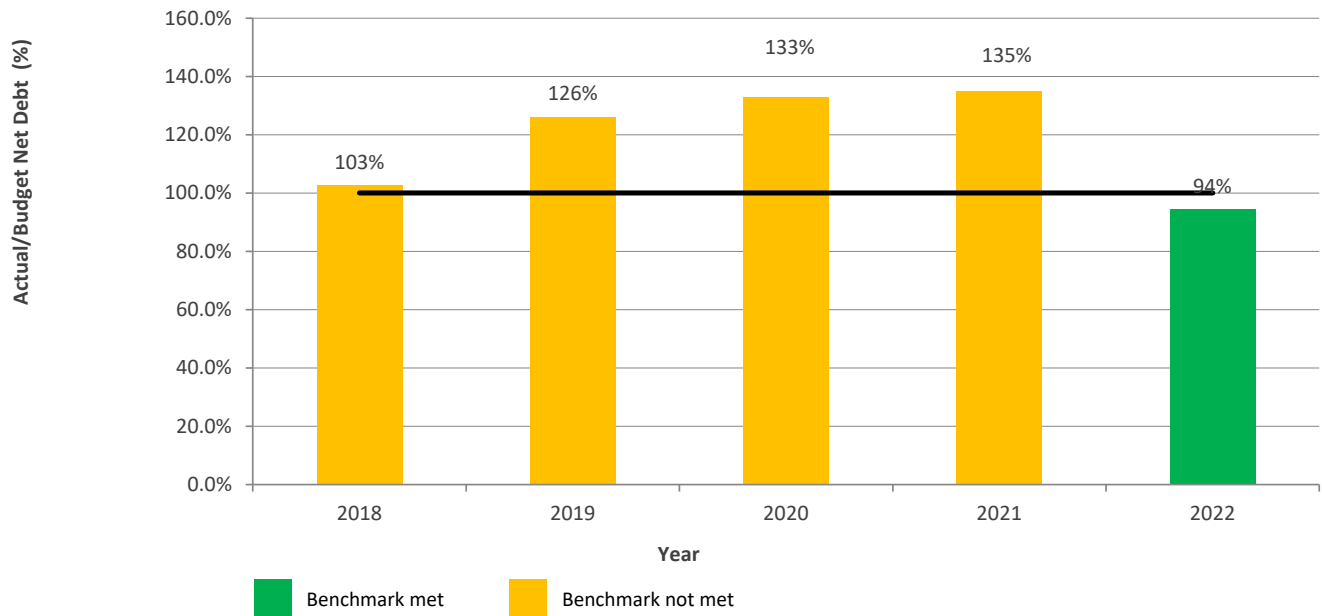
Because Statistics New Zealand projects the Council’s population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

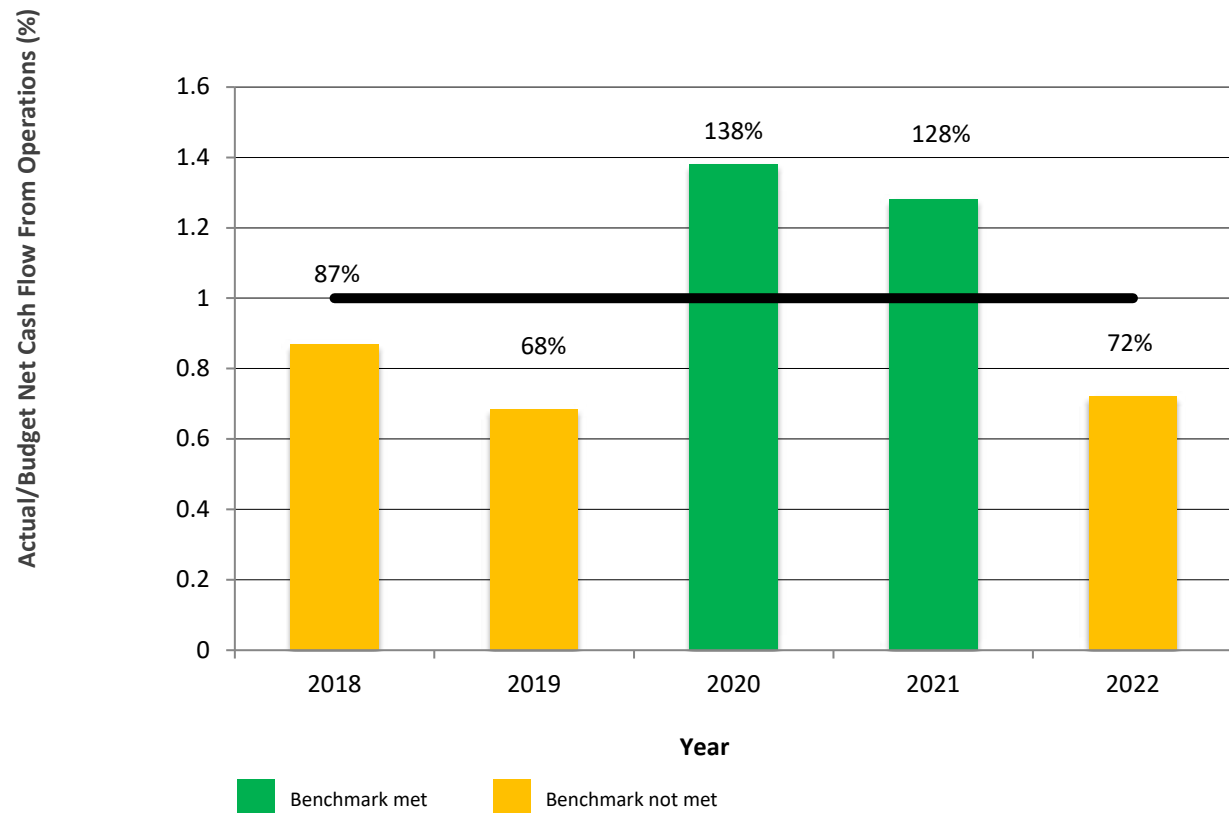
The following graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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



Operations control benchmark

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



FINANCIAL STATEMENTS

Ngā matapae whakapuakanga pūtea

Statement of comprehensive revenue and expense for the year ended 30 June 2022

ACTUAL 2021 \$000			ACTUAL 2022 \$000	BUDGET 2022 \$000
REVENUE				
48,416	Rates	Note 2	51,601	51,475
34,366	Subsidies and Grants	Note 3	18,745	23,584
278	Development and Financial Contributions		226	384
8,416	Fees and Charges	Note 3	8,061	9,429
79	Interest Revenue	Note 6	32	45
4,147	Other Revenue	Note 3	4,061	3,867
11,647	Gains	Note 7	7,224	611
107,349	Total Revenue		89,950	89,395
EXPENSES				
20,816	Personnel Costs	Note 4	21,953	22,268
17,340	Depreciation and Amortisation Expense	Note 5 & Note 14	21,690	19,381
2,319	Finance Costs	Note 6	2,417	1,847
45,047	Other Expenses	Note 5	37,720	34,232
3,340	Future loss on sale- investment property	Note 5	185	-
	Revaluation Losses	Note 5	3	-
88,862	Total Expenses		83,967	77,728
(315)	Share of joint venture surplus / (deficit)	Note 13	(392)	(258)
18,172	Surplus (Deficit) Before Tax		5,590	11,409
(881)	Income Tax Expense (Benefit)	Note 8		-
19,053	Surplus (Deficit) After Tax		5,590	11,409
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
106,913	Gains (Loss) on Property, Plant and Equipment Revaluations		357,821	18,071
125,966	Total Comprehensive Revenue and Expense		363,411	29,480

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

The Notes and the Statement of Accounting Policies on pages 88–147 form part of the Financial Statements.

Statement of financial position as at 30 June 2022

ACTUAL 2021 \$000			ACTUAL 2022 \$000	BUDGET 2022 \$000
EQUITY				
443,257	Accumulated Funds	Note 23	448,049	441,031
10,235	Operating Reserves		10,543	4,973
14,853	Restricted Equity	Note 23	14,913	12,460
310,882	Asset Revaluation Reserves	Note 23	668,703	225,908
779,227	TOTAL EQUITY		1,142,209	684,372
ASSETS				
Current Assets				
5,304	Cash and Cash Equivalents	Note 9	1,888	4,096
-	Term Deposits- Current	Note 9	6,000	-
17,940	Receivables	Note 11	11,622	18,265
920	Goods and Services Tax	Note 11	41	-
257	Inventory	Note 10	296	263
1,000	Non-current Assets Held for Sale	Note 17	-	3,057
25,421	Total Current Assets		19,847	25,681
Non-Current Assets				
11,528	Non-current Assets Held for Sale	Note 17	11,855	5,969
848	Deferred Tax Asset	Note 8	-	-
-	Derivatives	Note 12	1,098	-
8,461	Investment in CCOs and other similar entities	Note 13	9,397	7,237
89,293	Operational Assets	Note 14	95,555	90,870
655,850	Infrastructural Assets	Note 14	995,325	573,867
786	Intangible Assets	Note 14	529	1,104
247	Forestry Assets	Note 16	244	234
40,419	Investment Property	Note 17	43,536	36,645
46,259	Restricted Assets	Note 18	55,511	46,038
14,111	Work in Progress	Note 14	24,184	9,748
867,802	Total Non-Current Assets		1,237,234	771,712
893,223	TOTAL ASSETS		1,257,081	797,393
LIABILITIES				
Current Liabilities				
26,598	Payables and Deferred Revenue	Note 19	18,644	25,101
121	Derivatives Financial Instruments	Note 12	1	233
5,000	Borrowings and Other Financial Liabilities	Note 22	10,000	9,000
2,596	Employee Entitlements	Note 21	2,964	2,576
36	Provisions	Note 20	641	35
-	Goods and Services Tax	Note 19	-	-
34,351	Total Current Liabilities		32,250	36,945
Non-Current Liabilities				
2,997	Derivative Financial Instruments	Note 12	-	6,669
72,000	Borrowings and Other Financial Liabilities LT	Note 22	77,000	68,000
541	Employee Entitlements LT	Note 21	479	558
4,106	Provisions LT	Note 20	5,143	848
1	Deferred Tax Liability	Note 8	-	1
79,645	Total Non-Current Liabilities		82,622	76,076
113,996	TOTAL LIABILITIES		114,872	113,021
779,227	NET ASSETS (Assets minus Liabilities)		1,142,209	684,372

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

The Notes and the Statement of Accounting Policies on pages 88–147 form part of the Financial Statements.

Dr. Victor Luca
Mayor
14 June 2023

Steph O'Sullivan
Chief Executive
14 June 2023

Statement of changes in net assets and equity for the period ended 30 June 2022

ACTUAL 2021 \$000		ACTUAL 2022 \$000	BUDGET 2022 \$000
652,951	Balance at 1 July	779,226	654,892
125,966	Total Comprehensive Revenue and Expense for the Year	363,411	29,480
309	Other Adjustment	(429)	-
779,226	Balance at 30 June	1,142,209	684,372

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

The Notes and the Statement of Accounting Policies on pages 88–147 form part of the Financial Statements.

Statement of cashflows for the year ended 30 June 2022

ACTUAL 2021 \$000		ACTUAL 2022 \$000	BUDGET 2022 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
60,299	Receipts from Rates Revenue	49,924	63,475
24,908	Subsidies and Grants Received	19,862	23,584
9,868	Fees and Charges and Other Revenue Received	14,272	13,666
79	Interest Received	32	45
3	Dividends Received	-	-
(58,903)	Payments to Suppliers and Employees	(60,879)	(56,816)
(9,593)	Payments to Agencies		(12,000)
(2,319)	Interest Paid	(2,417)	(1,847)
(409)	GST (Net)	879	-
(630)	Airport Net Cashflow	-	-
23,303	Net Cash Flow from Operating Activities	21,673	30,107
CASH FLOWS FROM INVESTING ACTIVITIES			
422	Receipts from Sale of Property, Plant and Equipment	988	2,057
(35,842)	Purchase of PPE	(28,807)	(27,185)
(798)	Acquisition of Investments	(6,270)	(333)
(50)	Airport Net Cashflow	-	-
(36,268)	Net Cash Flows from Investing Activities	(34,089)	(25,461)
CASH FLOWS FROM FINANCING ACTIVITIES			
18,000	Proceeds from borrowings	14,000	5,000
(13,000)	Repayment of borrowings	(5,000)	(5,000)
680	Airport Net Cashflow	-	822
5,680	Net Cash Flow from Financing Activities	9,000	822
(7,285)	Net increase/decrease in Cash	(3,416)	5,468
12,589	Cash at beginning of year	5,304	(1,372)
5,304	Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	1,888	4,096
Represented by:			
5,304	Cash at Bank	1,888	-

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

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

The Notes and the Statement of Accounting Policies on pages 88–147 form part of the Financial Statements.

	2021 \$000	CASHFLOWS	NON-CASH CHANGES		NOTES	2022 \$000
			Acquisition	New Leases		
Reconciliation of Liabilities Arising from Financing Activities						
Long Term Borrowings	77,000	9,000	-	-	Note 22	86,000
Other Term Liabilities- Deposit Held	-	-	1,000		Note 22	1,000
Long Term debt	77,000	9,000	1,000	-		87,000

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 2022. The financial statements were authorised for issue by Council on 14 June 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. This was extended by a further 2 months due to the aftermath of the COVID-19 pandemic and a nationwide shortage of auditors.

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.

Statements issued and not yet effective and not early adopted

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

PBE IPSAS 4 Financial instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS9 Financial Instruments and PBE IPSAS 29 Financial Instruments : Recognition and Measurement. The main changes between PBE IPSAS 29 and PBE IPASAS 41 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 credit losses, which may result in earlier recognition of impairment losses
- Revised hedge accounting requirements to better reflect the management of risks

The new standard is effective for year ending 30 June 2023. The Council has not yet assessed the effects of the new standard. It does not plan to adopt the standard early.

PBE FR48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for year ending 30 June 2023, with early application permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

New amendment applied

An amendment to PBE IPSAS 2 Cash Flow Statements requirements entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The new information required by this amendment has been disclosed at the bottom of the Statement of Cashflows.

Legislative changes

Amendments have been made to the Local Government (Rating) Act 2002. The Local Government (Rating of Whenua Maori) Amendment Act 2021 came into force on 1 July 2021.

It introduces new powers to Local Authority Chief Executives to write off rates. The sections are:

- 90A Chief executive may write off rates that cannot be recovered
- 90B Chief executive may write off rates of deceased owners of Māori freehold land
- 90C Chief executive may delegate power to write off rates
- 90D Amount of rates written off to be included in notes to financial statements

The council has done some preliminary analysis on the potential impact of these changes and has increased the doubtful debts provision to take account of this. Refer Note 11 Movement in provision for impairment of receivables for potential financial impact.

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.

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 taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether or not the title is eventually transferred. At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce

a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the

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

Operating leases

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

Cash and cash equivalents

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

Receivables

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

Derivative financial instruments

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

Other financial assets

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

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

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

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

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied. Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans to community organisations made at nil or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense. The loans are subsequently measured at amortised cost using the effective interest method.

Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Fair value through other comprehensive revenue and expense

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

The Council includes in this category:

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

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

Impairment of financial assets

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

Loans and receivables, and held-to-maturity investments

Impairment is established when there is evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount

of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired. If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit. If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventory

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

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value. The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down. When land held for development and future resale is transferred from investment property, or property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs of non-current

assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets

These include land, buildings, 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 the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Disposals

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

Subsequent costs

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

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

Depreciation

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

Roading is valued on a regular basis and each asset is assigned a base life (estimate of total useful life), which is converted to a preliminary estimate of physical life by

adjusting for age. An initial assessment of remaining life is then calculated as the difference between expected life and age of asset. Where information is available further adjustments are then made to the useful life estimate to take into account condition and use of the asset.

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

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

INFRASTRUCTURAL ASSETS (APPROXIMATE AVERAGE OVER ALL ASSETS IN THAT CATEGORY)	YEARS
Roading	
Land – road reserve	Not depreciated
Road formation	Not depreciated
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

Continued on the next page...

INFRASTRUCTURAL ASSETS (APPROXIMATE AVERAGE OVER ALL ASSETS IN THAT CATEGORY)	YEARS
Gravity main	40
Rising main	57
Pump station	12
Treatment plant	47
Outfall	28
Parks	
Land	Not depreciated
Park assets	17.5
Operational assets	
Museum assets	Not depreciated
Land	Not depreciated
Buildings	8-55
Vehicles	5-8
Plant and equipment	4-33
Furniture and fittings	5-10
Library books	3-4
Office equipment	5-10

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Easements

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Computer software 4- 5 years 20%- 25%

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 for reporting year ended 30 June 2022.

As at 30 June 2022, no intangible assets held by Council were impacted by this change in accounting policy.

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.

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 2021/22 year. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions. Gains and losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit when incurred. Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Investment property

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

Payables

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

Borrowings

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

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences. A liability and an expense are recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

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

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

Presentation of employee entitlements

Sick leave and long service leave are valued on an actuarial basis. The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Three key assumptions used in calculating this liability include the discount rate, salary escalation rates and resignation rates. Any changes in these assumptions will affect the carrying amount of the liability. Projected cashflows are discounted back to the valuation date at the valuation discount rates. The discount rates have been chosen in accordance with PBE IPSAS 25 and have been and the valuation method is a refinement of that set out by Treasury in its paper entitled "Guidance on accounting for sick leave under NZ IAS 19 employee benefits". A long term annual rate of salary growth of 3.0% per year has been used. Sick leave and long service leave are classified as both current and long term liabilities depending on predicted settlement. If the payment is likely to be made within 12 months of balance date the entitlement is classified as current. The balance of the valuation is classified as long term.

Superannuation scheme

Defined contribution schemes

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

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation either legal or constructive as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Equity

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

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

Restricted reserves

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

Asset revaluation reserve

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

Fair value through other comprehensive revenue and expense reserve

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

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables- which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.



Budget figures

The budget figures are those approved by the Council in its Long Term Plan 2021-31. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below. Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

Critical accounting estimates and assumptions

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

Asset valuations and fair value assumption

Note 14 provides information about the valuation dates of assets. During the 2021/22 year, independent valuations were carried out on forestry, investment property and property held for sale, and roading.

All assets have been valued on the fair value assumption while taking account of 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 2022.

Note 2 - Rates

ACTUAL 2021 \$000		ACTUAL 2022 \$000	BUDGET 2022 \$000
GENERAL RATES			
24,420	General Rates	24,593	24,626
TARGETED RATES ATTRIBUTABLE TO ACTIVITIES:			
816	District Growth	984	972
2,594	Solid Waste	3,292	3,287
3,107	Stormwater Drainage	3,810	3,822
4,492	Sewage Treatment and Disposal	5,063	5,101
2,507	Water Supply	3,146	3,147
5,848	Roads and Footpaths	5,988	5,985
269	Leadership	366	369
63	Council Controlled Activities		
1,002	Rate Penalties	923	800
(607)	Rates Remissions	(480)	(550)
3,905	VOLUMETRIC CHARGES FOR WATER	3,916	3,916
48,416	Net Rate Revenue	51,601	51,475

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

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 2022	30 June 2021
The number of rating units within the District	17,039	16,954
The total capital value of rating units within the District	11,263,595,700	11,197,735,300
The total land value of rating units within the District	5,841,725,050	5,822,555,050

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. The annual rates revenue of the Council for the year ended 30 June 2022 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	ACTUAL 2021/22 \$000	2021 \$000
Rates	51,601	48,416
Lump Sum Contributions	-	-
Total Annual Rates Revenue	51,601	48,416

Note 3 - Other revenue and subsidies and grants

ACTUAL 2021 \$000		ACTUAL 2022 \$000	BUDGET 2022 \$000
SUBSIDIES AND GRANTS			
14,280	Government Grants	2,037	12,091
2,301	DIA Grant- 3 Waters	4,672	-
17,785	NZTA Subsidies	12,036	11,493
34,366	Total Subsidies and Grants	18,745	23,584
OTHER REVENUE			
283	Vested Assets	116	
258	Infringements & Fines	292	345
305	Petrol Tax	278	288
2,449	Rental Revenue from Investment Properties	2,521	2,351
352	Rental Revenue Other	192	406
3	Dividend Revenue	5	5
11	Insurance recoveries	35	
486	Other Services	622	472
4,147	Total Other Revenue	4,061	3,867
38,513	Total subsidies and grants and other revenue	22,806	27,451

ACTUAL 2021 \$000	FEEES AND CHARGES - ANALYSIS	ACTUAL 2022 \$000
994	Aquatic Centre Fees	679
1,538	User Pays Fees and Charges- Waste	1,893
1,466	User Pays Fees and Charges- Community Safety	1,505
1,249	User Pays Fees and Charges- Recreation	1,159
413	User Pays Fees and Charges- Environmental	402
517	User Pays Fees and Charges- Other	395
728	Expense Recoveries- Recreation	461
202	Expense Recoveries- Environmental	230
376	Expense Recoveries- Other	289
310	BCA Development Levy	458
228	Licenses	208
130	Parking Fees	102
123	Berthage	119
142	Other Fees and Charges	161
8,416		8,061

Note 4 - Personnel costs

ACTUAL 2021 \$000			ACTUAL 2022 \$000	BUDGET 2022 \$000
20,240	Salaries and Wages		21,387	21,668
573	Defined Contribution Plan for Employer Contributions	*	606	600
3	Increase (Decrease) in Employee Entitlements		(40)	-
20,816	Total Personnel Costs		21,953	22,268

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

* Employer contributions to defined contribution plans include contributions to Kiwisaver

Note 5 - Depreciation and other expenses

ACTUAL 2021 \$000			ACTUAL 2022 \$000
DIRECTLY ATTRIBUTABLE DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY			
9	Community Safety		10
	Leadership and Community		17
106	Strategy and Futures		128
2,985	Community Experience		3,276
52	Waste Management and Minimisation		53
7,899	Roads and Footpaths		9,000
2,081	Water Supply		3,819
1,165	Stormwater Drainage		1,552
1,548	Sewage Treatment and Disposal		2,257
-	Reportable Council-controlled Organisations		-
1,495	Corporate & District Activities Funds Applied		1,577
17,340	Total Depreciation and Amortisation Expense		21,689
<i>For further information on change of estimate, please refer to Note 34</i>			
OTHER EXPENSES			
147	Audit NZ- Council Financial Statements		160
97	Audit NZ- Annual Plan / Long Term Plan		-
5	Audit NZ- Debenture Trust Deed		6
522	Grants and Subsidies		410
1,064	Insurance Premiums		1,256
700	Investment Property Expenses		177
3,924	Movement in Doubtful Debt Impairment		872
200	Operating Leases		234
38,469	* Other Operating Expenses		32,996
(81)	** Movement in Provisions	**	1,642
45,047	Total Other Expenses		37,753

* Other operating expenses included items such as: Contract payments (\$15.52 million) and Consultant payments (\$3.53 million)

** Movement in Landfill and Weathertight Provisions

Note 5 - Depreciation and other expenses continued

ACTUAL 2021 \$000	REVALUATION LOSSES/LOSS ON SALE		ACTUAL 2022 \$000
NON FINANCIAL INSTRUMENTS			
	Loss on Forestry Valuation		3
3,340	Future Loss on Sale of Investment Property		185
FINANCIAL INSTRUMENTS			
	Derivative Financial Instruments	Note 12	-
3,340	Total Revaluation Losses		188

Note 6 - Interest revenue and finance costs

ACTUAL 2021 \$000		ACTUAL 2022 \$000	BUDGET 2022 \$000
79	Interest Revenue	32	45
(2,319)	Finance Costs- interest on borrowings	(2,417)	(1,847)
(2,240)	Net Finance Costs	(2,385)	(1,802)

Note 7 - Gains

ACTUAL 2021 \$000			ACTUAL 2022 \$000	BUDGET 2022 \$000
NON FINANCIAL INSTRUMENTS				
8,989	Revaluation- Investment Property	Note 17	2,889	611
41	Revaluation- Forestry	Note 16	-	-
209	Gain on Disposal of Assets		120	-
9,239	Total Non-Financial Instruments		3,009	611
NON FINANCIAL INSTRUMENTS				
2,408	Revaluation- Derivative Financial Instruments	Note 12	4,215	-
2,408	Total Non-Financial Instruments		4,215	-
11,647	Total Gains		7,224	611

Note 8 - Income tax

ACTUAL 2021 \$000		ACTUAL 2022 \$000
COMPONENTS OF TAX EXPENSE		
-	Current Tax	-
-	Adjustments to Current Tax in Prior Years	-
(881)	Deferred Tax	-
(881)	Total Tax	-
RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING SURPLUS		
17,921	Surplus (Deficit) Before Tax	5,557
5,018	Tax @ 28% (2021: 28%)	1,556
	Plus (Less) tax effect of:	-
(5,018)	Non-deductible Expenditure	(1,556)
-	Non-taxable Revenue	-
(822)	Tax loss not recognised	-
(60)	Deferred Tax Adjustment	-
-	Prior Year Adjustment	-
(882)	Tax Expense (Benefit)	-

DEFERRED TAX ASSET (LIABILITY)	PROPERTY, PLANT AND EQUIPMENT \$000	EMPLOYEE ENTITLEMENTS \$000	TAX LOSSES \$000	TOTAL \$000
Balance at 30 June 2020	(310)	-	310	-
Charged to Surplus or Deficit	(37)	-	918	881
Charged to Other Comprehensive Revenue and Expense	(881)	-	-	(881)
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	(1,166)	-	1,166	-

Note 9 - Cash and cash equivalents

ACTUAL 2021 \$000		ACTUAL 2022 \$000
5,304	Cash at bank and on hand	1,888
5,304	Total cash and cash equivalents	1,888
The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.		
INTEREST RATES		
The weighted average effective interest rates during the year on Cash and Cash Equivalents were:		
2021		2022
0.06%	Cash and cash equivalents	0.28%

Note 9 - Term deposits - current

ACTUAL 2021 \$000		ACTUAL 2022 \$000
-	Cash at bank and on hand	6,000
-	Total cash and cash equivalents	6,000

Note 10 - Inventories

ACTUAL 2021 \$000		ACTUAL 2022 \$000
HELD FOR DISTRIBUTION:		
247	Water and Sewerage Spare Parts	289
10	Road Safety Vouchers	7
	Other	-
257	Total Inventories	296

No inventories are pledged as security for liabilities (2021: \$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 2022 amounted to \$Nil (2021: \$Nil). The loss in service potential of inventories held for distribution is determined on the basis of obsolescence.

Note 11 - Receivables

ACTUAL 2021 \$000		ACTUAL 2022 \$000
8,030	Rates Receivables	7,800
3,950	Metered Water Receivables	4,617
2,859	Sundry Debtor Receivables	2,720
1,053	Regulatory Receivables	344
5,588	NZTA Receivable	1,466
745	Income Accrued	250
504	Airport Debtors	-
920	GST Receivable	41
23,649		17,238
(5,496)	Less Provision for Impairment of Receivables	(6,369)
23,649		10,869
707	Prepayments	794
18,860	Total Receivables including GST Receivable	11,663
Total Receivables Comprise:		
7,437	Receivables from non-exchange transactions- this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	6,089
11,423	Receivables from exchange transactions- this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	5,574

Note 11 - Receivables continued

Fair Value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their face value.

Impairment

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

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

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

2021 \$000	MOVEMENT IN THE PROVISION FOR IMPAIRMENT OF RECEIVABLES	2022 \$000
1,572	At 1 July	5,496
4,458	Provision Adjustment Made During the Year	1,439
(534)	Receivables Written Off During the Year	(566)
5,496	Balance at 30 June	6,369

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

Rates written off

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 the Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: Nil (2021:Nil)
- Section 90B: Nil (2021:Nil) to Māori freehold land) of the Local Government (Rating) Act 2002

Note 12 - Derivative Financial Instruments

ACTUAL 2021 \$000		ACTUAL 2022 \$000
CURRENT ASSET PORTION		
-	Interest rate swaps	
CURRENT LIABILITY PORTION		
121	Interest rate swaps	1
NON-CURRENT ASSET PORTION		
-	Interest rate swaps	1,098
NON-CURRENT LIABILITY PORTION		
2,997	Interest rate swaps	
3,118	Total Derivative Financial Instrument Liabilities	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 Hedgebrook software and then checked to independent ANZ and BNZ confirmations. No interest rate swaps were due to mature at 30 June 2022.

Information About Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$53.5 million (2021: \$45 million). At 30 June 2022 the average fixed interest rates of cash flow hedge interest rate swaps were 3.549% (2021: 3.819%)

At 30 June 2022 the fixed interest rates of cash flow hedge interest rate swaps varied from 1.51% to 5.9% (2021 1.51% to 5.9%).

Unrealised gains and losses recognised on interest rate swap contracts as at 30 June 2022 are released to the surplus or deficit as interest is paid on the underlying debt.

The Council have no fair value hedges.

Note 12 - Derivative Financial Instruments continued

The following interest rate swaps are currently held (in whole dollars):

2022	SWAP 1	SWAP 2	SWAP 3	SWAP 4	SWAP 5	SWAP 6	SWAP 7	SWAP 8	SWAP 9
Maturity Date	24/01/2023	22/03/2023	20/07/2023	22/09/2023	21/03/2024	22/03/2024	20/04/2024	24/06/2024	22/09/2024
Fixed Rate	2.7800%	4.9700%	4.9900%	5.9000%	4.8700%	4.9500%	4.4000%	1.5100%	5.0000%
Amount	\$4,000,000	\$1,000,000	\$2,000,000	\$1,700,000	\$1,600,000	\$1,000,000	\$2,500,000	\$2,000,000	\$1,000,000
Fair Value	8,632	(9,613)	(35,916)	(41,212)	(23,134)	(15,763)	(29,054)	96,972	(20,457)
2022	SWAP 10	SWAP 11	SWAP 12	SWAP 13	SWAP 14	SWAP 15	SWAP 16	SWAP 17	SWAP 18
Maturity Date	20/12/2024	30/03/2025	22/09/2025	22/07/2026	23/09/2026	20/04/2027	22/06/2027	20/07/2027	24/01/2028
Fixed Rate	4.7300%	3.7800%	4.8000%	3.1900%	3.2400%	3.7600%	3.7500%	1.8600%	1.8350%
Amount	\$2,000,000	\$2,000,000	\$3,000,000	\$2,500,000	\$1,000,000	\$2,000,000	\$1,700,000	\$2,000,000	\$4,000,000
Fair Value	(31,664)	15,619	(67,066)	73,673	31,204	21,316	21,916	155,819	398,358
2022	SWAP 19	SWAP 20	SWAP 21	SWAP 22	SWAP 23	SWAP 24	SWAP 25		
Maturity Date	22/03/28	20/04/28	15/03/30	15/09/30	15/03/31	15/09/31	15/01/32		
Fixed Rate	3.70%	3.71%	3.19%	3.19%	3.20%	3.19%	3.18%		
Amount	\$1,000,000	\$2,500,000	\$2,000,000	\$2,000,000	\$2,000,000	\$3,000,000	\$4,000,000		
Fair Value	11,290	26,998	69,581	97,783	96,440	126,412	118,537		
FAIR VALUE TOTAL 1,096,671.00									

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.

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.

Breakdown of investment in associates and further information

The Council has a 9.7% (2021: 9.7%) interest in an associate, BOPLASS Ltd, which fosters collaboration among the Bay of Plenty councils in the delivery of services, particularly back office services.

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 councils 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:

2021 ACTUAL \$000	SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURE	2022 ACTUAL \$000
	INVESTMENT IN WHAKATĀNE AIRPORT	
839	Current assets	1,103
12,044	Non-current assets at revaluation	13,309
79	Work in Progress	62
231	WDC loan account	71
(78)	Current Liabilities	(98)
-	Non-current liabilities	-
13,115	Net Assets	14,447
143	Revenue (excluding interest)	128
-	Interest Revenue	
626	Operating Expenses	768
26	Personnel Costs	27
121	Depreciation and Amortisation	117
	Income Tax expense	
(630)	Surplus / (Deficit)	(784)
-	Other comprehensive revenue and expense	-
(630)	Total comprehensive revenue and expense	(784)
	Reconciliation to equity accounted carrying amount	
13,115	Joint Venture's net assets	14,447
50%	Councils share	50%
6,558	Equity accounted carrying amount	7,224

Note 13 - Investment in Council controlled organisations and other similar entities continued

2021 ACTUAL \$000		2022 ACTUAL \$000
50	Shares- Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd): 38,788 shares @ \$1.29	50
9	Shares- Bay of Plenty Local Authority Shared Services Limited	9
100	Shares- NZ Local Government Funding Agency	100
1,395	Borrower Notes- NZ Local Government Funding Agency	1,664
6,558	Whakatāne Airport	7,224
350	Loan to Air Chathams	350
8,461	Total Investment in Council Controlled Organisations and Other Similar Entities	9,397

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.

Impairment

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

Note 14 - Property plant and equipment

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

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

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

Valuation uncertainty: The COVID-19 virus is currently having 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. No property, plant and equipment is pledged as security. Refer Note 18 for restricted assets. Council has easements giving right to access to private property where infrastructure assets are located. It has not been feasible to value at this stage and when valued are not expected to be material. There are no restrictions over the title of the Council's intangible assets, nor are there any intangible assets pledged as security for liabilities.

Note 14 - Property plant and equipment

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

2021	1 JULY 2020			CURRENT YEAR							30 JUNE 2021		
	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*	25,025	-	25,025	-	-	251	-	-	-	112	25,388	-	25,388
Buildings**	50,863	368	50,495	1,643	-	-	-	-	1,446	-	52,506	1,814	50,692
Plant & equipment	6,258	3,283	2,975	805	-	-	-	-	396	-	7,063	3,679	3,384
Furniture & fittings	3,155	2,021	1,134	155	-	-	-	-	202	-	3,310	2,223	1,087
Office equipment	5,956	4,704	1,252	712	-	-	-	-	411	-	6,668	5,115	1,553
Motor vehicles	3,172	1,929	1,243	798	316	-	-	261	405	-	3,654	2,073	1,581
Harbour vessels	32	32	-	-	-	-	-	-	-	-	32	32	-
Museum collection	5,029	-	5,029	63	-	-	-	-	-	-	5,092	-	5,092
Library books	848	96	752	76	-	-	-	-	316	-	924	412	512
Total Operational Assets	100,338	12,433	87,905	4,252	316	251	-	261	3,176	112	104,637	15,348	89,289
INFRASTRUCTURAL ASSETS													
Land roading	91,363	-	91,363	-	-	-	-	-	-	-	91,363	-	91,363
Stormwater	52,866	3,449	49,417	2,397	-	-	-	4,612	1,165	21,944	77,207	2	77,205
Harbour	7,959	1	7,958	473	-	-	-	-	303	-	8,432	304	8,128
Parks	11,544	-	11,544	2,520	-	-	-	-	873	-	14,064	873	13,191
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Core Council Infrastructure Assets</i>													
Roading network	262,398	7,879	254,519	20,020	-	-	-	-	7,898	-	282,418	15,777	266,641
Water- Treatment plants & facilities	2,615	639	1,976	-	-	-	-	852	213	1,246	3,861	-	3,861
Water- Other	72,748	5,220	67,528	4,007	-	-	-	7,080	1,867	42,577	119,332	7	119,325
Sewerage- Treatment plants & facilities	5,139	361	4,778	-	-	-	-	476	115	2,300	7,439	-	7,439
Sewerage- Other	46,233	4,097	42,136	2,193	-	-	-	5,524	1,433	20,279	68,705	6	68,699
Total Infrastructural Assets	552,865	21,646	531,219	31,610	-	-	-	18,544	13,867	88,346	672,821	16,969	655,852
INTANGIBLE ASSETS													
Computer software	5,197	4,333	864	219	-	-	-	-	296	-	5,416	4,629	787
Total	658,400	38,412	619,988	36,081	316	251	-	18,805	17,339	88,458	782,874	36,946	745,928

Note 14 - Property plant and equipment continued

Work in progress

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

WORK IN PROGRESS	ACTUAL 2022 \$000	ACTUAL 2021 \$000
Water, Stormwater & Wastewater Systems	12,388	6,427
Roading Network	290	-
Buildings	1,973	144
Parks and Reserves	2,281	832
Ports and Harbour	5,498	5,443
Intangible Assets	431	317
Plant and Equipment	1,323	948
Total work in progress	24,184	14,111

Replacement cost - Core Council infrastructure assets

	MOST RECENT ESTIMATE OF REPLACEMENT COST \$000	DATE OF ESTIMATE
Roading Networks	813,644	30 June 2022
Water- treatment plants & facilities	233,291	30 June 2021
Sewerage- treatment plants & facilities	168,990	30 June 2021
Stormwater	130,657	30 June 2021

Valuations on operational and restricted assets

	FAIR VALUE	VALUATION
Operational Land	83,584	30 June 2020
Operational Buildings	37,800	30 June 2020
Park Assets	15,894	30 June 2020
Harbour Assets	3,031	30 June 2020
Library Books	836	30 June 2020
Harbour Land Not Leased (Restricted Asset)	4,425	30 June 2020
Recreational Reserves	34,614	30 June 2020
Museum Collection	8,771	30 June 2020

Insurance of assets

The following information relates to the insurance of Council assets at 30 June 2022.

	2022 \$000	2021 \$000	2020 \$000
The total net book value of all Council assets covered by insurance contracts	415,016	407,210	281,214
The maximum amount to which insured assets are insured	563,352	506,028	363,734
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	811,726	437,898	443,097
The value of funds maintained for self-insurance **	283	284	9

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 2021/22

** 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.

Note 15 - Valuation

Land (operational, restricted and infrastructural)

The most recent valuation was performed by an independent Certified Practising Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2020.

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.

A high level fair value assessment was carried out by AON Risk Solutions to ascertain the approximate value that operating and restricted land had increased since the last valuation. An uplift of 30% (\$7.6M) was subsequently applied to the operating land value as an interim valuation. A further uplift of 20% (\$9.2M) was applied to the restricted land value as an interim valuation.

Buildings (operational and restricted)

The most recent valuation was performed by an independent Certified Practising Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2020.

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.

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.

The most recent valuation for Road assets was performed by Shahaanan Arulgnanapragasam, WSP Limited, and the valuation was effective as at 30 June 2022.

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 2020.

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 2020. A further addition of donated portraits was valued during the 2020/21 year.

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 2020.

Note 16 - Forestry assets

2021 ACTUAL \$000		2022 ACTUAL \$000
206	Balance at 1 July	247
41	Gains (Losses) Arising from Changes in Fair Value on Valuation	(3)
-	Decreases due to Sales	-
247	Balance at 30 June	244

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 PFOlsen and Co, independent valuers, on the basis of arms length market transaction of current market evidence as at 30 June 2022.

Note 17 - Investment property and non-current assets held for sale

2021 ACTUAL \$000		2022 ACTUAL \$000
	INVESTMENT PROPERTY	
35,344	Balance at 1 July	40,419
(161)	Sales and Disposals	(445)
	Additions	-
5,236	Fair Value Gains (Losses) on Valuation	2,692
-	Transfer (to) from Restricted Assets	-
	Transfer from Non-Current Assets Held for Sale	870
-	Transfer from Operational Land	-
	Transfer to Operational Land	-
-	Transfer from Restricted Land	-
-	Transfer to Restricted Land	-
40,419	Balance at 30 June	43,536
Information about the revenue and expenses in relation to investment property is detailed below:		
2,449	Rental Revenue	2,521
700	Direct Operating Expenses from Investment Property Generating Revenue	177
	NON-CURRENT ASSETS HELD FOR SALE	
9,026	Balance at 1 July	12,528
-	Sales	-
3,753	Fair Value Gains (Losses) on Valuation	197
-	Impairment losses	-
(251)	Transfer to Operational Assets	-
-	Transfer to Investment Property	(870)
12,528	Balance at 30 June	11,855
	NON CURRENT ASSETS HELD FOR SALE SPLIT BETWEEN:	
1,000	Assets where proceeds are expected within one year	-
11,528	Assets where proceeds are expected after one year	11,855
12,528		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.

Note 17 - Investment property and non-current assets held for sale continued

All investment properties held by Council were valued at 30 June 2022 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 (2021: \$nil).

Valuation uncertainty

The COVID-19 virus is currently having 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.

Note 18 - Restricted assets

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

2021	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 2021 \$000
Harbour Land (Not Leased)	5,495	-	-	-	-	-	-	-		5,495
Recreational Reserves	40,543	221	-	-		-	-	-		40,764
Total	46,038	221	-	-	-	-	-	-	-	46,259

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)

Valuation uncertainty: The COVID-19 virus is currently having 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.

Note 19 - Payables and deferred revenue

2021 ACTUAL \$000		2022 ACTUAL \$000
	PAYABLES AND DEFERRED REVENUE UNDER EXCHANGE TRANSACTIONS	
10,962	Trade Payables	6,457
1,060	Accrued Expenses	2,142
7,636	Income Received in Advance	5,061
2,530	Deposits	1,340
805	Amounts due to Customers for Contract Work	760
3,605	Rates payable to Regional Council	2,884
	PAYABLES AND DEFERRED REVENUE UNDER NON-EXCHANGE TRANSACTIONS	
-	Other Taxes Payable (GST)	-
-	Income Received in Advance	-
26,598	Total Payables and Deferred Revenue	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

2021 ACTUAL \$000		2022 ACTUAL \$000
	CURRENT PORTION	
36	Landfill Aftercare Provision	641
-	Weathertightness and Other Claims Provision	-
36	Total Current Portion	641
	Non-current Portion	
381	Landfill Aftercare Provision	1,543
385	Weathertightness and Other Claims Provision	75
3340	Future loss on Sale- Investment Property Provision	3,525
4106	Total Non-current Portion	5143
4,142	Total Provisions	5,784
Movements for each class of provision are as follows:		
	LANDFILL AFTERCARE PROVISION	
503	Balance at 1 July	417
(86)	Increase (Decrease) in Net Present Value	1,767
417	Balance at 30 June	2,184
	WEATHERTIGHTNESS AND OTHER CLAIMS PROVISION	
380	Balance at 1 July	385
5	Increase (Decrease) in Provision	(310)
385	Balance at 30 June	75
	FUTURE LOSS ON SALE-INVESTMENT PROPERTY PROVISION	
-	Balance at 1 July	3,340
3,340	Increase (Decrease) in Provision	185
3,340	Balance at 30 June	3,525

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 2022 financial statements of \$75,000 based on the expected outcome of known weathertight and other building related claims. This is a decrease of \$310,000 compared to last years provision.

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 2022 other than those provided for.

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

Note 21 - Employee entitlements

2021 ACTUAL \$000		2022 ACTUAL \$000
	CURRENT PORTION	
679	Accrued pay	821
1,877	Annual and Long Service Leave	2,088
39	Sick Leave	54
2,595	Total Current Portion	2,964
	NON-CURRENT PORTION	
516	Long Service Leave	456
25	Sick Leave	23
541	Total Non-current Portion	479
3,136	Total Employee Entitlements	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 2022.

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

For sick leave the average discount rate used in the valuation was 3.9%.

The Long Service Leave valuation also assumes annual salary growth of 3% p.a. but uses a rising discount rate of 3.34% to 4.47% over a 10 year period.

The valuation has been carried out in accordance with PBE IPSAS 39.

Note 22 - Borrowings and other financial liabilities

2021 ACTUAL \$000		2022 ACTUAL \$000
	CURRENT PORTION	
5,000	Secured loans	9,000
	Deposits	1,000
	NON-CURRENT PORTION	
72,000	Secured Loans	77,000
77,000	Total borrowings	87,000
<i>The fair values of borrowings including current portion equate to their carrying values</i>		
	MATURITY PROFILE	
5,000	Maturing in under one year	9,000
9,000	Maturing in 1-2 years	11,000
10,000	Maturing in 2-3 years	11,000
11,000	Maturing in 3-4 years	14,000
11,000	Maturing in 4-5 years	14,000
31,000	Maturing in 5 years+	28,000
77,000		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 2022 range from 1.06% to 4.04% (2021: 1.03% to 2.13%) with a weighted average rate of 3.29% (2021: 1.29%). Interest expense for 2022 was \$2.417 million (2021: \$2.319 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.

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.

Note 23 - Equity

2021 ACTUAL \$000		2022 ACTUAL \$000
	EQUITY	
453,292	Accumulated funds	458,592
14,854	Restricted reserves	14,913
310,882	Asset revaluation reserves	668,703
779,028	Total Public Equity	1,142,208
	ACCUMULATED FUNDS	
419,275	Balance at 1 July	443,255
309	Other Reserve Movements	(429)
19,053	Surplus/(Deficit) for the Year	5,590
(15,404)	Transfers to Council Created Reserves	(17,498)
(2,489)	Transfers to Restricted Reserves	(2,812)
17,310	Transfers from Council Created Reserves	17,191
3,333	Transfers from Restricted Reserves	2,753
1,868	Airport Adjustment	-
443,255	Balance at 30 June	448,049
	Add Council created reserves (incl. depreciation reserves)	
12,142	Balance at 1 July	10,235
15,404	Transfer from accumulated funds	17,498
(17,310)	Transfer to accumulated funds	(17,191)
10,235	Balance at 30 June	10,543
453,490	Total accumulated funds	458,592
	Restricted Reserves	
15,698	Balance at 1 July	14,854
2,489	Transfers from Accumulated Funds	2,812
(3,333)	Transfer to Accumulated Funds	(2,753)
14,854	Balance at 30 June	14,913
	ASSET REVALUATION RESERVE	
205,837	Balance 1 July	310,882
112	Revaluation of Operational Assets	7,171
(89)	Revaluation of Restricted Assets	9,252
	Revaluation of Roading	341,398
51,755	Revaluation of Water	-
28,955	Revaluation of Sewerage	-
26,180	Revaluation of Land Drainage	-
	Revaluation of Other Infrastructural Assets	-
(1,868)	Airport Adjustment	-
310,882	Balance at 30 June	668,703

Note 23 - Equity continued

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

RESERVES SCHEDULE AS AT 30 JUNE 2022	ACTIVITY	PURPOSE	2020 /21				2021/22		
			\$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2021 \$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2022 \$000
Council Operating Reserves									
Separate Operating Reserves									
General Rates and Revenues	General Council	For General Rate funded Surpluses or Deficits	(231)	1,616	(1,545)	(159)	2,022	(3,913)	(2,050)
Roading Rate	Roads and Footpaths	For Rooding Rate funded Surpluses or Deficits	1,541	480	(498)	1,523	568	(552)	1,539
Refuse Collection Rate	Waste	For Refuse Rate funded Surpluses or Deficits	77	54	(90)	42	153	(189)	6
Equalised Wastewater	Sewage Treatment and Disposal	For Equalised Wastewater Rate funded Surpluses or Deficits	(519)	904	(1,005)	(620)	1,266	(1,365)	(720)
Matatā Wastewater	Sewage Treatment and Disposal	For Wastewater Rate funded Surpluses or Deficits	60	6	(87)	(20)	0	(73)	(93)
Murupara Wastewater	Sewage Treatment and Disposal	For Wastewater Rate funded Surpluses or Deficits	(66)	0	(22)	(87)	66	(2)	(23)
Equalised Water	Water	For Equalised Water Rate funded Surpluses or Deficits	821	423	(361)	884	588	(338)	1,134
Murupara Water	Water	For Water Rate funded Surpluses or Deficits	123	4	(72)	55	50	(1)	104
Plains Water	Water	For Water Rate funded Surpluses or Deficits	(277)	0	(232)	(508)	101	(167)	(574)
Dog Control	Animal Control	For Animal Control Operating Surpluses or Deficits	(9)	0	(17)	(26)	0	(68)	(94)
Parking Enforcement	Parking	For Parking Enforcement Operating Surpluses or Deficits	106	3	(58)	51	1	(27)	25
Pensioner Housing	Pensioner Housing	For Pensioner Housing Operating Surpluses or Deficits	580	17	0	598	19	0	617
Airport Whakatāne	Whakatāne Airport	For Whakatāne Airport Operating Surpluses or Deficits	(1,085)	165	(301)	(1,219)	0	(305)	(1,525)
Fixed Assets			1,722	138	0	1,860	511	0	2,371
Disaster Mitigation	Stormwater	For Disaster Mitigation Surpluses or Deficits	20	9	(6)	21	7	(136)	(108)
Whakatāne Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	314	9	(176)	145	167	(322)	(10)
Ohope Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	242	9	(50)	201	14	(1)	214
Edgumbe Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	(4)	7	(0)	4	18	0	22
Matatā Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	6	0	(12)	(6)	6	(0)	(0)
Murupara Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	3	0	(1)	2	1	(0)	3
Taneatua Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	7	0	(19)	(12)	3	(0)	(9)
Te Teko Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	1	0	0	1	0	(0)	1
Te Mahoe Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	0	4	(0)	4	110	(110)	4
District Growth	District Growth	For District Growth Rate funded Surpluses or Deficits	178	76	(172)	83	231	(7)	307
Separate Operating Reserves			3,610	3,926	(4,723)	2,814	5,902	(7,576)	1,140

Note 23 - Equity continued

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

RESERVES SCHEDULE AS AT 30 JUNE 2022	ACTIVITY	PURPOSE	2020 /21				2021/22		
			\$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2021 \$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2022 \$000
OTHER RESERVES									
Car Parks Development	Parking	For the Development of Car parks in the District	48	1	(31)	17	1	(0)	17
Museum Collections	Exhibitions, Research, Storage & Archives	For the purchase of Assets for the Museum Collection	1	0	0	1	0	0	1
Galatea Reserve Development	General Council	For amenities within the Galatea and Murupara areas	2	0	0	2	0	0	2
Disabled Facilities	General Council	For the improvement of Disabled Facilities throughout the District	1	0	0	1	0	(0)	1
Roading Storm Damage Reserve	Roads and Footpaths	To fund costs associated with storm damage to the Councils Rooding network	9	275	0	284	191	0	475
Te Mahoe Water- special	Water	For the purchase of Capital Expenditure for the Te Mahoe Water scheme	23	1	0	23	1	0	24
General Disaster Reserve	Corporate and District	To fund General Disasters	102	103	0	205	8	0	213
Asset Divestment	General Council	Surplus funds from the Divestment of Council Assets	26	300	(29)	297	543	(43)	798
Sale of Bennett Block	General Council	Surplus funds from the Divestment of Council Assets	(106)	0	(3)	(109)	0	(3)	(113)
Leaky Homes Reserve	Building	To fund weather tight claims	(64)	150	(16)	71	156	(48)	179
Whakatāne Community Board	Leadership	Separately collected rates for community projects	25	55	(78)	2	58	(0)	59
Rangitaiki Community Board	Leadership	Separately collected rates for community projects	60	3	(30)	33	18	(0)	50
Taneatua Community Board	Leadership	Separately collected rates for community projects	20	1	(10)	9	8	(0)	17
Murupara Community Board	Leadership	Separately collected rates for community projects	92	3	(70)	24	1	(1)	24
Iwi Liaison Community Projects	Governance	Separately collected rates for community projects	7	0	0	8	0	0	8
Digitisation	Corporate and District	To fund the Digitisation Project	75	0	(75)	0	0	0	0
Waste Minimisation	Waste	For Funding Waste Minimisation Expenditure	180	135	(139)	178	171	(116)	232
Edgecumbe Flood 2017 Reserve	Emergency Management	To fund the 2017 Edgecumbe Flood	(2,959)	2,959	0	0	0	0	0
Whakatāne Holiday Park	Whakatāne Holiday Park	To fund the Whakatāne Holiday Park	(483)	0	(128)	(612)	0	(353)	(965)
Whakaari 2019 Eruption	Emergency Manangement	To fund the Whakaari 2019 Eruption	(205)	0	(6)	(211)	0	(7)	(218)
Parks and Reserves Financial Contribution	Parks and Reserves	To fund Capital Expenditure for Parks and Reserves	46	84	0	130	43	(20)	153
Other Reserves			(3,045)	4,070	(670)	353	1,197	(593)	957

Note 23 - Equity continued

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

RESERVES SCHEDULE AS AT 30 JUNE 2022	ACTIVITY	PURPOSE	2020 /21				2021/22		
			\$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2021 \$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2022 \$000
COUNCIL OPERATING RESERVES									
Separate Operating Reserves									
General Rates and Revenues	General Council	For General Rate funded Surpluses or Deficits	(231)	1,616	(1,545)	(159)	2,022	(3,913)	(2,050)
Roading Rate	Roads and Footpaths	For Rooding Rate funded Surpluses or Deficits	1,541	480	(498)	1,523	568	(552)	1,539
Refuse Collection Rate	Waste	For Refuse Rate funded Surpluses or Deficits	77	54	(90)	42	153	(189)	6
Equalised Wastewater	Sewage Treatment and Disposal	For Equalised Wastewater Rate funded Surpluses or Deficits	(519)	904	(1,005)	(620)	1,266	(1,365)	(720)
Matatā Wastewater	Sewage Treatment and Disposal	For Wastewater Rate funded Surpluses or Deficits	60	6	(87)	(20)	0	(73)	(93)
Murupara Wastewater	Sewage Treatment and Disposal	For Wastewater Rate funded Surpluses or Deficits	(66)	0	(22)	(87)	66	(2)	(23)
Equalised Water	Water	For Equalised Water Rate funded Surpluses or Deficits	821	423	(361)	884	588	(338)	1,134
Murupara Water	Water	For Water Rate funded Surpluses or Deficits	123	4	(72)	55	50	(1)	104
Plains Water	Water	For Water Rate funded Surpluses or Deficits	(277)	0	(232)	(508)	101	(167)	(574)
Dog Control	Animal Control	For Animal Control Operating Surpluses or Deficits	(9)	0	(17)	(26)	0	(68)	(94)
Parking Enforcement	Parking	For Parking Enforcement Operating Surpluses or Deficits	106	3	(58)	51	1	(27)	25
Pensioner Housing	Pensioner Housing	For Pensioner Housing Operating Surpluses or Deficits	580	17	0	598	19	0	617
Airport Whakatāne	Whakatāne Airport	For Whakatāne Airport Operating Surpluses or Deficits	(1,085)	165	(301)	(1,219)	0	(305)	(1,525)
Fixed Assets			1,722	138	0	1,860	511	0	2,371
Disaster Mitigation	Stormwater	For Disaster Mitigation Surpluses or Deficits	20	9	(6)	21	7	(136)	(108)
Whakatāne Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	314	9	(176)	145	167	(322)	(10)
Ohope Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	242	9	(50)	201	14	(1)	214
Edgumbe Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	(4)	7	(0)	4	18	0	22
Matatā Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	6	0	(12)	(6)	6	(0)	(0)
Murupara Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	3	0	(1)	2	1	(0)	3
Taneatua Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	7	0	(19)	(12)	3	(0)	(9)
Te Teko Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	1	0	0	1	0	(0)	1
Te Mahoe Stormwater	Stormwater	For Stormwater Rate funded Surpluses or Deficits	0	4	(0)	4	110	(110)	4
District Growth	District Growth	For District Growth Rate funded Surpluses or Deficits	178	76	(172)	83	231	(7)	307
Separate Operating Reserves			3,610	3,926	(4,723)	2,814	5,902	(7,576)	1,140

Note 23 - Equity continued

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

RESERVES SCHEDULE AS AT 30 JUNE 2022	ACTIVITY	PURPOSE	2020 /21				2021/22		
			\$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2021 \$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2022 \$000
Depreciation Reserves									
Whakatāne Water	Whakatāne Water	To fund the renewal of Water assets	469	890	(1,836)	(476)	1,092	(1,291)	(676)
Ohope Water	Ohope Water	To fund the renewal of Water assets	(1,139)	136	(116)	(1,119)	136	(33)	(1,016)
Edgcumbe Water	Edgcumbe Water	To fund the renewal of Water assets	331	56	(638)	(250)	55	(7)	(203)
Matatā Water	Matatā Water	To fund the renewal of Water assets	156	11	0	167	16	0	183
Taneatua Water	Taneatua Water	To fund the renewal of Water assets	485	41	(507)	20	29	(7)	42
Murupara Water	Murupara Water	To fund the renewal of Water assets	339	18	(11)	346	41	(133)	254
Ruatoki Water	Ruatoki Water	To fund the renewal of Water assets	171	5	(4)	172	5	(0)	177
Waimana Water	Waimana Water	To fund the renewal of Water assets	68	27	(62)	33	11	(1)	44
Plains Water	Plains Water	To fund the renewal of Water assets	(5)	0	(376)	(380)	52	(184)	(512)
Te Mahoe Water	Te Mahoe Water	To fund the renewal of Water assets	97	3	(0)	99	4	(184)	(82)
Whakatāne Wastewater	Whakatāne Wastewater	To fund the renewal of Wastewater assets	2,245	413	(371)	2,287	761	(727)	2,321
Ohope Wastewater	Ohope Wastewater	To fund the renewal of Wastewater assets	(1,156)	173	(123)	(1,106)	173	(32)	(966)
Edgcumbe Wastewater	Edgcumbe Wastewater	To fund the renewal of Wastewater assets	1,094	508	(27)	1,575	540	0	2,115
Taneatua Wastewater	Taneatua Wastewater	To fund the renewal of Wastewater assets	517	125	0	643	134	0	777
Te Mahoe Wastewater	Te Mahoe Wastewater	To fund the renewal of Wastewater assets	(36)	7	(1)	(31)	7	(1)	(25)
Murupara Wastewater	Murupara Wastewater	To fund the renewal of Wastewater assets	383	210	(143)	450	176	0	626
Matatā Wastewater	Matatā Wastewater	To fund the renewal of Wastewater assets	0	0	0	0	59	0	59
Whakatāne Land Drainage	Whakatāne Land Drainage	To fund the renewal of Stormwater assets	(444)	191	(532)	(786)	388	(495)	(892)
Ohope Land Drainage	Ohope Land Drainage	To fund the renewal of Stormwater assets	(108)	38	(43)	(113)	50	(3)	(66)
Edgcumbe Land Drainage	Edgcumbe Land Drainage	To fund the renewal of Stormwater assets	(24)	9	(1)	(15)	45	0	30
Matatā Land Drainage	Matatā Land Drainage	To fund the renewal of Stormwater assets	18	4	0	22	14	0	36
Taneatua Land Drainage	Taneatua Land Drainage	To fund the renewal of Stormwater assets	19	1	0	21	11	0	32
Te Mahoe Land Drainage	Te Mahoe Land Drainage	To fund the renewal of Stormwater assets	22	1	(0)	20	5	(0)	26
Murupara Land Drainage	Murupara Land Drainage	To fund the renewal of Stormwater assets	99	6	0	105	41	0	146
Te Teko Land Drainage	Te Teko Land Drainage	To fund the renewal of Stormwater assets	5	0	0	7	3	0	10
Refuse Disposal	Waste	To fund the renewal of Refuse Disposal assets	93	11	(26)	77	39	(21)	95

Note 23 - Equity continued

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

RESERVES SCHEDULE AS AT 30 JUNE 2022	ACTIVITY	PURPOSE	2020 /21				2021/22		
			\$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2021 \$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2022 \$000
Libraries	Libraries	To fund the renewal of Library assets	99	103	(111)	91	118	(101)	108
Museum	Exhibitions, Research, Storage & Archives	To fund the renewal of Museum assets	153	4	0	158	7	(2)	163
Parks, Reserves, Recreation & Sports Fields	Parks, Reserves, Recreation & Sports Fields	To fund the renewal of Parks and Gardens & Sports fields assets	562	332	(546)	348	626	(540)	434
Cemeteries & Crematoria	Cemeteries & Crematorium	To fund the renewal of Cemeteries & Crematorium assets	89	52	(52)	90	186	(48)	228
Recreation	Recreation	To fund the renewal of Recreation assets	159	5	0	164	5	0	169
Swimming Pools	Aquatic Centres	To fund the renewal of Aquatic Centre assets	57	208	(137)	127	250	(187)	190
Halls	Halls	To fund the renewal of Halls assets	(284)	150	(155)	(290)	383	(133)	(39)
Dog Control	Animal Control	To fund the renewal of Dog Control assets	(3)	0	(0)	(4)	0	(0)	(4)
Public Conveniences	Public Conveniences	To fund the renewal of Public Conveniences assets	136	53	(116)	74	90	(99)	64
Pensioner Housing	Pensioner Housing	To fund the renewal of Pensioner Housing assets	401	11	0	413	13	0	426
Stratgic & Investment Property	Commercial Property	To fund the renewal of Commercial Property assets	2	0	0	3	0	0	3
Vehicle & Plant Reserve	Vehicle & Plant	To fund the renewal of Vehicle and Plant	794	383	(512)	665	553	(530)	688
Corporate Property	Corporate & District Activities	To fund the renewal of Corporate Property assets	886	374	(302)	958	319	(273)	1,003
Information Management	Corporate & District Activities	To fund the renewal of Information Management assets	1,860	780	(1,002)	1,638	811	(617)	1,832
Port	Ports & Harbour	To fund the renewal of Ports & Harbour assets	2,113	221	(2,067)	267	227	(973)	(479)
Roading- assisted / non- assisted / special and safety	Roads and Footpaths	To fund the renewal of Roothing assets	1,489	1,704	(1,999)	1,195	2,179	(1,721)	1,654
Airport- Whakatāne 50%	Whakatāne Airport	To fund the renewal of Whakatāne Airport assets	(690)	82	(19)	(628)	105	(18)	(541)
Whakatāne Holiday Park	Whakatāne Holiday Park	To fund the renewal of Whakatāne Holiday Park assets	53	62	(79)	35	44	(64)	15
Depreciation Reserves			11,575	7,407	(11,917)	7,071	9,802	(8,424)	8,449
COUNCIL OPERATING RESERVES			12,141	15,403	(17,310)	10,238	16,901	(16,593)	10,545

Note 23 - Equity continued

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

RESERVES SCHEDULE AS AT 30 JUNE 2022	ACTIVITY	PURPOSE	2020 /21				2021/22		
			\$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2021 \$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2022 \$000
RESTRICTED RESERVES									
Development Contributions - Whakatāne Water	Water	To fund growth related capital expenditure	(217)	9	(11)	(218)	33	(6)	(192)
Development Contributions - Ohope Water	Water	To fund growth related capital expenditure	122	7	0	130	5	0	135
Development Contributions - Edgcumbe Water	Water	To fund growth related capital expenditure	8	0	0	8	0	0	9
Development Contributions - Matatā Water	Water	To fund growth related capital expenditure	76	2	0	78	2	0	81
Development Contributions - Plains Water	Water	To fund growth related capital expenditure	(67)	1	(2)	(68)	5	(2)	(65)
Development Contributions -Whakatāne Wastewater	Wastewater	To fund growth related capital expenditure	(1,671)	15	(49)	(1,705)	8	(487)	(2,185)
Development Contributions - Coastlands Wastewater	Wastewater	To fund growth related capital expenditure	(101)	0	(284)	(385)	0	(12)	(397)
Development Contributions - Ohope Wastewater	Wastewater	To fund growth related capital expenditure	275	8	0	283	9	0	292
Development Contributions - Edgcumbe Wastewater	Wastewater	To fund growth related capital expenditure	(4)	0	(0)	(4)	0	(0)	(4)
Development Contributions - Community Infrastructure	Arts & Culture, Recreation & Community Facilities	To fund growth related Community Infrastructure	424	14	(3)	434	67	(1)	500
Development Contributions- Parks, Gardens and Reserves	Parks, Reserves, Receration & Sports Fields	To fund growth related Parks, Gardens and Reserves capital expenditure	175	5	(30)	150	5	(1)	154
Development Contributions - Rural Reserves	Parks, Reserves, Receration & Sports Fields	To fund growth related capital expenditure	(34)	0	(1)	(34)	0	(1)	(36)
Development Contributions - Solid Waste	Waste	To fund growth related Solid Waste capital expenditure	305	10	0	315	27	0	342
Development Contributions - Roding	Roads and Footpaths	To fund growth related Roding capital expenditure	675	37	(35)	678	75	(67)	686
Development Contributions - Non Fin Assisted Roding	Roads and Footpaths	To fund growth related capital expenditure	5	0	0	5	0	0	5

Note 23 - Equity continued

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

RESERVES SCHEDULE AS AT 30 JUNE 2022	ACTIVITY	PURPOSE	2020 /21				2021/22		
			\$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2021 \$000	TOTAL IN \$000	TOTAL OUT \$000	CLOSING BALANCE 2022 \$000
Development Contributions - Whakatāne Land Drain	Stormwater	To fund growth related capital expenditure	150	16	(2)	164	18	(14)	168
Development Contributions - Ohope Land Drain	Stormwater	To fund growth related capital expenditure	132	4	0	135	4	0	140
Development Contributions - Matatā Land Drainage	Stormwater	To fund growth related capital expenditure	0	0	0	0	0	0	1
Development Contributions - Whakatāne Carparks	Roads and Footpaths	To fund growth related capital expenditure	(9)	0	(0)	(9)	0	(0)	(10)
Otarawairere Disaster Mitigation	Stormwater	To fund growth related capital expenditure at Otawairere	(49)	0	(1)	(51)	0	(2)	(52)
Capital Contributions- Roothing	Roads and Footpaths	Financial Contributions for Roothing Capital Projects	65	2	0	66	2	0	69
Subdivision Contributions - Whakatāne	General Council	To fund capital expenditure in the Whakatāne Ward	119	3	(101)	22	1	(8)	14
Subdivision Contributions- Ohope	General Council	To fund capital expenditure in the Ohope Ward	48	1	0	49	2	0	51
Subdivision Contributions - Edgecumbe	General Council	To fund capital expenditure in the Edgecumbe Ward	27	1	0	28	1	0	29
Subdivision Contributions- Matatā	General Council	To fund capital expenditure in the Matatā Ward	23	1	0	24	1	0	24
Subdivision Contributions- Murupara	General Council	To fund capital expenditure in the Murupara Ward	(0)	0	(0)	(0)	0	(0)	(1)
Subdivision Contributions- Rural	General Council	To fund capital expenditure in the Rural Ward	6	0	0	6	0	0	6
Harbour Capital Fund	Ports & Harbour	For Ports & Harbour Operating Surpluses or Deficits	2,436	1,950	(2,778)	1,608	2,133	(2,151)	1,589
Harbour Land Sales	Ports & Harbour	Funds set aside from the sale of Harbour assets	12,779	365	0	13,144	415	0	13,559
Restricted Reserves			15,698	2,454	(3,298)	14,853	2,812	(2,753)	14,913
TOTAL RESERVES			27,839	17,857	(20,608)	25,091	19,713	(19,346)	25,458

Note 24 - Joint venture

The Council's has a joint venture with the Whakatāne Airport .

Please see Notes 13 and 35 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

2021 ACTUAL \$000		2022 ACTUAL \$000
18,172	Surplus / (Deficit) Before Tax	5,590
	Add / (Less) Non-cash Items	
315	Share of joint venture Surplus / (deficit)	392
(283)	Vested Assets	(116)
17,340	Depreciation and Amortisation Expense	21,690
-	Impairments	-
(3,753)	(Gains)/Losses on Revaluation- Property Intended for Sale	(12)
(5,236)	(Gains)/Losses on Revaluation- Investment Property	(2,692)
(41)	(Gains)/Losses Forestry	3
-	(Gains)/Losses Museum Collection	-
(2,408)	(Gains)/Losses on Revaluation- Derivative Financial Instruments	(4,215)
(630)	Airport	-
5,304	Total non-cash items	15,050
	Add / (less) Items classified as investing or financing activities	
(209)	(Gains)/losses on disposal of property, plant and equipment	(120)
(209)	Total Items Classified as Investing or Financing Activities	(120)
	Add / (Less) Movements in other Working Capital Items	
(3,291)	(Increase)/Decrease in Receivables	7,284
(335)	(Increase)/Decrease in Prepayments	(87)
6	(Increase)/Decrease in Inventory	(39)
394	Increase/(Decrease) in Payables	(7,954)
3,259	Increase/(Decrease) in Provisions	1,642
3	Increase/(Decrease) in Employment Entitlements	307
-	Increase/(Decrease) in Deferred tax	-
36	Net movement in working capital items	1,153
23,303	Net cash inflow/(outflow) from operating activities	21,673

Note 26 - capital commitments and operating leases

2021 ACTUAL \$000		2022 ACTUAL \$000
	CAPITAL COMMITMENTS	
7,400	Roading Network	4,003
1,608	Stormwater	1,641
756	Wastewater	87
1,772	Water System	1,821
	Port	9,588
11,536	Total capital commitments	17,141
<i>Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.</i>		
	OPERATING LEASES AS LESSEE	
68	Not later than one year	72
	Later than one year and not later than five years	16
68	Total Non Cancellable Operating Leases as Lessee	88
The Council leases equipment in the normal course of business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases at 30 June are represented above. There are no restrictions placed on the Council by any of the leasing arrangements.		
	OPERATING LEASES AS LESSOR	
1,938	Not later than one year	2,312
4,778	Later than one year and not later than five years	5,287
3,162	Later than five years	5,808
9,878	Total Non-Cancellable Operating Leases as Lessor	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

2021 ACTUAL \$000		2022 ACTUAL \$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.

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.

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. 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.

Unquantified liability-settled

Council secured partial funding from Central and Local Government organisations for a 'retreat from hazard' payment to the owners of properties subject to a high loss-of life-risk in the Awatarariki Stream debris flow fanhead area at Matatā. This matter has been completely settled during the 2022 financial year.

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.

A future call may be made in the 2023 year of approximately \$30,000.

Employment dispute

There are no employment disputes at 30 June 2022(2021: nil).

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 and Standard and Poor's of AAA and a foreign currency rating of AA+.

As at 30 June 2022, Whakatāne District Council is one of 30 local authority shareholders and 63 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, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Whakatāne District Council is a guarantor of all of LGFA's borrowings. At 30 June 2022, LGFA had borrowings totalling \$15,789 (2021: \$13,680m).

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.

Contingent assets

There are no known contingent assets at balance date.

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 \$144,910.52(2021: \$143,516.40).

Whakatāne District Council has a 50:50 joint equity venture with the Ministry of Transport (Air Transport Division) in the Whakatāne Airport and both entities are considered to be the related parties. Administrative and maintenance transactions totalling \$49,297 (2021: 52,996) were carried out with the Joint Venture. Funds held by Council on behalf of the Airport total \$ 2,031,585 deficit (2021: \$1,672,824 deficit).

Key management personnel compensation

	2021 \$000	2022 \$000
Councillors and Mayor		
Remuneration	614	637
Number of elected officials	11	11
Executive team, including the Chief Executive		
Remuneration	1,696	1,787
Full-time equivalent member	5.8	7.8
Total key management personnel remuneration	2,310	2,424
Total full-time equivalent personnel	16.8	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.

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 \$315,890.71 (2021: \$308,270.12) including KiwiSaver. In addition, a benefit of \$12,982.36 (2021 \$12,708.46) for a vehicle.

Elected representatives

Elected representatives received the following remuneration:

2021				MAYOR AND COUNCILLORS	2022			
SALARIES \$000	HEARINGS \$000	ALLOW AND EXP REIMB \$000	VEHICLE \$000		SALARIES \$000	HEARINGS \$000	ALLOW AND EXP REIMB \$000	VEHICLE \$000
125,873	-	1,868	4,813	Turner Judy (Mayor)	131,489	-	1,936	2,511
35,711	-	5,265	-	Dennis, Gavin	37,417	-	4,612	-
64,280	-	11,460	-	Iles, Andrew (Deputy Mayor)	67,351	-	9,481	-
39,282	-	831	-	Immink, Lesley	41,159	-	2,528	-
35,711	-	590	-	James, Wilson	37,417	-	1,750	-
53,567	-	590	-	Jukes, Julie	56,126	-	1,750	-
35,711	320	590	-	Luca, Victor	37,417	-	1,750	-
39,282	-	590	-	Pullar, John	41,159	-	1,750	-
35,711	-	13,513	-	Silcock, Alison	37,417	-	8,237	-
53,567	320	590	-	Tánczos, Nándor	56,126	680	1,750	-
53,567	400	590	-	Van Beek, Gerard	56,126	-	1,750	-
COMMUNITY BOARD MEMBERS								
Rangitāiki								
5,180	-	400	-	Bourk, Graeme	5,258	-	800	-
10,360	-	400	-	Byrne, Kris (C)	10,515	-	800	-
5,180	-	400	-	Clark, Alison	5,258	-	800	-
5,180	-	400	-	Harvey, Evan	5,258	-	800	-
5,180	-	400	-	Ngaropo, Pouroto	5,258	-	800	-
5,180	-	630	-	Waaka, Leeann	5,258	-	800	-
Tāneatua								
3,993	-	400	-	Boynton Toni	4,053	-	800	-
3,993	-	400	-	Faulkner, Mary	4,053	-	800	-
3,993	-	400	-	Knowles, Les	4,053	-	800	-
3,993	-	400	-	Le Sueur Yvonne	4,053	-	800	-
3,993	-	400	-	Ruiterman, Luke	4,053	-	800	-
7,987	-	400	-	Yalden, Diane (C)	8,107	-	800	-

Note 29 - Remuneration continued

2021				MAYOR AND COUNCILLORS	2022			
SALARIES \$000	HEARINGS \$000	ALLOW AND EXP REIMB \$000	VEHICLE \$000		SALARIES \$000	HEARINGS \$000	ALLOW AND EXP REIMB \$000	VEHICLE \$000
Whakatāne / Ōhope								
8,660	-	400	-	Bonne, Linda	8,790	-	800	-
8,660	-	400	-	Hall, Tony	8,790	-	800	-
8,660	-	400	-	Hamill, Carolyn	8,790	-	800	-
17,321	-	501	-	Hanna, Moira (C)	17,581	-	800	-
8,660	-	400	-	Howard, Christopher	8,790	-	800	-
8,660	-	400	-	Inman, Mark	8,790	-	800	-
8,660	-	400	-	Lee, Cindy	8,790	-	800	-
8,660	-	400	-	Manning, Jennifer	8,790	-	800	-
Murupara								
-	-	-	-	Bannan Kenneth	3,606	-	712	-
3,993	-	400	-	Bicknell, Shaun	-	-	-	-
3,993	-	400	-	Hynes, Ormond	4,053	-	800	-
3,993	-	400	-	Jenner, Memorie	4,053	-	800	-
3,993	-	400	-	O'Brien April	4,053	-	800	-
3,993	-	400	-	Rangiaho, Bella (Ngapera)	4,053	-	800	-
7,987	-	400	-	Te Amo, Jackie (C)	8,107	-	800	-
								-
742,367	1,040	47,207	4,813	Total Elected Representatives' Remuneration	771,417	680	58,004	2,511

Council employees

	2021		2022
Total annual remuneration by band for employees as at 30 June:			
<\$60,000	147	<\$60,000	135
\$60,000- \$79,999	60	\$60,000- \$79,999	62
\$80,000- \$99,999	56	\$80,000- \$99,999	56
\$100,000- \$119,999	23	\$100,000- \$119,999	25
\$120,000- \$139,999	10	\$120,000- \$139,999	15
\$140,000- \$159,999	7	\$140,000- \$159,999	9
\$160,000- \$239,999	6	\$160,000- \$239,999	7
>\$240,000	2	>\$240,000	2
	311		311

At balance date, the Council employed 209 (2021: 208) full time employees, with the balance of staff representing 60.79(2021: 59.55) 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 2022 Whakatāne District Council made severance payments of \$5,000 to 1 employee. (2021: \$98,000 to 4 employees. The payments were \$30,000, \$30,000, \$36,000 and \$2,000)

Note 31 - Events after balance date

Water Services Reform

On the 13 April 2023 Central Government has announced its reset plan for the Water Services Reform (previously the Three Waters Reform programme). Notable changes have been made on the timeline of the reform and the framework of the programme, including increasing the number of Water Services Entities from 1 to 10, which will 'go-live' in a staged approach from early 2025 to 1 July 2026, rather than the original start date of 1 July 2024 for all entities. Every council will now have representation in the Regional Representation Groups that will provide strategic oversight and direction to the entities. With the reset, Whakatāne District Council's water services will now transition to Water Services Entity C (Bay of Plenty), alongside Tauranga City Council, Western Bay District Council, Rotorua Lakes Council, Kawerau District Council and Ōpōtiki District Council.

A water services Bill, to enable the transfer of these assets and liabilities to water service entities, is currently before Parliament.

The timing of the transfer of assets and liabilities is uncertain until amendments to existing legislation is passed.

Cyclone Gabrielle

On 8 February 2023 a small group of staff from the Emergency Operations Centre (EOC) group began preparing for Cyclone Gabrielle, a tropical cyclone approaching New Zealand. On 13 February 2023, the EOC was activated in the Fisher Quay building in Whakatāne. The NZ Police, Fire and Emergency NZ (FENZ) and St Johns were also involved in the EOC. At this point, the significant issue that started to emerge was the risk of storm surge with concerns that large waves would swamp the low lying properties in Ohope and along the coastline. The Acting Mayor, Leslie Immink declared a state of emergency at 3pm that day. Mandatory evacuation was then implemented for West End residents and specific lower lying properties along the margins of Ohiwa Harbour. Campgrounds along the coastline were also evacuated. The Whakatāne War Memorial Hall was opened as an evacuation centre to allow residents to rest and be assessed for needs. At 8pm a Regional Declaration was made which applied a State of Emergency across the Bay of Plenty region. The storm surge did not reach the levels predicted and no properties were inundated. On 14 February 2023 there were minor slips and tree fall which were cleared during the day. The Matata straights were the subject of further landslides but were cleared by 8 pm that night. The EOC was closed that night, and a number of staff were deployed to assist emergency response and recovery in Auckland and Wairoa.

Note 32a - Financial instrument categories

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

ACTUAL 2021 \$000		ACTUAL 2022 \$000
	FINANCIAL ASSETS	
	Fair value through surplus or deficit	
	Financial instruments	
-	Derivative financial instrument assets	1,098
	Loans and receivables	
5,304	Cash and cash equivalents	1,888
7,748	Receivables	2,819
13,052	Total loans and receivables	5,805
	Fair value through other comprehensive revenue and expense	
	Other financial assets:	
50	Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd)	50
9	BoP LASS Ltd	9
1,495	NZ Local Government Funding Agency	1,764
6,558	Investment in Whakatāne Airport	7,224
350	Loan to Air Chathams	350
8,461	Total fair value through comprehensive revenue and expense	9,397
	FINANCIAL LIABILITIES	
	Fair value through surplus or deficit	
	Financial instruments	
3,118	Derivative financial instrument liabilities	-
	Financial liabilities at amortised cost	
15,547	Payables	12,243
77,000	Borrowings- Secured loans	86,000
95,665	Total financial liabilities at amortised cost	98,243

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
2021				
FINANCIAL ASSETS				
Derivatives	-	-	-	-
Local authority stock	9	-	9	-
Shares	150	-	150	-
Borrower notes	1,395	-	1,395	-
Whakatāne Airport	6,558	-	6,558	-
Loan to Air Chathams	350		350	-
FINANCIAL LIABILITIES				
Derivatives	3,118	-	3,118	-
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	-	-	-	-

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.

Exposure to credit risk as at 30 June 2022

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

2021 \$000		2022 \$000
	MAXIMUM EXPSOURE TO CREDIT RISK	
5,304	Cash at bank and term deposits	1,888
7,748	Trade and other receivables	2,819
1,395	Local authority and government stock	1,664
6,558	Investment in Whakatāne Airport	7,224
350	Loan to Air Chathams	350
-	Derivatives	1,098
21,354	Total Credit Risk	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:

2021 \$000			2022 \$000
	COUNTERPARTIES WITH CREDIT RATINGS		
5,304	Cash at bank and term deposits	AA-	1,888
5,304	Total cash at bank and term deposits		1,888
	Local authority stock and government bonds		
1,495	NZ Local Government Funding Agency	AA+	1,764
1,495	Total local authority stock and government bonds		1,764
	COUNTERPARTIES WITH CREDIT RATINGS		
50	Civic Financial Services Ltd (formerly NZ Local Govt Insurance Corp Ltd)		50
9	Bay of Plenty Local Authority Shared Services Limited		9
6,558	Investment in Whakatāne Airport		7,224
350	Loan to Air Chathams		350
6,967	Bay of Plenty Local Authority Shared Services Limited		7,633

Receivable 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.

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 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
Total	98,243	98,243	21,243	10,000	39,000	28,000
Council 2021						
Trade and Other Payables	15,547	15,547	15,547	-	-	-
Secured Loans	77,000	77,000	5,000	9,000	32,000	31,000
Financial Derivatives	3,118	3,118	121	223	1,967	807
Total	95,665	95,665	20,668	9,223	33,967	31,807

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.

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 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
Council 2021						
Cash and Cash Equivalents	5,304	5,304	5,304	-	-	-
Receivables	7,748	7,748	7,748	-	-	-
Other Financial Assets:						
Local Authority and Government Stock	1,395	1,395	80	144	566	604
Loan to Air Chathams	350	350	-	-	350	-
Total	14,797	14,797	13,132	144	916	604

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.

	2022 \$000				2021 \$000			
	SURPLUS	-100BPS OTHER EQUITY	SURPLUS	+100BPS OTHER EQUITY	SURPLUS	-100BPS OTHER EQUITY	SURPLUS	+100BPS OTHER EQUITY
Financial assets								
Cash and cash equivalents	(19)	-	19	-	(53)	-	53	-
Derivatives- Interest rate swaps	-	-	-	-	-	-	-	-
Financial instruments	-	-	-	-	-	-	-	-
Other financial assets:								
Local authority and government stock	(18)	-	18	-	(16)	-	16	-
Financial liabilities								
Derivatives- Interest rate swaps	2,703	-	5,608	-	(1,424)	-	1,333	-
Borrowings:								
Bank overdraft	-	-	-	-	-	-	-	-
Debt	870	-	(870)	-	770	-	(770)	-
Total sensitivity to interest rate risk	3,536	-	4,775	-	(723)	-	632	-

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 (2021: -100bps/+100bps). Derivative financial liabilities not hedge accounted include interest rate swaps with a fair value totalling \$1,097,000 (2021: minus \$3,118,000). A movement in interest rates of plus or minus 1.0% has an effect on the swap value of 2,703,000 (2021: minus \$1,424,000) and \$5,608,000 (2021: \$1,333,000).

Local authority stock

A total of \$59,000 (2021: \$58,000) of investments in local authority stock are classified at fair value through equity. A movement in interest rates of plus or minus 1.0% has an effect of \$590 (2021: \$580) on the fair value through equity reserve.

Secured loans (floating)

The Council has floating rate debt with a principal amount totalling \$69 million (2021: \$60 million). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$690,000 (2021: \$600,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

Creditors and other payables

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

Note 33 - Capital management

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

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

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilizing the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the cost of deferred renewals and maintenance.

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

Note 34 - Variances from budget

Explanations for major variations from the Council's budget figures in the 2021/22 Annual Report are as follows:

Statement of comprehensive revenue and expense

The surplus before tax of \$5.6 million is \$5.8 million lower than the budgeted surplus of \$11.4 million in the 2021-31 Long Term Plan. The variance is attributable to the following factors:

Revenue (\$0.5 million 1% more than budget)

- Subsidies and Grants were \$4.8 million less than budget. The main variance was \$5.2 million in funding for the Waterfront promenade and Kakahoroa Development projects which did not go ahead in 2022
- Fees and Charges were under budget by \$1.4 million predominantly due to less building and COVID-19 interruptions
- Gains were \$7 million more than budget. This was due to Investment property gaining \$2.7 million more than budget in the latest valuation. The budgets had been set conservatively due to the COVID-19 disruptions. Derivatives gained by \$4.2 million due to the rise in the Official Cash rate and subsequent rise in interest rates.

Expenditure (\$6.2 million 8% higher than budget)

- Depreciation exceeded budget by \$2.3 million due to revaluations driving depreciation higher and a larger than usual capitalisation of projects
- Other Expenses was over budget by \$3.5 million. This mainly made up of:
 - » An increase in landfill provisions of \$1.8 million over budget due to extra necessary work being identified
 - » Awatarariki expense was over budget by \$0.68 million
 - » Legal expenses, recoverable expenses and insurances collectively came in below budget by \$0.7 million
 - » Contracts were over budget by \$0.5 million
 - » An increase of doubtful debts of \$0.9 million
 - » An underspend to budget for Maintenance and Repairs of \$1 million
- Personnel costs finished at \$0.3 million below budget due to job vacancies
- Finance costs finished at \$0.6 million above budget due to increasing interest rates and higher loans
- Losses were a \$0.2 million unbudgeted expense. This loss was due to discounting the current fair value of property intended for sale against its agreed sale price

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 \$363 million, which is the combination of the surplus after tax of \$5.6 million and a net gain on revaluation of \$358 million. The remaining movements are a result of movements in restricted reserves and council created reserves.

Statement of financial position

The Net Assets variance to budget was 67% (\$458 million) more than budgeted. Nearly all of the variance was in non-current assets.

Total Assets (\$460 million 58% higher than budget)

- Non Current Assets exceeded budget by \$465 million. Most of this variance was in the infrastructural assets area: Roading assets were revalued upward by \$341 million when only an \$18 million increase was forecast.
- Cumulative to this is the three waters revaluation that took place in 2021 of \$107 million that was not budgeted for at the time the LTP budgets were set
- Work in Progress exceeded budget by \$14.4 million due to more capital projects being incomplete than originally forecast
- Restricted Assets and Operational land increased by \$16.8 million more than budget due to a Fair Value Assessment which saw a rise in value in an out of cycle valuation year.

Total Liabilities (\$1.9 million 1.7% more than budget)

- Loans were \$10 million more than budget due to pre-funding upcoming debt
- Provisions were \$4.3 million more than budget mainly due to cumulative increases in the landfill provision and provision for loss on investment property
- Payables at year end were \$6.5 million lower than budget due to late closure of the ledgers
- Derivatives losses were budgeted at \$6.7 million but due to the OCR rises (and interest rate rises), no loss was made.

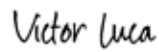
Statement of cashflows

- Cash held at year end was \$2.2 million less than budget
- Net cashflows from operating activities were \$8.6 million less than budget, spending less (\$8.2 million) and receiving less income (\$16.8 million). This is mainly reflected in:
 - » Rates take budgeted net \$1.6 million more than actual on the assumption that Council would be collecting rates on behalf of Regional Council. This is no longer collected
 - » Fees and Charges and Other Revenue was \$0.6 million more than budget
 - » Subsidies and Grants received was \$3.7 million less than budget due to delays in receiving them
 - » Interest paid was \$0.6 million more than budget
 - » Net GST was \$0.9 million
 - » Payment to suppliers was \$4.3 million more than budget
- Net cashflows from investing activities paid \$8.4 million more than budget with capital purchase over budget by \$0.7 million and acquisition of investments (term deposits) exceeding budget by \$6.6 million
- Financing activities were overspent by \$9 million due to extra loans being raised to prefund upcoming maturities
- Adding to this total variance was a positive variance in the anticipated opening bank balance of \$6.7 million

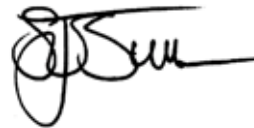
Statement of compliance

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.



*Dr. Victor Luca
Mayor
14 June 2023*



*Steph O'Sullivan
Chief Executive
14 June 2023*

Independent Auditor's Report

To the readers of Whakatāne District Council's annual report for the year ended 30 June 2022

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.

Our audit was completed late

We completed our work on 14 June 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by Section 98(7) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

Opinion on the audited information

In our opinion:

- the financial statements on pages 84 to 147:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2022; 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 the Public Benefit Entity Accounting Standards;

- the funding impact statement on page 33, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan;
- the “Our Activities and Services” on pages 34 to 73:
 - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2022, 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;
- the statement about capital expenditure for each group of activities on pages 76 to 78, 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 35, 38, 42, 45, 51, 55, 59, 62, 66, 70, and 73 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.

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 79 to 83, 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 uncertainty over the water services reform programme. 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.

Emphasis of matter - uncertainty over the water services reform programme

Without modifying our opinion, we draw attention to Note 31 on page 138 which outlines developments in the Government's water services reform programme which will affect the District Council in future years.

Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three water services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council, remains uncertain.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.

Basis for our opinion on the audited information

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.

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 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 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 based on the audited information.

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 "Our Activities and Services", 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 1 to 32, pages 74 to 75 and page 154 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 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* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out an engagement in the area of the District Council's Debenture Trust Deed, which is compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the Council or any of its associates.



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand



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