

# SUMMARY ANNUAL REPORT 2020/21

## WHAKARĀPOPOTOTANGA PŪRONGA Ā-TAU 2020/21

### MESSAGE FROM MAYOR JUDY TURNER

#### *Kupu whakataki o te Koromatua*

#### **Nau mai ki te Pūrongo ā-tau o te Kaunihera ā-rohe o Whakatāne mō te tau pūtea 2020/21.**

E tū ana te Kaunihera ā-rohe o Whakatāne kia whakatairanga ake, kia whakatinana i ngā whaipānga o ngā hapori, ka mutu ka tautoko i ngā whāinga o ngā whānau, ngā hapū, me ngā iwi. Ko te matakitenga o te Kaunihera, ko te 'Kia piki ake te ora i te ora: E mahi tahi ana kia whakapiki ake ai te ora o ngā hapori, ināianei, ki anamata anō hoki'. Ko te take o te Kaunihera kia pai ai te hauora o ngā hapori ā-pāpori, ā-ōhanga, ā-taiao, ā-ahurea anō hoki.

Ko tā te Kaunihera mahi he tuku i ngā ratonga me ngā rawa e whakamahia ana e ngā whānau, ngā hunga me ngā pakihi ia rā. Ko tā mātau take matua kia tuku i ngā ratonga kia pai ai te hauora me te haumarua o ngā hapori, pērā i te wai inu me ngā hononga waka kia haumarua ai ngā haerenga i te rohe. He mahi anō tā mātau kia pai ai te rohe nei ki te noho, ki te mahi, ki te tākaro anō hoki.

I tēnei tau, i mahi tonu mātau i te whaitua Kowheori ā-rohe, ā-mōtū, ā te ao whānui. He maha ngā wero heoi anō he hua hoki ki roto kia aro ai ki ngā rautaki hou, ki ngā rautaki rerekē. Nā te mahi ā mātau ko ngā rangapū me te hapori pakihi, i pai ake ngā kawatau o te taiōhanga o te rohe. Ko tēnei rohe tētahi o ngā rohe e ono noa iho i whakatipu ake i te whakapau pūtea o ngā manuhiri ki te rohe. Ahakoa te painga o tēnei, me mahi tonu mātau nā te mea e pāhekeheke ana ngā rā e heke mai nei i te rohe nā te aukatinga me te pōhauhau o ngā mira.

Ko te mahi tahi tētahi o ngā take matua e aumangea ana te rohe o Whakatāne. I whakamahia te Pūtea Whakatipu Rohe e te hōtaka mahi Kia Kaha Whakatāne kia mahi ai ngā tāngata 200 i ngā waitara huarahi, hangaroto, taiao anō hoki i te rohe. E haere tonu ana hoki ētahi atu waitara, pērā i te Mahere Whakahaere me te Whakaiti Para, te whakawhanake herenga waka, te waitara wai para o Matatā, te urupare atu ki te Huringa Āhuarangi, me ētahi atu waitara.

E mahi tonu ana te Kaunihera ki te taha o ngā whānau, ngā hapū, me ngā rangapū iwi i ngā kaupapa maha, pērā i ngā waitara taiao me te tukunga mahi, ngā raru whakawhanake whenua/tāke whenua Māori rānei, me te kaupapa nui o te urunga mai o ngā takiwā Māori.

Kei te taka mai ngā whakahoutanga, i ngā wai e toru, i te Ture Whakahaere Rawa, i te mahi hoki a te Kāwanatanga ā-rohe. E kōrero tonu ana te Kaunihera ki ngā rangapū, ngā Kaunihera pātata, me ngā hunga whaipānga kia mārāma ai ki anamata. E whakarite ana mātau i a mātau anō ki te urutau, ki te whai hua hoki i ngā whakahoutanga e puta mai ana.



Nā runga i ēnei whakaaro, kua whakaritea e mātau he Mahere Pae Tawhiti hei aro ki te hauora o ngā hapori i a te Kaunihera e kōkiri ana i ngā haumitanga matua i te wai inu, te wai āwhiowhio, me ngā hanganga wai para. Kua whakanui ake hoki i tō mātau Tira Whakahaere, ā, kua whakauru tētahi Kaihautu Rangapū Māori ki te Tira.

He tau tēnei o ngā panonitanga nui me te urutaunga. E noho tau ana mātau ki te huri, ki te urutau hoki ki ēnei panonitanga kia noho tonu ai te Kaunihera hei rōpū ārahi ki te whakapai i tēnei rohe hei rohe pai ki te noho, ki te mahi, ki te tākaro anō hoki.

## **Welcome to the Whakatāne District Council Annual Report for the 2020/21 financial year.**

Whakatāne District Council exists to promote and represent the interests of its communities, and support the aspirations of whānau, hapū and iwi. Council's vision is 'More life, in life: Working together to make living better for our communities, now and in the future' and its purpose is to ensure the social, economic, environmental and cultural wellbeing and hauora of communities.

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

This year we continued to operate within a COVID-19 environment locally, nationally and internationally. This has created many challenges, but also opportunities to refocus and do things in new and different ways. Due to much hard work by ourselves, partner agencies and the business community, the local economy has performed ahead of expectations. This region was one of only six to achieve visitor spend growth over this period. While this is pleasing news, continued vigilance and hard work is required, as evidenced by the challenges and uncertain future being faced in our region by the closure and threatened closure of mills that operate as part of the wood and fibre processing sector.

Collaboration has been one of the keys to Whakatāne District's continued resilience. Provincial Growth Fund co-investment was used to keep more than 200 people working on roading, infrastructure and environmental projects throughout the district as part of the Kia Kaha Whakatāne programme. We've also made progress on projects such as the Waste Management and Minimisation Plan, Boat Harbour development, Matatā wastewater project, our response to Climate Change, and more.

Council continues to work closely with whānau, hapū and iwi partners, covering a range of matters including environmental and service delivery projects, land development/Māori land rating issues and, significantly, the introduction of Māori wards.

Reform is coming from many directions, but most notably in the areas of three waters, the Resource Management Act, and how Local Government itself operates. Conversations continue with partner agencies, neighbouring councils and stakeholder groups to better understand what the future looks like. Our approach to reform is to make ourselves as ready as we can be, to adapt and benefit from any proposed change.

As part of this response we have developed a well-balanced Long Term Plan that is centred on the wellbeing of communities, while also enabling Council to progress essential investment needed in drinking water, stormwater and wastewater infrastructure. We have also boosted our Executive Team, including the recruitment of a Kaihautu Strategic Māori Partnerships role.

This has been a year of significant change and adaptation. We are well placed to move and adapt with these changes so that Council continues to play an essential role in making this a great district for us to live, work and play.



Judy Turner  
MAYOR MANUKURA  
21 June 2022

# OUR PERFORMANCE AGAINST OUR TARGETS

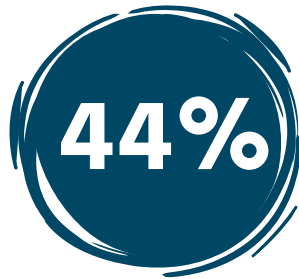
## Ā mātou mahi i ngā whāinga tiritiringa

In line with a national trend across various councils, our results are lower compared to last year. While they remain well above the national average, we are continuing to work to identify opportunities for improvement.

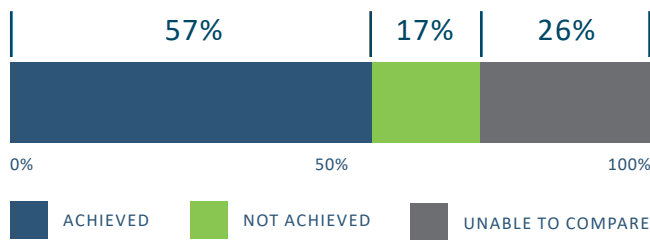
### Satisfaction with overall services received



Whakatāne District Council



NZ Benchmark Result



A change in survey methodology means we have been unable to accurately report against a number of our performance measures this year.

This will be addressed in next year's Annual Report as we will begin reporting against updated measures and targets set out in the new Long-Term Plan 2021-31.

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

### Snapshot of some of the services we provided in the past year

#### Ētahi o ngā ratonga kua tutuki pai i tēnei tau

- 1** long term plan centred on the wellbeing of communities
- 10m<sup>3</sup>** the size of a fatberg removed in sewerage near Victoria Avenue pump station
- 20** May 2021 – mayor and councillors voted unanimously to establish Māori wards
- 21** times the length of Eden Park Stadium of plastic wrap saved by changing pallet wrap
- 60** percent reduction in our total natural gas use compared with 2017-18
- 79** percent satisfaction with the customer service front desk
- 435** formal submissions received during long term plan consultation
- 1,817** metres of new footpath and 1614 metres of footpath renewals
- 4,000** people who 'owned' The Strand, Whakatāne, during the Sunshine Street Fiesta
- 8,294m<sup>2</sup>** of cycleways
- 14,355** tonnes of Council-controlled solid waste sent to landfill
- 36,077** Whakatāne Holiday Park admissions
- 206,126** Whakatāne Aquatic Centre admissions
- 300,000** dollars secured from The Lion Foundation for 'community good' projects
- 8.2M** dollars Provincial Growth Fund investment for Kia Kaha Whakatāne Programme

## Council's response to COVID-19

### Te urupare a te Kaunihera ki a COVID-19

#### Helping our local tourism sector

##### E āwhina ana i te ahumahi tāpoi

While the rest of the world was in lockdown, we bolstered our tourism sector with our Sunniest Place in the World campaign. Our district benefited from a massive 24% increase in visitor spend in the year to June 2021.

#### Kia Kaha Whakatāne programme supports employment

##### E tautoko ana te hōtaka o Kia Kaha Whakatāne i te whiwhinga mahi

The programme exceeded employment expectations by creating employment for more than 200 people on roading, infrastructure and environmental projects throughout the district. A number of road safety improvement projects were completed.



#### Adopting a new Long Term Plan for 2021-2031

##### I whakaaetia te Mahere Pae Tawhiti 2021-31

We adopted our new Long Term Plan 2021-31 (LTP) includes our vision and priorities. It also sets out our policies, budgets and work plans for the coming decade. Find out more at Long Term Plan- LTP 2021-31

We also reviewed Our new Waste Management and Minimisation Plan (WMMP) which describes how we will manage and minimise waste now and in the future

Here are some key points from the Long-term plan, outlining decisions made by our mayor and councillors:

PROPOSAL FOR CONSULTATION	DECISION
1. Should we do more to support active and alternative transport options?	Council budgeted \$1 million per year towards Active Whakatāne projects over the next 10 years.
2. Should we fund a sealing programme for metal roads?	Council budgeted \$750,000 per year towards road sealing over the next 10 years.
3. What option should Council take for upgrading the Whakatāne Civic Centre?	Council budgeted for: <ul style="list-style-type: none"><li>• core improvements for health, safety and resilience</li><li>• enhancing productivity through modern adaptable work spaces</li><li>• embracing the role of the Civic Centre as a community hub</li></ul>
4. Should we 'set' rates for the first three years?	Council smoothed rates for the first three years of the plan.
5. Should we increase our debt cap?	Council increased our debt limit to 175% of total revenue.
6. Overall, have we got the balance right between the things we deliver and the cost to our communities?	80% believed that we got the balance right or we should do more. This helped inform other decisions.
7. Other feedback from our communities not directly relating to key proposals.	Council read all submissions and made a large number of decisions in response.

# 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***



STRENGTHENING WHĀNAU, HAPŪ AND IWI PARTNERSHIPS



BUILDING CLIMATE CHANGE AND NATURAL HAZARD RESILIENCE



PREPARING FOR POPULATION GROWTH AND HOUSING DEMAND



ENHANCING THE VIBRANCY OF OUR COMMUNITIES



ENHANCING THE ENVIRONMENTAL OUTCOMES OF OUR ACTIVITIES



FACILITATING ECONOMIC REGENERATION AND EMPLOYMENT OPPORTUNITIES



IMPROVING THE SAFETY, SECURITY AND RESILIENCE OF INFRASTRUCTURE



ENSURING COUNCIL IS ENABLED AND FIT FOR THE FUTURE





## Partnering with whānau, hapū and iwi for the future of the district

*Te mahi rangapū i waenganui i ngā whānau, ngā hapū, ngā iwi me te Kaunihera mō te anamata o te rohe*

### **Agreeing to establish Māori wards for the 2022 and 2025 local body elections**

*Kua whakatūngia ngā takiwā Māori mō ngā whakatairanga pōtitanga o 2022 & 2025*

- On 20 May 2021, our mayor and councillors voted unanimously to establish Māori wards for the 2022 and 2025 local body elections.
- The next step is to consider Māori wards as part of our representation review. We will work with whānau, hapū and iwi on ways to include a Māori ward into proposals for public consultation.

### **Partnering on topics and projects**

*Ngā mahi rangapū i ngā kaupapa me ngā waitara*

- A good example is the past year's progress on the Commercial Boat Harbour development.

- We established a 'Special Purpose Vehicle (SPV)' – an entity that will develop, own and manage the facility on behalf of Te Rāhui Lands Trust, Ngāti Awa Group Holdings Limited, Whakatāne District Council and the Crown.
- We also commenced a partnership approach with iwi and hapū at matata for the proposed wastewater plant.

### **Embarking on a journey to enhance Māori capability within Council**

*E tīmata ana te haerenga kia whakakaha ai ngā āheinga Māori i te Kaunihera*

Our commitment to enhancing whānau, hapu and iwi capability is reflected with the establishment of a new Kaihau Māori role within our Executive Leadership Team and our new Māori relationships unit. We are also working on a Māori responsiveness framework that aims to improve our relationships with whānau, hapu and iwi.

# Thriving economy

## E puāwai ana te ōhanga

### Town centre and riverfront revitalisation

#### Te Kaupapa Whakahaumanu Tāone

- The Whakatāne Town Wharf Remediation project progressed well in the past year and will be completed in 2021. This programme of works includes the Commercial Wharf upgrade, the Western Timber Wharf upgrade
- We received valuable feedback on our communities' priorities and aspirations for the Town Centre Heart and Riverfront Promenade components of the programme. We have since been working closely with Kānoa- REDIU (formerly the Provincial Development Unit) to reset the Te Ara Hou programme to ensure the scope can meet community and partner aspirations.

### Ōhope Wharf project

#### Te waitara Wāpu o Ōhope

- The Ōhope Wharf built by the Whakatāne Harbour Board in 1957 was refurbished and strengthened during the last financial year.
- The \$1m project started in July 2020 and was completed in June 2021, We took this opportunity to make several health and safety improvements to the wharf and replace its timber decking.

# Resilient people and places

## Ngā tāngata me ngā wāhi manawaroa

### Climate change

#### Huringa Āhuarangi

- A clear vision and targets were set in September 2020 when our climate change strategy and action plans were adopted. This was crucial for ensuring that both ourselves and our district would take a strategic approach to climate change.
- Work continues to ensure that the strategy and action plans are embedded in all Council decision-making processes.

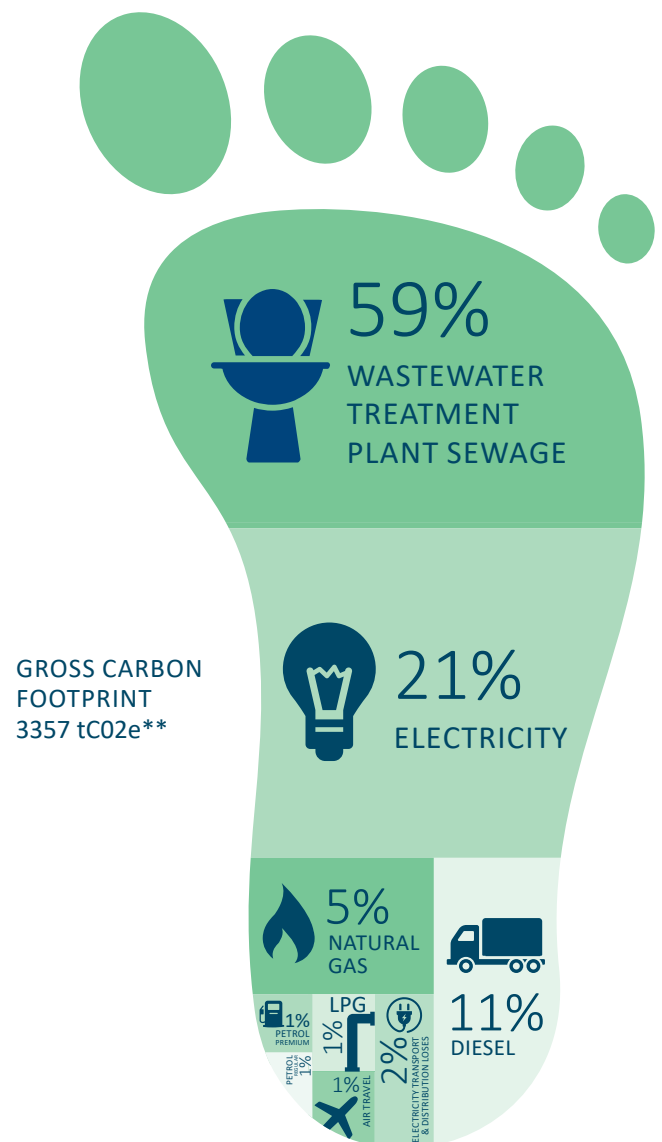
- Six-monthly reports show our progress towards achieving the targets and cover key themes such as emission reduction, leadership, transportation, energy management, waste and circular economies, water services and land use and the built environment.

### Reducing our energy use and carbon footprint

#### E whakaiti ana i te whakapaunga pūngao me te tapuwae waro

- Implementing the energy audit recommendation has contributed towards a 30% decrease in Council's total energy related emissions when compared to the base year 2017/18. This is largely driven by a 60% natural gas and 10% electricity use reduction

### Whakatāne District Council Emissions Profile for 2020/21



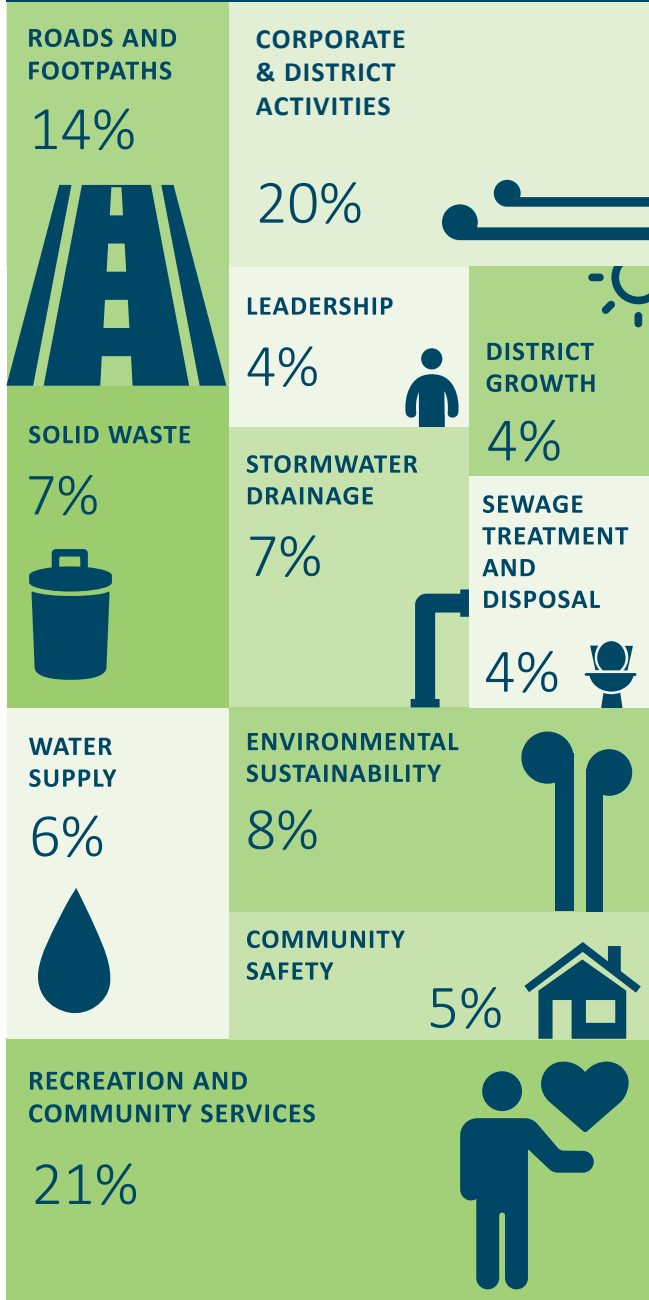
# Responsible money management

## Te Aronui Whakahaere Pūtea

While developing the Long Term Plan, we had to make some difficult decisions about which projects and services to include in our budgets and which ones to re-prioritise in the interests of rates affordability.

**We spent \$75.7 million on operating activities, services and facilities for our communities.**

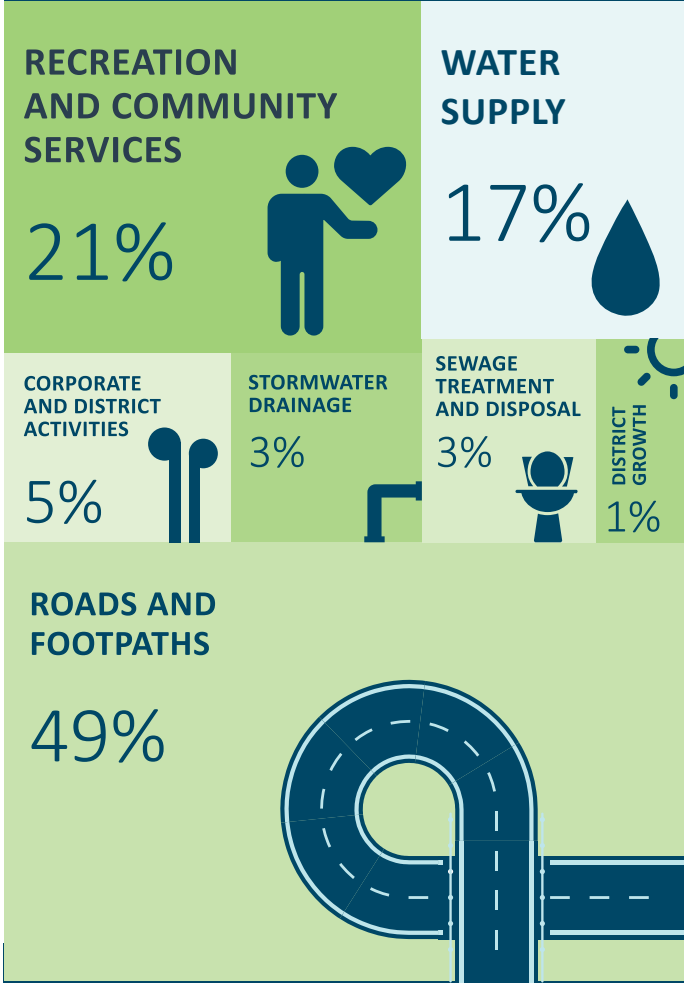
The following graph provides a breakdown of what we spent this money on. This is our operating expenditure and funds the day-to-day running costs of activities, services and facilities.



Note: These percentages include depreciation expense whereas the Funding Impact Statements (found in the 'Our Activities and Services' chapter) do not as they represent cash only.

**We spent \$39.8 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 work in partnership with others to maximise outcomes for our communities**

This year we offset rates using \$34.4 million funding from grants and subsidies- which totals \$900.50 per person in the Whakatāne District.

We also worked tirelessly in partnership with others to attract funding to the Whakatāne District and the Eastern Bay of Plenty.

*Did you know* **49%** of council funding for the past year came from sources other than rates





# SUMMARY FINANCIAL STATEMENTS AND NOTES

## Whakarāpopototanga o ngā Whakapuakanga Ahumoni

Figures and disclosures in the 2020/21 Summary Annual Report have been extracted from the full 2020/21 Annual Report. The full 2020/21 Annual Report were authorised for issue by Council on the 8th June 2022.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete understanding as provided by the full financial accounts.

A copy of the full financial statements can be obtained on the Whakatāne District Council website [whakatane.govt.nz](http://whakatane.govt.nz)

The summary financial statements have been audited by Audit NZ and the full financial statements have an unmodified audit opinion.

The audit opinion included an “Emphasis of Matter” which stated:

“Subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water service entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.”

### Basis of preparation

The full 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 full 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. The full financial statements comply with PBE standards.

The summary financial statements comply with PBE Standards as they relate to summary financial statements.

## Vibrant communities

### Ngā hapori whitawhita

#### Art and Culture

##### *Te Mahi toi me te Ahurea*

- The Molly Morpeth Canaday Award Exhibition 2021 featured 79 leading New Zealand artists and three local artists, with more than 150 people attending.
- The Rua Kēnana symposium commemorated the Rua Kēnana Pardon Act 2019, which pardoned Rua more than a century after his arrest. The symposium was an opportunity to discuss with hapū how to display and exhibit five taonga with lot of sharing during this visit.

#### Outdoor pool enclosure at Whakatāne Aquatic Centre

##### *Te puna wai ki waho o te Puna Kaukau o Whakatāne*

- Work to construct a year-round all-weather enclosure for the outdoor pool is completed at the Whakatāne District Aquatic Centre.
- The enclosure allows the pool to remain open all year round and helps attract more competitions and events to the pool, supporting our local economy. The construction costs were mainly funded through external grants.

#### Wainui Road safety improvements

##### *Ngā whakapainga ki te huarahi o Wainui*

- The road between Ōhope and Ōpōtiki is considerably safer thanks to the Wainui Road improvements that were completed in August 2021.

## 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.

## Commitments, leases and contingencies

The Council, at balance date, had capital commitments of \$11.536 million (2020: \$5.152 million), operating leases as lessor of \$9.878 million (2020:\$9.513 million), operating leases as lessee of \$68 thousand (2020: \$141 thousand) and nil contingencies (2020: nil).

## Related party transactions

The Council has a 1/9th share in BOPLASS Ltd established to foster collaboration between councils in the delivery of services. During the year, the council contracted BOPLASS Ltd for services costing \$144 thousand (2020: \$137 thousand).

The Council has a 50:50 joint equity venture with the Ministry of Transport (Air Transport Division) in the Whakatāne Airport. Funds held by Council on behalf of the Airport total \$1.673 million deficit (2020:\$1.492 million deficit).

This table presents the financial performance of the Council for the 2021/21 financial year. It summarises operating revenue and expense, and other comprehensive revenue and expense.

## Statement of comprehensive revenue and expense for the year ended 30 June 2021

ACTUAL 2020 \$000			ACTUAL 2021 \$000	BUDGET 2021 \$000
<b>REVENUE</b>				
47,107	Rates		48,416	48,144
20,721	Subsidies and grants		34,366	28,790
126	Development and financial contributions		278	127
7,308	Fees and charges		8,416	7,648
13	Interest revenue		79	45
3,951	Other revenue		4,147	3,972
57	Gains	Note 1	11,647	500
<b>79,283</b>	<b>Total revenue</b>		<b>107,349</b>	<b>89,226</b>
<b>EXPENSES</b>				
18,981	Personnel costs		20,816	21,050
17,191	Depreciation and amortisation expense		17,340	16,594
2,674	Finance costs		2,319	2,599
41,631	Other expenses	Note 2	45,047	43,700
3,748	Revaluation losses		-	900
-	Future loss on sale- Investment property		3,340	-
<b>84,225</b>	<b>Total expenses</b>		<b>88,862</b>	<b>84,843</b>
(293)	Share of joint venture surplus / ( deficit )		(315)	-
<b>(5,235)</b>	<b>Surplus (deficit) before tax</b>		<b>18,172</b>	<b>4,383</b>
(32)	Income tax expense (benefit)		(881)	-
<b>(5,203)</b>	<b>Surplus (deficit) after tax</b>		<b>19,053</b>	<b>4,383</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>				
2,129	Gains (loss) on property, plant and equipment revaluations	Note 3	106,913	20,000
-	Gains (loss) on property, plant and equipment Impairments		-	-
-	Tax on Revaluation Surplus		-	-
<b>(3,074)</b>	<b>Total comprehensive revenue and expense</b>		<b>125,966</b>	<b>24,383</b>

## Summary notes

1. Gains included Revaluation of investment property of (\$9 million) and revaluation of derivative financial instruments (\$2.4 million)
2. Other operating expenses included items such as: Contract payments (\$17.9 million), consultant payments (\$4.1 million) and Awatarariki retreat payments (\$3.2 million)
3. Gain on Property, Plant and Equipment valuations relates to a revaluation of three waters assets



## Major variances explained

The surplus before tax of \$18.2 million is \$13.8 million higher than the budgeted surplus of \$4.4 million in the 2020-21 Annual Plan. The variance is attributable to the following factors:

### Revenue (\$18 million 20% more than budget)

- Subsidies and Grants were \$5.6 million more than budget. The larger variance were:
  - » Roothing received \$2M more than forecast
  - » Three Waters received subsidies in excess of budget of \$2 million
  - » Port subsidies were \$1.7 million more than budget as part of PGF funding
- Gains were \$11 million more than budget. This was due to Investment property gaining \$8.8 million in the latest valuation after dropping in last years valuation due to COVID-19 uncertainty. Derivatives also gained by \$2.4 million due to the extension of the current low interest rates.
- Fees and charges earned \$0.8 million more than budget - a variance of 10%
- Rates finished the year at \$0.3 million above budget - a minor variance of 0.56%

### Expenditure (\$4 million 5% higher than budget)

- Depreciation exceeded budget by \$0.7 million due to revaluations driving depreciation higher and a larger the usual capitalisation of projects
- Other expenses was over budget b \$1.4 million. This mainly made up of:
  - » Contributions and Extraordinary expenses combined were under budget by \$2.2 million mainly due to the timing of the Awatarariki settlements
  - » Doubtful Debts over by \$3.9 million due to extra provision being made for unpaid rates in light of future legislation
  - » Legal costs were over by \$0.6 million due to a number of hearings all occurring in this financial year
  - » Contracts were under budget by \$0.9 million. Most of this variance was in roading contracts (\$0.8 million) with the Kia Kaha project budget being redirected and the minor events budget being largely unspent
- Personnel costs finished at \$0.2 million below budget due to job vacancies
- Finance costs finished at \$0.3 million below budget due to lower than expected interest rates
- Losses were \$3.3 million against a budget of \$0.9 million. This loss was due to discounting the current fair value of property intended for sale against its agreed sale price



# Statement of financial position as at 30 June 2021

This table represents the assets Council owns and the liabilities Council owes to the parties.

ACTUAL 2020 \$000			ACTUAL 2021 \$000	BUDGET 2021 \$000
<b>652,951</b>	<b>TOTAL EQUITY</b>		<b>779,227</b>	<b>702,221</b>
34,150	Total current assets		25,421	26,271
725,664	Total non-current assets	Note 1	867,802	787,466
<b>759,814</b>	<b>TOTAL ASSETS</b>		<b>893,223</b>	<b>813,737</b>
41,163	Total current liabilities		34,351	18,113
65,700	Total non-current liabilities		79,645	93,403
<b>06,863</b>	<b>TOTAL LIABILITIES</b>		<b>113,996</b>	<b>111,516</b>
<b>652,951</b>	<b>NET ASSETS (Assets minus liabilities)</b>		<b>779,227</b>	<b>702,221</b>

## Summary notes

### 1. Total non-current assets compromise:

Investment property	\$40,419
Restricted assets	\$46,259
Operational assets	\$89,293
Infrastructural assets	\$655,850
Other assets	\$35,981
	<b><u>\$867,802</u></b>

## Major variances explained

The Net Assets variance to budget was 11% (\$79 million) more than budgeted. Nearly all of the variance was in non-current assets.

### Total assets (\$79 million 10% higher than budget)

- Non-current assets exceeded budget by \$80 million. Most of this variance was in the infrastructural assets area: Three Waters assets were revalued upward by \$107 million when only \$20 million increase was forecast. Property Intended for Sale also revalued up by \$6 million more than budgeted.
- Receivables finished the year at \$1 million higher than budget

### Total liabilities (\$2.5 million, 2% higher than budget)

- Payables and deferred revenue exceeded budget by \$16.7 million predominantly due to post COVID-19 funding for PGF projects
- Borrowings were below budget by \$13 million PGF funding meant that less borrowing had to occur
- Derivative liabilities dropped below budget by \$4 million due to the sustained low interest rates



## Statement of cashflows for the year ended 30 June 2021

This table shows how Council generated and used cash. The overall net increase or decrease represents the change in our cash and cash equivalents arising from operating, investing and financing activities.

ACTUAL 2020 \$000		ACTUAL 2021 \$000	BUDGET 2021 \$000
27,391	Net cash flow from operating activities	23,303	18,168
(21,846)	Net cash flow from investing activities	(36,268)	(33,424)
2,314	Net cash flow from financing activities	5,680	15,000
7,859	Net increase (decrease) in cash, cash equivalents and bank overdrafts	(7,285)	(256)
4,730	Cash, cash equivalents and bank overdrafts at the beginning of the year	12,589	5,454
12,589	Cash, cash equivalents and bank overdrafts at the end of the year	5,304	5,198

### Major variances explained

- There was a minimal positive variance of cash held compared to budget of \$0.1 million.
- Net Cashflows from operating activities were \$5 million more than budget, spending more (\$7 million) and receiving more income (\$2 million). This is mainly reflected in:
  - » Fees and Charges and Other Revenue was \$2 million less than budget
  - » Payment to suppliers and agencies was \$8 million less than budget
- Net cashflows from investing activities paid \$3 million more than budget with capital purchase outflows over budget by this variance. More capital expenditure was paid for in this financial year than previously anticipated. Some of this arose from completing capital projects from previous years and council policy to pay contractors as soon as the work was completed in order to support them through the pandemic cashflow crisis.
- Financing activities were underspent by \$9 million with \$5 million less in loans being raised compared to budget. Adding to this was \$5 million more in loans being repaid than originally budgeted
- Adding to this total variance was a positive variance in the anticipated opening bank balance of \$7 million.



## Statement of changes in net assets and equity for the period ended 30 June 2021

This table presents the equity movements over 2020/21 that have impacted on the Council's net worth.

ACTUAL 2020 \$000		ACTUAL 2021 \$000	BUDGET 2021 \$000
655,732	Balance at 1 July	652,951	471,879
(3,074)	Total Comprehensive Revenue and Expense for the Year	125,966	4,383
293	Other Adjustment	309	225,959
<b>652,951</b>	<b>Balance at 30 June</b>	<b>779,226</b>	<b>702,221</b>

### Major variances explained

The Council's equity has been adjusted by the current year total comprehensive revenue and expense, a surplus of \$126 million, which is the combination of the surplus after tax of \$19 million and a net gain on revaluation of \$107 million. The remaining movements are a result of movements in restricted reserves and council created reserves.

### Events after balance date

On the 27 October 2021 the Minister of Local Government announced that the Government is making the three waters reform mandatory Council-owned three waters services will be amalgamated into four regional bodies. These regional bodies will be owned by councils, although there will be a co-governance arrangement with mana whenua.

The Minister has announced that technical working groups will be established to work through that detail.

In terms of timing, three bills will be introduced to Parliament establishing how the entities will operate. The Water Services Entities Bill will be introduced at the end of this year, and be passed next year. An implementation bill will be introduced next year and an economic regulation bill will be introduced in early 2023. The Government is expecting the four new entities to be operational from 1 July 2024.

Some of the accounting impacts remain uncertain but it is likely that assets and liabilities related to the three waters activities will be removed from the council financial statements and possibly be replaced by a portion of equity in the new regional body.

The Whakatāne Regeneration Programme, which consists of partnerships between Te Rāhui Lands Trust, Ngāti Awa Group Holdings Limited, Te Rūnanga o Ngāti Awa and Whakatāne District Council, submitted two applications to the Provincial Growth Fund (PGF) in September 2019. An announcement made on 13 March 2020 confirmed all three applications were successful, securing \$19.6 million for a boat harbour development, \$9.6 million for the riverfront revitalisation project and \$7.8m for Ngāti Awa's Kāinga development at the Whakatāne Army Hall. During the 2021/22 year a partnership was established between the Te Rāhui Lands Trust, the Crown, Ngāti Awa Group Holdings Ltd and the council to build a new boat harbour on Te Rāhui Lands Trust land at the bridge end of Keepa Road.

The COVID-19 pandemic had a major impact on both how the council operated and how the community went about their everyday lives. Council set up a number of initiatives during the 2021 year to assist the community and to ensure council staff remained as safe as possible. Impacts included:

- Many office based staff working remotely
- Customer related staff working under strict health protocols
- Changes to the way council facilities operated and community use of them
- Providing rent relief for harbour property leaseholders and berth holders
- Discounting of landing fees at the airport
- Issuing guides to help the community access the support they needed
- Supporting the vaccination drives and health related organisations
- There have been no other events after balance date that require adjustments to be made to the financial statements or disclosure (2020:Nil)

# Independent Auditor's Report

## Pūrongo o he Kaitātari Kaute motuhake

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

### Independent Auditor's Report

#### To the readers of Whakatāne District Council's summary of the annual report for the year ended 30 June 2021

The summary of the annual report was derived from the annual report of the Whakatāne District Council (the Council) for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on pages 3 and 9 to 14:

- the summary statement of financial position as at 30 June 2021;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2021;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary "performance against our targets".

#### Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

#### Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

## **The full annual report and our audit report thereon**

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2021 in our auditor's report dated 8 June 2022. Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the uncertainties over the Government's three waters reform programme announcement. The impact of these reforms, once legislated, will mean that the Council will no longer deliver three waters services. These matters are addressed on page 14 "Events after balance date" of the summary financial statements.

## **Council's responsibility for the summary of the annual report**

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

## **Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

Other than the audit and our report on the disclosure requirements, we have performed a limited assurance engagement on the District Council's debenture trust deed and audit engagements for the 2021-31 Long-term plan Consultation Document and the 2021-31 Long Term Plan, which are compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.



Leon Pieterse  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand  
21 June 2022



## WHAKATĀNE DISTRICT COUNCIL

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Whakatāne District Council



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