

WHAKATĀNE DISTRICT COUNCIL

Annual Report Summary 2014/15

Rīpoata -ā- Tau

14
15

Message from the Mayor

Nau mai, tomo mai, whakatau mai ra ki tēnei Rīpoata-Whakarāpopoto-ā-Tau 2014/15, kua tatū rawa i roto i te tau kua pahure ake nei. Kua hāngai pū te otinga o ngā mahi ratonga, tērā, kua whakamua i ngā kaupapa rawa me whakahaere i ngā pūtea.

Welcome to the Summary of the Annual Report for 2014/15. This document gives an overview of the Council's performance and achievements over the past financial year. The year saw us continue to deliver the services and facilities the community expects, while also progressing some important projects and managing our finances responsibly.

Meeting the community's needs in the most affordable way is a key priority. A focus on sound financial management has seen us finish the year with a rating surplus of \$12,000, continuing the trend of the past three years. That surplus represents just 0.03 percent of our operating expenditure and confirms that we are setting our rates accurately and prudently managing our finances within tight margins.

For me, the real test has been in the differences we have made to people's lives and this summary provides a snapshot of some of these activities.

Looking to the future, we will continue our organisational focus on being responsible, sustainable, enabling and affordable; providing for the community's needs and ensuring that the Whakatāne District continues to be a vibrant place to live, work and play.

Nāku noa nā.



Tony Bonne

MAYOR



Highlights of the year



Wharaurangi opened & named

Wharaurangi, the latest addition to Whakatāne CBD's attractions, was completed in October 2014. The area provides an attractive, open civic space linking the town, escarpment and river.

Business excellence

The Council won the 'Excellence in Service Delivery' category at the biennial Horizon Business Excellence Awards for the Eastern Bay of Plenty, recognising our ongoing commitment to meeting the community's needs.

Road safety popular

The #Dontjimitat Eastern Bay Road Safety video has been viewed over 140,000 times, raising younger drivers' awareness of the need to wear seat belts.

Best website

The Whakatāne District Council's website (www.whakatane.govt.nz) has been ranked the best of the 78 local government websites in New Zealand.



Air Chathams fly in

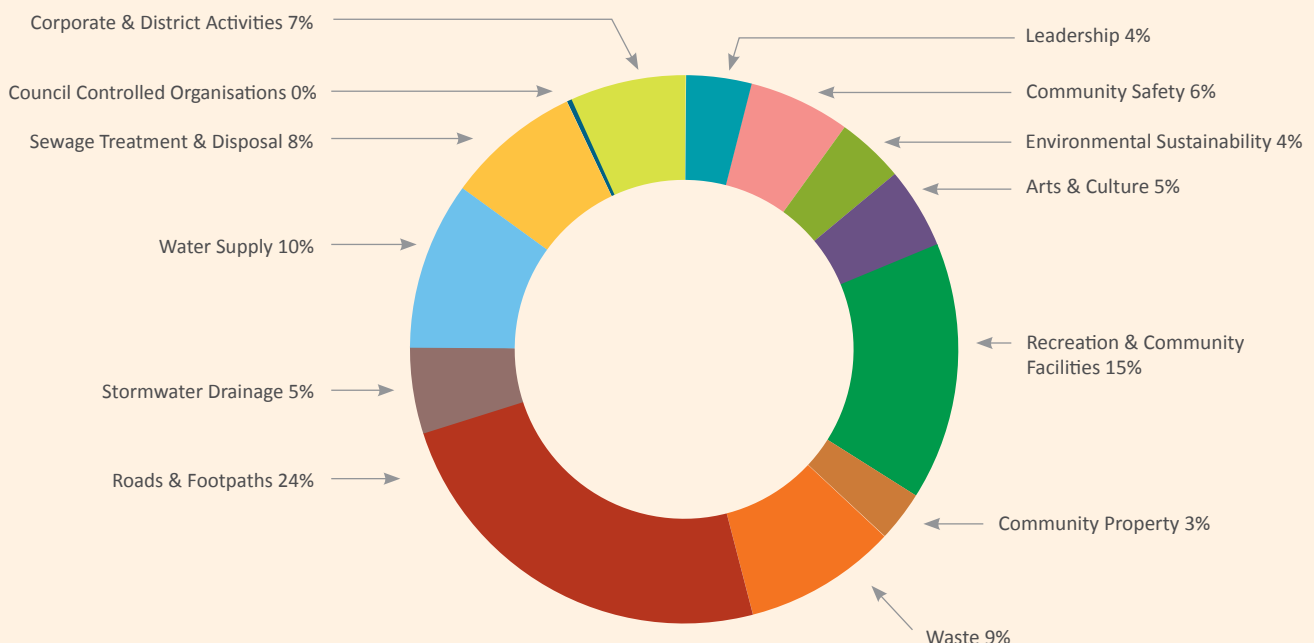
Following Air New Zealand's decision to not continue scheduled flights from Whakatāne Airport, the Council secured Air Chathams as the new flight service provider. The Airport also receives passenger services from SunAir.

Events secured

Several events have been secured for the District which will make a considerable contribution to the local economy over the next few years, including the Oxfam Trailwalker, New Zealand Surf Lifesaving Championships, a wild foods festival and a large-scale junior sports tournament.

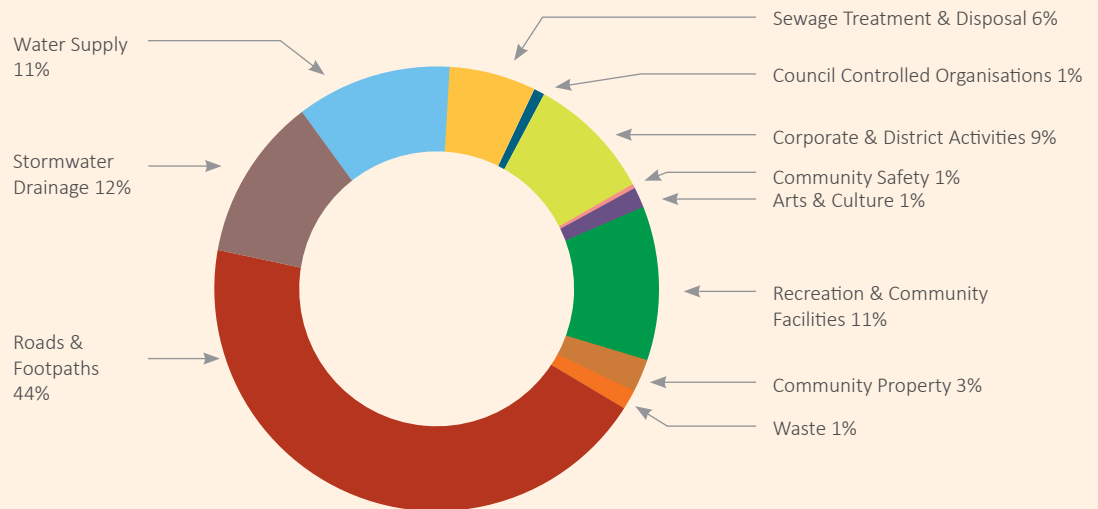
OPERATIONAL EXPENDITURE: Day-to-Day costs

Over the 2014/15 year we spent \$63.0 million delivering our services and maintaining existing assets. This is our 'operating expenditure'. It makes sure that water treatment plants keep running, that sportsfields are mowed, that rubbish is collected and many other services are delivered.



CAPITAL EXPENDITURE: Buying, building and renewing assets

Capital expenditure is the cost of buying or building new assets, renewing an existing asset, or improving an asset to deliver a better service. This covers the costs of projects such as improving stormwater in Ōhope, improving Herepuru Road or creating the Wharaurangi civic space. Over the 2014/15 year we spent \$16.5 million on capital projects.



Dredging keeps Whakatāne bar open

Combined land and sea-based dredging helped keep the low-tide operating restrictions at the Whakatāne Harbour entrance to a minimum during a challenging summer.

Herepuru Road solutions

After consultation with local residents, major improvements have been carried out at Herepuru Road to address longstanding road damage and erosion problems caused by heavy rainfall events.

Ōhope stormwater improvements

Major stormwater upgrades have been undertaken in the vicinity of Ōhope's Maraetōtara Stream, to help increase the system's capacity to deal with heavy rainfall events.

Holly's playground

A new playground was installed at Lake Āniwaniwa and is already being well used. The project was driven and designed by the local community, in memory of a young resident.



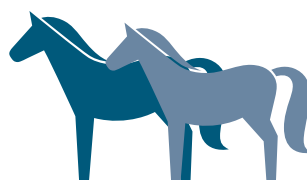
ANZAC centenary



The Council marked the centenary of the Gallipoli landings. A civic ceremony was held on ANZAC Day, flags and banners were displayed across the District, special poppy plantings undertaken, a new waharoa (entrance) installed at Mitchell Park and a special exhibition was held at Te Kōputu a te whanga a Toi.

Rūātoki water supply upgrades

The Rūātoki water scheme was upgraded to improve drinking water quality and system security, and allow more properties to be connected.



Ruatāhuna horses

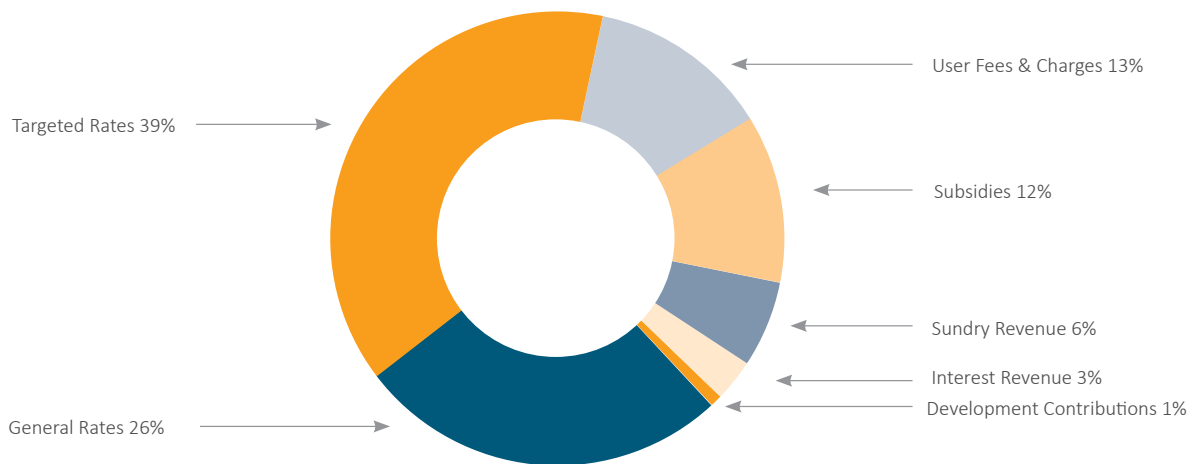
The Council has worked with the Ruatāhuna community to reduce the number of roaming horses in the area and the risk wandering stock pose to road users.

Rates account for 65% of our revenue

Affordability is a major focus in our planning and we aim to secure funding from sources other than rates, to help make Council services and facilities affordable. In the 2014/15 year, rates made up 65% of our revenue, with 35% coming from other sources. These have included subsidies and grants worth over \$7.3 million from the New Zealand Transport Agency, the Ministry of Health, the Lotteries Commission, local sponsorship and others.

Thanks to external funding, for every \$10 of rates collected, we are able to deliver over \$15 of services.

Figure 3: Sources of operating revenue 2014/15



Revenue in the graph includes different reclassification from interdepartmental transfers compared to the Summary Statement of Comprehensive Revenue and Expense.

We achieved 75% of our level of service targets for the year

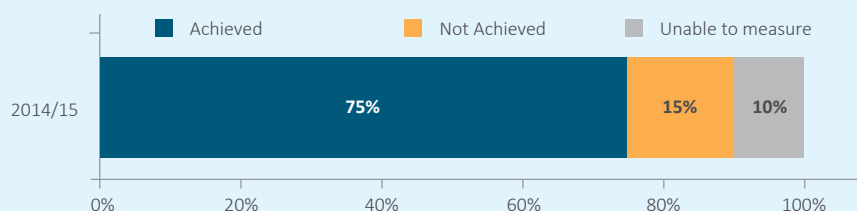
Our performance framework outlines the level of service that we aim to provide to the community. This includes a series of non-financial performance targets for each service that we deliver and includes both technical measures, like the number of days taken to process a building consent, and perception measures monitored through our community satisfaction survey.

For the 2014/15 year, we set out 59 level of service targets. Of these, six were not able to be measured, including three under the 'Waste' activities.

Of the remaining 53 targets, we achieved 44 and did not achieve nine. This represents 75% of the total 59 targets, or 83% of those that were able to be measured.

Of the nine measures that were not achieved, four showed relatively high, but below target, levels of community satisfaction. For example, Ports and Harbour achieved an 85% satisfaction rating, but failed to meet our 89% target; similar situations were recorded for public conveniences, public swimming facilities and parking in Whakatāne.

Figure 6: Performance against level-of-service targets 2014/15



In the 2014/15 year, the average ratepayer paid \$55 per week towards Council services and facilities including:*



YOUR TRANSPORTATION NETWORK

ROADS
FOOTPATHS
STREETLIGHTS
BRIDGES

your PARKS & RESERVES



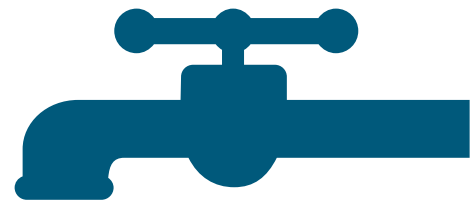
YOUR ANIMAL CONTROL SERVICES



ECONOMIC DEVELOPMENT



VISITOR CENTRE



DRINKING WATER



EMERGENCY MANAGEMENT



SWIMMING POOLS



CEMETERIES & CREMATORIUM



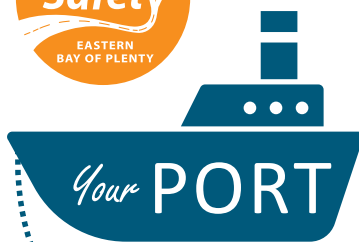
YOUR SOLID WASTE SERVICES

Kerbside rubbish & recyclables collection and disposal

Kerbside green waste collection and disposal

— YOUR —
Museum & Te Kōputu
EXHIBITION SPACES

— YOUR —
Libraries



your PORT

BOAT RAMPS & HARBOUR ACCESS



PLAYGROUNDS & SKATEPARKS

And much more...

* Includes GST

Summary Financial Statements and Notes

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

This presents the financial performance of the Council for the past year. This statement summarises operating revenue and expense, and other comprehensive revenue and expense for the year.

ACTUAL 2014 \$000		ACTUAL	BUDGET
		2015	2015
		\$000	
REVENUE			
35,451	Rates (excluding volumetric water charges)	36,077	36,119
7,405	Subsidies and Grants	7,336	11,160
246	Development and Financial Contributions	493	465
7,621	Fees and Charges (including volumetric water charges)	7,336	7,880
40	Interest Revenue	50	15
4,791	Other Revenue	4,791	5,636
1,893	Gains	776	1,068
57,447	Total Revenue	56,859	62,343
EXPENSES			
12,443	Personnel Costs	13,332	12,563
15,503	Depreciation and Amortisation Expense	14,517	16,256
2,516	Finance Costs	2,269	2,470
25,006	Other Expenses	27,863	26,509
2,486	Revaluation Losses	2,035	-
57,954	Total Expenses	60,016	57,798
(507)	Surplus (Deficit) Before Tax	(3,157)	4,545
(254)	Income Tax Expense (Benefit)	(27)	-
(253)	Surplus (Deficit) After Tax	(3,130)	4,545
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
(4,174)	Gains (Loss) on Property, Plant and Equipment Revaluation	(21,819)	2,500
(401)	Tax on Revaluation Surplus	-	-
(4,828)	Total Comprehensive Revenue and Expense	(24,949)	7,045

Why is there an overall operating deficit for the 2014/15 year?

While a rating surplus was achieved for the 2014/15 year, the final operating result was a net deficit of \$3.157 million (before tax) compared to a budgeted surplus of \$4.545 million. A number of factors contributed to this variance including accounting entries that do not have an impact on rates. The major reasons for variances compared to the budget are explained in relation to each financial statement:

MAJOR VARIANCES EXPLAINED:

Revenue was \$5.484 million or 8.8% less than budget

- Subsidies and grants not received due to delays in Matatā Wastewater Treatment Plant and Edgcombe Supply Main from Paul Road projects.
- Investment property revaluation gain less than budgeted.
- Fees and charges less than budgeted.

Expenditure was \$2.218 million or 3.8% more than budget

- Losses on valuation of derivative financial instruments and non-current assets held for sale.
- Increase in professional services expenses.
- Increase in personnel costs due to a revaluation of employee entitlements.
- Partially offset by savings in direct operating expenses.

SUMMARY STATEMENT OF CHANGES IN NET ASSETS AND EQUITY

This presents the equity movements of the Council over the past financial year that have impacted on the Council's net worth.

ACTUAL 2014 \$000		ACTUAL	BUDGET
		2015	2015
		\$000	
618,909	Balance at 1 July	615,547	622,241
(4,828)	Total Comprehensive Revenue and Expense for the Year	(24,949)	7,045
1,466	Other Adjustment	(67)	-
615,547	Balance at 30 June	590,531	629,286

Represented by:

ACTUAL 2014 \$000		ACTUAL	BUDGET
		2015	2015
		\$000	
420,770	Accumulated Funds	414,831	430,353
17,468	Restricted Reserves	17,211	17,150
177,309	Asset Revaluation Reserves	155,489	181,783
615,547	Total Public Equity	590,531	629,286

MAJOR VARIANCES EXPLAINED:

The Council's equity has been adjusted by the current year total comprehensive revenue and expense of minus \$24.949 million, which is the net of the deficit after tax of \$3.130 million and a net loss on revaluation of \$21.819 million for roading and water infrastructure assets.

SUMMARY STATEMENT OF FINANCIAL POSITION

This presents the assets we own and the liabilities we owe to other parties.

ACTUAL 2014 \$000		ACTUAL 2015	BUDGET 2015
		\$000	
615,547	TOTAL EQUITY	590,531	629,286
14,335	Total Current Assets	14,481	7,824
658,215	Total Non-Current Assets	632,462	685,492
672,550	TOTAL ASSETS	646,943	693,316
19,876	Total Current Liabilities	19,672	19,930
37,127	Total Non-Current Liabilities	36,740	44,100
57,003	TOTAL LIABILITIES	56,412	64,030
615,547	NET ASSETS (Assets minus Liabilities)	590,531	629,286

MAJOR VARIANCES EXPLAINED:

Total Assets were \$46.373 million or 6.7% less than budget. The most significant contributing factor was revaluation losses on assets. Other contributing factors included work in progress being lower than budgeted and the transfer of the pensioner housing portfolio from operational property to non-current assets held for sale. Total Liabilities were \$7.618 million or 11.9% less than budget. This was mainly the result of external borrowing being less than budget offset by financial derivative liabilities, creditors and employee entitlements being higher than budget.

SUMMARY STATEMENT OF CASH FLOWS

This shows how we 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 2014 \$000		ACTUAL 2015	BUDGET 2015
		\$000	
15,844	Net Cash Flows from Operating Activities	16,969	20,093
(10,099)	Net Cash Flows from Investing Activities	(15,203)	(26,399)
(902)	Net Cash Flows from Financing Activities	(5,500)	6,300
4,843	Net Increase (Decrease) in Cash, Cash Equivalents and Bank Overdrafts	(3,734)	(6)
(106)	Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year	4,737	40
4,737	Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	1,003	34

MAJOR VARIANCES EXPLAINED:

There was a variation of cash held compared to budget of \$969,000 predominantly as a result of a subsidy being paid overnight on 30 June 2015.

Net Cashflows from Operating Activities were \$3 million less than budgeted as a result of unders and overs across all line items.

Net Cashflows from investing activities were \$11 million less than budgeted, and financing activities were \$12 million less than budgeted owing to delays in the Matatā Wastewater Treatment Plant project and deferred capital expenditure spending.

Summary Financial Notes

The Summary Financial Statements presented on these pages are for the Whakatāne District Council (the Council) for the year ended 30 June 2015. Summary information has been extracted from the full financial report adopted by Council on 8 October 2015.

Significant Commitments

The Council has entered into capital commitments of \$2.035 million for work not commenced and has operating lease commitments of \$290,000. For more information see note 26 of Council's full Annual Report.

Contingent Liabilities

The Council has contingent liabilities for two contracts disputes and one indemnity claim with a maximum cost to Council of \$360,000, and potential plaintiff costs of up to \$150,000. For more information on this and other contingent liabilities see note 27 of Council's full Annual Report.

Related Party Transactions

Related Party Transactions totalling \$917,257 were carried out during the year in relation to the Whakatāne Airport joint equity venture. For more information on this and other related party transactions see note 28 of the Council's full Annual Report.

Reporting Entity

The Council is a territorial local authority established under the Local Government Act 2002 and defined as a public benefit entity for financial reporting purposes.

The Council's full financial Statements incorporate information about the Whakatāne Airport, a joint venture between the Council and the Ministry of Transport.

Basis of Preparation

The Council's full Annual Report has been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The financial statements in the Council's full Annual Report have been prepared in accordance with Tier 1 Public Benefit Entity accounting standards. Council has made an explicit and unreserved statement of compliance with PBE standards in its full financial statements for each period presented in the summary. These Summary Financial Statements comply with Public Benefit Entity Financial Reporting Standard 43 "Summary Financial Statements" and are the first summary financial statements presented in accordance with the new public benefit entity accounting standards. Any material adjustments arising on transition to the new accounting standards are explained in note 35 of the Council's

full Annual Report. Figures are presented in New Zealand dollars. Values are rounded to the nearest thousand dollars (\$000). Some rounding variances may occur in the summary financial statements due to the use of decimal places in the underlying financial data. The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding provided by the full financial statements. Some adjustments have been made to comparative year financial statements for the Statement of Comprehensive Revenue and Expense and Statement of Cashflows for which details can be found in note 35 of Council's full Annual Report. The full financial statements can be found on the Whakatāne District Council's website.

Events after Balance Date

There were no significant events after balance date.

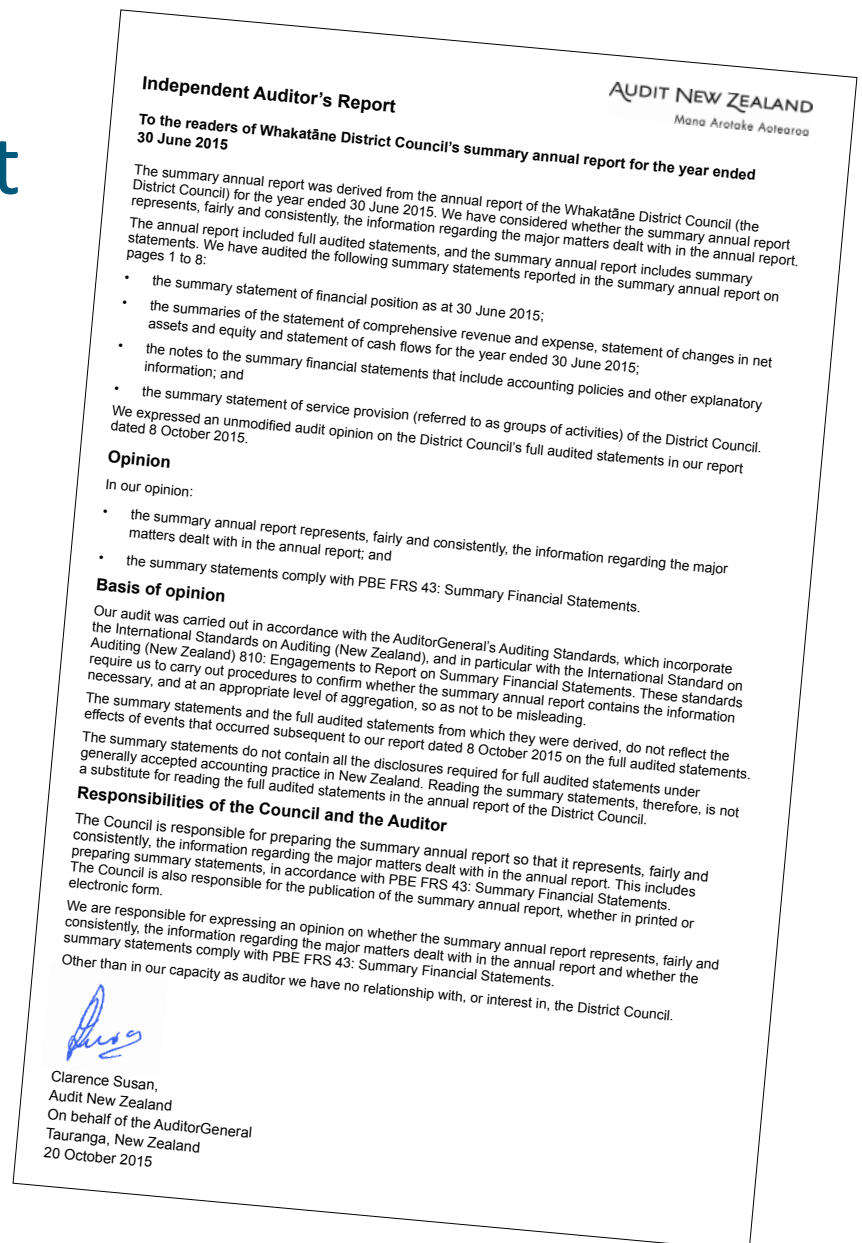
Independent Auditor's Report

It is a legal requirement that our Annual Report is audited. This is to ensure that we are complying with accepted accounting practices and legal requirements and that our Annual Report is a fair and accurate reflection of the past year.

The full Annual Report received an unmodified (clear) Audit Report from the Auditor General's Office. This Summary has also been audited to ensure it is consistent with our full Annual Report.

Want to know more?

For more detailed information about our performance over the past year, see the Whakatāne District Council's full Annual Report. Copies of these documents are available on our website, or from our service centres and libraries.



How to contact us...

If you would like to contact the Council about the information contained in this Summary Annual Report, or for any other reason, please feel free to do so.

WHAKATĀNE DISTRICT COUNCIL

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