

WHAKATANE DISTRICT COUNCIL ANNUAL REPORT

For the year ended 30 June 2007



Whakatane District Council

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MAYOR AND CHIEF EXECUTIVE'S MESSAGE

The 2006/07 year has been a year of major decisions and significant steps forward for the Council. We have maintained a focus on the future, while continuing to drive the recovery from natural disasters of recent years. We improved our service levels, set in motion some major initiatives which will support this District growing sustainably into the future and hosted some excellent events to showcase the District. It has been a year with its own challenges, and once again the community, councillors and staff have worked well together to ensure quality outcomes.

Our final financial result for the year saw a net surplus of \$7.89 million against a budget of \$1.49 million. The key reason for the increase in the surplus was a \$6.30 million non-cash adjustment to recognise the increase in value of our investment properties.

Overall, operations for the year fared better than budgeted. Within the figures there have been a number of key changes from the approved budget for 2006/07. There has been a \$1.45 million increase in depreciation due to the revaluation of assets. This was partly offset by \$0.30 million savings in net interest costs due to delays in some of the capital projects. Additional costs to manage the Council's roading network and on-going costs associated with the natural disasters in the previous year contributed to increased operational costs. However there were additional subsidies received during the year that reduced the impact of these increases. Development contributions were lower than expected by \$0.50 million. The Council's income from user charges for other services was \$0.52 million higher than budgeted.

Asset revaluations during the year were undertaken on the majority of our infrastructure assets. The changes in valuations recognise the increase in the market value over the last three years. This has resulted in an overall increase of our asset values by approximately 20%. The asset revaluations when combined with the revaluation of council owned land and buildings means that net assets increased in value by 28% (\$120.40 million) over the budgeted values.

The Council has continued to improve the levels of service and quality of amenities that it provides to the community. Very visible examples of this have been the Commerce Street upgrade, the rejuvenation of the Port Ohope wharf, the upgrade of the Ohope Road and the seal extension of Ruatahuna Road. These projects have been a long time in the planning and it is rewarding to watch them take shape. There have also been some less visible, but equally important projects. These have included the completion of stage one of the two stage upgrade to the Te Mahoe water supply, completed with funding from Housing New Zealand and the upgrade of the Edgumbe Wastewater Ponds. The Council has also trialled a green waste collection service and an inorganic waste collection service. It was really positive to see that of the 22 tonnes of inorganic waste collected, 18 tonnes was recyclable.

A number of important initiatives for the future of the District and the Council were begun. These included a comprehensive Asset Management Plan project, accreditation of Council's building consenting services, a study of Whakatane Town Centre's built heritage, and a review of the Council's Bylaws. These and other capability and information gathering projects will see the Council moving forward and making decisions on the basis of robust information and systems. Especially exciting has been the work done on the Town Vision, a proposed framework for the future of Whakatane Town Centre. Alongside these we have been working on a number of important planning projects to provide clarity and opportunity for sustainable development of the District. These have included retail, industrial and residential growth strategies to enable us to better understand and cater for the future of the District.

The natural disasters of 2004 and 2005 were a key issue for the Council this year as we worked with the community to complete much of the investigation, planning and design work for Matata Regeneration Projects and submit resource consents applications to undertake the first stage of works. At the same time a great deal of effort has gone into designing and consulting on the Otarawairere/West End mitigation works so that work could get underway early in the 2007/08 financial year.

Both the Matata and the Otarawairere Projects have proved to be contentious in the community. The funding debate and the submissions received for the Annual Plan 2007/08 has seen the Council decide to review its Hazard Mitigation Policy. The Council is also continuing to work with Central Government in an attempt to secure funding to offset the cost to the community of these projects and the Edgumbe/Rangitaiki flood protection project. A Business Case to Government has recently been finalised and submitted.

Connections with our past have been celebrated with the Ko Tawa exhibition bringing taonga with strong whakapapa relationships with this rohe. There were many visitors to the exhibition and some new community relationships formed. Economic development activities saw the Business and Leisure Show built on the success of its inaugural year and participating businesses doing a roaring trade. The event took another step up with a partnership formed with a major sponsor and looks to continue to grow next year. Another important event for the District, and indeed the region, was the Odyssey Mountain Bike event. This saw mountain bikers completing a course from Whakatane to Taupo, along the way showcasing the District and reinforcing its reputation as a destination of choice for outdoor adventures.

There are challenges ahead of us in 2007/08, but the work done in 2006/07 will see us in a better position to face those challenges and to continue to lead the District into the future.



Colin Holmes **MAYOR**



Diane Turner **CHIEF EXECUTIVE**

PURPOSE AND VISION

PURPOSE

Great services, excellent delivery

- We provide governance, leadership and advocacy for the people of the District;
- We provide quality infrastructure including community facilities, roads, sewerage, water and stormwater systems;
- We deliver regulatory services focused on public health, safety and wellbeing;
- We develop long-term plans and strategies to provide a framework for change and sustainable development in our community.

VISION

To be respected by our community for the provision and delivery of excellent services which ensure that both present and future generations have:

- A quality environment in which to enjoy our great climate;
- A respect for and pride in our history;
- A community that is friendly and caring;
- A place that is known to be the best to live, work and play in and where people want to come.

AUDIT REPORT
TO THE READERS OF
WHAKATANE DISTRICT COUNCIL'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Whakatane District Council (the District Council). The Auditor-General has appointed me, M G Taris, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council for the year ended 30 June 2007, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council on pages 25 to 96 and 99 to 159:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council's financial position as at 30 June 2007; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 25 to 96 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 31 October 2007, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the District Council as at 30 June 2007. They must also fairly reflect the results of its operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of amendments to the Long Term Council Community Plan, we have no relationship with or interests in the District Council.



M G Taris
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Whakatane District Council for the year ended 30 June 2007 included on Whakatane District Council's web site. The Whakatane District Council is responsible for the maintenance and integrity of the Whakatane District Council's web site. We have not been engaged to report on the integrity of the Whakatane District Council's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 31 October 2007 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GOVERNANCE AND MANAGEMENT



"A moment in Time" Photographic Competition April 07



GOVERNANCE AND MANAGEMENT

MEMBERSHIP OF STANDING COMMITTEES AS AT 30 JUNE 2007

His Worship the Mayor is "ex officio" a member of all Committees and specifically appointed to the Environmental and Regulatory Committee.

AUDIT COMMITTEE

- His Worship the Mayor C G H Holmes (Chairperson)
- Councillor C Chambers
- Councillor G I Hanlen
- Mr K Iles (appointed member)
- Mr M Jenkins (appointed member)
- Councillor R N Orr

ENVIRONMENTAL AND REGULATORY COMMITTEE

- His Worship the Mayor C G H Holmes
- Councillor C Chambers (Chairperson)
- Councillor D J Eivers
- Councillor L M Hudson
- Councillor D R Dowd

IWI LIAISON COMMITTEE

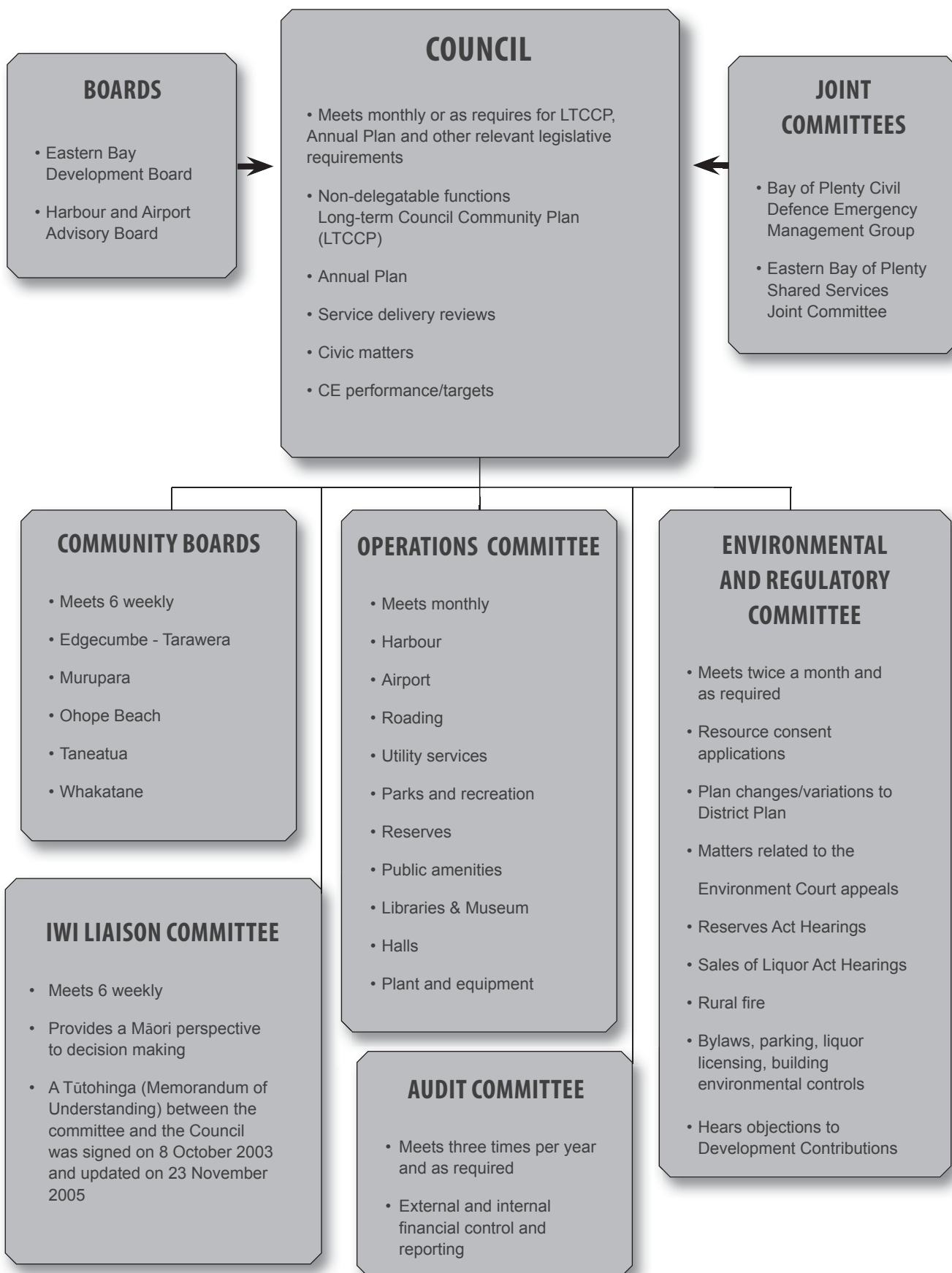
- P Ngaropo (Ngāti Awa ki Matata) (Chairperson)
- C Aramoana (Upokorehe)
- W Bird (Ngāti Manawa)
- J Carlson (Ngāti Whare)
- T Hunia (Ngāti Awa ki Rangitaiki)
- P Hunia (Tūwharetoa ki Oniao)
- J Mason (Ngāti Awa ki Whakatane)
- H Pryor (Ngāti Rangitihī)
- H Te Amo-Simeon (Tuhoe West)
- C Te Pou (Tuhoe East)
- R White (Tuhoe ki Manawaru)
- Councillor A V Iles
- Councillor J Te Kurapa

OPERATIONS COMMITTEE

- Councillor G I Hanlen (Chairperson)
- Councillor R N Orr
- Councillor J Fitzpatrick
- Councillor A V Iles
- Councillor G V Johnston
- Councillor J Te Kurapa

COUNCIL STRUCTURE AS AT 30 JUNE 2007

OUR COUNCIL STRUCTURE

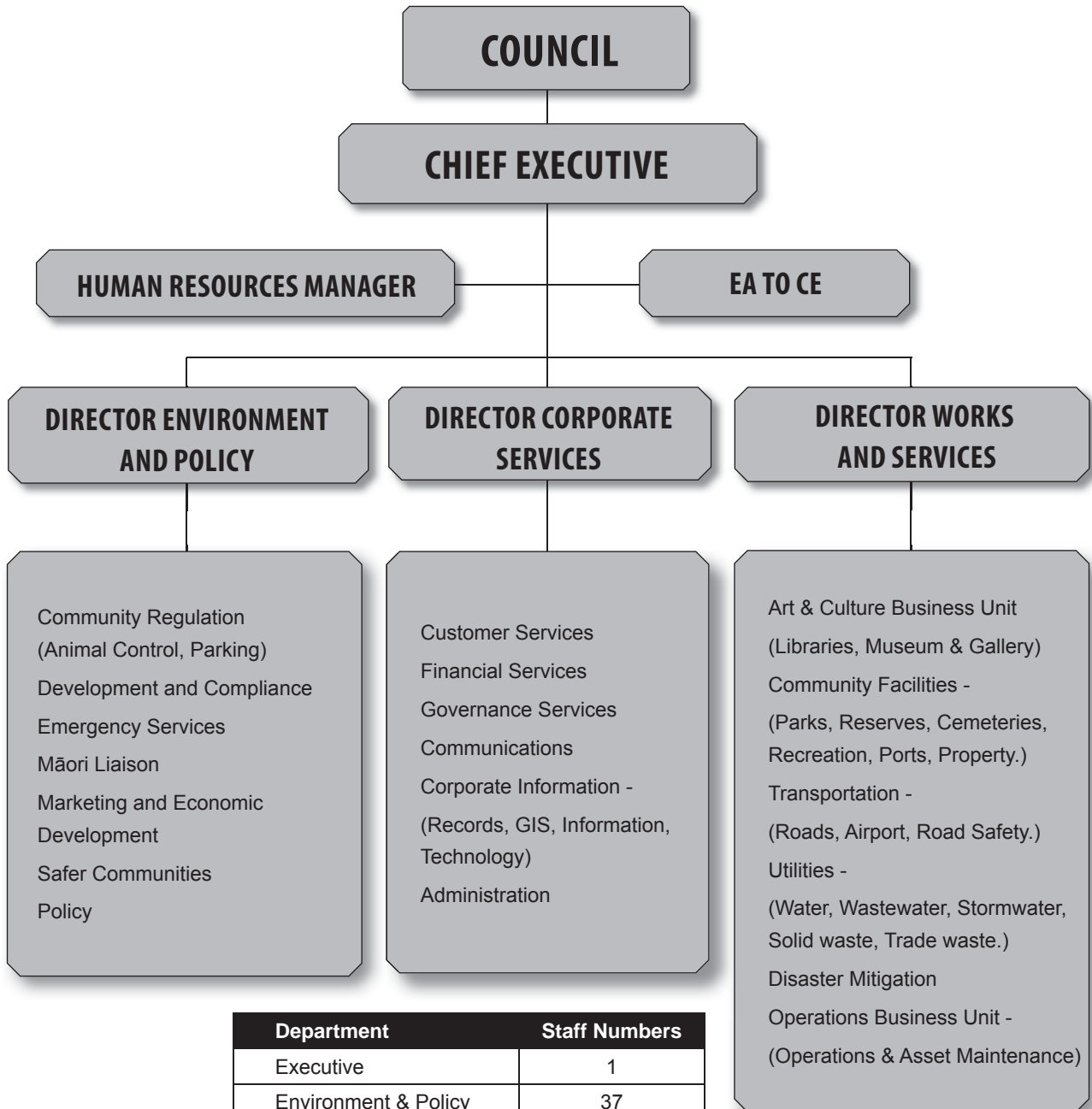


STAFF STRUCTURE AS AT 30 JUNE 2007

INTRODUCTION

The Whakatane District Council employs staff through the Chief Executive.

The Council is divided into three functional areas as shown in the following organisational chart.



Department	Staff Numbers
Executive	1
Environment & Policy	37
Corporate Services	30
Works & Services	44
Human Resources	2
Part time staff	50
Staff at 30th June 2007	164
Vacancies	9
Total	173

DEVELOPMENT OF MĀORI CAPACITY IN THE COUNCIL'S DECISION-MAKING PROCESS

The Local Government Act 2002 requires the Council to outline any steps to be taken to foster the development of Māori capacity to contribute to Council decision-making processes in the Long-term Council Community Plan.

The Iwi Liaison Committee is a standing committee of the Council. The Iwi Liaison Committee works for the social, economic, environmental and cultural wellbeing of the whole community. The Committee will provide quality guidance, advice and make recommendations to the Whakatane District Council on issues that impact on hapu/ iwi/ and Māori.

The Committee brings a Māori perspective to the Council's decision-making processes within the following contexts:

Mana Atua – spiritual dimension

Mana Tipuna – ancestral dimension

Mana Whenua – land dimension – landmarks of cultural and/or historical importance

Mana Tangata – community (social input) at waka, iwi and hapu levels

The Iwi Liaison Committee's Strategic Plan 2004-2007 was developed to provide input into the Whakatane District Council decision-making processes, to increase positive relationships and build cultural awareness.

To achieve a varied and comprehensive outcome, representation on the committee reflects the hapu/iwi/Māori communities of interest. The Council has resolved the following members and representation:

P Ngaropo (Ngāti Awa ki Matata) (Chairperson)

Councillor J Te Kurapa

Councillor A V Iles

C Aramoana (Upokorehe)

W Bird (Ngāti Manawa)

J Carlson (Ngāti Whare)

T Hunia (Ngāti Awa ki Rangitaiki)

P Hunia (Tūwharetoa ki Oniao)

J Mason (Ngāti Awa ki Whakatāne)

H Pryor (Ngāti Rangitihī)

H Te Amo-Simeon (Tūhoe West)

C Te Pou (Tūhoe East)

R White (Tūhoe ki Manawaru)

This representation applies for the 2004-2007 triennium and will be reviewed every three years.

A Tūtohunga (Memorandum of Understanding) between the Iwi Liaison Committee and the Whakatane District Council was signed on 23 November 2005. The essence of this document is to formalise the commitment of both parties to work together in good faith and gain an understanding, acceptance and respect for one another's needs. This is a living document that will be reviewed on a triennial basis, shortly after each election. The Tūtohunga (Memorandum of Understanding) will be reviewed following the local body elections in October 2007.

The Council employs a Kaitakawaenga (Māori Liaison Officer). This position was established to provide a bridge between the Whakatane District Council and Māori, ensure that both parties understand each other and that good relationships are developed. The officer will also work with Māori to encourage their participation in Council affairs and provide advice and guidance to the Council and staff on issues of significance to Māori.

The Iwi Liaison Committee is working towards developing a Terms of Reference to acknowledge hapu/iwi/Māori values, traditions and aspirations.

EQUAL EMPLOYMENT OPPORTUNITIES

Equal employment opportunities refers to the operation of the principle of appointment and promotion by merit. It refers to the right to be considered for a job for which one is skilled and qualified without a person's chances of employment, promotion etc being reduced by any irrelevant personal characteristic.

It is aimed at ensuring that preference is given to the person best suited to the position, based on technical and general competencies, team fit and operational needs.

The Council aims to create an awareness of what constitutes unacceptable behaviour in terms of harassment and bullying.

COUNCIL POLICY

The Whakatane District Council affirms its commitment to the principles of Equal Employment Opportunities for all employees and has adopted the policy of:

1. Eliminating discrimination and ensuring the continued absence of discrimination in employment on the grounds of age, race, creed, sex, marital status, physical disability, sexual or political preference and on any other grounds that shall be deemed to constitute a disadvantage.
2. Promoting equal opportunity in all aspects of employment including recruitment, selection and appointment, education, training and development, career path planning and promotions.

PROGRAMME TO 30 JUNE 2007

1.	Continue to operate an Equal Employment Opportunities (EEO) Programme as prescribed in the Council EEO Policy.	Achieved.
2.	Review the organisation's personnel policies assessing their effectiveness in meeting the Council's EEO Policy, reporting back any deficiencies to management, making recommendations for change or inclusion of new policies.	Not achieved – Draft completed. To be finalised.
3.	Personnel policies reviewed for deficiencies and updated. Staff training programme covering EEO, harassment and bullying being implemented.	Ongoing.

COMMUNITY OUTCOMES



"A moment in Time" Photographic Competition April 07



COMMUNITY OUTCOMES

WHAT ARE COMMUNITY OUTCOMES?

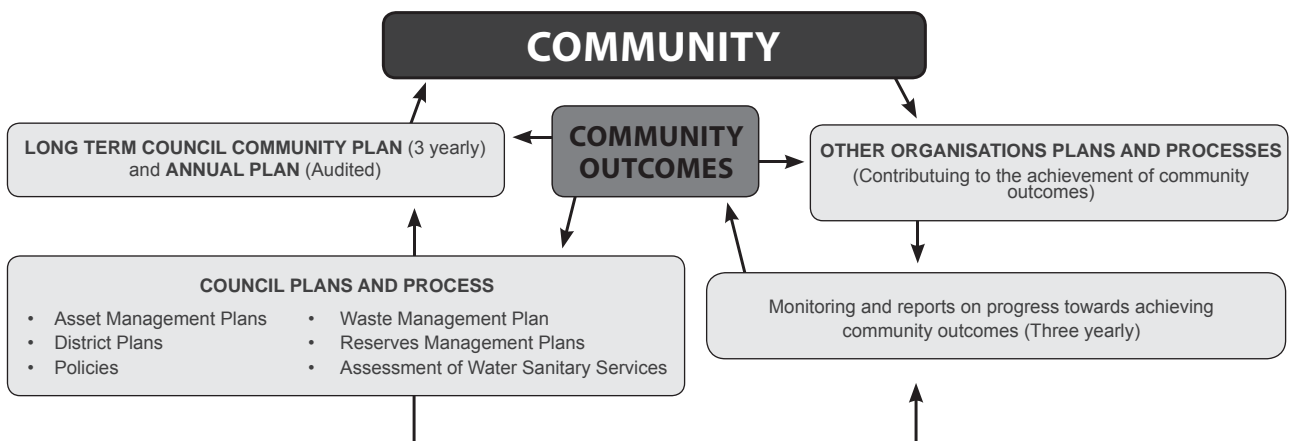
Community outcomes are the desired state or ideal that the community identifies and believes is important for its present and future wellbeing. Under the Local Government Act 2002, councils are required to facilitate a process to identify desired community outcomes and priorities for their communities once every six years. This process was last completed in 2005. Information on the community outcomes for the Whakatane District is included in the Council's Ten-year Council Community Plan.

The Council's role in the community outcomes process is to:

- facilitate the process;
- promote or achieve the outcomes (being one of the parties that is capable of doing so and to the extent that the elected Council deems appropriate); and
- monitor and report on progress towards the achievement of community outcomes.

Community outcomes are a judgement of the community and therefore belong to the community. The Council does not adopt/ approve the outcomes.

Community outcomes cannot be achieved by Council alone. The outcomes will only be achieved if a wide range of groups and organisations including community groups, central government, iwi and business, as well as Council, all play a role in implementation. The Council will continue to work with others to further identified community outcomes.



HOW THE COMMUNITY OUTCOMES RELATE TO OTHER PLANS AND PROCESSES

Community outcomes provide the foundations for the planning processes of the Council and other organisations who can contribute to achieving them.

COMMUNITY OUTCOMES SYMBOLS

For continuity and consistency each community outcome has been given a symbol. Throughout this document, the symbols have been used to note an activity's relation to the community outcomes.

For example: (see page 74)





Recreation and community facilities contribute to:





- Healthy people and quality housing
- A prosperous community
- A diverse, creative and active community
- High quality affordable infrastructure

Therefore it will be accompanied by the following symbols:



THE FOLLOWING NINE COMMUNITY OUTCOMES WERE IDENTIFIED IN 2005 FOR THE WHAKATANE DISTRICT.

	<p>CLEAN PROTECTED ENVIRONMENT</p>	<p><i>Where:</i></p> <ul style="list-style-type: none"> • The environment is clean and natural resources are protected and conserved • The community is educated and involved in environmental care • Natural and cultural heritage places are recognised and protected • Waste is well managed.
	<p>ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT</p>	<p><i>Where:</i></p> <ul style="list-style-type: none"> • Development is planned, managed and controlled sustainably • Economic growth is balanced with cultural, social and environmental responsibility • Environmental laws are actively enforced • Sustainable energy use is encouraged • There is a sense of pride and enjoyment about how attractive the district is.
	<p>PROSPEROUS ECONOMY</p>	<p><i>Where:</i></p> <ul style="list-style-type: none"> • The economy is prosperous in both urban and rural areas • Business builds on the district's assets to support the economy • Māori economic development is supported • New businesses are attracted to the area and all businesses are encouraged • Employment opportunities are available for all.
	<p>HIGH-QUALITY AFFORDABLE INFRASTRUCTURE</p>	<p><i>Where:</i></p> <ul style="list-style-type: none"> • High quality affordable infrastructure supports growth (e.g. transport, water, energy, waste) • Transport links to the district are maintained and enhanced • Roading is safe, convenient, and appropriate to all users • People, infrastructure and the environment are protected from natural disasters • Improvements in communication technology are available throughout the district (e.g. Mobile coverage and fast internet access).

	<p>STRONG, TRANSPARENT AND OPEN LEADERSHIP</p>	<p><i>Where:</i></p> <ul style="list-style-type: none"> • Leaders are visible, strong, have a clear vision and listen to all sectors of the community • Decision making processes are transparent, open and inclusive • Council, the community and Māori work in partnership • Council costs are appropriate for the services provided.
	<p>EDUCATION AND TRAINING OPPORTUNITIES FOR ALL</p>	<p><i>Where:</i></p> <ul style="list-style-type: none"> • Affordable quality education and training accessible to all • Education and training supports economic growth • Participation in education is encouraged and supported, especially for youth • Education values and promotes cultural heritage.
	<p>SAFECARING COMMUNITY</p>	<p><i>Where:</i></p> <ul style="list-style-type: none"> • Communities help themselves and care about each other • Drug, alcohol and gambling abuse is diminished • Homes and neighbourhoods are free from fear of violence or crime • Youth development is supported and youth gain from and contribute to our community.
	<p>HEALTHY PEOPLE AND QUALITY HOUSING</p>	<p><i>Where:</i></p> <ul style="list-style-type: none"> • Affordable, quality housing is available for all • Initiatives are in place to encourage self sufficiency in housing • Quality primary and secondary health care and facilities accessible to all • Information and support for preventative health issues is made available to all • Appropriate support is available for disadvantaged, disabled and those in need.

Reporting of community outcomes

The Council is required to report progress against the community outcomes every three years and the first report is due in 2008. While the Council did not specifically measure achievements against all community outcomes during this financial year, Council activities contribute to the achievement of community outcomes.

The Groups of Activities chapter lists community outcomes that each activity contributes to, and reports on performance measures showing progress towards the achievement of those outcomes.

In June 2008 the Council will produce a new document to report against all of the community outcomes.

HIGHLIGHTS



"A moment in Time" Photographic Competition April 07



HIGHLIGHTS

There have been many highlights during the 2006/07 financial year. This section draws together and provides an overview of a selection of highlights from all areas of the Council.

COMMUNITY LEADERSHIP AND GOVERNANCE

The Council prepared a number of formal submissions to proposed Acts of Parliament, and commented on draft submissions from Local Government New Zealand, when appropriate.

The Council has been working to further community outcomes through membership on COBOP (Community Outcomes Bay of Plenty). This is a collaboration amongst central and local government agencies to work together on community outcomes identified by Bay of Plenty communities. The aim is to have better coordination and application of community resources in the Bay of Plenty. To date, COBOP has initiated projects in the areas of economic transformation, environmental wellbeing, housing and safe and healthy communities.

The Strategic Policy team completed the following projects: Gambling, Youth, CCTV, Bylaws Stage One and the Annual Plan.

DISASTER MITIGATION WORKS

The Council has made a significant commitment to community consultation on disaster mitigation works. Numerous meetings, workshops, newsletters and meetings with stakeholders have been undertaken.

Matata regeneration projects:

2006/2007 has seen the majority of the investigations, planning and design documentation for all of the Matata Regeneration Projects completed.

The Awatarariki Stream Works and Lagoon Regeneration, the Debris Disposal and the Waitepuru Stream Works and Bund resource consent applications have been lodged during this period. Environment Bay of Plenty and Whakatane District Council are working closely together on a number of these projects.

Otarawairere/West End stormwater/wastewater disposal project:

The community consultation, investigation of options, planning and detail design documentation have been completed for this project and the resource consent application was lodged in June 2007.

Edgecumbe/Rangitaiki flood mitigation:

The Council and Environment Bay of Plenty have completed a draft business case to seek Government financial assistance for solutions to reduce the risk from flooding of the Whakatane and Rangitaiki Rivers. The business case will be considered by the Council early in the 2007/2008 financial year and submitted to central Government soon after.

The business case also seeks financial assistance for the Otawairere/West End Stormwater/Wastewater Disposal project and the Awatapu flood mitigation works.

Awatapu flood mitigation works:

The design and tendering process was completed and the tenders for civil and electrical works awarded. The initial civil works have commenced.

TRANSPORT NETWORKS AND SYSTEMS

Ohope Road upgrade:

This project undertakes the upgrading of Ohope Road from Pohutukawa Avenue to Burma Road turnoff. The scope of works included in this project were a widening of the carriageway width to accommodate a future walking and cycle lane, improved drainage facilities, major intersection improvements at Otawairere Road intersection and safety improvements at Cliff and Brown Road intersections. This project was a major achievement in community consultation and compliance with resource consents and environmental stewardship.

Commerce Street upgrade:

The scope of works for this project included kerb and channel replacement, drainage improvements, replacing of footpaths, safety improvements to Merritt, Louvain and Simpkins Street intersections and landscaping.

WATER-RELATED SERVICES

Hydraulic models for water supplies:

The Council rebuilt and calibrated hydraulic models for Whakatane, Ohope and Plains water supplies. The models will be used in finalising upgrade strategies for these supplies. Consideration of future growth, security of supply and maintaining service levels in the Ten-year Council Community Plan will be supported by these models.

Water supply in Te Mahoe:

A special project was carried out during the year by the Council in partnership with Housing New Zealand Corporation and the Ministry of Health to address the water quality issues in Te Mahoe. The first phase of the project was to install a new bore facility and use the existing water treatment assets to provide good quality water to Te Mahoe Village. At present the Council is doing further background work with the Ministry of Health and the Drinking Water Assistance Programme to complete the next phase of the project, which is to upgrade the reticulation system.

Completion of stormwater works in Douglas Street:

Detail design revealed upgrading of the existing pump station is not economically feasible. A new pump station, together with upgrading of reticulation pipes, was designed. The total cost of the project is estimated at \$1,040,000. An additional budget of \$500,000 has been provided in year 2007/08 budget. Tenders were called for the civil works and evaluation of tenders is in progress. The project will be completed in 2007/08.

Hinemoa stormwater drain construction, Whakatane:

Work has been delayed on the Hinemoa stormwater drain construction. The first stage is to pipe the drain from Totara Park outlet to James Street at a cost of \$326,000 to be completed in 2006/07 financial year. Detail design of the pipe works has started. Unexpected site conditions at the road crossings caused practical difficulties in designing the pipe line. At present the Council's consultants are studying alternative options. Funding for stage one of the project has been carried forward to 2007/08.

SOLID WASTE MANAGEMENT

Introduction of new refuse collection service:

On 26 June 2006 the Council introduced a new refuse collection service which included the introduction of the 80 litre Mobile Garbage Bin (MGB or "wheelie bin"), a 60 litre recycling crate and the utilisation of the old 240 litre MGB for a green waste collection service within the urban settlements in the District. An extensive publicity and education campaign was undertaken as part of the introduction of the new service. There were a number of public queries and concerns at the start of the service particularly in relation to the downsizing of the MGB from 240 litre to 80 litre. However the community has adapted well to the new system and queries have dramatically reduced.

Contracting of the management of the Burma Road landfill:

In July 2006 the management of the Burma Road landfill was contracted to Doug Gerrand Limited, this initiative has seen a major increase in the level of service in the management of this facility.

A farm management plan is being developed with Ngāti Awa to restore the landfill into pasture in stages over the next few years.

Trial inorganic collection:

As a result of a number of submissions to the Ten-year Council Community Plan, the Council undertook a trial inorganic waste collection in June 2007 in a number of rural settlements in the District. Through this initiative 22 Tonnes of inorganic waste was collected, of which 18 Tonnes was recyclable. This initiative will assist in reducing the number of incidents of fly tipping around the District.

PROMOTION AND ECONOMIC DEVELOPMENT

Odyssey Mountain Bike event:

This was a regional event initiated with Rotorua, Taupo and BikeNZ. The three day event began in Whakatane and finished in Taupo. The course covered a wide range of off-road terrain and showcased the natural beauty of the area. The inaugural event was very successful and has the potential to grow and develop over subsequent years. This is the first time in New Zealand that a regional event has been developed. The event has been entered in 2007 event awards.

Business and Leisure Show:

This was the second year the Business and Leisure Show has been held and it was more popular and successful than the first year.

The aim is to showcase goods and services available in Eastern Bay of Plenty. Businesses who took part did between \$10,000 - \$100,000 worth of business. The event has now attracted a major sponsor, is self funding and a paid organiser has been appointed.

Enterprise Training Programme:

The Government funded programme delivered in Eastern Bay of Plenty. The aim is to again secure the contract from 1 July 2008 and deliver a service that supports local businesses and the local economy.

LIBRARIES AND MUSEUM

Ko Tawa, Taonga from our Ancestral Landscapes, Collection of Captain Gilbert Mair, 2 March - 23 May 2007:

Ko Tawa is an exhibition curated and toured by the Auckland War Memorial Museum. Focusing on the collection of Captain Gilbert Mair, now in the collections of the Auckland Museum, much of the taonga on display has whakapapa relationships with this rohe. This was a unique opportunity to bring them home and the exhibition attracted a significant number of visitors and allowed greater community collaboration with a new group of volunteers.

Arts and Culture Business Unit:

The Museum, Art Gallery and Library were integrated into an Arts and Culture Business Unit. The Manager was appointed in June 2007.

Significant progress was made in establishing systems to support the Museum & Gallery in providing excellent customer service for research, reproduction and publication inquiries. This has seen an increase in requests, excellent networks being created and very positive client feedback.

A major project has begun to update the inventory, digitise the collections and produce a collections catalogue.

Over the summer, the adult non-fiction collection in the Civic Centre library was reviewed and re-shelved. The impact of this has been to provide a more current and focussed range of non-fiction materials for the community.

RECREATION AND COMMUNITY FACILITIES

Port Ohope Wharf upgrade:

The upgrade of the Port Ohope Wharf comprised the replacement of all decking timber, the installation of new hand rails, lighting and services. The result is not only a much safer facility but an attractive and user friendly environment for a range of recreational activities.

War Memorial Hall air-conditioning:

In conjunction with the Eastern Bay Energy Trust, the Council completed the installation of new air-conditioning systems into the Little Theatre and the Foyer areas of the Whakatane War Memorial Hall. These areas of the hall are used by a multitude of community organisations and the general public, who will benefit through an improved public facility.

Pensioner unit upgrade works:

The Council completed a significant amount of identified maintenance works at a cost of \$194,000 at its pensioner units, as the first step in improving property standards for pensioner housing. The works were completed following detailed inspection of all units and in close liaison with tenants to achieve an improved service to occupiers.

PARKS, RESERVES AND CEMETERIES

Ohope:

Works complete at Ohope this past year included the upgrade works at the Maraetotara Reserve. This project included changes to traffic flow to existing facilities, increased provision for parking, the installation of underground power, a drinking fountain, bollards, landscaping and curbing. Other works at Ohope included the enhancement of 10 beach accessways from Mahy Reserve to Waterford Estate. The accessways were improved with new paving, signage and landscaping to readily identify them to the public. The design included themed paving in keeping with the Pohutukawa Paradise theme.

Carparking landscaping works were completed in the Goodwins landing area. This work comprised nib curbing and gobi block paving to provide informal parking for Ohakana Island residents and recreational users of Ohiwa harbour.

Vertigraph:

The Whakatane Society of Arts and Crafts completed and donated to the community an outstanding Vertigraph designed specifically for the Hillcrest steps. The Vertigraph depicts the local area from sea to sky and was installed by the Council to be enjoyed and admired by all Whakatane residents and visitors.

ENVIRONMENTAL PLANNING

Variation 6 (Coastal Hazards):

The Council is currently developing a Variation to the Proposed Whakatane District Plan to manage risks associated with Coastal Hazards. The Resource Management Act, The NZ Coastal Policy Statement and the Regional Coastal Environment Plan each require that the Council plan for climate change, and accept that sea levels will rise over time. In undertaking the steps required, the Council must have regard to the views, desires and aspirations of its community. There has been extensive consultation with the community on this issue, and there will continue to be throughout the rest of the variation process.

Historic heritage study:

The Whakatane Built Heritage study is a joint initiative between Whakatane District Council, Environment Bay of Plenty (EBOP) and the New Zealand Historic Places Trust (NZHPT). These agencies have agreed that comprehensive information on the built heritage of Whakatane's past and present Central Business District (CBD) is necessary for this resource to be managed appropriately in the future. The study will provide an assessment of built heritage in the Whakatane CBD. It will make recommendations for the most effective ways, both statutory and non-statutory, to provide for appropriate management in the future. The Built Heritage Study will also research the economic implications of buildings being identified as heritage buildings.

Ministry for the Environment targeted assistance project:

The Council and the Ministry for the Environment (MfE) undertook a joint project in October 2006 to map and review resource consent processes. The programme involved process mapping, documenting current procedures and comparing against industry best practice. The key recommendation revolved around enhancing the IT support systems. A programme to progressively implement all of the recommendations from the project has commenced, and is expected to be completed by the end of the 07/08 financial year. MfE staff have conducted a follow up appraisal and have been very complimentary of the development work carried out to date.

ENVIRONMENTAL CONTROLS

Building Consent Authority (BCA) Accreditation Project:

The key policy intent behind the Building Act 2004 is to improve the quality of building outcomes for consumers. Accreditation and registration of Building Consent Authorities (BCAs) is targeted towards this end by ensuring that building consent applications are allocated to competent employees or contractors for processing. Territorial authorities and regional authorities are required to be registered as BCAs before they can undertake building consent processing, inspection and approval functions after 30 November 2007.

To be registered as a BCA, the Council must first be granted accreditation from the building consent accreditation body, International Accreditation New Zealand. This requires the Council to meet a set of accreditation criteria and standards designed to support good practice and consistency in building consent processing, inspection and approval functions. These accreditation criteria and standards are prescribed in the Building (Accreditation of Building Consent Authorities) Regulations 2006. Once accreditation has been obtained, registration as a BCA by the Department of Building and Housing is required.

In preparation for accreditation the Whakatane District Council has increased the capacity of the Building Control section and invested in developing the section's organisational capability. The Council is also an active member of the Lakes Coast BCA Cluster Group (Opotiki District Council, Kawerau District Council, Rotorua District Council, Taupo District Council, South Waikato District Council, and Whakatane District Council).

The Whakatane District Council has also been asked to support the Kawerau and Opotiki Building Control Agencies by providing technical leadership, competency assessment and training, and processing and inspecting complex applications.

The Council has lodged its application for accreditation and will be audited in October 2007.

ENVIRONMENTAL PROTECTION

Rural fire equipment:

A replacement portable fire pump was purchased for the Waimana Rural Fire Force. This pump replaces one that has been in service since 1988.

The installation of Fire Service radios in two vehicles will improve communications with the Northern Communications Centre. In addition, those vehicles are now available for second call to vegetation fires by the Northern Communications Centre if required.

COMMUNITY SAFETY

Civil defence preparedness:

The two disasters experienced in the Whakatane District in 2004 and 2005 have raised awareness of Civil Defence preparedness. This has led to greater involvement by Emergency Management staff in training and educational events in the District. Community plans have been developed for some more isolated communities such as Ruatahuna, Ngaputahi and Maungapohatu, with the Council contributing radios for these communities.

The URS 17 (Urban Search and Rescue) team successfully registered as an urban search and rescue team for deployment throughout the country.

Council staff attended a training course introducing Coordinated Incident Management Systems, aimed at preparing staff for roles in and around the Emergency Operations Centre in an actual event.

Dog control policy:

The Council met legislative requirements to develop and adopt a policy on dogs. The development and design of the policy booklet provides high quality information about dog ownership, responsibilities and requirements.

Microchipping of dogs:

From 1 July 2006, all dogs registered for the first time (except working dogs) have to be micro-chipped. A range of methods, from information letters to formal enforcement has resulted in a high percentage of compliance.

Alcohol strategy:

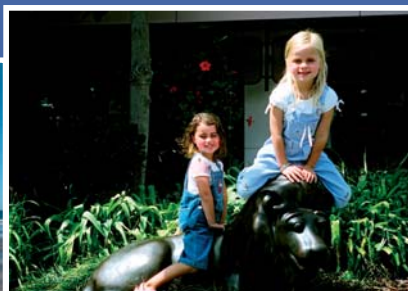
The Council completed the development of an Alcohol Strategy for the District, providing a large amount of research on alcohol related harm in the District. The strategy will now be implemented over the next three years.

Crossroads programme:

Funding was provided by the Crime Prevention Unit of the Ministry of Justice for a further three years for the Crossroads Programme until 2010. This provides funding for up to four youths (at any one time) to be supported while living at Bethel House in Whakatane.

GROUPS OF ACTIVITIES

STATEMENT OF SERVICE PERFORMANCE



"A moment in Time" Photographic Competition April 07



INTRODUCTION

The Council participated in 42 Council activities in the following groups:

- Community Leadership and Governance
- Water-related Services
- Promotion and Economic Development
- Environmental Controls
- Recreation and Community Facilities
- Environmental Protection
- Transport Networks and Systems
- Solid Waste Management
- Environmental Planning
- Libraries and Museum
- Parks, Reserves and Cemeteries
- Community Safety

The following sections provide information on the activities, why the Council was involved, achievement against significant projects, budget and performance measures from the Ten-year Council Community Plan.

GROUPS OF ACTIVITIES

There is a separate section for each of the groups of activities. The information outlined for each group is summarised below.

CONTRIBUTION TO COMMUNITY OUTCOMES

Icons are included to represent the main community outcomes to which the group of activities contributes. Further information on community outcomes can be found in the section entitled "Community Outcomes" and in the Council's Ten-year Council Community Plan.

WHAT WE DO

A brief summary of the Council's role in the group of activities.

ACTIVITIES IN GROUP

The activities contributing to each of the groups are identified.

WHY WE DO IT

The specific reason why the Council is undertaking the activities within the group is provided. Note most activities are provided because of either a statutory requirement or public demand.

SIGNIFICANT PROJECTS

The major projects that the Council planned to undertake are compared to actual achievements over 2006/07.

SUMMARY OF COST OF SERVICE

The cost of service statements show the budgeted income and expenditure compared against actual income and expenditure for 2006/07.

The following icons have been used to support the variances in the cost of service statements:

- ◆ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% or \$20,000.
- ☹ Negative variation of greater than 10% or \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 97.

SIGNIFICANT VARIANCES

Where the cost of service statements identify any significant variances between budget and actual income and expenditure these are explained.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

If there were any significant negative effects on one or more of the four wellbeings (social, cultural, economic and environmental) that occurred during 2006/07, these are identified. Where identified, information is also provided on how these effects were addressed.

HOW WE MEASURE OUR ACHIEVEMENTS

Outlines achievements against community outcomes, service levels, performance measures and associated targets set for the 2006/07 year.



"Smooth Sunset" from "A moment in Time" Photographic Competition April 07

COMMUNITY LEADERSHIP AND GOVERNANCE

CONTRIBUTION TO COMMUNITY OUTCOMES



Leadership

WHAT WE DO

Within this group of activities, the Council provides leadership, community representation, advocacy, consultation, monitoring, planning, stewardship and accountability to the residents and ratepayers of the Whakatane District. In addition, the Council is responsible for the provision and allocation of community grants. The Council also develops formal policies and the Ten-year Council Community Plan.

ACTIVITIES IN GROUP

- Democratic services
- Council initiatives
- Disaster mitigation
- Strategic policy

WHY WE DO IT

- **Democratic services**

The Council undertakes the Democratic Services activity because of statutory obligation. The requirement for elected representation and the democratic decision-making process is included in the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987 and the Local Electoral Act 2001.

- **Council initiatives**

The Council initiatives activity is typically undertaken because of public demand. However, this activity also deals with specific issues that arise unexpectedly and those matters that do not sit specifically with any particular functional area.

- **Disaster mitigation**

The Council will carry out works to protect the community from the risk of future natural hazards. Natural hazard mitigation works are proposed following the two natural disasters in the District in July 2004 and May 2005.

- **Strategic policy**

The requirement for Council to have a Ten-year Council Community Plan is set out in legislation. Strategies and policies are used by the Council to set out the general direction for the Council and to respond efficiently and consistently to the community.

SIGNIFICANT PROJECTS

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
<p>Waimea Stream flood hazard mitigation (Matata). Replace culverts, carry out stream works and provide a stronger regulatory environment</p>	<p>Public consultation is underway, application for resource consent will be applied for in October 2007.</p>	<p>\$290,000</p>	<p>\$38,000</p>
<p>Undertake Local Body elections in 2007</p>	<p>All requirements to date have been met.</p>	<p>\$38,000</p>	<p>\$38,000</p>
<p>Grant of \$12,500 each to Neighbourhood Support & Citizens Advice Bureau</p>	<p>Grants have been provided for 2006/07.</p>	<p>\$25,000</p>	<p>\$25,000</p>
<p>Awatapu flood hazard mitigation</p>	<p>The project was delayed. The design and tendering processes were completed and tenders for civil and electrical works awarded. The initial civil works were commenced and the Flygt pumps purchased.</p>	<p>The original budget was \$500,000. Council resolved to bring forward a further \$925,000 from 2007/08 to total \$1,425,000.</p>	<p>\$505,000</p>
<p>Waitepuru Stream flood hazard mitigation (Matata). Partial flow restoration of the stream back through the town watercourse with flood flows being directed to the western lagoon in a flood flow channel past Fairfield Lane</p>	<p>The design work has been completed and the resource consent application lodged in September 2007.</p>	<p>\$60,000</p>	<p>\$87,000*</p>
<p>Ohinekoao flood hazard mitigation (Matata Straights SH2). Re-align culverts and bridges to provide a better debris flow path</p>	<p>Transit and ONTRACK are finalising design for this work.</p>	<p>\$20,000</p>	<p>\$15,000</p>
<p>Otarawairere/West End stormwater and wastewater mitigation works</p>	<p>The design work was completed and the resource consent application was lodged on 29 June 2007.</p>	<p>\$250,000</p>	<p>\$257,000</p>
<p>Edgecumbe/ Rangitaiki flood hazard mitigation</p>	<p>The business case for financial assistance from central government has been completed.</p>	<p>\$100,000</p>	<p>\$32,000</p>

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
Awatarariki flood hazard mitigation (Matata). Debris dam in catchment and debris flood channel on fanhead beside existing Awatarariki Stream watercourse and double span railway bridge	Design work is almost completed, consultation with community is scheduled for October 2007.	\$400,000	\$427,000*
Waitepuru debris flood hazard mitigation (Matata). Construct a 5m high debris containment bund on the fanhead	The design work has been completed and the resource consent lodged. The Waitepuru stream and bunds application was subsequently placed on hold, allowing for the merging of the Awarua drainage application, previously applied for by Environment Bay of Plenty.	\$300,000	\$124,000
Retain First Past the Post electoral system for the 2007 local body elections	First Past the Post voting system has been retained.		
Undertake a poll of electors, in conjunction with the 2007 elections, on whether Māori representation should be introduced	To be completed as part of the 2007 election process.		
Undertake initiatives to develop the capacity of Māori to contribute to decision-making through the Iwi Liaison Committee	The Iwi Liaison Committee has discussed a range of governance issues, submitted or provided comments to various corporate documents and proposed Acts of Parliament, and has been developing policies such as a policy on consultation with Māori.		
Annually develop strategic partnerships with key community and regional organisations	The Council is an active member of Community Outcomes Bay of Plenty, an organisation established to collaborate between central and local government agencies across the Bay of Plenty.		
Improve decision making models with respect to communication and the provision of information to and for the public	The Council is developing a consultation policy to improve communication with the public that will now become part of a wider "decision making" project.		

*Excludes property acquisition costs.

SUMMARY OF COST OF SERVICE

COMMUNITY LEADERSHIP AND GOVERNANCE	2007	2007	Variance from Annual Plan		
	Annual Plan	Actual	\$000	%	
	\$000	\$000	\$000	%	
Cost of Democracy	2,175	2,385	(210)	10%	◆
Council Initiatives	504	329	175	35%	☑
Strategic Policy	447	462	(15)	(3%)	◆
Disaster Mitigation	89	0	89	100%	☑
	3,215	3,176	39	1%	◆
REVENUE					
Cost of Democracy	302	540	238	77%	☑
Council Initiatives	0	21	21	100%	☑
Disaster Mitigation	766	1,192	426	56%	◆
	1,068	1,753	685	64%	☑
Net Cost of Services	2,147	1,423	724	34%	☑
EXPENDITURE INCLUDES					
Direct Costs	1,060	982	78	6%	◆
Depreciation	303	593	(290)	(96%)	⊖
Overheads	1,732	1,592	140	8%	◆
Interest Paid	120	9	111	92%	☑
	3,215	3,176	39	1%	◆
Capital Expenditure	3,592	3,461	131	(13%)	⊖
Total Operational and Capital Cost	6,807	6,637	170	3%	◆
FUNDED BY					
Targeted Rates	381	382	1	0%	◆
User, Fees & Charges	1	125	124	12401%	☑
Subsidies & Grants	700	1,086	386	(55%)	☑
Sundry Income	(14)	136	150	(1071%)	☑
Internal Revenue	0	24	24	100%	☑
General rates	2,851	2,021	(830)	(29%)	⊖
Loans	3,191	3,301	110	3%	◆
Reserves	(303)	(438)	(135)	45%	☑
Total Funding	6,807	6,637	170	(2%)	◆

The following icons have been used to support the variances in the cost of service statements:

- ◆ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% or \$20,000.
- ☹ Negative variation of greater than 10% or \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 97.

SIGNIFICANT VARIANCES EXPLAINED

Operational income and expenditure

Disaster mitigation:

During the year Matata disaster mitigation projects have been incorrectly shown as operational expenditure. As part of the Annual Report, the expenditure has been transferred to capital expenditure. A higher amount of grants from central government for the disaster mitigation project was received in 2006/07.

Council initiatives:

This includes the costs of staff entitlements including those relating to the outsourcing of Professional Services Business Unit Staff and the costs of negotiated changes in the terms and conditions of collective agreements.

Depreciation:

Depreciation costs were higher than expected due to increases in depreciation for IT and Council buildings.

Capital expenditure

Disaster mitigation (Awatapu):

The budget for this project was \$500,000 in 2006/07 with a further \$925,000 for 2007/08. The Council resolved to bring forward the \$925,000 into 2006/07. However the project was delayed. The design and tendering processes were completed and tenders for civil and electrical works awarded. The initial civil works were commenced and pumps purchased. The remainder of the budget has been carried forward to 2007/08.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

There were no significant negative effects on the four wellbeings that occurred as a result of providing these activities. However, the Council will monitor the course of these activities, and respond to any negative effects that may arise.



HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Ensure democratic procedures and triennial election processes meet all statutory requirements for elections in 2007, 2010, and 2013.	All procedural requirements are met in accordance with the Local Government Act 2002, Local Government Official Information and Meetings Act 1987, Standing Orders, Local Electoral Act 2001 and other appropriate legislation.	Complaints upheld by the Ombudsmen	Achieved - No complaints upheld. One complaint to the Ombudsmen was resolved (originating in the previous financial year) and one complaint was ongoing at the end of the financial year.
		No breaches of the appropriate legislation	Achieved - All requirements for 2006/07 were met. Audit New Zealand approved amendments to the Ten-year Council Community Plan. No other legal challenges to process were successfully upheld.
Ensure the Council advocates effectively on behalf of the people of the Whakatane District with central government and other organisations through a formal process that identifies external policies and proposals that affect the District.	Public feedback is sought and considered on local and central government issues as and when required. Submissions are prepared and sent to central government as required.	Submissions sent to central government are publicly available	Achieved - Submissions are public information and are available. Since the end of December 2006, submissions have been available on the Council's webpage.
		100%	Achieved - Submissions sent on the following issues: Treaty of Waitangi Deletion Bill, Waste Minimisation Solids Bill, Sustainable Land Management and Climate Change and Independent Inquiry into Local Government Rates. Further comments were provided to LGNZ on Draft proposals for the Fire Service reorganisation.
Ensure the Council is visible in providing strong leadership in the community and that its decision making processes are open, transparent and inclusive.	The Council communicates its vision and policies to the public in a "user friendly" manner and actively seeks input from the people of the District on their concerns and ideas for the well-being of the District.	Consultation processes developed for all significant processes	Achieved - The Council consulted on the following processes/decisions: Road safety... See you there Safe As..., Draft Port Ohope Concept Plan, Draft CCTV Policy, Draft Gambling Policy, Draft Youth Policy, Variation 6 (Coastal Hazards), Plains Water Supply Upgrade Options, Speed Limits Review (pre consultation), Bylaws Review (stage one), Draft Annual Plan, Draft Walking and Cycling Strategy, Draft Alcohol Strategy, Poor Soils (initial consultation) and Built Heritage Study (stage one). All recent projects have communications plans written as part of the project plan, and involve the Communications Manager.

HOW WE MEASURE OUR ACHIEVEMENTS CONT

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
	The public are kept informed of Council activities through publications of Byways.	Information provided in the Byways tabloid four times per year	Achieved - Byways was distributed four times in 2006/07. This included the Annual Plan summary of information.
The Council will communicate its vision and policies to the public. It will actively seek input from the people of the District on their concerns and ideas for the well-being of the District.	Consultation is carried out with the public and feedback is considered by the Council.	Consult with the public on significant policy issues and others as determined by the Council	Achieved - The Council has consulted on the following processes/ decisions: Road safety... See you there Safe As..., Draft Port Ohope Concept Plan, Draft CCTV Policy, Draft Gambling Policy, Draft Youth Policy, Variation 6 (Coastal Hazards), Plains Water Supply Upgrade Options, Speed Limits Review (pre consultation), Bylaws Review (stage one), Draft Annual Plan, Draft Walking and Cycling Strategy, Draft Alcohol Strategy, Poor Soils (initial consultation), and Built Heritage Study (stage one). All recent projects have communications plans written as part of the project plan, and involve the Communications Manager.
Ensure compliance with the Local Government Act requirements to prepare a Ten-year Council Community Plan and Annual Plans.	Audit approval of the Ten-year Council Community Plan.	Audit approved	Achieved - Amendments to the Ten-year Council Community Plan approved by Audit NZ in April 2007.
The Council will work closely with other organisations, agencies and community groups locally, regionally and nationally to further progress towards identified community outcomes.	Involvement in the Community Outcomes Bay of Plenty Working Group (COBOP) and similar projects.	Continued membership of project	Achieved - Whakatane District Council continues to be a member of COBOP, attending meetings and contributing to work streams.

TRANSPORT NETWORKS AND SYSTEMS

CONTRIBUTION TO COMMUNITY OUTCOMES



Infrastructure



Economy

WHAT WE DO

Within this group of activities, the Council:

- Provides roading, airports, pedestrian and parking facilities, and public transport infrastructure for the sustainable, safe, convenient, comfortable and cost effective movement of people, goods and vehicles throughout the District, as well as to destinations outside the District;
- Fosters an integrated approach to road safety that includes a range of education, engineering and enforcement initiatives designed to enhance the safety of the environment, the vehicle, the road user, cyclists and pedestrians; and
- Monitors, enforces and administers the Council's Parking Bylaw, as well as vehicle defects such as Warrants of Fitness and Registration.

ACTIVITIES IN GROUP

- Roding
- Road safety
- Parking enforcement
- Airports

WHY WE DO IT

Generally, the activities are provided by Council in response to needs and aspirations of the community to achieve services that will, where necessary, conform to national funding criteria, prudent use of resources and expectations of safety, sustainability and comfort.

• Roding

There are a large number of legislative requirements related to the provision of roading and pedestrian-ways. A territorial authority must prepare programmes, and provide the appropriate service on behalf of the communities within our district. The preparation of a Land Transport Plan must include provisions to: assist economic development, safety and personal security; improve access and mobility; protect and promote public health; and encourage environmental sustainability.

The Regional Land Transport Plan requires that councils in the region prepare a pedestrian and cycling strategy. National funding for roading is contingent on the Council showing how these travel modes are, or will be, provided.

• Road safety

The Land Transport Management Act requires the Council to prepare and adopt safety administration outputs as part of its annual Land Transport programme. The Council wants to achieve outcomes that support the New Zealand Road Safety Strategy 2010.

• Parking enforcement

This activity is undertaken to regulate the use of defined public parking areas in specific parts of the Whakatane District. Parking provisions are specified in the Parking and Roads chapter of the Consolidated Whakatane District Bylaw.

• Airports

The Council holds public aerodrome licenses for the Whakatane and Galatea airports. The Whakatane Airport is a Council-Controlled Organisation (CCO).

SIGNIFICANT PROJECTS

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
Upgrade of Commerce Street	Work on this project was 70% completed at the end of the financial year.	\$837,000	\$707,000
Prepare outline concept plan for improving western access to Whakatane. This may include the planning for a new bridge across the Whakatane River	This is being undertaken as part of a transportation study which is 90% completed.		
Review the CBD Car Parking Strategy and give further consideration of "pay for" parking initiatives	A draft report has been completed.	\$15,000	\$11,000
Wairaka Rd seal extension	Deferred - This project has been delayed due to consultation with affected landowners. The design is being changed to accommodate their requests.	\$89,000	\$9,000
Ohuirehe Rd seal extension	Deferred - The project has been delayed while consultation is undertaken with an adjoining landowner.	\$43,000	\$1,000
Rehabilitation of Plantation Reserve Stage 2	Completed.	\$51,000	\$45,000
Footpath construction on Bunyan Road	Completed.	\$55,000	\$47,000
Pavement reconstruction on sections of: Golf Links Road, Paroa Road, Murphy Road, Stanley Road, Pohutukawa Ave and Awaiti North Road	Completed.	\$710,000	\$636,000
Te Teko Roundabout (carried over from 2005/ 06)	Deferred - This is a Transit project to which Council will make a contribution once Transit progresses the project.	\$95,000	\$0
Implement cycling and walking strategy	Deferred - This has been deferred to align with the completion of the Walking and Cycling Strategy and to secure funding from LTNZ.	\$100,000	\$0
Seal extension Ruatahuna Road	Completed.	\$257,400	\$246,000
Seal extension Paparoa Road	Completed	\$240,000	\$261,000
Prepare and deliver an annual programme in agreement with the Land Transport New Zealand	Completed.		
Ongoing development of a Transportation Model	Draft model completed. This is now being reviewed for validation.		
Review and action Strategic District Road Safety Plan as needed and update the District Road Safety Strategy.	The District Road Safety Action Plan has been implemented and will be reviewed as needed. The Plan addressed Strategic Road Safety concerns of drink driving, speed, seatbelts and inattention and fatigue.		

SUMMARY OF COST OF SERVICE

TRANSPORT NETWORKS AND SYSTEMS	2007	2007	Variance from Annual Plan		
	Annual Plan	Actual	\$000	%	
	\$000	\$000	\$000	%	
EXPENDITURE					
Roading	9,169	11,792	(2,623)	(29%)	☹
Road Safety	80	163	(83)	(103%)	☹
Parking Enforcement	253	254	(1)	0%	◆
Airports	0	142	(142)	(100%)	☹
	9,502	12,351	(2,849)	(30%)	☹
REVENUE					
Roading	11,334	12,651	1,317	12%	☑
Road Safety	0	141	141	100%	☑
Parking Enforcement	265	350	85	32%	☑
Airports	0	102	102	100%	☑
Development Contributions	300	85	(215)	(71%)	☹
	11,899	13,329	1,430	12%	☑
Net Cost of Services	(2,397)	(978)	(1,419)	59%	☑
EXPENDITURE INCLUDES					
Direct Costs	4,661	6,680	(2,019)	(43%)	☹
Depreciation	3,858	4,626	(768)	(20%)	☹
Overheads	686	787	(101)	(15%)	◆
Interest Paid	297	258	39	13%	☑
	9,502	12,351	(2,849)	(30%)	☹
Capital Expenditure	7,234	7,336	(102)	(2%)	◆
Total Operational and Capital Cost	16,736	19,687	(2,951)	(18%)	☹
FUNDED BY					
Targeted Rates	5,673	5,604	(69)	(1%)	◆
User, Fees & Charges	265	490	224	84%	☑
Subsidies & Grants	5,661	6,664	1,003	18%	☑
Development Contributions	300	86	(214)	(71%)	☹
Indirect Income	0	485	485	100%	◆
Reserves	4,068	5,601	1,533	38%	☑
Loans	769	757	(12)	(2%)	◆
Total Funding	16,736	19,687	2,951	18%	☑

The following icons have been used to support the variances in the cost of service statements:

- ◆ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% or \$20,000.
- ⊖ Negative variation of greater than 10% or \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 97.

SIGNIFICANT VARIANCES EXPLAINED

Operational income and expenditure

Roading:

Professional fees for managing the Council's road network and capital improvement programme were higher than expected.

During 2006/07 the Council approved additional funding of \$898,000 to cover capital expenditure for roading.

Expenditure was also higher than expected due to storm events in the financial year and ongoing costs associated with recent natural disasters. Subsidies and therefore revenue were also higher than expected as the Council received additional subsidies from LTNZ.

Road safety:

The revenue expectations for road safety were misstated. Income was received from LTNZ, Opotiki District Council, Kawerau District Council, Whakatane District Council, and Environment BOP. Approximately \$25,000 was carried forward from 2005/06 and spent in 2006/07 and additional grants from LTNZ and ACC were received during the year. The difference between actual expenditure and actual income is the Whakatane District Council contribution.

Parking enforcement:

Higher revenue than expected through the number of fines and amount of parking fines. This includes revenue from some historical fines settled through the courts.

Airport:

The Whakatane Airport is a joint venture with the Ministry of Transport. The expenditure in the cost of service statement is the Council's 50% share of revenue and expenditure. The Airport was not included in the original budget.

Depreciation:

Transportation assets were revalued at the beginning of the financial year which increased depreciation costs.

Overheads:

Overheads were higher than expected due to an increase in depreciation and other costs.

Capital expenditure

Wairaka road seal extension:

This project has been delayed due to consultation with affected landowners. The design is being changed to accommodate their requests.

Ohuirehe road seal extension:

The project has been delayed while consultation is undertaken with an adjoining landowner.

Te Teko roundabout:

This is a Transit project to which Council will make a contribution once Transit progresses the project.

Walking and cycling tracks:

The development of walking and cycling tracks has been deferred to align with the completion of the Walking and Cycling Strategy and to secure funding from LTNZ.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

The maintenance and renewal works required to sustain roading assets have inconvenienced sections of the community at various times and thus diminished social wellbeing. Delays to travel times, dust, noise and vibration nuisance were experienced during the works. These had an impact on the four wellbeings, in particular the environmental and social wellbeings.

The design and appropriate use of roads contribute to reducing crashes. The Council's Road Safety Programme has been increased through engineering improvements and education, as road crashes impact on the social, cultural and economic wellbeing of the community.

The bylaws, rules and regulations concerning activities in the group may be considered at times to be restrictive by some persons. In particular, parking fines may be considered undesirable. However these have been adopted as practical means to encourage effective and efficient use of activities (to improve economic wellbeing).



Kakahoroa Drive, Whakatane

HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Provide quality network services compliant with all statutory and regulatory requirements and Council policies, procedures and standards.	Number of resource consent infringement and abatement notices received from the regional council.	0	Achieved - 0 received.
	Council Transport Standards and Policies remain relevant and current.	10% reviewed	Achieved - Commenced reviewing Asset Management Plans, revision of Engineering Code of Practice, and adopting the Traffic Signs Policy.
Provide a roading network that meets the reasonable needs of the wider community.	Number of service requests regarding deficiencies in the road network.	Annual downward trend	Not achieved - Figures are not available for 2005/06. A total of 668 service requests were made in 2006/07. This will be used as benchmark for the future.
	No increase in the length of pavement considered rough (rough is defined at more than 150 NAASRA counts). Currently there are 32 km of rough pavements.	32km of rough pavements	Achieved - 30 km of rough pavements.
	Road network does not suffer unreasonable levels of congestion.	Arterial intersections operate on average at 95% capacity during normal operating conditions	Not achieved - This is currently not measured. The Council is developing a network model as part of the Transportation Study.
	At least 3kms of seal extensions completed per year.	3kms	Achieved - 4km of seal extensions completed - Paparoa Road and Ruatahuna Road.
New roading systems for growth are planned and provided effectively.	Transport network linking all major nodes shall be provided for users (vehicle, pedestrian, cyclists) based on a transport needs review.	Deficiencies identified through model included in budget forecasts within three years	Not achieved - Development of the model is in progress.
	Percentage of car parks occupied at peak times.	90% in 2006/07 95% in 2007/08 100% in 2008/09	Achieved - 89% occupancy at peak times. However an increase in car park occupancy rates is anticipated over time as demand for car parks increases.

HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
An affordable public transport system exists throughout the District.	Subsidising of public transport in line with Council policy and contribution to infrastructure to support the District Public Transport System.	100% of approved funds	Achieved - 100% of funds paid to Environment Bay of Plenty as a grant.
Public satisfaction about how the Council is planning for and implementing road safety.	% satisfaction from attendees at six-monthly focus groups and two public meetings.	>85% satisfied per meeting	Not achieved - Measurement not conclusive - further processes for measuring to be developed in 2007/08.
Assist with the campaign to reduce the overall number of road fatalities and casualties for the District.	Number of fatal road crashes per year.	<6 in 2006/07 <5 in 2007/08 <4 in 2008/09	Not achieved - 10 fatal crashes.
	Number of crashes involving injuries per year.	<80 in 2006/07 <78 in 2007/08 <70 in 2008/09	Achieved - 76 crashes involving injuries.
Restricted areas in Whakatane and Kopeopeo have regular parking surveillance.	Patrols are carried out in Whakatane and in Kopeopeo.	3 times per day, 3-4 times a week.	Achieved - Patrols carried out as per targets.
Quality Airport facilities comply with all Civil Aviation Regulations and Council policies, procedures and standards.	Number of non-compliance notices received.	0	Achieved - 0 received.
	Number of Council non-compliances identified from inspections.	0	Achieved - 0 received.
All airport operations will be managed in a safe and environmentally friendly manner.	Maintain compliance with the Whakatane and Galatea Airport Aviation Services Operational Plans.	95%	Achieved - 100% compliance achieved.
	Manage and operate the airport amenities and equipment with a minimum number of environmentally related complaints.	5	Achieved - 0 received.
Assets are well maintained throughout all airport facilities.	Proportion of Whakatane Airport assets (by replacement cost value) in a moderate, good or very good condition.	90%	Not Achieved - Not measured - Process for collection of timely condition information being developed.

THE WHAKATANE AIRPORT

INTRODUCTION

This page summarises the information required under the Local Government Act 2002 related to Council-Controlled Organisations (CCO). A CCO is a company or organisation in which a Council or Councils hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers.

WHAKATANE AIRPORT

The Whakatane Airport is deemed to be a CCO. The Whakatane District Council owns 50% of the Whakatane Airport. It is a joint venture with the Crown. The Whakatane Airport is seen as a valued community asset that contributes to the wellbeing of residents, and it is crucial to the economy of the District.

SIGNIFICANT POLICIES AND OBJECTIVES OF THE WHAKATANE AIRPORT

The following policies and objectives implemented and achieved over the 2006/07 financial year were:

- To promote a safe, accessible, affordable and reliable air transport system for the benefit of the economic and social development of the Eastern Bay of Plenty region.
- To ensure the present level of facility is maintained and increased whether practicable and economic.
- To ensure that the airport is administered efficiently and effectively, to the benefit of scheduled flight operations.

NATURE AND SCOPE OF ACTIVITIES PROVIDED BY THE WHAKATANE AIRPORT

The nature and scope of activities provided by the Whakatane Airport during 2006/07 were that:

- The airport was maintained as a non-certificated aerodrome in accordance with the Civil Aviation Authority Aerodrome design for aircraft at or below 5,700kg Maximum Combined Take-off Weight (MCTOW). Air New Zealand Link provides daily return services to Auckland. While a similar service to and from Wellington was planned to occur from 2006, this has not yet eventuated.
- Land surplus to the airport's present requirements were leased for grazing. Areas of the terminal building were leased for activities compatible with the operation of the airport. Lease of the airport land was also available to commercial operators and associated industry.



Photo courtesy of Beacon

KEY PERFORMANCE TARGETS FOR THE WHAKATANE AIRPORT

The following performance targets were identified in the Council's Long-term Council Community Plan.

MEASURES	LTCCP BUDGET 2006/07 \$000	ACTUAL 2006/07 \$000	COMMENTS
Operate and maintain the airports assets within an operational budget (excluding corporate overheads and depreciation).	89,175	145,053	Strategic review during the year and painting work increased costs above budget
Renew sealed surfaces in accordance with the Whakatane airport asset management plan.	51,200	54,716	Achieved
Improvement of carpark/roading stormwater drainage.	30,128	3,006	Work commenced

FUNCTION PERFORMANCE

MEASURES	ACHIEVEMENT
The maintenance of the airport as a non-certificated aerodrome in accordance with Civil Aviation Authority Aerodrome design for aircraft at or below 5,700kg MCTOW.	Achieved

WATER-RELATED SERVICES

CONTRIBUTION TO COMMUNITY OUTCOMES



Environment



Infrastructure

WHAT WE DO

This group of activities is undertaken to provide and maintain efficient, reliable and safe water, wastewater, stormwater and trade waste services.

ACTIVITIES IN GROUP

- Water supply
- Wastewater services
- Stormwater services
- Trade waste

WHY WE DO IT

- **Water supply, wastewater and stormwater services**

The Council undertakes these activities because of statutory obligations and public demand. Under section 130(2) of the Local Government Act 2002, the Council must continue to provide these water services to those communities that have been serviced. Delivery of these network services by non-Council operators has, to date, proved unfeasible to the market or unacceptable to the community.

- **Trade waste**

The Council undertakes this activity because of statutory obligations. The main objectives are to protect the environment, people and community assets required for essential services.



Awatapu Flood Mitigation Works

SIGNIFICANT PROJECTS

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
WATER SUPPLY			
Renewal and upgrading of water reticulation in Edgecumbe	The project was completed in 2005/06. The cost was paid in 2006/07.	\$20,000	\$15,000
Renewal and upgrading of water reticulation in Plains Water Scheme	The project was completed.	\$20,000	\$16,000
Water treatment plant renewals and upgrades in Whakatane	Identified renewals and equipment procurements completed. Investigations for future upgrade requirements continuing.	\$50,000	\$33,000
Renewal and upgrading water reticulation in Whakatane and Whakatane West water mains upgrade	Identified works completed.	\$78,000	\$73,000
WASTEWATER			
Upgrading of Edgecumbe wastewater ponds	95% of the project completed. \$126,000 as funding assistance for the project is expected from Sanitary Works Subsidy Scheme. \$45,000 from 2007/08 budget will be used to complete the project.	\$354,000	\$356,000
Upgrading Ohope wastewater pump station	Investigations revealed rising main from the pump station needs upgrading. Upgrading of the rising main along with the installation of air vales will be carried out in 2007/08.	\$110,000	\$21,000
Investigatory work and consultation on reticulated wastewater scheme for Te Teko	Sanitary survey of septic tanks in Te Teko completed. Further investigations will continue.	\$30,000	\$13,000
Upgrading of Edgecumbe pump station	Investigations completed. Physical works will be carried out in 2007/08.	\$23,000	\$11,000
Renewal and upgrading Whakatane sewer reticulation	The Strand and James Street sewer projects completed.	\$235,000	\$250,000
STORMWATER			
Gate valves in Henderson Street	Project completed.	\$6,000	5,000
Pohutukawa Ave stormwater reticulation	Project will be completed together with Bluett Road stormwater upgrade project in 2007/08.	\$60,000	\$2,000
Completion of stormwater works in Douglas Street	Investigations and design completed. The physical works will be carried out in 2007/08.	\$540,000	48,000
Maraetotara Stream bank stabilisation	Applied for the resource consent for physical works to the stream bank. Construction works will be carried out in 2007/08.	\$55,000	\$15,000
Whakatane pump station upgrades	Modelling works completed.	\$173,000	\$38,000
Hinemoa drain construction, Whakatane	Design works in progress. Physical works will commence in 2007/08.	\$326,000	\$27,000

SUMMARY OF COST OF SERVICE

WATER-RELATED SERVICES	2007	2007	Variance from Annual Plan		
	Annual Plan	Actual	\$000	%	
	\$000	\$000	\$000	%	
EXPENDITURE					
Water Supply	3,640	4,233	(593)	(16%)	☹
Wastewater	2,094	2,335	(241)	(12%)	☹
Trade Waste	39	46	(7)	(18%)	☹
Land Drainage Systems	924	1,055	(131)	(14%)	☹
	6,697	7,669	(972)	(15%)	☹
REVENUE					
Water Supply	3,278	3,637	359	11%	☑
Wastewater	1,739	1,887	148	9%	◆
Trade Waste	37	48	11	27%	☑
Land Drainage Systems	691	764	73	11%	☑
Development Contributions	408	238	(170)	(42%)	☹
	6,153	6,574	421	7%	◆
Net Cost of Services	544	1,095	(551)	(101%)	☹
EXPENDITURE INCLUDES					
Direct Costs	2,281	2,767	(486)	2%	◆
Depreciation	2,164	2,583	(419)	(19%)	☹
Overheads	1,839	1,941	(102)	(6%)	◆
Interest Paid	413	378	35	8%	◆
	6,697	7,669	(972)	(15%)	☹
Capital Expenditure	2,744	1,992	752	27%	☑
Total Operational and Capital Cost	9,441	9,661	(220)	(2%)	◆
FUNDED BY					
Targeted Rates	5,313	5,706	393	7%	◆
User, Fees & Charges	130	124	(6)	(5%)	◆
Subsidies & Grants	160	124	(36)	(23%)	☹
Sundry Income	142	114	(28)	(20%)	☹
Development Contributions	408	238	(170)	(42%)	☹
Indirect Income	0	268	268	100%	☑
Capital Adjustment	229	0	(229)	(100%)	☹
Reserves	2,625	2,982	567	22%	◆
Loans	434	105	(539)	(124%)	☹
Total Funding	9,441	9,661	220	2%	◆

The following icons have been used to support the variances in the cost of service statements:

- ◆ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% or \$20,000.
- ☹ Negative variation of greater than 10% or \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 97.

SIGNIFICANT VARIANCES EXPLAINED

Operational income and expenditure:

Direct costs:

The Council faced unexpected expenditure on wastewater maintenance, stormwater maintenance, expenses at the Whakatane water treatment plant and trade waste expenses. This increased the direct costs of these activities.

Subsidies and grants:

A grant from the Sanitary Works Subsidy Scheme of the Ministry of Health was anticipated during 2006/07 for the Edgumbe wastewater ponds upgrade project. This grant is now anticipated during 2007/08.

Sundry income, fees and charges and development contributions:

Sundry income and fees and charges cover fees for new connections, disconnections, reconnections and various charges for providing services by the Council. The revenue from these sources, as well as from development contributions, was less than expected.

Depreciation:

Water assets were revalued at the beginning of the financial year which increased depreciation costs.

Capital expenditure:

Completion of stormwater works in Douglas Street:

Detail design revealed upgrading of the existing pump station is not economically feasible. A new pump station, together with upgrading of reticulation pipes, was designed. The total cost of the project is estimated at \$1,040,000. An additional budget of \$500,000 has been provided in year 2007/08 budget. Tenders were called for the civil works and evaluation of tenders is in progress. The project will be completed in 2007/08.

Whakatane pump station upgrades:

Investigations are underway and recommendations will be implemented in 2007/08.

Hinemoa drain construction, Whakatane:

The Council approved additional budget of \$611,000 to pipe the drain and construct a pump station in three stages. The first stage is to pipe the drain from Totara Park outlet to James Street at a cost of \$326,000 to be completed in 2006/07 financial year. The second stage is to pipe the drain from James Street to Victoria Avenue at a cost of \$375,000 to be completed in 2007/08. The final stage is to construct a new pump station at a cost of \$450,000, to be completed in 2008/09 financial year. Detail design of the pipe works has started. Unexpected site conditions at the road crossings caused practical difficulties in designing the pipe line. At present the Council's consultants are studying alternative options. Funding for stage one of the project has been carried forward to 2007/08. When the study is completed the preferred option will be presented to the Council.

Water supply in Te Mahoe:

A special project was carried out during the year by the Council in partnership with Housing New Zealand Corporation to address the water quality issues in Te Mahoe. The first phase of the project was to install a new bore facility and use the existing water treatment assets to provide good quality water to Te Mahoe Village. The Council will receive \$165,700 in a grant from Housing New Zealand to support this project on behalf of the community.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

Water supplies in terms of the quality, adequacy and affordability of water can potentially have an impact on the social, economic and cultural wellbeing of the community. In the past year the Council continued to monitor the drinking water quality in all Council's water supplies. However, the frequency and the timing of monitoring did not comply with the relatively new Drinking Water Standards New Zealand 2005. Work has been carried out to improve the frequency with automated monitoring equipment.

System blockages can have a negative social impact, and discharging of wastewater can have a negative environmental impact by polluting water bodies. There have been a few instances where pump stations and manholes overflowed due to high inflow and infiltration. Steps have been taken to address these issues.

Non-provision of adequate stormwater drainage can lead to street flooding and possible inundation of property and businesses which can create health and economic problems. Localised flooding occurred in a number of places.



Oxidation Ponds

HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT	
Provide quality water related service systems compliant with all statutory and regulatory requirements and compliant with Council policies, procedures and standards.	Whakatane and Ohope Water Supply complies with current Drinking Water Standards for NZ.	100%	Not achieved - Measures are in place to achieve the set target in 2008/09	
	Number and level of water supply gradings received (The Ministry of Health grades water quality between A & E for water source and water reticulation between a & e. A indicates the highest standard and e lowest. U stands for ungraded.)	Whakatane	Aa	Ee
		Ohope	Aa	Ed
		Edgecumbe	U	Ee
		Matata	Ca	Ee
		Murupara	U	Ed
		Taneatua	Ca	Ee
		Ruatoki	Ca	Ee
		Waimana	Cb	Ee
		Plains	U	Ee
Te Mahoe	U	Ec		
The above targets were not achieved mainly because monitoring undertaken was not consistent with Drinking Water Standards New Zealand 2005. Work has been carried out to improve the frequency with automated monitoring equipment.				
Number of resource consent infringement and abatement notices from the regional council.	0	Achieved - No infringement notice or abatement notice received during the year.		
Provide potable water, and efficient reliable wastewater and stormwater systems to meet the reasonable needs of urban and commercial customers.	Continuous monitoring through water supply pressure loggers shows minimum pressure of 200 KPA (except during outages).	100%	Not Achieved - 95% achieved.	
	Frequency of unplanned interruptions to water supply per 1000 customers. (Interruption of water supply for more than 1 hour for more than 100 customers)	<3	Achieved - <1 - Monitored through Hansen Asset Management System.	
	Frequency of wastewater system failures due to blockages or overflows during dry weather flow conditions per 100km of sewer for each scheme.	<20	Achieved - 16 Monitored through Hansen Asset Management System.	
	Stormwater system designed and built to meet one in 10 year rainfall event without damage to public and private property.	100%	Not achieved - Projects have been included in the Ten-year Council Community Plan to achieve this target by 2019.	
Carry out required trade waste inspections and accurately record results.	50% of all premises registered are inspected annually.	50% inspected	Achieved - More than 50% of the premises inspected.	
Ensure quality customer communication, consultation and service provided.	Minimum 48 hours notification given of planned interruptions to water supply.	>95%	Achieved.	
	Faults responded to within 24hrs for wastewater.	>90%	Not achieved - Unable to measure - systems are being implemented to ensure measurement is possible during 2007/08 year.	
	Emergencies responded to within three hours for each activity.	>90%	Not achieved - Unable to measure - systems being implemented to ensure measurement possible during 2007/08 year.	

SOLID WASTE MANAGEMENT

CONTRIBUTION TO COMMUNITY OUTCOMES



Environment



Infrastructure

WHAT WE DO

Within this group of activities, the Council provides a weekly refuse and recycling collection in serviced areas of the District, through a contractor. The areas serviced are based on customer demand and capabilities of the contractor's resources. Following the commissioning of the Recycling Park in 2005/06, there is one landfill site in the Whakatane District with a transfer station at Murupara. The Council is implementing its zero waste policy.

ACTIVITIES IN GROUP

- Refuse collection
- Refuse disposal
- Refuse recycling

WHY WE DO IT

The Council undertakes these activities in response to the needs and aspirations of the people of the District for aesthetic and health reasons. The key requirements for each of the activities in the group are:

- **Refuse collection**

With regard to the Council's Waste Management Plan and section 25 of the Public Health Act 1956, the Council provides collection services to mitigate possible adverse health risks to the District's residents. The particular services are provided in response to the needs of the community and have been designed to maximise benefit to the community.

- **Refuse disposal**

With the opening of the Recycling Park, the Council provides one landfill for the management and disposal of collection service refuse, bulk industrial/commercial waste and waste disposal from the recycling centre. The reduction in residual waste disposed of at the Burma Road landfill benefits the community by reducing the potentially harmful environmental impact of such disposal, saving valuable landfill space and reducing resource use. The Burma Road landfill provides controlled management processes for the disposal of residual waste in accordance with Ministry for the Environment and Resource Consent requirements.

- **Refuse recycling**

A Recycling Park opened in April 2006. This will improve recycling practices and reduce the volume of waste that gets sent to the landfill. Residents of the greater Whakatane area will use the collection service and Recycling Park for waste disposal, and the collection contractor will continue to have access to the Burma Road landfill. Disposers of sorted-by-type bulk industrial/commercial waste will be able to arrange direct access to the landfill. Residents in the south of the District have access to the transfer station at Murupara.

SIGNIFICANT PROJECTS

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
Transfer station application for resource consent	A concept plan was prepared for the development of a Transfer Station in conjunction with Recovery Park at Te Tahī Street. The concept plan was approved by the Operations Committee for public consultation. A site meeting with affected parties was convened and a resource consent application is underway,	\$153,000	\$11,000
Transfer station building design, contract documents, permit applications	The design of a Transfer Station has been deferred pending the outcome of the resource consent process.	\$61,000	\$0
Whakatane gas management, final cover and other construction works	Gas management vents were installed and the final contouring and retirement of sections of the Burma Road landfill were completed.	\$378,000	\$213,000
Decommission Murupara landfill	Initial works on the retirement of the landfill have been completed, a contract for the final works has been awarded and will be undertaken in the spring.	\$378,000	\$52,000
Decommission Taneatua landfill	The decision to undertake the final decommissioning of the landfill was deferred pending discussion with the Regional Council on the requirements of the resource consent. The proposed changes to the original resource consent have been finalised and capping works will commence in 2007/08.	\$92,000	\$9,000
Waste management education programmes	The Council undertook a number of education campaigns associated with the new collection contract, recycling and waste minimisation including publication of a number of brochures and pamphlets and advertising in the local print and radio. The Council subscribed to the Hazchem Collection campaign and conducted a Trial Inorganic Waste	\$33,000	\$41,000

SUMMARY OF COST OF SERVICE

SOLID WASTE MANAGEMENT	2007	2007	Variance from Annual Plan		
	Annual Plan	Actual	\$000	%	
	\$000	\$000			
EXPENDITURE					
Refuse Collection	1,372	537	835	61%	☑
Refuse Disposal	1,253	1,794	(541)	(43%)	☹
Refuse Recycling	346	1,397	(1,051)	(304%)	☹
	2,971	3,728	(757)	(25%)	☹
REVENUE					
Refuse Collection	1,303	1,259	(44)	(3%)	◆
Refuse Disposal	1,241	937	(304)	(24%)	☹
Refuse Recycling	0	690	690	100%	☑
Development Contributions	15	16	1	9%	◆
	2,559	2,902	343	13%	☑
Net Cost of Services	412	826	(414)	(88%)	☹
EXPENDITURE INCLUDES					
Direct Costs	2,510	3,200	(691)	(28%)	☹
Depreciation	44	95	(51)	115%	☹
Overheads	221	241	(20)	(9%)	◆
Interest Paid	196	191	5	2%	◆
	2,971	3,727	(756)	(24%)	☹
Capital Expenditure	673	708	(35)	(5%)	◆
Total Operational and Capital Cost	3,644	4,435	(791)	(22%)	☹
FUNDED BY					
Targeted Rates	2,165	2,159	(6)	0%	◆
User, Fees & Charges	177	679	502	283%	☑
Subsidies & Grants	0	3	3	0%	◆
Sundry Income	202	45	(157)	(78%)	☹
Development Contributions	15	16	1	9%	◆
Reserves	596	1,016	420	70%	☑
Loans	489	517	28	6%	◆
Total Funding	3,644	4,435	791	22%	☑

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- ☑ Favourable variation of greater than 10% or \$20,000.
- ☹ Negative variation of greater than 10% or \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 97.

SIGNIFICANT VARIANCES EXPLAINED

Operational expenditure and income

The variance between refuse collection and refuse disposal was caused by the cost of the greenwaste collection service being included under refuse disposal, rather than refuse collection. Refuse recycling expenditure includes provision for valuing after care costs of the landfill.

Capital expenditure

Transfer station:

Expenditure on the transfer station resource consent application and building design, contract documents and permit applications was less than expected. A concept plan was prepared for the development of a Transfer Station in conjunction with the Recovery Park at Te Tahī Street. A resource consent application is underway and the design of the Transfer Station is pending the resource consent. Budget for these projects has been carried over to 2007/08.

Whakatane gas management:

Gas management vents have been installed and retirement of sections of the Burma landfill completed. Remaining budget allocation for this project has been carried over to 2007/08.

Decommission Murupara and Taneatua landfill:

In Murupara, initial works on the landfill have been completed and final works will be completed during 2007/08. In Taneatua, final decommissioning of the landfill was deferred pending discussion with Environment Bay of Plenty on the requirements of the resource consent. The proposed changes to the original resource consent have been finalised and capping works will commence in 2007/08.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

The landfill provided by the Council is susceptible to odour, gas, leachate, litter, vermin and noise pollutions that have adverse effects on the social, environmental and cultural wellbeing of the Whakatane community.

The District has a number of old landfill sites which whilst covered, may emit leachate. Additionally, the long-term loss of productive land creates economic losses for the District. The Council seeks to mitigate these negative effects through specific abatement measures, compliance with resource consent conditions and monitoring the impact of its activities.

HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Provide quality solid waste services compliant with all statutory and regulatory requirements in addition to all Council policies, procedures and standards.	Number of resource consent infringement and abatement notices from the regional council.	0	Achieved
	Number of Council non-compliances identified from audit of projects.	0	Not achieved - Environment Bay of Plenty monitoring reports indicated a number of possible actions for follow up on the landfill.
	Council standards and policies remain relevant and current.	One third reviewed	Achieved - Council currently preparing a Solid Waste Asset Management Plan - Draft document 50% completed as at end of June 2006.
Provide efficient reliable solid waste management system to service solid waste for customers within budget.	Ensure the number of missed refuse and recycling collections per year are less than 0.1% of annual lifts.	<0.1%	Not achieved - The Council is currently not able to collect this information, however a system being put in place, should ensure that this information is able to be collected by the end of 2007/08.
	Provide access to community based recycling facilities.	95% of the community	Achieved - Recycling Parks at Whakatane and Murupara. Council undertook a Trial Inorganic Waste Collection in a number of the urban settlements in the District.
	Divert greenwaste from landfill to beneficial reuse.	60% of greenwaste diverted	Achieved - All green waste is shredded and utilised as a soil mulch on the retired sections of the Whakatane and Murupara landfills.
	More than 95% of sewage sludge currently disposed of to landfill will be composted, beneficially reused or appropriately treated to minimise the production of methane and leachate.	95% by 2007/08	Achieved - All sewerage sludge received is placed in trenches and buried.
	There will be a reduction of construction and demolition waste to landfills of 50% of December 2005 levels measured by weight.	50% reduction	Not achieved - There has been an increase in the volume of demolition waste to landfill due to an increase in building activity within the District.
	Reduce residual waste to landfill/transfer station through recycling •16,000 Tonne to landfill in 2007/08	<ul style="list-style-type: none"> • 18,000 Tonne to landfill in 2006/07 • 16,000 Tonne to landfill in 2007/08 • 15,000 Tonne to landfill in 2008/09 	Achieved - 9,456 Tonnes were recorded as being sent to landfill from September 2006 to June 2007. However, these records are incomplete. An estimate of the total residual waste to landfill for those 10 months is 11,719 Tonnes. This would equate to 14,181 Tonnes for a 12 month period.

PROMOTION AND ECONOMIC DEVELOPMENT

CONTRIBUTION TO COMMUNITY OUTCOMES



Creative



Economy

WHAT WE DO

This group of activities is undertaken to provide a framework for the sustainable growth and development of the District. These activities aim to attract businesses and people to the District and to support the growth and development of existing businesses within the District.

The Eastern Bay of Plenty Development Board covers the Whakatane District and provides governance and management for this activity. It was established by the Council to carry out economic development, marketing and visitor services.

The Council is also a member of the Eastern Bay of Plenty Regional Economic Development Agency. The Agency is an association of Eastern Bay of Plenty territorial authorities and the Mataatua Iwi Forum and was formed to develop and implement a regional development strategy.

ACTIVITIES IN GROUP

- Promotion and economic development
- Visitor information

WHY WE DO IT

- **Promotion and economic development**

The Council undertakes this activity because of public demand for Council to take a leadership role.

- **Visitor information**

The Council undertakes this activity because of public demand to represent and promote tourism and business operators, and encourage tourism and business activity.

SIGNIFICANT PROJECTS

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
Develop and implement the Eastern Bay of Plenty Development Board's economic development, marketing, events and communications plans	Economic Development Plan covering marketing and events developed and implemented.	\$145,000	\$170,000
Coordinate the production of marketing resources including a website	Marketing resources produced. Website upgraded.	Budget included in project above.	
Deliver business management training and support	Contract completed.	\$203,000	\$220,000
Provide visitor information services	Services provided within budget.	\$214,000	\$205,000

SUMMARY OF COST OF SERVICE

PROMOTION AND ECONOMIC DEVELOPMENT	2007	2007	Variance from Annual Plan		
	Annual Plan	Actual	\$000	%	
	\$000	\$000			
EXPENDITURE					
Promotion and Economic Development	574	700	(126)	(22%)	☹
Visitor Information	279	262	17	6%	◆
	853	962	(109)	(13%)	☹
REVENUE					
Promotion and Economic Development	369	459	90	24%	☑
Visitor Information	65	75	10	25%	☑
	434	534	100	24%	☑
Net Cost of Services	419	428	(9)	2%	◆
EXPENDITURE INCLUDES					
Direct Costs	664	773	(109)	(16%)	☹
Overheads	189	189	0	0%	◆
Total Operational and Capital Cost	853	962	(109)	(13%)	☹
FUNDED BY					
Targeted Rates	148	147	1	0%	◆
User, Fees & Charges	55	53	(3)	(5%)	◆
Subsidies & Grants	220	268	48	25%	☑
Sundry Income	10	65	54	530%	☑
General Rates	420	429	9	1%	◆
Total Funding	853	962	109	13%	☑

The following icons have been used to support the variances in the cost of service statements:

- ◆ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% or \$20,000.
- ☹ Negative variation of greater than 10% or \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 97.

SIGNIFICANT VARIANCES EXPLAINED

Operational expenditure and revenue

Overall the variance in the net cost of service for this group of activities was small. As more revenue was received from promotion and economic development activities than expected, this was expended on the activity. Subsidies received for the Enterprise Training Scheme were also higher than expected.

Capital expenditure

There were no significant asset acquisitions or replacements, and no significant variations between the projections of capital expenditure in the Ten-year Council Community Plan and the actual expenditure during the year.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

There were no significant negative effects on the four wellbeings as a result of undertaking these activities during 2006/07. The Council will monitor the effect of this activity. If any significant negative impacts are identified the Council will seek to address them.



Enjoying Coffee on the Strand

HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Attract more people to visit and live in the District.	Increase in visitor numbers.	5% increase on previous year	Achieved - 10% increase in visitor numbers on previous year.
Grow existing events.	Results measured by economic impact analysis.	>Two per year	Achieved - More than two. Top two events average 50% growth and over \$200k economic impact.
Support existing businesses and encourage strengthening and expansion	Enterprise Training Programme provided throughout the Eastern Bay of Plenty.	>200 businesses	Achieved - 468 businesses.
	Provide BIZ enquiry assistance.	>40 enquiries monthly	Achieved - 60 enquiries per month.
	Facilitate mentor matches for the Business in the Community Mentor Programme.	>15	Not achieved - 11 mentor matches. Enterprise Training Programme provides training which lessens the need for mentoring.
Grow website use by increased participation and linkage.	Increase in website use.	>3500 visitors per month	Achieved - 15,000 per month.
Ensure quality customer communication, consultation and service provided at the Visitor Information Centre.	% Satisfaction with the quality of information provided from Information Centre.	>85%	Achieved - 98% in customer satisfaction survey run in VIC (Visitor Information Centre) as part of VIC accreditation process.
The Visitor Information Centre is available when it is needed.	Provide access to visitor information 24 hours a day, seven days a week.	364 day operation	Achieved - The Visitor Information Centre is open 364 days. Visitor information is also available 24 hours a day, seven days a week via the website and the information screen beside the Visitor Information Centre.

ENVIRONMENTAL PLANNING

CONTRIBUTION TO COMMUNITY OUTCOMES



Environment



Development



Economy

WHAT WE DO

Within this group of activities, the Council:

- Is involved in resource management planning (development and monitoring of the District Plan and associated strategies and policy);
- Assesses the state of the environment;
- Processes resource consent applications to use, develop and subdivide land; and
- Monitors compliance with the conditions of consent to ensure effects on the environment are avoided, remedied or mitigated.

ACTIVITIES IN GROUP

- Planning policy
- Planning implementation and monitoring

WHY WE DO IT

• Planning policy

The Council has a statutory obligation under the Resource Management Act 1991 to have a District Plan, through which natural and physical resources are sustainably managed. It includes objectives, policies and methods to enable future growth and development of the District whilst managing the environmental effects of activities. The Council has a statutory obligation to monitor the efficiency and effectiveness of its District Plan policies, rules and other methods.

• Planning implementation and monitoring

The Council has a statutory obligation to implement the District Plan rules, and other methods in respect to the subdivision, use and development of land. It also has a statutory obligation to process and decide resource consent applications, and to monitor compliance with conditions of resource consents.

SIGNIFICANT PROJECTS

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
Complete a State of the Environment Report	In progress. Work on indicators has progressed during the year, with the Council playing an active role in the regional initiative Community Outcomes Bay of Plenty. At this stage the Council is working on integrating Community Outcomes with environmental performance indicators in support of the production of a Report.	\$40,000	\$ 0 (Deferred)
Undertake natural hazard planning	This project has been deferred to 2007/08. Some preliminary work was completed in 2006/07.	\$76,000	\$ 0 (Deferred)
Extend the annual compliance monitoring programme to plan for the re-monitoring of consents identified as needing continued monitoring.	This project has been deferred to 2007/08 pending implementation of the Resource Consent and Licensing modules of the Ozone corporate information system.	Internal	
Coastal hazards plan change	Underway. Work on Variation 6 (Coastal Hazards) to the Proposed Whakatane District Plan is continuing. This Variation recognises current predictions of sea level rise and the anticipated impact of climate change on our coastal areas. It will put clear rules in place governing the activities that can take place in zones identified as being at risk of inundation or erosion over the next 100 years. As at the end of June 2007 the Council is preparing material for consultation with the community. This includes revised hazard maps, proposed wording of the variation, an economic study, an explanation of the science and other background material.	\$25,000	\$25,000
Industrial Growth Strategy	In progress. Work has progressed well on this strategy, with some background studies and reports being completed. Whakatane District Council is working closely with Kawerau District Council on identifying and implementing next steps.	\$25,000	\$15,000
Residential Growth Study – assess additional land requirements for residential development around Whakatane and Ohope for the next 20 years	In progress. This project progressed slowly in 2006/07, with a draft report due early in the 2007/08 financial year.	\$88,000	\$20,000
Undertake a heritage study	In progress. The Council is undertaking a Built Heritage Study as a joint initiative with Environment Bay of Plenty and the New Zealand Historic Places Trust. The Study will support recommendations for the most effective ways, both statutory and non-statutory, to appropriately manage historic buildings in the future. The Study is due to be completed in September 2007.	\$10,000	\$10,000
Develop a new financial contributions policy (Variation 9)	This project has been deferred to 2007/08.	\$10,000	\$ 0

SIGNIFICANT PROJECTS CONT.

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
New Zealand Archaeological Association upgrade project	Completed. This was an external project to which the Council contributed. Field work was completed and the final upgrading of information is due to be completed in 2007/08.	\$28,000	\$28,000
Whakatane town entranceway project	In progress. A draft concept plan was developed, and will be considered in terms of implications and next steps in 2007/08. Community consultation will be the next major action for this project.	\$10,000	\$10,000
Completion of the Ohiwa Harbour Strategy	Completed. Working in collaboration with Environment Bay of Plenty and Opotiki District Council, a Ohiwa Harbour Strategy was brought to final draft stage. This was adopted in 2007/08, with planning commencing for implementing the recommendations of the Strategy.	Internal	\$ 0
Monitoring the environmental effects of the rural provisions of the proposed Whakatane District Plan	This project has been deferred to 2007/08.	\$30,000 (plus \$50,000 for a Variation if required)	\$ 0 (Deferred)

SUMMARY OF COST OF SERVICE

ENVIRONMENTAL PLANNING	2007	2007	Variance from Annual Plan		
	Annual Plan		Actual	\$000	
	\$000	\$000			
EXPENDITURE					
Monitoring and Implementation	962	1,278	(316)	(33%)	☹
Planning Policy	878	640	238	27%	☹
	1,840	1,918	(78)	(4%)	☹
REVENUE					
Monitoring and Implementation	697	854	157	23%	☑
Planning Policy	1	35	34	>100%	☑
	698	889	191	27%	☑
Net Cost of Services	1,142	1,029	113	10%	♦
EXPENDITURE INCLUDES					
Direct Costs	1,446	1,508	(62)	(4%)	☹
Overheads	394	410	(16)	(4%)	☹
Total Operational and Capital Cost	1,840	1,918	(78)	(4%)	☹
FUNDED BY					
User, Fees & Charges	394	399	5	1%	☹
Subsidies & Grants	0	30	30	100%	☑
Sundry Income	304	460	156	52%	☑
General Rates	1,142	1,029	(113)	(10%)	☹
Total Funding	1,840	1,918	78	4%	♦

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- ☹ Negative variation of greater than 10% or \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 97.

SIGNIFICANT VARIANCES EXPLAINED

Planning policy:

There were no significant variations beyond those caused by the deferral of work, between the projections of expenditure in the Ten-year Council Community Plan and the actual expenditure during the year.

Planning implementation and monitoring:

Overall the variance in the net cost of services for this activity was small. While expenditure was higher than budget, this is primarily due to recoverable expenses associated with the use of consultants to assist in the processing of resource consent applications. As the expense was recoverable, revenue was higher than expected.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

There were no significant negative effects on the four wellbeings as a result of undertaking these activities during 2006/07.

Structured around the Resource Management Act 1991, these activities focus on protecting environmental wellbeing. Thus, adverse effects may arise on other wellbeings, particularly economic wellbeing. The need to avoid, remedy or mitigate adverse environmental effects of activities means that costs may be incurred in developing and using land or that an activity can not maximise the potential of the land.

The Council will monitor the effectiveness of its policies and the State of the Environment to ensure any necessary intervention is carried out in order to achieve the purpose of the Resource Management Act 1991.



Building Site Inspection

HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Planning policy supports growth.	Demographic and economic indicators are monitored and reported on.	By 30th September	Not achieved - This work will be completed in the 2007/08 financial year.
Decision making is fair, Council is consistent, and the policies and plans are reasonable and appropriate.	Statutory processes are followed to receive and hear submissions to proposals.	No judgement is made to substantiate a claim that the Council has failed to comply with statutory processes	Achieved - No judgements made by the Court that concluded the Council had failed to comply with statutory processes.
Resource consent applications will be processed in a timely and effective manner.	Applications will be processed within the statutory timeframes under the Resource Management Act 1991.	100%	Not achieved - Land use 149 of 166 (89%) Subdivision 122 of 139 (88%). Improved IT system should improve monitoring of consent processes in 07/08 year.
Compliance with consent conditions will be monitored and enforced.	Land use consents (excluding consents to remove trees) granted in the previous financial year are monitored for compliance with conditions or consent by 30 June each year.	100% of consents	Not achieved - 70 of 154 (45%). Greater priority will be placed on developing a robust tracking system to ensure the target will be met in 07/08 and subsequent financial years.
Ensure quality customer communication, consultation and service provided.	Customer perception surveys – feedback questionnaire for all applicants.	>75% of responses are satisfied overall	Achieved - Survey of resource consent applicants 3 of 3 (100%).

ENVIRONMENTAL CONTROLS

CONTRIBUTION TO COMMUNITY OUTCOMES



Health & Housing



Community

WHAT WE DO

Within this group of activities, the Council:

- Processes building consents and inspects building work for compliance with the New Zealand building code. Building warrants of fitness covering specialist safety systems in buildings are monitored and an advisory service is provided;
- Issues liquor licences and monitors the use of these licences. Information and advisory services are provided; and
- Issues licences to all registered premises (food, camping grounds, hairdressers, mortuaries, offensive trades) and monitors those who hold licences. Investigation and monitoring of private water supplies, environmental noise and contaminated land is also carried out. An advocacy, advisory and complaints service is provided.

ACTIVITIES IN GROUP

- Building inspection
- Licensing (liquor and gambling)
- Environmental health

WHY WE DO IT

• Building inspection

The Council's statutory responsibilities for buildings are detailed in the Building Act 2004 and its regulations. Through consenting and monitoring processes the Council is charged with the responsibility of ensuring that buildings are safely constructed and are safe to use. The Council also has an educational and advisory role to those involved in the building industry.

• Licensing (liquor and gambling)

The Council has a statutory obligation to undertake this activity. Under the provisions of the Sale of Liquor Act 1989 the Council takes on the role of the District Licensing Agency. The Gambling Act requires the Council to develop and administer policies for Class four Venues (Gaming machine venues excluding casinos) and Board Venues (TABs).

• Environmental health

The Council has a statutory obligation to undertake this activity. The Council's authority comes from the Health Act 1956, the Food Act 1981 and associated regulations and bylaws.

SIGNIFICANT PROJECTS

PROJECT	PROGRESS
Develop a Sale of Liquor Policy	This project has been deferred to 2007/08 pending completion of the Alcohol Strategy (which has now been completed).
Register as a Building Consent Authority no later than 30 November 2007	The Council has lodged its application for registration and is working through the prerequisite accreditation process with International Accreditation New Zealand. Of the actual expenditure of \$50,624 (from a budget of \$30,000), \$27,284 was brought forward from the 2007/08 financial year to accommodate the Government's new requirement for accreditation fees to be paid at time of application for accreditation.
Review the Council's Gambling Policy	The Council's Gambling Policy was reviewed and the Council adopted a new policy on 8 March 2007.
Work in partnership with clubs to raise awareness of responsible drinking; monitor the social and economic impact of gambling and sale of liquor on the community	This project has been deferred to 2007/08 pending completion of the Gambling Policy (completed in March 2007) and Alcohol Strategy (now completed).
Continue to facilitate provision of food safety courses to members of the community	Two food safety courses were provided during 2006/07. These were attended by 35 current and potential commercial food handlers.
Develop and maintain strong relationships with owners of known contaminated sites; monitor land use activities on contaminated sites in conjunction with the Bay of Plenty Regional Council; monitor national and international research on contaminated site remediation methodologies	Contact has been made with landowners of all known contaminated sites within the Whakatane district. Not all landowners have been supportive of signing off Site Management Plans for their respective sites. Information on contaminants has been referenced for all resource and building consent applications relating to properties known to be contaminated sites.
Involve the community in identifying private community water supplies; develop drinking water risk management plans that meet the Ministry of Health criteria for each community water supply; develop capacity within the community for self-monitoring of private community water supplies; develop a quality assurance programme for the monitoring of private community water supplies that is acceptable to the Ministry of Health	This project has been deferred pending legislation to clarify the roles of the various parties involved. Clarity will be provided in the Health Drinking Water Amendment Regulations, which have yet to be promulgated.
Implement a quality assurance programme that satisfies the requirements of AS/NZS 17020: 2000 (or other alternative quality system approved by the Department of Building and Housing); continue to proactively work with other departments, customers and agencies; audit 10% of all consents. Continuing to monitor the Weathertight Homes Resolution Service's (WHRS) adjudication decisions and adjust its operating processes and procedures to reflect best practice and any changes in statutory liability exposure that arise as a consequence of the decisions.	A quality assurance programme has been developed to satisfy the Department of Building & Housing criteria. The programme is going through the assessment process by the Department's agent. The programme involves other departments of the Council together with clients and other agencies. The programme requires audits of 10% of building consents.

SUMMARY OF COST OF SERVICE

ENVIRONMENTAL CONTROLS	2007	2007	Variance from Annual Plan		
	Annual Plan		Actual	\$000	
	\$000	\$000			
EXPENDITURE					
Licensing (Liquor/Gambling)	66	71	(5)	(9%)	◆
Building Inspection	1,065	1,433	(368)	1%	☹
Environmental Health	273	206	67	25%	☑
	1,404	1,710	-306	5%	☹
REVENUE					
Licensing (Liquor/Gambling)	51	70	19	38%	☑
Building Inspection	618	799	181	29%	☑
Environmental Health	93	58	(35)	(38%)	☹
	762	927	165	22%	☑
Net Cost of Services	642	783	(140)	(22%)	☹
EXPENDITURE INCLUDES					
Direct Costs	971	1,253	(282)	(29%)	☹
Overheads	433	457	(24)	(6%)	◆
Total Operational and Capital Cost	1,404	1,710	(306)	(22%)	☹
FUNDED BY					
User, Fees & Charges	698	707	9	1%	◆
Subsidies & Grants	0	0	0	0%	◆
Sundry Income	64	220	156	244%	☑
General Rates	642	783	141	22%	☑
Total Funding	1,404	1,710	306	22%	☑

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An explanation of the terms used in the cost of service statements is provided on page 97.

SIGNIFICANT VARIANCES EXPLAINED

OPERATIONAL INCOME AND EXPENDITURE

Building inspection:

The additional revenue for building inspection relates to an increased complexity of building consent applications and additional inspections due to changes introduced by the Building Act 2004.

\$380,000 has been included in building inspection costs to recognise the potential cost to the Council of registered weathertightness claims if the Council is found liable to the extent claimed.

Environmental health:

Income from this activity arises primarily through annual registration of premises required under the Health Act and Regulations. Revenue is less than expected as national food safety initiatives have resulted in some premises operating under nationally registered food safety plans, which excludes them from local authority registration requirements. Under-expenditure is due primarily to reduced supervisory staff time being allocated to this activity.

CAPITAL EXPENDITURE

There were no significant asset acquisitions or replacements, and no significant variations between the projections of capital expenditure in the Ten-year Council Community Plan and the actual expenditure during the year.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

No significant negative effects were generated from participation in these activities during 2006/07. The Council will monitor the effect of these activities, and if any significant negative impacts on the four wellbeings are identified, these will be addressed.

HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Building consent applications will be processed in a timely and effective manner.	Building consent applications not requiring additional information are processed within 18 days.	95% of the time	Not achieved - 563 of 623 issued within 18 days (90%).
Council is acting legally in administration of the laws.	Determination decisions from the Department of Building and Housing support the Council's decisions.	100% of the time	Achieved - 100% (2 of 2).
Audit of swimming pools listed on Council's register on a three year cycle.	Number of pools inspected where: a) Pool fencing complies with the Fencing of Swimming Pools Act b) Pools comply with the New Zealand building code c) Enforcement actions are implemented against non-complying owners	a) 33% b) 33% c) 100% annually	Not achieved - a) 90 of 162 (55%) inspected of which 17 were non-complying (19%) b) Relates to new pools issued under a building consent with a code compliance certificate= 100% c) Achieved 100%. All non-complying pool owners were issued with a requisition.
The Council consistently delivers an effective and efficient building control service.	Council building control systems, processes and procedures satisfy the requirements of AS/NZS17020 or other approved Quality Standard.	100% of the time	Not achieved - The system has been developed and is awaiting audit by International Accreditation New Zealand (scheduled for October 2007).
Licensing registration applications will be processed in a timely and effective manner.	Number of new and renewed manager's certificates issued within one month of receipt.	>90%	Not achieved - 111 of 130 (85%) compliance. Non-compliance was due to 19 applicants either not having a Licensed Controller Qualification or the application being objected to by the District Licensing Agency resulting in the application being sent to the Liquor Licensing Authority for determination.
	Number of new and renewed On-Off- and Club licenses issued within three months of receipt.	>90%	Achieved - 43 of 47 (92%).
Carry out inspections of all licensed premises and accurately record results.	Inspections completed by 1 December annually.	Completed by 1 December	Not achieved - 59 of 91 (65%) Greater priority will be given to this target in the 07/08 financial year.
Compliance with appropriate legislation for all businesses required to be registered under the Food Hygiene Regulations 1974 and the Food Act 1981, the Camping Ground Regulations 1985, and the Health (Hairdressers) Regulations 1980.	Number of premises compliant.	100% annually	Not achieved - 234 of 247 (95%) were fully compliant by the end of the financial year. Non-compliance was attributable to carry over of requisition items.
	Enforcement actions are implemented against non-complying building owners.	100% annually	Achieved - 100%.
Compliance of public and school swimming pools with the New Zealand Standard for Public Pools.	Number of public and school pools compliant annually, or with a development programme in place.	100% annually	Achieved - 100% (29 of 29).

LIBRARIES AND MUSEUM

CONTRIBUTION TO COMMUNITY OUTCOMES



Education



Creative

WHAT WE DO

Within this group of activities, the Council provides:

- Libraries, located in Whakatane, Murupara, Edgecumbe and Ohope that provide a collection of print, audio, visual, full text online databases and internet access; and
- A Museum & Gallery that accommodates a collection, displays, and genealogical and general archival research. The gallery offers communal space for a changing range of arts and crafts. Activities include acquisition and collection management, developing and maintaining archives, public programmes and provision of information.

ACTIVITIES IN GROUP

- Library services
- Museum & Gallery

WHY WE DO IT

- **Library services**

The Council provides this service because of public advocacy and demand, and endorses the educational, leisure and community value of libraries. Many individuals cannot afford to buy books and source other information and recreational material. Nationally, the most widely used format is council ownership.

- **Museum & Gallery**

The Council is the local organisation currently in the best position to provide these services. The Council responds to public advocacy and demand, and endorses the educational, leisure and community value of these facilities. The Council provides guardianship and stewardship of local and national treasures including taonga on behalf of the entire community.



"A Moment In Time" Photographic Competition April 07

SIGNIFICANT PROJECTS

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
Investigation and planning for purpose built facilities for both the Museum & Gallery and Library (in conjunction with investigation into a multi-sports centre and upgrade of the Whakatane War Memorial Hall)	This project is continuing. An Arts and Culture Business Unit has been established and a highly qualified manager appointed. A project plan to determine a possible preferred site for an integrated museum/art gallery/library is being developed. Investigations into partnership opportunities are underway.	\$50,000	\$13,000
Explore more grant funding from sources such as the Ministry of Education	Sources of funding have been identified. Applications are being prepared in line with the new organisational structure and project plan.		
Develop business information support service; make qualified staff available at all libraries; develop homework learning programme support; develop information technology; investigate improving sharing of services with other libraries; strengthen partnerships with businesses and education to develop shared services	<p>Progress has been made towards all these projects eg:</p> <ul style="list-style-type: none"> • Connections established with local business networks eg Chamber of Commerce • Study support to in-house staff for professional library education • Appointment of highly qualified library and museum staff • Continued development of library website to encourage independent use • Participation in new Eastern Bay of Plenty network of libraries. 		

SUMMARY OF COST OF SERVICE

LIBRARIES AND MUSEUM	2007	2007	Variance from Annual Plan		
	Annual Plan	Actual	\$000	%	
	\$000	\$000			
EXPENDITURE					
Library Services	905	847	58	6%	◆
Museum and Gallery	449	387	62	14%	☑
	<u>1,354</u>	<u>1,234</u>	<u>120</u>	<u>9%</u>	◆
REVENUE					
Library Services	793	787	(6)	(1%)	◆
Museum and Gallery	32	10	(22)	(69%)	☹
Development Contributions	158	108	(50)	(32%)	☹
	<u>983</u>	<u>905</u>	<u>(78)</u>	<u>(8%)</u>	◆
Net Cost of Services	<u>371</u>	<u>329</u>	<u>42</u>	<u>11%</u>	☑
EXPENDITURE INCLUDES					
Direct Costs	781	623	158	20%	☑
Depreciation	134	112	22	17%	☑
Overheads	439	499	(60)	(14%)	☹
	<u>1,354</u>	<u>1,234</u>	<u>120</u>	<u>9%</u>	◆
Capital Expenditure	165	133	32	19%	☑
Total Operational and Capital Cost	<u>1,519</u>	<u>1,367</u>	<u>152</u>	<u>10%</u>	◆
FUNDED BY					
Targeted Rates	711	728	17	2%	◆
User, Fees & Charges	37	18	(19)	(51%)	☹
Sundry Income	78	51	(27)	(35%)	☹
Development Contributions	158	108	(50)	(32%)	☹
General Rates	447	324	(123)	(28%)	☹
Reserves	88	138	50	57%	☑
Total Funding	<u>1,519</u>	<u>1,367</u>	<u>152</u>	<u>(10%)</u>	◆

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SIGNIFICANT VARIANCES EXPLAINED

Operational income and expenditure

Museum and gallery:

Revenue from the Museum and Gallery was less than expected. Some operational savings were achieved during the year which helped offset the reduction in revenue.

The project to investigate and plan for purpose built facilities for both the Museum & Gallery and Library was delayed pending the appointment of the new Manager Arts and Culture. This project has been carried over to 2007/08.

Overheads:

Overheads were higher than expected due to an increase in depreciation and other costs.

Capital expenditure

There were no significant asset acquisitions or replacements for the library service, and no significant variations between the projections of capital expenditure in the Ten-year Council Community Plan and the actual expenditure during the year.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

There were no significant negative effects on the four wellbeings resulting from participation in these activities during 2006/07. However, for the effective delivery of these services there are rules and regulations (such as library card purchase and fines for overdue books) that some people may see as restrictive to their social wellbeing. If any significant negative impacts are identified, the Council will seek to address them.

HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
The Museum & Gallery will comply with national standards for the management of the facility.	Overall standard achieved against the National Services Standards Scheme.	>70% of criteria met for 2006/2009	Not achieved - The Museum is participating in Te Papa National standards review, ongoing.
Information from the Museum is able to be retrieved in a timely way.	Number of complaints about retrieval of information.	<30	Achieved - 23.
An environment is created for people to experience the collections in a way that is relevant for them.	% of users are satisfied about their experience at the Museum & Gallery.	>75%	Achieved - Satisfaction ratings are 94% positive (7% not applicable).
Level of appeal of the collections.	Number of Museum & Gallery admissions.	>14,500	Not achieved - 11,686 admissions which represents 64% of Whakatane wards.
	% of users think that the Museum & Gallery collections are relevant and high quality.	>75%	Achieved - 97% found collections relevant and of high quality.
The District Libraries provide a wide range of educational information, and recreational and cultural enrichment opportunities.	% of population holding membership.	>45%	Not achieved - 42%.
	Library visits per capita (including electronic visits to the Library's website).	3.5 in 2006/07 4 in 2007/08 5 in 2008/09	Achieved - 6%.
	Number of issues per capita.	>8	Achieved -14.
The quality and relevance of library stock.	Rate of purchase of library items (2004/05 is approximately 8.3%).	>9%	Achieved - 14%.
	Average age of the collection (2004/05 is 9.96 years).	<9 years	Achieved - Average collection age 7 yrs based on SQL report.

RECREATION AND COMMUNITY FACILITIES

CONTRIBUTION TO COMMUNITY OUTCOMES



Health & Housing



Infrastructure



Creative



Economy

WHAT WE DO

Within this group of activities, the Council provides:

- A range of programmes and supports regional initiatives which encourage active living;
- Halls, public conveniences, pensioner housing and “other” community use property that includes sports pavilions, the Youth Centre and the Rugby Park grandstand, harbour land, and commercial properties;
- Strategic and investment property that is managed by the Council to provide an acceptable financial return or community advantage;
- Harbour lease property including harbour land and commercial properties; and
- Port activities include leasing, harbour operational activities, asset management activities and maritime services activities.

ACTIVITIES IN GROUP

- Recreation
- Swimming pools
- Halls
- Public conveniences
- Pensioner housing
- Strategic and investment property
- Harbour lease properties
- Ports

WHY WE DO IT

• Recreation and swimming pools

The Council undertakes these activities because of public advocacy and demand. Recreation facilities contribute to the health and vitality of the District by enhancing individual health and well being, including personal development and quality of life, increasing social cohesion and people’s sense of belonging and promoting healthy communities. Recreation facilities also attract visitors and therefore provide economic benefits to the District, enhancing the District’s environment.

• Halls

The Council provides and administers urban and community based halls in consideration of public advocacy and demand. The halls are community facilities that provide public venues for recreational, cultural and social purposes. Council-owned halls are located in Whakatane, Edgecumbe, Murupara, Ohope, Manawahe, Galatea, Te Teko, Waimana, Otakiri, Awakeri and Taneatua.

• Public conveniences

Provision of public conveniences is a statutory responsibility. The Council provides public convenience facilities in strategic locations throughout the District.

- **Pensioner housing**

The Council contributes to the stock of rental accommodation for the District's pensioners in consideration of public advocacy and demand. The accommodation owned provides an affordable, safe and well maintained independent living environment for the elderly in Whakatane and Murupara.

- **Strategic and investment property**

The Council holds strategic and investment property to provide an acceptable financial return or community advantage to the Council.

- **Harbour lease properties**

Part of the Council's property portfolio is the harbour lease properties which are either sited on reclaimed land or land purchased using harbour generated funds.

- **Ports**

The Council undertakes this activity in consideration of public advocacy and demand as well as statutory responsibilities. Port facilities include wharves, jetties, launching ramps and navigational aids at Whakatane and a wharf, slipway and launching ramp at Ohiwa Harbour and a launching ramp and jetty at Thornton. These facilities provide commercial berthage and access to the sea for recreational fishing. The port income supports waterfront enhancement development and navigational channel maintenance at Whakatane.



Peace Park Playground

SIGNIFICANT PROJECTS

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
Concept plan and consultation on the Army Hall site	Ownership of this property remains uncertain. Design and consultation has been deferred to 2007/08.	\$50,000	\$ 0
Thornton boat ramp stage 2 development	Documents have been prepared for tender. The project has been carried over to 2007/08.	\$77,000	\$2,000
Development of town vision project and public consultation	Project underway and approximately 70% complete.	\$50,000	\$41,000
Develop a policy regarding assistance to clubs and organisations.	Project deferred to 2007/08 due to the increased scope of the policy requirements.		
Murupara pool upgrade	Project 50% complete and the remaining work deferred until pre-season.	\$54,000	\$15,000
Pacific Park development	Project deferred pending consultation with adjoining developer.	\$71,000	\$ 0
Main Wharf Eastern infill	Delayed due to resource consent process, application now lodged.	\$395,000	\$2,000
Whakatane Wharf Structures Renewal	Completed.	\$183,000	\$132,000
Develop wharf extension along Quay St	Investigations and preliminary concepts completed, project deferred pending eastern infill consent.	\$100,000	\$32,000
Western Training Wall. Progress concept.	Deferred pending Council review of options.	\$346,000	\$8,000

SUMMARY OF COST OF SERVICE

RECREATION AND COMMUNITY SERVICES	2007	2007	Variance from Annual Plan		
	Annual Plan		Actual	\$000	
	\$000	\$000			
EXPENDITURE					
Recreation	100	88	12	12%	☑
Swimming Pools	832	791	41	9%	◆
Halls	725	627	98	26%	☑
Public Conveniences	487	473	14	8%	◆
Pensioner Housing	323	371	(48)	21%	☑
Strategic and Investment Prop	264	252	12	16%	☑
Port	992	788	203	21%	☑
Harbour Leases	119	130	(11)	(10%)	◆
	3,841	3,520	320	16%	☑
REVENUE					
Recreation	598	614	16	3%	◆
Swimming Pools	121	122	1	1%	◆
Halls	71	124	53	75%	☑
Public Conveniences	2	0	(2)	(100%)	☹
Pensioner Housing	360	372	12	3%	◆
Strategic and Investment Prop	185	92	(93)	(50%)	☹
Port	142	142	0	0%	◆
Harbour Leases	1,119	1,396	277	25%	☑
Development Contributions	329	230	(99)	(30%)	☹
	2,927	3,092	165	6%	◆
Net Cost of Services	915	428	486	86%	☑
EXPENDITURE INCLUDES					
Direct Costs	1,987	1,932	55	3%	☑
Depreciation	1,088	818	270	25%	☑
Overheads	588	600	(12)	(2%)	
Interest Paid	179	170	9	5%	☹
	3,842	3,520	322	8%	◆
Capital Expenditure	2,202	1,379	823	37%	☹
Total Operational and Capital Cost	6,044	4,898	1,145	19%	☑

SUMMARY OF COST OF SERVICE CONT.

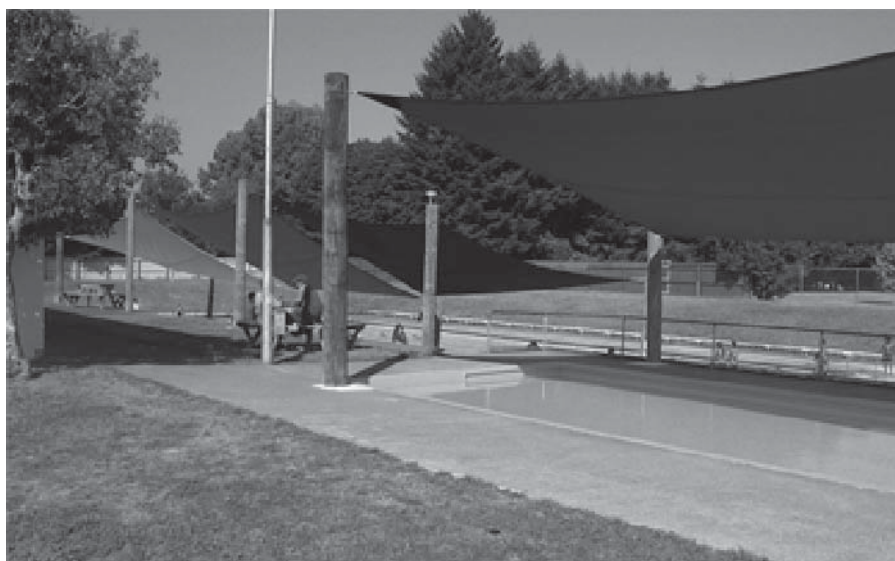
FUNDED BY

Targeted Rates	713	730	16	2%	◆
User, Fees & Charges	1,806	2,062	256	14%	☑
Subsidies & Grants	73	47	(26)	(35%)	☹
Sundry Income	6	23	18	321%	☑
Development Contributions	329	230	(99)	(30%)	☹
General rates	1,206	820	(386)	(32%)	☹
Reserves	1,720	795	(925)	(44%)	☹
Loans	191	191	0	0%	◆
Total Funding	6,044	4,898	1,146	(19%)	☹

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Murupara Pools

SIGNIFICANT VARIANCES EXPLAINED

Operational income and expenditure

Strategic and investment property:

Revenue was less than expected as the budget anticipated the receipt of a non-cash grant covering subsidised leases of Council-owned land and/or facilities (an internal budget transfer). This non-cash grant was not applied as it was removed from the budget.

Halls:

Revenue for halls was higher than expected as a grant was received from the Eastern Bay of Plenty Energy Trust for air conditioning in the Whakatane War Memorial Hall. The revenue received was offset against the capital cost of this project.

Other income sources:

Fees and charges resulted in higher income than expected (this includes income from harbour leases) and development contributions received were less than expected.

Depreciation:

Depreciation was overstated in the budget. This was partially offset in parks and recreation properties.

Capital expenditure

Main wharf eastern infill project:

This project commenced in the 2005/06 year with the completion of design work. This financial year prior to consent application a significant amount of consultation was undertaken with surrounding property owners and stakeholders. Unfortunately a resolution on the matters of concern was difficult to reach and therefore the application was delayed and the physical works have been deferred.

Western training wall:

The Council continues to review the way in which the Whakatane Harbour and bar can be improved. The feasibility of a Western Training wall and a Council decision in regard to the project has been deferred until 2007/08. A detailed scoping document of the river and harbour processes is being developed to assist the Council in its decision making.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

The provision of land for recreational use forfeits more productive uses for that land, thus adversely affecting the economic wellbeing of the community. During 2006/07 there were no known significant negative effects on the four wellbeings.

Council as the landlord of property may from time to time be notified of dangerous, hazardous or illegal activity on its property, which may impact on the social, cultural and environmental wellbeing of the community. If the Council becomes aware of any undesirable activity these are addressed urgently.

HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Provide quality recreation and community facilities that are compliant with all statutory and regulatory requirements in addition to all Council policies, procedures and standards.	Number of resource consent infringement or abatement notices received from the regional council.	0	Achieved
	Swimming pool water tests will be compliant with NZS 5826 1998	95% of the time	Achieved - 100% compliant.
Sufficient recreation facilities to meet community demand.	One playground per 1,000 people (on Council owned land and in accordance with Council policy for the provision of playgrounds in rural areas where there is no Council owned land).	100%	Achieved - 33 playgrounds are required, 35 are provided (32 playgrounds on Council land and 3 in rural areas in conjunction with others).
	Number of regional skate parks and regional playgrounds for children of all abilities	One regional playground and one regional skate park	Achieved Ocean Playground & Ocean Skate Park located in River Edge Park, Whakatane.
Affordable pensioner housing provided to people who meet the Whakatane District Council eligibility criteria.	Pensioner housing is kept to a standard of repair that is in keeping with the Whakatane District Council Property Standards.	90% of the time	Achieved - Based on data held in Property Asset Management System (95% of components in pensioner units are assessed condition 3 or higher).
	Number of units overdue for refurbishment based on seven year cycle or between tenancies	<15% at any one time	Not achieved - Unable to measure - process to be implemented to enable reporting. Process to be investigated as part of asset data collection and maintenance in 2007/08.
	Number of qualifying applications wait-listed.	<20 (12 month average)	Achieved - 12 month average over 2006/07 is 7.
	Occupancy rate.	95% at any one time	Achieved - 12 month average July 2006 - June 2007 is 98%. Average for each month during calendar year greater than 95%.
	Number of units provided per capita.	One unit per 50 people over 65 yrs	Not achieved - 84 units are required as per 2006 Census - 79 are provided. A review of service levels/demand will take place in conjunction with updated Asset Management Plans.
	% of tenants with payment arrears (of \$100 or more).	3.5 % or less	Not achieved - Data unavailable prior to October 2006. Average over the period October 2006 to June 2007 was 4%.

HOW WE MEASURE OUR ACHIEVEMENTS CONT.

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Adequate public conveniences will be provided where the community need them.	Number of public conveniences located in each major recreational area, each town centre and each main beach location.	At least one	Not achieved - Major recreational areas and main beach locations not yet formally defined. To be included in Asset Management Plans during 2007/08.
	Cold showers and fresh water drinking facilities will be provided in association with public conveniences on major recreational areas or beach reserves.	50% by 2008	Not achieved - Major recreational areas or beach reserves not yet formally defined. To be included in Asset Management Plans during 2007/08.
Property is well maintained.	Proportion of assets (by replacement cost value) in a moderate, good or very good condition.	80% (90% for indoor recreation and park facilities)	Achieved - Community Property & Ports 95%, Parks & Property - Recreation 97%.
	Works identified actioned.	Within seven days	Not achieved - Unable to measure - systems being established to enable reporting for 2007/2008 year.
	Health and safety works actioned.	Within 24 hours	Not Achieved - Unable to measure - systems being established to enable reporting for 2007/2008 year
The facilities provided to the community will provide safe access to rivers and coastal water within the general vicinity of the Whakatane CBD, Ohiwa Harbour and Thornton domain for boat launching and berthage/ mooring (Whakatane and Ohiwa only).	Boat ramp lanes provided in each community located within 5 km of the sea.	One lane per 3500 people	Achieved - Thornton / Matata 1.2 lanes required, 4 lanes are provided. Whakatane 4.2 lanes are required, 4 lanes are provided, Ohope 0.8 lanes are required, 2 lanes are provided.
	Number of commercial berths provided at existing wharves (based on 2005 fleet).	25 to June 2009	Achieved - 26 berths are provided.
All port operations will be managed in a safe and environmentally friendly manner.	Manage and operate the port amenities and equipment with a minimum number of environmentally related complaints.	< Five	Achieved - No complaints received.

PARKS, RESERVES AND CEMETERIES

CONTRIBUTION TO COMMUNITY OUTCOMES



Environment



Creative



Development

WHAT WE DO

Within this group of activities, the Council:

- Provides, maintains, manages and develops parks, reserves and public gardens, sports fields, walking tracks; historic reserves, scenic reserves, coastal reserves, special collection/feature gardens, streetscapes and street trees; and
- Administers cemeteries at Hillcrest (Whakatane), Galatea/ Murupara, Taneatua and Waimana.

ACTIVITIES IN GROUP

- Parks, reserves and gardens
- Sports fields
- Cemeteries

WHY WE DO IT

The Council undertakes these activities because of public advocacy and demand and legislative requirement.

- **Parks, reserves, gardens and sports fields**

Active and passive reserves contribute to the health and vitality of the District by enhancing individual health and well being, including personal development and quality of life, increasing social cohesion and people's sense of belonging and promoting healthy communities. Recreation facilities also attract visitors and therefore provide economic benefits to the District, enhancing the District's environment.

- **Cemeteries**

The provision of cemeteries by local authorities is provided for by the Burials and Cremations Act 1964.

SIGNIFICANT PROJECTS

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
Pohutukawa Ave – Streetscape	Works 70% complete, remainder to be completed in 2007/08.	\$216,000	\$159,000
Hillcrest Cemetery crematorium	Project delayed to 2007/08.	\$708,000 Plus \$35,000	\$27,000
West End car park development	Project completed.	\$42,000	\$41,000
Whakatane gardens – pathway network and landscaping	Design and tender completed, physical works to be completed early in 2007/08.	\$154,000	\$33,000
West End Rd and Coastal – acquire land for beach reserve	No purchases completed.	\$200,000	\$ 0



Wooden Walkway

SUMMARY OF COST OF SERVICE

PARKS, RESERVES AND CEMETERIES	2007	2007	Variance from Annual Plan		
	Annual Plan	Actual	\$000	%	
	\$000	\$000			
EXPENDITURE					
Parks Reserves and Gardens	1,929	2,194	(265)	(14%)	☹
Sportsfields	245	288	(43)	(17%)	☹
Cemeteries	242	186	56	23%	☑
Crematoria	32	0	32	100%	☑
	2,448	2,668	(220)	(9%)	◆
REVENUE					
Parks Reserves and Gardens	1,910	1,866	(44)	(2%)	◆
Sportsfields	225	285	60	26%	☑
Cemeteries	111	117	6	6%	◆
Crematoria	83	0	(83)	(100%)	☹
	2,329	2,268	(62)	3%	◆
Net Cost of Services	119	400	(281)	(237%)	☹
EXPENDITURE INCLUDES					
Direct Costs	1,582	1,003	579	37%	☑
Depreciation	505	692	(187)	(37%)	☹
Overheads	311	947	(636)	(204%)	☹
Interest Paid	50	26	24	48%	☑
	2,448	2,668	(220)	(9%)	◆
Capital Expenditure	1,369	394	975	71%	☑
Total Operational and Capital Cost	3,817	3,062	755	20%	☑
FUNDED BY					
Targeted Rates	1,699	1,745	46	3%	◆
User, Fees & Charges	279	212	(67)	(24%)	☹
Subsidies & Grants	11	5	(6)	(58%)	☹
Sundry Income	10	35	25	230%	☑
Development Contributions	330	271	(59)	(18%)	☹
General Rates	83	0	(83)	(100%)	☹
Reserves	705	599	(186)	(24%)	☹
Loan Funds	660	195	(465)	(70%)	☹
Capital Adjustment	40	0	40	(100%)	☹
Total Funding	3,817	3,062	755	(20%)	☹

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SIGNIFICANT VARIANCES EXPLAINED

Operational income and expenditure:

Overheads:

Sportfields and parks and reserves were over budget because overheads were higher than expected for these activities. Cemeteries have been under budget because the level of overheads was less than expected.

Other income:

Sundry income includes income from reviewed leases of reserve land, which was higher than expected. Development contributions were less than expected.

Depreciation:

The budget for depreciation was underestimated. This was partially offset by higher depreciation on recreation properties.

Capital expenditure

Hillcrest cemetery crematorium:

The Crematorium Facilities have been deferred until 2007/08 as a result of a delay in the resource consent process. Consent has now been granted and design work is underway. As the crematorium is yet to open, no revenue in the form of fees and charges have been received.

West End Road – acquire land for beach reserve:

Provision is made annually to acquire land for reserves in coastal locations as subdivision are undertaken and opportunities arise, no purchase were completed in 2006/07.

Whakatane gardens – pathway network and landscaping:

All design work and the tender processes were completed for this project. The physical works began with completion anticipated early in 2007/08.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

The provision of land for recreational use incurs the loss of that land for more productive uses, thus creating an adverse affect upon the economic wellbeing of the community. However this is balanced by the social and environmental benefits to the community of land set aside for recreational purposes. During 2006/07 there were no known significant negative effects on the four wellbeings.

HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Parks, reserves and cemeteries compliant with all statutory and regulatory requirements, in addition to all Council policies, procedures and standards.	Number of resource consent infringement notices received from the regional council.	0	Achieved - none received.
	Reserves managed in accordance with their designation under the Reserves Act 1977.	100% of the time	Achieved - No complaints received regarding the management of reserves in accordance with designation.
	Number of reserves that have a current Reserve Management Plan.	(25% by 2016)	Not applicable - Reserve management strategy being developed to ensure compliance by 2016. (At present approximately 18% of reserves are covered by Reserve Management Plans).
Sports fields are provided to meet the needs of users.	Feedback indicates a high level of satisfaction.	80% satisfied	Not achieved - User surveys not undertaken.
Sports fields should be kept to a high standard by regular mowing, herbicide applications, and specialised turf grass treatments.	Compliance with the New Zealand Turf Grass Institute assessment of turf grass fields recommendations.	80% compliance	Achieved - 98% compliance.
Adequate sports grounds and reserves provided	Active recreation space provided per 1000 persons.	1.5 hectares	Achieved - 1.6 hectares provided.
	Mowed open space provided per 1000 persons.	2.4 hectares	Achieved - 4.1 hectares provided.
Assets are well maintained throughout all parks facilities to provide a high standard of appearance and functionality.	Proportion of assets (by replacement cost value) in a moderate, good or very good condition.	90%	Achieved - Based on the condition rating from the Council's asset management system.
Cemetery facilities and sexton services available at Hillcrest cemetery, Galatea, Taneatua, Waimana and Awakaponga.	Burial plots available.	Sufficient sites to meet 120 burials at any one time	Achieved - In excess of 500 plots available.
	Interment services available (as per the Whakatane District Council Consolidated Bylaw).	Six days per week	Achieved

ENVIRONMENTAL PROTECTION

CONTRIBUTION TO COMMUNITY OUTCOMES



Environment



Community

WHAT WE DO

Within this group of activities, the Council:

- Administers Hazardous Substances and New Organisms (HASNO) legislation through responding to complaints and emergencies, and public education;
- Prepares and responds to rural fires, and trains the Rural Fire Crew. The Council also enforces rural fire legislation and promotes public awareness of fire danger, fire season opening and closing, and investigates causes of fires; and
- Responds to litter, rubbish, fire, long grass and abandoned vehicle complaints; removes obstructions from public places (e.g. overgrown trees on footpaths); licenses street stalls and considers applications for parades; prohibits urban fires during periods of high risk; removes illegally parked vehicles; educates the public to encourage compliance with legislation and bylaws.

ACTIVITIES IN GROUP

- Hazardous substances
- Rural fire control
- General inspections

WHY WE DO IT

• Hazardous substances

The Council is required under section 97 of the HASNO Act to enforce the provisions of the Act in public places and residential properties. The Council is involved in attendance, when notified, at incidents involving hazardous substances in an advisory capacity to the New Zealand Fire Service and the Police. As categories of dangerous goods are transferred to the Hazardous Substances and New Organisms Act 1996 regime, the Council's role in the licensing of premises will reduce.

• Rural fire control

The Council has a statutory obligation with respect to Rural Fire Control. The Council provides a rural fire fighting service in accordance with the Rural Fires Act 1977 and under the guidance of the Forest and Rural Fire Regulations 2005.

• General inspections

Bylaws have been developed generally in response to public demand to deal with issues of nuisance, public health and safety and offensive behaviour. The Council also has statutory obligations under the provisions of the Local Government Acts 1974 and 2002 and the Litter Act 1979.

SIGNIFICANT PROJECTS

PROJECT	PROGRESS	BUDGET 2006/07	ACTUAL 2006/07
Replace portable pump for Waimana Rural Fire Force	Completed.	\$10,000	\$9,000
Obtain subsidies for fire appliances from the National Rural Fire Authority and charitable trusts	National Rural Fire Authority Notified of intentions for 2009/10 and 2010/11.		
Maintain rural fire training and equipment	Fire Equipment and Training carried out fortnightly.	\$19,000	\$9,000
Broaden the skills of the fire fighting crew to commit to an Urban Search and Rescue function	USAR Training carried out fortnightly alternate to fire training.		



Rural Firefighter at Competition

SUMMARY OF COST OF SERVICE

ENVIRONMENTAL PROTECTION	2007	2007	Variance from Annual Plan		
	Annual Plan	Actual	\$000	%	
	\$000	\$000			
EXPENDITURE					
Hazardous Substances	26	21	5	18%	☑
Rural Fire Control	116	124	(8)	(7%)	◆
General Inspections	76	61	15	21%	☑
	<u>218</u>	<u>206</u>	<u>12</u>	<u>100%</u>	<u>☑</u>
REVENUE					
Hazardous Substances	1	0	(1)	(60%)	☹
Rural Fire Control	20	2	(18)	(91%)	☹
General Inspections	1	1	0	27%	☑
	<u>22</u>	<u>3</u>	<u>(19)</u>	<u>(100%)</u>	<u>☹</u>
Net Cost of Services	<u>196</u>	<u>203</u>	<u>(7)</u>	<u>(3%)</u>	<u>◆</u>
EXPENDITURE INCLUDES					
Direct Costs	156	144	12	8%	☑
Overheads	62	62	0	(1%)	☹
	<u>218</u>	<u>206</u>	<u>12</u>	<u>100%</u>	<u>◆</u>
Capital Expenditure	9	9	0	7%	◆
Total Operational and Capital Cost	<u>227</u>	<u>215</u>	<u>12</u>	<u>100%</u>	<u>☑</u>
FUNDED BY					
Penalties	1	0	(1)	(100%)	☹
Subsidies & Grants	21	3	(18)	(84%)	☹
General Rates	196	203	7	4%	◆
Reserves	9	9	0	3%	◆
Total Funding	<u>227</u>	<u>215</u>	<u>12</u>	<u>(6%)</u>	<u>◆</u>

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SIGNIFICANT VARIANCES EXPLAINED

Operational income and expenditure:

Fewer cost recoveries were achieved than expected for rural fire events. No income was received against the hazard substances activity as no events occurred.

Capital expenditure

There were no significant asset acquisitions or replacements, and no significant variations between the projections of capital expenditure in the Ten-year Council Community Plan and the actual expenditure during the year.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

There were no significant negative effects on the four wellbeings resulting from participation in the environmental protection activities. However the Council will be conscious of the impact of these activities and will seek to address any negative aspects should they arise.

HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
The public is aware of how to dispose of hazardous substances.	A public education programme is developed and implemented.	100%	Not achieved - The Council helps implement, rather than develop, the Hazmobile programme for the collection of domestic waste.
Public safety and comfort is protected from hazardous substances and rural fires	Emergency response is initiated for hazardous substances.	Within one hour	Achieved - Now advised by Northern Communications Centre of all Hazardous Substances Incidents within the District. The nearest Fire Service Brigade will respond at the same time.
	Rural fires are suppressed.	100% of fires	Achieved - All fires attended suppressed and declared out.
	A rural fire crew is assembled when Northern Communication Centre request assistance.	Within 15 minutes of request	Achieved - Rural Fire Crew is assembled within 15 minutes of a request 100% of the time, as per event reports from the Northern Communications Centre.
Readiness for a rural fire emergency.	Equipment is inspected and maintained during Restricted Fire Season.	Weekly	Not achieved - The Rural Fire Team now trains fortnightly to alternate with the Urban Search and Rescue Team training. Should fire danger increase to very high or extreme, weekly inspection would be initiated.
The Rural Fire team has all of the skills and knowledge to undertake an emergency response.	Rural fire personnel are certified to the required standard.	90% of personnel	Achieved - 90%.29 crew members and 3 new recruits are undergoing training.
Rural Fire responses are timely.	Initial contact is made with the Northern Communication Centre within five minutes of notification of a rural fire.	95% of the time	Achieved - All notifications sent by pager from Northern Communications Centre were responded to within 5 minutes by either the Principal Rural Fire Officer, the Deputy or the Duty Rural Fire Officer.
Council will respond to complaints about general inspection issues.	Number of complaints investigations initiated within 24 hours.	100% of the time	Achieved - Initial response within 24 hours. It is usually on the day of the complaint or at start of next working day.

COMMUNITY SAFETY

CONTRIBUTION TO COMMUNITY OUTCOMES



Community

WHAT WE DO

Within this group of activities, the Council:

- Maintains preparedness for civil defence emergencies, responds to events, assists with the recovery and educates the community;
- Provides a cost effective and professional dog control service through enforcement and education. This includes registration, street patrols, enforcement and educational activities, as well as responding to complaints;
- Provides a district-wide response to complaints about stock nuisance or danger, and ensures compliance of Council's Stock Control Bylaws and the Stock Impounding Act; and
- Targets crime prevention. Local programmes and initiatives have been developed within the framework of national strategies.

ACTIVITIES IN GROUP

- Civil defence
- Dog control
- Stock control
- Safer communities

WHY WE DO IT

- **Civil defence**

The Council has a statutory responsibility pursuant to the Civil Defence Emergency Management Act 2002 to plan and provide for civil defence emergency management within the District. The planning and preparation for emergencies, response and recovery in the event of an emergency is a Bay of Plenty regional collective responsibility.

- **Dog control**

The Council has statutory responsibilities under the Dog Control Act 1996.

- **Stock control**

The Council has statutory responsibilities under the Stock Impounding Act 1955.

- **Safer communities**

This activity is undertaken by the Council because of public demand and the need for community safety.

SIGNIFICANT PROJECTS

PROJECT	PROGRESS
Implement and give effect to the responsibilities under the Civil Defence Emergency Management Group Plan for the Bay of Plenty Region, and its ultimate implementation, maintenance and evaluation	Achieved – A report was produced prior to “Coordinating Executive Group” meetings on Local Civil Defence Activities. The report relates to Administration Meetings, Welfare Advisory Group Meetings, Rescue Team, and a copy was also sent to the Group Emergency Management Officer.
Revise Civil Defence standard operating procedures and community response plans	All plans updated as information is received from relevant community members for Response Plans. Standard Operating Procedures are being updated as required.
Implement the statutory requirements of the Dog Control Amendment Act 2003 and Dog Control Bylaws	All requirements needed to be implemented have been completed and are functioning well eg.microchipping.
Continue to offer dog education programmes to schools and community groups	Schools have not been canvassed this year.
Assist Neighbourhood Support to develop the number of support groups through the safer communities activity	The number of groups has increased. Training given to 15 Area Coordinators in the principles of Crime Prevention Through Environmental Design (CPTED).
Develop a programme to emphasise honesty, with extensive community involvement through the Safer Communities activity	The Honesty Trophy continues to be awarded and stage 2 of the Closed Circuit TV cameras is planned.



Police on patrol

SUMMARY OF COST OF SERVICE

COMMUNITY SAFETY	2007	2007	Variance from Annual Plan		
	Annual Plan	Actual	\$000	%	
	\$000	\$000	\$000	%	
EXPENDITURE					
Civil Defence	162	179	(17)	(10%)	☹
Dog Control	385	387	(2)	(1%)	◆
Stock Control	64	58	6	10%	☑
Community Development	151	145	6	(14%)	☹
	762	769	(7)	(1%)	◆
REVENUE					
Civil Defence	0	8	8	100%	☑
Dog Control	342	381	39	11%	☑
Stock Control	4	16	13	366%	☑
Community Development	63	52	(11)	(17%)	☹
	409	457	48	12%	☑
Net Cost of Services	353	312	41	12%	☑
EXPENDITURE INCLUDES					
Direct Costs	540	535	5	1%	◆
Overheads	221	234	(13)	(6%)	◆
Total Operational and Capital Cost	761	769	(8)	(9%)	◆
FUNDED BY					
User, Fees & Charges	345	390	45	13%	☑
Subsidies & Grants	61	56	(5)	(8%)	☑
Sundry Income	3	11	8	273%	☑
General Rates	352	312	(40)	(5%)	◆
					◆
Total Funding	761	769	(8)	9%	◆

The following icons have been used to support the variances in the cost of service statements:

- ◆ Within 10% or \$20,000 of the Annual Plan budget.
- ☑ Favourable variation of greater than 10% or \$20,000.
- ☹ Negative variation of greater than 10% or \$20,000.

An explanation of the terms used in the cost of service statements is provided on page 97.

SIGNIFICANT VARIANCES EXPLAINED

Operational income and expenditure:

Civil defence:

More staff time was spent on Civil Defence than expected.

Dog control:

There has been an increase in the number of dog registrations. This is reflected in an increase in revenue for dog control and an increase in fees and charges received.

Stock control:

Expenditure on stock control is less than expected as complaints received have been weighted towards stock trespassing on private property as opposed to stock on roads. Complaints regarding stock trespassing require less staff involvement. Revenue from stock control has been higher due to an increase in the number of animals impounded and an increase in the number of not claimed animals being auctioned.

Community development:

Less subsidies and grants were received for this activity than expected. Therefore expenditure on this activity was less than budgeted.

Capital expenditure

There were no significant asset acquisitions or replacements, and no significant variations between the projections of capital expenditure in the Ten-year Council Community Plan and the actual expenditure during the year.

SIGNIFICANT NEGATIVE EFFECTS ON THE FOUR WELLBEINGS

There were no significant negative effects on the four wellbeings as a result of participation in these activities. However, the Council will be conscious of the impact of these activities and will seek to address any negative aspects should they arise.

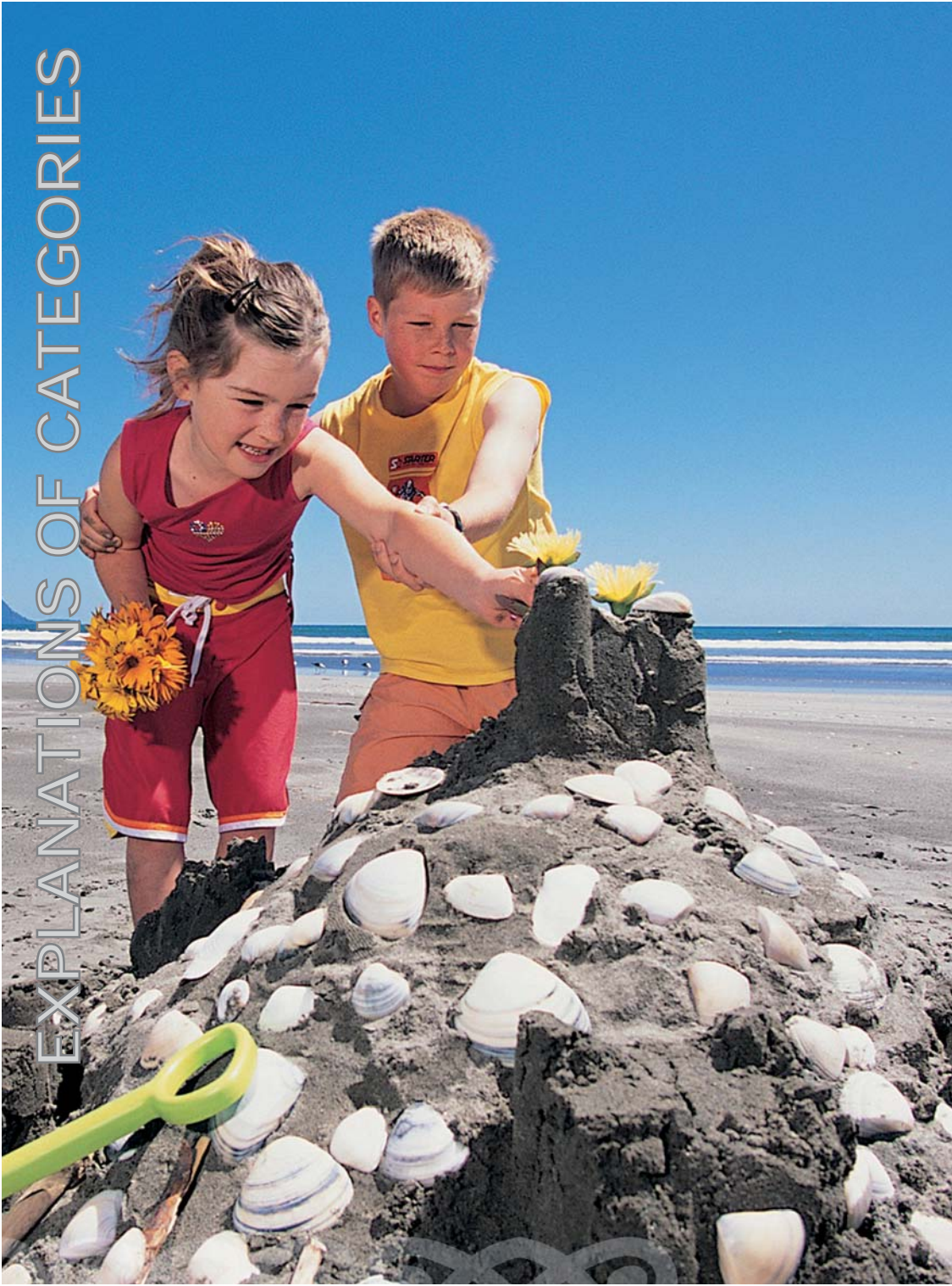
HOW WE MEASURE OUR ACHIEVEMENTS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Council will undertake its statutory responsibilities.	Council has an Emergency Management Plan which is up-to-date.	Plan updated	Achieved - Plan is reviewed six monthly with contact details being updated when notified.
Readiness for a Civil Defence emergency.	Civil Defence equipment is inspected and maintained.	Inspected and maintained	Achieved - Rescue Equipment inspected and maintained. Emergency Operations Centre equipment set up and tested during Exercise Cruickshank.
The emergency management team has all of the skills and knowledge to undertake an emergency response.	Training courses are attended.	One course attended	Achieved - Both team members continued studies towards National Certificates in Emergency Preparedness.
	A simulated or desktop exercise is held.	One event held	Achieved - The Emergency Operations Centre was assembled with Exercise Cruickshank.
Civil Defence emergency declarations are timely.	Declarations are made as soon as any emergency service is overburdened with the size and intensity of the disaster.	100% of the time	N/A - No Declarations made.
	An Emergency Operations Centre is assembled within 1 hour of the emergency.	100% of the time	Achieved - Tested Exercise Cruickshank.
Dog registrations will be processed in a timely and effective manner.	Registrations processed within 24 hour period.	100% of forms received	Not achieved - A system was not in place to collect this data. However, a process has been developed that will capture the information in the 07/08 financial year.
Public safety and comfort is protected	Response to aggressive dog complaints, attacks and menacing.	Within one hour	Not achieved - 93 complaints received in total. Although all were responded to within one hour, in 3 instances, the response was to request additional information from the complainant. A further 2 complaints were only advised to Council one or two days after the event.
	Respond to all complaints about wandering stock on public roads.	Within 30 minutes	Achieved - 230 complaints were received and all were responded to within the target timeframe.
Deliver projects funded by the Crime Prevention Unit in accordance with the approved project plan.	Reports to Crime Prevention Unit, including individual crime figures and expenditure.	6-monthly report completed within timeframes	Achieved - 6 monthly reports completed as required.
The Crossroads Programme which offer a chance for youth offenders to make a positive change in their lives.	Number of candidates on the programme.	>4	Not achieved - An average of 4 candidates were sponsored under the Crossroads Programme.
	% reduction in the total number of crimes committed by candidates while they are on the programme.	>80%	Achieved - 87% reduction was achieved.

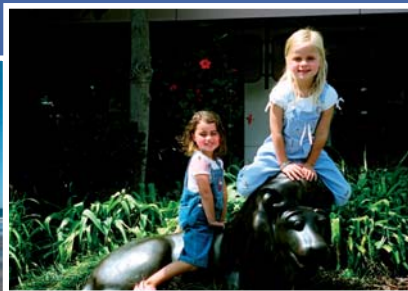
EXPLANATION OF CATEGORIES IN COST OF SERVICE STATEMENTS

Operating Expenses	The day to day cost of running this activity e.g. salaries and wages, materials and services, depreciation on assets and interest on borrowings.
Operating Revenue	Income directly related to the service e.g. user charges, targeted rates and subsidies.
Net Cost of Service	Operating expenses less operating revenue.
Expenditure	
Direct Costs	Charges from external sources providing services e.g. contractors, consultants, and for materials purchased for the activity.
Depreciation	The wearing-out, consumption, or loss of value of an asset over its useful life e.g. motor vehicles are depreciated over five years.
Overheads	Overheads are the component that the activity attracts from the support centres within the Council eg information management and financial services
Interest Paid	Interest on funds borrowed to build capital assets e.g. bridges. Generally funds are not borrowed to fund operating expenditure.
Total Operating Expenditure	Total costs of running this activity excluding capital expenditure.
Capital expenditure	Expenditure on assets.
Funded By	
Targeted Rates	Rates where the benefit or use of a service can be assigned to specific households or communities, such as water supplies and disaster mitigation.
User, Fees and Charges	Includes admission charges for Council facilities, parking fines and regulatory fees e.g. permits, dog registration.
Subsidies and Grants	Mainly Land Transport NZ assistance with roading works but includes assistance towards disaster mitigation works from other agencies.
Development 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.
Indirect Income	Miscellaneous income from other sources generally not of a significant nature e.g. local authority petrol tax.
Corporate Funding	This relates to reserves, loans and general rates.
Total Funding	The total avenues which fund the activity.

EXPLANATIONS OF CATEGORIES



FINANCIAL STATEMENTS



"A moment in Time" Photographic Competition April 07



FINANCIAL STATEMENTS

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

1. The Council and management of Whakatane District Council confirm that all the statutory information requirements of section 10 of the Local Government Act 2002 regarding financial management have been complied with.

RESPONSIBILITY

2. The Council and management of the Whakatane District Council accept responsibility of the annual Financial Statements and the judgments used in them.
3. The Council and management of the Whakatane District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
4. In the opinion of the Council and management of the Whakatane District Council, the annual Financial Statements for the year ended 30 June 2007 fairly reflect the financial position and operations of the Whakatane District Council.



C G H Holmes
MAYOR

31 October 2007



Diane Turner
CHIEF EXECUTIVE

31 October 2007

STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2007

		Actual 2007 \$000	Annual 2007 \$000	Actual 2006 \$000
REVENUE				
Rates Revenue	Note 4	23,400	22,797	22,471
Other Revenue	Note 5	17,410	13,246	20,807
Other Gains	Note 6	6,303	0	5,784
Total Income		47,113	36,043	49,062
EXPENDITURE				
Employee Benefit Expenses	Note 7	7,489	6,639	7,553
Depreciation and Amortisation	Note 7	9,547	8,096	8,309
Other Expenses	Note 7	21,839	19,393	25,090
Other Losses	Note 6	0	0	1,157
Finance Costs	Note 8	346	416	523
Total Operating Expenditure		39,221	34,544	42,632
Surplus before Tax		7,892	1,499	6,430
Income Tax Expense	Note 9	0	0	0
Surplus after Tax		7,892	1,499	6,430

Explanations of significant variances against budget are detailed in Note 3.

The Notes and the Statement of Accounting Policies on pages 105 to 159 form part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2007

		Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
Balance as at 1 July		448,468	422,942	441,241
Surplus for the year		7,892	1,499	6,430
Increase in Asset Revaluation Reserves	Note 23	88,531	0	797
Total recognised income		<u>96,423</u>	<u>1,499</u>	<u>7,227</u>
Balance as at 30 June		<u><u>544,891</u></u>	<u><u>424,441</u></u>	<u><u>448,468</u></u>

Explanations of significant variances against budget are detailed in Note 3.

The Notes and the Statement of Accounting Policies on pages 105 to 159 form part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2007

		Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
EQUITY				
Retained Earnings	Note 23	444,769	418,616	436,611
Restricted Equity	Note 23	10,812	5,825	11,078
Asset Revaluation Reserves	Note 23	89,310	0	779
Total Equity		544,891	424,441	448,468
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	Note 10	883	500	3,986
Inventories	Note 11	88	100	101
Trade and other Receivables	Note 12	6,732	4,000	6,719
Assets Held for sale	Note 18	18,000	0	0
Other Financial Assets	Note 13	0	100	2,110
Total Current Assets		25,703	4,700	12,916
NON-CURRENT ASSETS				
Plant, Property and Equipment				
Operational Assets	Note 14	51,989	50,000	50,940
Infrastructure Assets	Note 14	406,831	330,000	318,792
Intangible Assets	Note 15	129	10	6
Forestry Assets	Note 16	45	44	45
Investment Property	Note 17	33,213	19,000	44,910
Restricted Assets	Note 18	35,848	36,000	35,833
Work in Progress		6,934	340	1,374
Other Financial Assets	Note 13	37	801	34
Total Non-Current Assets		535,026	436,195	451,934
Total Assets		560,729	440,895	464,850
LIABILITIES				
CURRENT LIABILITIES				
Trade and Other Payables	Note 19	7,902	4,825	8,539
Provisions	Note 20	1,460	30	30
Employee Benefit Liabilities	Note 21	181	0	357
Goods and Services Tax		72	200	196
Borrowings	Note 22	3,505	847	3,603
Total Current Liabilities		13,120	5,902	12,725
NON-CURRENT LIABILITIES				
Provisions	Note 20	2,303	3,236	2,928
Employee Benefit Liabilities	Note 21	388	0	697
Borrowings	Note 22	27	7,316	32
Total Non-Current Liabilities		2,718	10,552	3,657
Total Liabilities		15,838	16,454	16,382
Net Assets		544,891	424,441	448,468

Explanations of significant variances against budget are detailed in Note 3. The Notes and the Statement of Accounting Policies on pages 105 to 159 form part of the Financial Statements.

STATEMENT OF CASHFLOWS FOR YEAR ENDED 30 JUNE 2007

	Actual 2007 \$000	Annual Plan Budget 2007 \$000	Actual 2006 \$000
CASH FLOWS FROM OPERATIONS			
Receipts from Rates	20,928	20,159	19,848
Receipts from Water by Meter	1,975	2,436	4,664
Receipts from Rooding Subsidies	7,372	6,843	9,265
Receipts from Other Revenue	7,701	5,474	3,217
Receipts from Lease Revenue	2,225	1,719	1,472
Interest Received	175	210	529
Regional Council Rates (Agency)	3,202	3,694	3,669
Total Operating Cash Provided	43,578	40,535	42,664
Payments to Employees	7,489	6,633	7,094
Payments to Suppliers	21,263	17,440	28,148
Interest paid	221	416	351
Goods And Services Tax (net)	46	0	0
Regional Council Rates (Agency)	3,879	3,694	3,669
Total Operating Cash Applied	32,898	28,183	39,262
Net Cash Flows from Operating Activities	10,680	12,352	3,402
	Note 25		
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of property, plant and equipment	245	0	0
Investments Uplifted	2110	0	2,852
Total Investing Cash Provided	2355	0	2,852
Purchase of property, plant and equipment	15,909	16,140	6,168
Purchase of intangible assets	125	0	0
Purchase Of Investments	0	801	0
Total Investing Cash Applied	16,034	16,941	6,168
Net Cash Flows from Investing Activities	(13,679)	(16,941)	(3,316)
CASH FLOWS FROM FINANCING ACTIVITIES			
Sinking Funds Uplifted	921	0	684
Term Loans Raised	3,500	8,544	0
Total Financing Cash Provided	4,421	8,544	684
Term Loan Repayments	3,604	3,955	2,656
Total Financing Cash Applied	3,604	3,955	2,656
Net Cash Flows from Financing Activities	817	4,589	(1,972)

**STATEMENT OF CASHFLOWS FOR YEAR ENDED 30 JUNE 2007
CONT**

	Actual 2007 \$000	Annual Plan Budget 2007 \$000	Actual 2006 \$000
Net Increase / (Decrease) In Cash Held	(2,182)	0	(1,886)
Add Opening Cash Brought Forward	3,065	500	4,951
CLOSING CASH AND CASH EQUIVALENTS	883	500	3,065
Made up of: Cash Held (Note 10)	883	500	3,065
CLOSING CASH AND CASH EQUIVALENTS	883	500	3,065

Explanations of significant variances against budget are detailed in Note 3.

The Notes and the Statement of Accounting Policies on pages 105 to 159 form part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS



"A moment in Time" Photographic Competition April 07



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report consists of the financial statements of Whakatane District Council (the Council) and include the Whakatane Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport.

Entities reporting

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Council are for the year ended 30 June 2007.

The financial statements were authorised for issue by Council on 31 October 2007.

Basis of preparation

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Application of NZ IFRS 1 First time Adoption of New Zealand Equivalents to International Financial Reporting Standards.

These financial statements are the first financial statements to be prepared in accordance with NZ IFRS. NZ IFRS 1 First time Adoption of New Zealand Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of the Council until 30 June 2006 were prepared in accordance with previous New Zealand Financial Reporting Standards (NZ FRS). NZ FRS differs in certain respects from NZ IFRS. When preparing the Council 2007 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the NZ FRS financial statements to comply with NZ IFRS. With certain exceptions, the comparative figures in respect of 2006 were restated to reflect these adjustments. The Council has taken advantage of certain of the exemptions available under NZ IFRS 1 – refer to note 2 for a description of the exemptions taken.

Reconciliations and descriptions of the effect of transition from previous NZ FRS to NZ IFRS on the Council's equity and its net income are given in note 2.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2005 for the purposes of transition to NZ IFRS.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Council is New Zealand dollars.

Statutory base

The Council is a local authority registered under the Local Government Act 2002. This Act requires compliance with New Zealand generally accepted accounting practice. The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment, investment property and biological assets subject to agricultural activity.

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Council's accounting policies. Any items of material judgement are included in the relevant notes to the accounts.

Principles of consolidation

Jointly controlled operations

The proportionate interests in the assets, liabilities and expenses of a jointly controlled operation have been incorporated in the financial statements under the appropriate headings.

Jointly controlled assets

The proportionate interests in the assets, liabilities, income and expenses of the jointly controlled assets have been incorporated into the financial statements under the appropriate headings, together with any liabilities incurred by the Council.

Jointly controlled entities

The interest in a jointly controlled entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the jointly controlled entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the Statement of Financial Position.

Profits or losses on transactions establishing the jointly controlled entity and transactions with the joint venture are eliminated to the extent of the Council's ownership interest until such time as they are realised by the jointly controlled entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of rebates and discounts.

Rates

Rates are recognised when levied. Penalties and discounts relating to rates are included where applicable.

Licences and permits

Revenue derived from licences and permits are recognised on application.

Development and financial contributions

Development contributions that impose specific and narrowly defined obligations on the Council are recognised as liabilities and released to revenue when the liability is extinguished. Other contributions are recognised when received and no longer refundable.

Sales of goods – retail

Sales of goods are recognised when the Council sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in distribution costs. It is the Council's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Commission sales

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission on the transaction. The Council collects rating revenue on behalf of Environment Bay of Plenty (Bay of Plenty Regional Council) on an ongoing basis. This income is not included in the Statement of Financial Performance as it does not belong to the Council. It is however, included as a receipt and payment in the Statement of Cash Flows.

Water

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Rental revenue

Rental revenue is recognised in the period that it relates to.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Council reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Donated, subsidised or vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue.

Grants and subsidies

Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Other grants and subsidies are recognised when receivable.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to

measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated inclusive of GST.

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

The net GST paid to, or received from, the Inland Revenue Department, 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.

Leases

(i) The Council is the lessee

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight line basis over the period of the lease.

(ii) The Council is the lessor

When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

Impairment of assets

Items of property, plant and equipment and intangible assets with finite useful lives are reviewed at each balance sheet date to determine whether there is any indication that the asset might be impaired. Where such an indication exists, the asset is tested for impairment by comparing its carrying value to its recoverable amount. Intangible assets with indefinite useful lives, intangible assets not yet available for use and goodwill are tested for impairment annually. 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 the asset's fair value less costs to sell and its value in use. Where the future economic benefits of the asset are not primarily dependent on its ability to generate net cash inflows, and where the Council would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Inventories

Inventory held for distribution

Inventories held for distribution are measured at the lower of cost and current replacement cost. These assets are held for distribution at no charge in the ordinary course of the Council's operations.

Non current assets held for sale

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

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset is recognised at the date of de-recognition.

Non current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets classified as held for sale continue to be recognised.

Non current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

Investments and other financial assets

(i) Financial assets at fair value through profit or loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) 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 arise when the Council provides goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on tradedate the date on which the Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. 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. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the Statement of Financial Performance in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Financial Performance as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, 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 profit and loss is removed from equity and recognised in the Statement of Financial Performance. Impairment losses recognised in the Statement of Financial Performance on equity instruments are not reversed through the Statement of Financial Performance.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Council designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges). The Council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed. Movements in the hedging reserve in shareholders' equity are shown.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Financial Performance, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Statement of Financial Performance.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Council is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

Property, plant and equipment

Property, plant and equipment consists of:

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

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

Operational assets, which include land, buildings, plant, library books, artefacts, equipment and motor vehicles.

Items of property, plant and equipment are initially recognised at cost, which includes purchase price plus directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue.

All property, plant and equipment is shown at cost or valuation less depreciation and impairment costs. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Increases in the carrying amounts arising on revalued assets are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are

Notes to the Financial Statements

charged to the Statement of Financial Performance. Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Depreciation commences when the asset is available for use.

The expected lives, in years, of major classes of fixed assets are as follows:

INFRASTRUCTURE ASSETS:	YEARS:
Water:	
Treatment plant – structure	70-90
Treatment plant – contents	15-50
Pump stations – structure	80-100
Pump stations – contents	10-50
Reservoirs – concrete and wooden	70-90
Water lines and service lines	50-80
Valves and hydrants	30-65
Water meters	15-25
Sewer:	
Sewer lines and service lines	60-80
Manholes	70-80
Pump station – structure	60-70
Pump station – contents	12-25
Ponds – structure	60
Ponds – plant and equipment	15-25
Stormwater:	
Stormwater lines	80
Manholes	70-80
Open drains and channels	50-90
Pump stations – structure	80-100
Pump station – contents	12-40
Retention dams	80-90
Floodgates	50
Refuse:	
Whakatane landfill	8.5
Murupara landfill	2

INFRASTRUCTURE ASSETS:	YEARS:
Roading	
Land – road reserve	N/A
Road formation	N/A
Pavement Basecourse	22-90
Sealed Pavement surface	2-20
Unsealed roads	2-7
Traffic control device	50
Road signs and markers	7-15
Kerbs and channels and cesspits	40-60
Surface water Channel	15-50
Street Railings	10-20
Traffic Islands	50
Street lighting	10-50
Footpaths	20-50
Bridges – concrete	100
Bridges – wooden	30
Car-parks	50
Wharves	
Wharves (concrete)	50

OPERATIONAL ASSETS:	YEARS:
Museum assets	N/A
Land	N/A
Buildings	40-100
Vehicles	5
Plant and machinery – heavy	8-12.5
Plant and machinery – light	2-5
Furniture and fittings	10
Office equipment	4-5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Council policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Revaluation

Those assets that are revalued are valued on a three yearly valuation cycle. All other classes of assets are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Revaluation infrastructural assets

Each class of asset is valued at fair value determined on a depreciated replacement cost basis by an independent valuer.

Revaluation land under roads

The road reserve land for formed roads only has been valued. 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.

Revaluation operational assets

Library books. Library collections are valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ. Library valuations are performed by the Head Librarian and not subject to independent review because there are readily available market prices to determine fair value.

Artefacts. Museum Collection is valued at fair value by an external valuer qualified to value artefacts. The valuation is carried out every 3 years.

Investment property

Investment property is held for long term rental yields and capital appreciation and is not occupied by the Council or held to meet service delivery objectives. Properties leased to third parties under operating leases will generally be classified as investment property unless:

- the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation
- the occupants provide services that are integral to the operation of the owner's business and/or these services could not be provided efficiently and effectively by the lessee in another location
- the property is being held for future delivery of services
- the occupier uses services of the owner and those services are integral to the reasons for their occupancy of the property.

Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in the Statement of Financial Performance as part of other income.

Intangible assets

(i) Computer software

Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 10 years.

Cost associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives not exceeding 10 years.

(ii) Easements

Easements are recognised at cost, being purchase price and any directly attributable costs in bringing the asset to its intended use. Easements have an indefinite useful life and consequently are not amortised, but are instead tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Biological assets

(i) Forests

Forest assets are predominantly standing trees which are managed on a sustainable yield basis. These are shown in the Statement of Financial Position at fair value less estimated point of sale costs at harvest. The costs to establish and maintain the forest assets are included in the Statement of Financial Performance together with the change in fair value for each accounting period. The valuation of forests is based on discounted cash flow models where the fair value is calculated using cash flows from continued operations; that is, based on sustainable forest management plans taking into account growth potential. The yearly harvest from forecast tree growth is multiplied by expected wood prices and the costs associated with forest management, harvesting and distribution are then deducted to derive annual cash flows. The fair value of the forest assets is measured as the present value of cash flows from one growth cycle based on the productive forest land, taking into consideration environmental, operational and market restrictions. Forest assets are valued separately from the underlying freehold land. Changes in fair value are taken to the Statement of Financial Performance.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Financial Performance over the period of the borrowings 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.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specific criteria and are recognised as expenditure when an application that meets the specific 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 a successful applicant has been notified of the Council's decision.

Provisions

Provisions are recognised when: the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax 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.

(i) Landfill post-closure costs

The Council, as operator of the Whakatane and Murupara landfills, has a legal obligation under the resource consent, to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for postclosure costs arises. The provision is based on all the costs involved to remediate and monitor the landfill post-closure. A provision has been made for those old landfill sites now closed in Te Teko, Matata, Taneatua, Awatapu and Murupara. Provision is made for the present value of closure and postclosure costs. The calculations assume no change in the legislative requirements or technological changes for the closure and post-closure treatment. The discount rate used reflects current market assessments of the time value of money. Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits. Components of the capitalised landfill asset are depreciated over their useful lives, generally being the life of the landfill or a particular cell.

Changes in Existing Decommissioning, Restoration and Similar Liabilities, changes in the measurement of an existing decommissioning, restoration or similar liability (such as a landfill aftercare liability) that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, are required to be accounted for as follows:

Changes in the liability alter the revaluation surplus or deficit previously recognised on that asset. Thus, a decrease in the liability should be credited directly to the revaluation surplus in equity (except that it should be recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss), and an increase in the liability should be recognised in profit or loss (except that it should be debited directly to the revaluation surplus in equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset). In the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess must be recognised immediately in profit or loss. A change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance date. If a revaluation is necessary, all assets of that class must be revalued.

Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave and gratuities

The liability for long service leave and gratuities is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

Current and former employees of the Council are entitled to benefits on retirement, disability or death from the Council's multi-employer benefit scheme. The Council has insufficient information and cannot follow defined benefit accounting, so the scheme is accounted for as a defined contribution plan. Contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset if a cash refund or a reduction in the future payments is available.

Public equity

Public equity is the community's interest in the Council as measured by the value of total assets, less total liabilities. Public equity is segregated and classified into a number of reserves to enable clearer identification of the specified uses the Council makes of its accumulated surpluses. Reserves are a component of equity generally representing a particular use for which various parts of equity have been assigned.

- Restricted reserves are those reserves 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. Restricted reserves may be legally restricted. Transfer from these reserves may be made only for certain specified purposes or if certain specified conditions are met.
- Council-created reserves are part of the accumulated balance and are established at the will of the Council. The Council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of the Council.
- Asset revaluation reserves are where land, buildings have been revalued, with the increase in asset value being credited to an asset revaluation reserve.

Internal transactions

Each significant activity is stated after the recording of internal costs and revenues. In order to present a true and fair view in the cost of services statements of Council, the support service costs have been fully allocated to the activities. This method has no effect on the operating result for the year. All significant internal transactions have been eliminated in the financial statements.

Budget figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by WDC for the preparation of the financial statements.



Whakatane River

Note 2 – Explanation of transition to NZ International Financial Reporting Standards (IFRS)

The net impact of the change has been to increase the net worth of the Council by just over \$18,000,000. The main reason for this is due to recognising investment properties at fair value instead of at original cost. The property on Bunyan Road contributed the majority of this increase.

The details of the adjustments for IFRS follow:-

Restated Statement of Financial Position follow

i Investment properties

The Council records investment property at fair value. Under previous NZ GAAP, some of these properties were properties for sale and valued at cost.

The impact of this to the council is as follows:

At 1 July 2005:

There is a \$19,679,193 increase to the fair value of investment property.

At 30 June 2006:

There has been a \$499,000 reduction in the fair value of investment property since they were revalued as at 1 July 2005.

ii Land intended for sale

Land currently held for indeterminable use is classified as Investment Property. Land intended for sale has been reclassified as Investment Property.

iii Cash and cash equivalents

There has been a change in the definition of cash and cash equivalents from previous NZ GAAP. Cash and cash equivalents now includes short term investments that have maturities of three months or less from date of acquisition. As a result these short term investments has been reclassified to cash.

iv Provision for doubtful debts

Only specific provisions are allowed under NZ IFRS. The Council has re-estimated provision for doubtful debts on a specific provision basis and has increased the provision to reflect a more conservative approach to the doubtful debt provision.

The impact of this to the council is as follows:

At 1 July 2005:

There is an increase in the provision for doubtful debts by \$846,570.

v Parking revenue to cash

Parking changed to a cash basis by reducing \$281,036 from debtors and retained earnings. This is a correction rather than a IFRS adjustment.

Due to the uncertainty of collecting parking fines once in the court system, we have reverted to recognising them on a cash basis and restated the value as at 1 July 2005:

vi Employee benefits

NZ IFRS requires sick leave to be recorded as a liability.

At 1 July 2005:

There is an increase in employee obligations of \$12,000.

At 30 June 2006:

There has been no change in the value of the obligation from 1 July 2005.

vii Income in advance

Rentals in advance of \$500,000 have been adjusted prior to 2005 to correct income to be in line with the accounting policy on income. This is a correction rather than a IFRS adjustment.

viii Revaluation reserves

As the Council has taken up the option of deemed cost as at the 30 June 2005, the asset revaluation reserves formerly recognised in the financial accounts have been reversed against general equity.

ix Reclassification of software to intangible assets

Software is now an intangible asset, formerly part of fixed assets.

x Reclassification of Expenditure and Revenue Items

The NZIFRS discloses more detail, these has required recategorisation of the income and expenditure items in the Statement of Performance. Note that current disclosure now includes water by meter as part of the rate income.

xi Cash flow statement

The cash flow statement has been changed for IFRS to bring the cash and cash equivalents in line with the new definitions. This reduced the closing cash by \$2,110,000 offset by an increase in investments uplifted of \$2,871,000 and cash in opening cash of \$4,981,000.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2006 ADJUSTMENTS TO THE PUBLISHED ACCOUNTS FOR NZ IFRS

	Refer Notes	Previous NZ GAAP 30-Jun-06 \$000	Effect on transition to NZ IFRS 2005 Adjustments \$000	Effect on transition to NZ IFRS 2006 Adjustments \$000	NZ IFRS 30 June 2006 \$000
PUBLIC EQUITY					
Retained Earnings		330,449	106,668	(506)	436,611
Restricted Equity	viii	100,485	(88,628)	(779)	11,078
Asset Revaluation Reserve		0	0	779	779
TOTAL PUBLIC EQUITY		430,934	18,040	(506)	448,468
Represented by:					
CURRENT ASSETS					
Cash and Cash Equivalents	iii	2,428	5,956	(4,398)	3,986
Other Financial Assets	iii	3,674	(5,955)	4,391	2,110
Inventory		101	0	0	101
Trade and Other Receivables	iv,v	7,807	(1,088)	0	6,719
Prepayments		41	(41)	0	0
Total Current Assets		14,051	(1,128)	(7)	12,916
NON-CURRENT ASSETS					
Other Financial Assets	iii	65	(31)	0	34
Plant, Property and Equipment		0	0	0	0
Operational Assets	ix	50,915	(34)	59	50,940
Infrastructural Assets		319,674		(882)	318,792
Intangible Assets	ix	0	65	(59)	6
Restricted Assets		35,833	0	0	35,833
Investment Properties	i	25,397	20,012	(499)	44,910
Work in Progress		491	1	882	1,374

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2006 CONT.

	Refer Notes	Previous NZ GAAP 30-Jun-06 \$000	Effect on transition to NZ IFRS 2005 Adjustments \$000	Effect on transition to NZ IFRS 2006 Adjustments \$000	NZ IFRS 30 June 2006 \$000
Forestry Assets		45	0	0	45
Land intended for sale	ii	333	(333)	0	0
Total Non-Current Assets		432,753	19,680	(499)	451,934
TOTAL ASSETS		446,804	18,552	(506)	464,850
CURRENT LIABILITIES					
Trade and Other Payables	vi	7,648	891	0	8,539
Employee Benefit Liabilities	vi	0	357	0	357
Goods and Services Tax		196	0	0	196
Income Received in Advance	vii	1,008	(1,008)	0	0
Deposits		425	(425)	0	0
Provisions		30	0	0	30
Borrowings		3,603	0	0	3,603
Total Current Liabilities		12,910	(185)	0	12,725
NON CURRENT LIABILITIES					
Provision Landfill		1,928	(1,928)	0	0
Provision Forestry		1,000	(1,000)	0	0
Employee Benefits Provision		0	697	0	697
Provisions		0	2,928	0	2,928
Borrowings		32	0	0	32
Total Non-Current Liabilities		2,961	697	0	3,657
TOTAL LIABILITIES		15,870	512	0	16,382
NET ASSETS		430,934	18,040	(506)	448,468

The Notes and the Statement of Accounting Policies form part of the Financial Statements.

**RECONCILIATION OF 2006 STATEMENT OF FINANCIAL PERFORMANCE
ADJUSTMENTS TO THE PUBLISHED ACCOUNTS FOR NZ IFRS**

	Refer Notes	Previous NZ GAAP 30 June 2006 Actual \$000	Effect of transition of NZ IFRS 30 June 2006 \$000	Restated NZ IFRS 30 June 2006 Actual \$000
REVENUE				
Rates Revenue	x	19,879	2,592	22,471
Interest Received	x	529	(529)	0
Other Income	x	643	20,164	20,807
Petroleum Tax	x	239	(239)	0
Income from Activities	x	20,029	(20,029)	0
Investment Properties Revaluation	i	6,283	(499)	5,784
Developers Contributions	x	2,076	(2,076)	0
Vested Assets	x	185	(185)	0
Total Income		49,863	(801)	49,062
EXPENDITURE				
Employee Benefit Expenses	x	0	7,553	7,553
Depreciation and Amortisation	x	0	8,309	8,309
Other Expenses		0	25,090	25,090
Finance Costs		0	523	523
Expenditure from Activities		41,777	(41,777)	0
Museum Collection Revaluation	x	1,157	0	1,157
Total Operating Expenditure		42,934	(302)	42,632
Surplus / (Deficit) Before Taxation	i	6,929	(499)	6,430
less Tax Expenses		0	0	0
Net Surplus /(Deficit) After Taxation		6,929	(499)	6,430

**RECONCILIATION OF 2006 STATEMENT OF CASHFLOWS
ADJUSTMENTS TO THE PUBLISHED ACCOUNTS FOR NZ IFRS**

	Refer Notes	Previous NZ GAAP 30 June 2006 Actual \$000	Effect of transition of NZ IFRS 30 June 2006 \$000	Restated NZ IFRS 30 June 2006 Actual \$000
Cash flows from Operations		3,402	0	3,402
Cash flows from Investing	xi	(6,187)	2,871	(3,316)
Cash flows from Financing		(1,972)	0	(1,972)
Net Increase / (Decrease) in Cash Held	xi	(4,757)	2,871	(1,886)
Opening Cash Brought Forward	xi	9,932	(4,981)	4,951
Closing Cash Balance		5,175	2,110	3,065

Note 3 – Summary cost of services

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
INCOME			
Community Leadership & Governance	1,753	1,068	874
Transport Networks and Systems	13,329	11,899	16,004
Water Related Services	6,574	6,153	4,837
Solid Waste Management	2,902	2,559	1,632
Promotion And Economic Development	534	434	894
Environmental Planning	889	698	435
Environmental Controls	927	762	781
Libraries and Museum	905	983	75
Recreation and Community Facilities	3,092	2,927	2,350
Parks, Reserves and Cemeteries	2,268	2,329	1,332
Environmental Protection	3	22	13
Community Safety	457	409	1,858
Total Activity Income	33,633	30,243	31,085
General Rates	5,920	5,794	10,463
Other Income not attributed to Cost of Services	7,560	6	7,514
Total Income	47,113	36,043	49,062
EXPENDITURE			
Community Leadership & Governance	3,176	3,215	3,130
Transport Networks and Systems	12,351	9,502	17,313
Water Related Services	7,669	6,697	6,849
Solid Waste Management	3,728	2,971	2,834
Promotion And Economic Development	962	853	1,107
Environmental Planning	1,918	1,840	1,547
Environmental Controls	1,710	1,404	1,245
Libraries and Museum	1,234	1,354	1,206
Recreation and Community Facilities	3,520	3,841	3,079
Parks, Reserves and Cemeteries	2,668	2,448	2,358
Environmental Protection	206	218	195
Community Safety	769	762	1,251
Other Losses	0	0	1,157
Total Activity Expenditure	39,911	35,105	43,271
Less Internal Borrowing	(851)	(801)	(528)
Other Expenditure not attributed to Cost of Services	74	40	54
Bad Debts Written off	87	200	(165)
Total Expenditure	39,221	34,544	42,632

NOTE 3 – SUMMARY COST OF SERVICES CONT.

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
SUMMARY OF NET COST OF SERVICE			
Community Leadership & Governance	1423	2,147	2256
Transport Networks and Systems	(978)	(2,397)	1,309
Water Related Services	1095	544	2012
Solid Waste Management	826	412	1202
Promotion And Economic Development	428	419	213
Environmental Planning	1029	1,142	1112
Environmental Controls	783	642	464
Libraries and Museum	329	371	1131
Recreation and Community Facilities	428	915	729
Parks, Reserves and Cemeteries	400	119	1026
Environmental Protection	203	196	182
Community Safety	312	353	(607)
Corporate Income and Expenditure	(14,170)	(6,362)	(17,459)
Net Cost of Service (Surplus)	(7,892)	(1,499)	(6,430)

Variance explanations

Statement of Financial Performance

The Surplus has increased by \$6.4 m on the Annual Plan budget, the main reason for this is a non-cash adjustment to recognise the increase in the fair value of Council's investment properties. There was also a \$1.45 million increase in depreciation due to the revaluation of assets. Further details of changes from the operational budget are included in the Mayor and Chief Executive's Message. The cost of service statements also explain changes on an activity by activity basis.

Statement of Changes in Equity

The improvement in the surplus and the impact of revaluing assets has increased Council's equity.

Statement of Financial Position

Current Assets are higher than budget as a property for sale valued at \$18 million has now been included as an asset for sale, rather than part of non-current assets.

Non-current assets have increased by \$98.8 million on budget, the main reason is due to revaluing the majority of the infrastructural assets to bring in current values. The last time these assets were revalued was three years ago. The increase as a result of the revaluation represents approximately a 28% increase in total assets.

Current liabilities are higher as a result of the current portion of loans being higher than budgeted, whereas the non-current liabilities are lower than budgeted. Overall loans are \$4.6 million less than budgeted as council has optimised the use of funds.

Statement of Cashflows

The key change on the cash flow statement was due to less loans raised during the year due to optimising the use of funds on hand.

NOTE 4 – RATES REVENUE

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
GENERAL RATES	5,817	5,794	10,463
Targeted Rates attributable to activities			
Democracy	382	381	0
Roading	5,604	5,673	4,937
Water/Waste waters	5,706	5,313	4,492
Refuse	2,159	2,165	1,164
Commercial Promotion	147	148	134
Parks	1,745	1,699	634
Library/Museum	728	711	0
Recreation	730	713	376
Penalties Charged	382	200	271
	23,400	22,797	22,471

Rate Revenue above is net of the following remissions:

Remissions for the year	104	0	104
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NOTE 5 – OTHER REVENUE

	Actual	Annual Plan	Actual
	2007	2007	2006
	\$000	\$000	\$000
User Charges	1,431	910	979
Regulatory Income	2,010	1,357	1,144
Infringement & Fines	422	345	522
Land Transport NZ Subsidies	6,424	6,255	3,483
Rental Income	2,183	1,719	2,109
Petrol Tax	255	250	239
Vested Assets	773	0	185
Interest	247	210	529
Dividends	196	0	0
Development Contributions	949	1,540	2,076
Other Services	1,130	830	1,224
Government Grants	1,390	631	8,317
Internal Income adjustment	0	(801)	0
	17,410	13,246	20,807

THE GOVERNMENT GRANTS ABOVE

Subsidies Flood Damage	1,196	0	5,167
Civil Defence	5	0	2,408
Ministry of Defence	3	0	0
ACC	4	0	0
Department of Justice	46	0	0
Department of Conservation	6	0	0
Ministry of Transport	6	0	0
Ministry of Health	124	0	106
Ministry of Commerce Grant	0	0	226
Trade & Enterprise Grant	0	0	410
	1,390	631	8,317

These grants are recognised when the work has been completed.

There are no other material forms of government assistance provided to the Council.

The subsidies for flood relief have yet to be assessed and approved by the Department of Internal Affairs.

The amount so approved may be less.

NOTE 6 – OTHER GAINS/(LOSSES)

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
Gains			
Gain on changes in fair value of Investment Property	6,303	0	5,784
Losses			
Loss on changes in fair value of Museum Collection	0	0	1,157
Net other gains (losses)	<u>6,303</u>	<u>0</u>	<u>4,627</u>

NOTE 7 – EXPENSES

		Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
EMPLOYEE BENEFIT EXPENSES				
Salaries and Wages		7,972	6,637	8,358
Employer Contributions to multi-employer defined benefit plans		2	2	2
Increase/(decrease) in Employee Benefit Liabilities		(485)	0	(807)
Total Employee Benefit Expenses		<u>7,489</u>	<u>6,639</u>	<u>7,553</u>
DEPRECIATION AND AMORTISATION				
Operational Assets	Note 14	1,039	945	1,274
Infrastructural Assets	Note 14	8,506	7,149	6,976
Intangible Assets	Note 15	2	2	59
Total Depreciation and Amortisation		<u>9,547</u>	<u>8,096</u>	<u>8,309</u>
OTHER EXPENSES				
Audit Fees		88	0	74
Audit Fees LTCCP, Other services		10	0	42
Audit Fees Other Entities		8	0	6
Donations		1	0	0
Operating Leases		266	0	0
Impairment of Receivables		186	0	287
Investment Property Expenses		184	0	206
Other Operating Expenses		21,096	0	24,475
Total Other Expenses		<u>21,839</u>	<u>19,393</u>	<u>25,090</u>

NOTE 8 – FINANCE COSTS

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
INTEREST EXPENSE			
Interest on Bank Borrowings	190	416	351
Discount Unwinding	156	0	172
Total Finance Costs	346	416	523



"A Moment In Time" Photographic Competition April 07

NOTE 9 – TAX DISCLOSURE

	Actual 2007	Actual 2006
COMPONENTS OF TAX EXPENSE		
Current tax expenses	0	0
Adjustments to current tax in prior year	0	0
Deferred tax expenses	0	0
Income tax expense	<u><u>0</u></u>	<u><u>0</u></u>
RELATIONSHIP BETWEEN TAX AND ACCOUNTING SURPLUS		
Surplus/(deficit) before tax	7,982	6,430
Tax @ 33%	2,634	2,122
Permanent differences	(2,671)	(2,122)
Non-taxable income	0	0
Tax loss not recognised	37	0
Prior year adjustment	0	0
Tax expense	<u><u>0</u></u>	<u><u>0</u></u>

A deferred tax asset has not been recognised in relation to deductible temporary differences of \$58,222.

A deferred tax asset has not been recognised in relation to unused tax losses of \$2,570,750.

NOTE 10 – CASH AND CASH EQUIVALENTS

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
Cash at Bank and on Hand	883	0	2,428
*Short Term Investments	0	0	637
Sinking Funds	0	0	921
	<u>883</u>	<u>500</u>	<u>3,986</u>

* Short term investments maturing 3 months or less from date of acquisition.

The cash and cash equivalents that can only be used for specific purposes is \$0 (2006: \$0).

Refer note 13 for weighted average effective interest rate for cash and cash equivalents.

The cash flow statement all items above with the exception of sinking fund investments.

NOTE 11 - INVENTORIES

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
Water and sewerage spare parts	88	100	101
	<u>88</u>	<u>100</u>	<u>101</u>

There are no inventories held for distribution carried at current replacement cost and have been no material write downs or inventories expensed during the year.

No inventories are pledged as securities for liabilities.

NOTE 12 – TRADE AND OTHER RECEIVABLES

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
Rates Receivables	2,305	0	2,093
Water Receivables	1,416	0	1,182
Other Receivables	4,069	0	4,645
Prepayments	85	0	41
Less provision for impairment of receivables	(1,143)	0	(1,242)
	<u>6,732</u>	<u>4,000</u>	<u>6,719</u>

The carrying value of trade and other receivables approximates their fair value. There is no concentration of credit risk with respect to receivables outside the council, as the council has a large number of customers.

As of 30 June 2007 and 2006, all overdue receivables, have been assessed for impairment and appropriate provisions applied. Whakatane District Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Whakatane District Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover outstanding debts.

The impairment provision has been calculated based on expected losses for Whakatane District Council's pool of debtors. Expected losses have been determined based on an analysis of Whakatane's losses in previous periods, and review of specific debtors.

Movements in the provision for impairment of receivables are as follows:-

At 1 July	1,242	1,257
Additional provisions made through the year	87	(302)
Receivables written off during the period	186	287
As at 30 June	<u>1,143</u>	<u>1,242</u>

NOTE 13 – OTHER FINANCIAL ASSETS

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
CURRENT PORTION			
Loans and Receivables			
Short Term Deposits with maturities of 4-12 Months*	0	0	2,110
	0	100	2,110
NON-CURRENT PORTION			
Fair Value Through Equity			
NZ Local Government Insurance Corporation Ltd	37	0	34
Total Non-Current Portion	<u>37</u>	<u>801</u>	<u>31</u>

The average interest rate of the short term deposits for the year was 6.376% (2006: 7.41%).

NZ Local Government Insurance Corporation Limited unlisted shares are valued at net Asset Backing of \$2.77 per share (2006: \$2.51 per share).

* Short term deposits are part of the cash balance in the Statement of Cash Flows.

NOTE 14 – OPERATIONAL ASSETS AND INFRASTRUCTURAL ASSETS

2006	Cost/ Revaluation 1 July 2005	Accumulated Depreciation and Impairment 1 July 2005	Net Book Value 1 July 2005	Additions Current Year	Disposals Current Year	Impairment Current Year	Depreciation Current Year	Revaluation Current Year	Revaluation Current Year	Cost/ Revaluation 30 June 2006	Accumulated Depreciation and Impairment 30 June 2006	Net Book Value 30 June 2006
OPERATIONAL ASSETS												
Land	15,799		15,799				707	525		15,799		15,799
Buildings	25,718	73	25,645	275	35		134	6		26,553	780	25,773
Property, Plant & Equipment	2,171	1,391	780	21	(40)		191	130		2,152	1,525	627
Furniture & Fittings	652	227	425		(2)		1,201			650	233	417
Office Equipment	3,251	2,754	497	1,201			130			4,452	2,945	1,507
Motor Vehicles	1,245	838	407	78			(6)	(1,157)		1,323	968	355
Harbour Vessels	91	91	0				112			91	91	0
Museum Collection	7,017	6	7,011							5,860	0	5,860
Library Books	342	0	342	100						714	112	602
Total Operational Assets	56,286	5,380	50,906	1,675	(7)	0	1,274	(360)	(360)	57,594	6,654	50,940
INFRASTRUCTURAL ASSETS												
Land Roading	91,363	0	91,363				3,875			91,363	0	91,363
Roading	149,964	6,132	143,832	2,257			855			152,221	3,875	148,346
Water	29,743	1,680	28,063	1,360			928			31,103	2,535	28,568
Sewage	26,413	1,798	24,615	327			293			26,740	2,726	24,014
Land Drainage	14,293	567	13,726	141			242			14,434	860	13,574
Harbour	5,700	501	5,199	774			464			6,474	743	5,731
Parks	5,223	928	4,295	232			319			5,455	1,392	4,063
Refuse	2,868	1,626	1,242	2,210						5,078	1,945	3,133
Total Infrastructural Assets	325,567	13,232	312,335	7,301	0	0	6,976	0	0	332,868	14,076	318,792

NOTE 14 – OPERATIONAL ASSETS AND INFRASTRUCTURAL ASSETS CONT

2007	Cost/ Revaluation 1 July 2006	Accumulated Depreciation and Impairment 1 July 2006	Net Book Value 1 July 2006	Additions Current Year	Disposals Current Year	Impairment Current Year	Depreciation Current Year	Revaluation Current Year	Cost/ Revaluation 30 June 2007	Accumulated Depreciation and Impairment 30 June 2007	Net Book Value 30 June 2007
OPERATIONAL ASSETS											
Land	15,799	0	15,799	819	(251)		433		16,367	0	16,367
Buildings	26,553	780	25,773	369			88		26,922	1,213	25,709
Property, Plant & Equipment	2,152	1,525	627	24			6		2,176	1,613	563
Furniture & Fittings	650	233	417	997			284		5,449	3,229	2,220
Office Equipment	4,452	2,945	1,507	45	(6)		116		1,362	1,084	278
Motor Vehicles	1,323	968	355	91					91	91	0
Harbour Vessels	91	0	0						5,860	0	5,860
Museum Collection	5,860	0	5,860	91			112		805	224	581
Library Books	714	112	602								
Total Operational Assets	57,594	6,654	50,940	2,345	(257)	0	1,039	0	59,682	7,693	51,989
INFRASTRUCTURAL ASSETS											
Land Roothing	91,363	0	91,363						91,363	0	91,363
Roothing	152,221	3,875	148,346	5,143			4,588	50,912	197,165	0	199,813
Water	31,103	2,535	28,568	58	(55)		1,274	18,478	47,049	1,274	45,775
Sewage	26,740	2,726	24,014	2,095	(10)		961	11,200	37,299	961	36,338
Land Drainage	14,434	860	13,574	307			348	4,249	18,130	348	17,782
Harbour	6,474	743	5,731	302			248	6,776	991	991	5,785
Parks	5,455	1,392	4,063	148			991	3,692	6,912	0	6,912
Refuse	5,078	1,945	3,133	26			96	5,104	2,041	2,041	3,063
Total Infrastructural Assets	332,868	14,076	318,792	8,079	(65)	0	8,506	88,531	409,798	5,615	406,831

In 2006 assets which have been revalued were last revalued on 1 July 2005 (land and building, Roothing Network and Museum assets) by independent valuers. Valuations were made on the basis of market value. The revaluation surplus net of applicable deferred income taxes was credited to reserves in equity (Note 23).

NOTE 14 – OPERATIONAL ASSETS AND INFRASTRUCTURAL ASSETS CONT

Assets which have been revalued were last revalued on 1 July 2004 (harbour assets), 1 July 2005 (land and building, library and museum assets) 1 July 2006 (Water, Sewerage) 30 June 2007 (Roading, Parks) by independent valuers. The Council uses the following valuers:

- Land and buildings – Quotable Value Limited
- Museum assets – RJ Watt and Associates
- Library – Maunsell Limited
- Water and sewerage – GHD Consultants Limited
- Roading – Opus International Consultants Limited
- Parks and Harbour assets – SPM Consultants Limited

Valuations were made on the basis of market value for all assets with the exception of infrastructure assets which are valued at Depreciated Replacement Cost. The revaluation surplus net of applicable deferred income taxes was credited to reserves in equity (note 23).

Lease rentals amounting to \$2,182,722 (2006: \$1,946,746) relating to the lease of land and buildings, the major income being from properties surrounding the harbour are included in the income statement (Note 5). These assets are included in restricted assets see note 18.

Work in progress in the course of construction totals \$ 6,934,000 (2006 \$491,134).

No property, plant and equipment are pledged as security.

NOTE 16 – FORESTRY ASSETS

	Actual 2007 \$000	Actual 2006 \$000
Balance at 1 July	45	45
Increases due to Purchases		
Gains/(Losses) arising from changes in Fair Value less estimated point of sale costs attributed to physical changes	0	0
Gains/(Losses) arising from changes in Fair Value less estimated point of sale costs attributed to price changes	0	0
Decrease due to Sales	0	0
Decrease due to Harvest	0	0
Balance 30 June	<u>45</u>	<u>45</u>

No forests have been harvested during the period (2006: nil). Plantation forests have been valued by P.F. Olsen and Co, independent valuers, on the basis of arms length market transaction of current market evidence as at 30 June 2005.

NOTE 17 – INVESTMENT AND ASSETS HELD FOR SALE

Investment Properties	Actual 2007 \$000	Actual 2006 \$000
Balance at 1 July	44,910	39,146
Additions from acquisitions	0	0
Disposals	0	0
Transfer to Assets held for sale	(18,000)	0
Fair value Gains/(Losses) on Valuation	6,303	5,764
Balance at 30 June	<u><u>33,213</u></u>	<u><u>44,910</u></u>

All investment properties held by council were valued by registered valuers Reid and Reynolds Ltd as at 30 June 2007. Restricted land within the investment category, totals 2007 \$0 (2006 \$0.)

Assets held for Sale	Actual 2007 \$000	Actual 2006 \$000
	<u><u>18,000</u></u>	<u><u>0</u></u>

In 2006, this property was part of Plant, Property and Equipment. The asset for sale relates to property currently held but on the market and expected to be sold within one year.

NOTE 18 – RESTRICTED ASSETS

2006	Cost/ Revaluation 1 July 2005 \$000	Accumulated Depreciation and Impairment 1 July 2005 \$000	Net Book Value 1 July 2005 \$000	Additions Current Year \$000	Disposals Current Year \$000	Impairment Current Year \$000	Depreciation Current Year \$000	Revaluation Current Year \$000	Cost/ Revaluation 30 June 2006 \$000	Accumulated Depreciation and Impairment 30 June 2006 \$000	Net Book Value 30 June 2006 \$000
	7,448	0	7,448	0	0	0	0	0	7,448	0	7,448
	28,385	0	28,385	0	0	0	0	0	28,385	0	28,385
Total	35,833	0	35,833	0	0	0	0	0	35,833	0	35,833
0											
2007	Cost/ Revaluation 1 July 2006 \$000	Accumulated Depreciation and Impairment 1 July 2006 \$000	Net Book Value 1 July 2006 \$000	Additions Current Year \$000	Disposals Current Year \$000	Impairment Current Year \$000	Depreciation Current Year \$000	Revaluation Current Year \$000	Cost/ Revaluation 30 June 2007 \$000	Accumulated Depreciation and Impairment 30 June 2007 \$000	Net Book Value 30 June 2007 \$000
	7,448	0	7,448	0	0	0	0	0	7,448	0	7,448
	28,385	0	28,385	15	0	0	0	0	28,385	0	28,400
Total	35,833	0	35,833	15	0	0	0	0	35,833	0	35,848

Refer to note 14 for revaluation details.

NOTE 19 – TRADE AND OTHER PAYABLES

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
Trade Payables	5,285	0	4,762
Accrued Expenses	238	0	595
Regional Council Rates	396	0	469
Related Parties	78	0	110
Accrued Interest on Public Debt	2	0	33
Rates Remission Funding	0	0	637
Income Received in Advance	1,393	0	1,508
Deposits	510	0	425
	<u>7,902</u>	<u>4,825</u>	<u>8,539</u>

NOTE 20 – PROVISIONS

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
PROVISIONS ARE REPRESENTED BY:			
LANDFILL AFTERCARE PROVISION			
Opening Balance	1,958	0	2,236
Provision additions	691	0	30
Provision Unwinding	156	0	172
Provision Used	(440)	0	(344)
Increase/(Decrease) in net present value	18	0	(136)
Closing Balance	<u>2,383</u>	<u>2,266</u>	<u>1,958</u>
Current Portion	1,080	30	30
Non Current Portion	1,303	2,236	1,928
	<u>2,383</u>	<u>2,266</u>	<u>1,958</u>
FORESTRY PROVISION			
Opening Balance	1,000	1,000	1,000
Provision additions	0	0	0
Provision Used	0	0	0
Increase/(Decrease) in net present value	0	0	0
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Current Portion	0	0	0
Non Current Portion	1,000	1,000	1,000
Closing Balance	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Weathertightness Claims Provision			
Provision brought in the first time	<u>380</u>	<u>0</u>	<u>0</u>
Current Portion	380	0	0
Non Current Portion	0	0	0
Closing Balance	<u>380</u>	<u>0</u>	<u>0</u>
SUMMARY OF PROVISIONS			
Current Provisions	1,460	30	30
Non Current Provisions	2,303	3,236	2,928
	<u>3,763</u>	<u>3,266</u>	<u>2,958</u>

LANDFILL AFTERCARE PROVISION

Resource consents to operate the landfills are scheduled below. Whakatane District Council estimates the present value of the on-going after care costs of these landfills taking into account existing technology, existing management practices, using a discount rate of 8%.

NOTE 20 – PROVISIONS CONT.

Landfill	Resource consent date issued	Responsibilities	Estimated remaining life	Capacity airspace m3
Burma Rd	12/06	Full operational landfill	31/12/2040 but not refuse disposal must cease December 2009	81,400m3 as at 21 May 2007
Taneatua	12/00	Groundwater monitoring	12/2033	Closed
Te Teko	10/01	Groundwater monitoring	8/2033	Closed
Matata	12/00	Groundwater monitoring	12/2033	Closed
Murupara	9/01	Groundwater monitoring	1/2035	Closed
Awatapu	7/01	Groundwater monitoring	6/2036	Closed

The cash outflows for landfill post-closure are expected to occur between 2018 and 2040. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

No additional major assumptions have been made in the calculation of the provision.

Forestry provision

Provision for forestry rates refunds relates to valuation objections that are outstanding on certain forestry properties. These objections relate to valuations that Council has rated on since 1 July 2002 and in the event of the objections being upheld then Council will be required to refund a portion of the rates charged on those properties since 1 July 2002. The provision is a best estimate of the possible refund, given the uncertainties involved.

Weathertightness claims provision

Claims have been lodged with the Weathertight Homes Resolution Service (WHRS) for buildings located with Whakatane District. A total of 14 claims were registered on the WHRS website for the Whakatane District as at 30 June 2007. Claims are being dealt with on a case by case basis.

Council's liability in relation to these claims has not been established and it is not possible to determine the likely outcome of the claims at this stage. Council's maximum exposure to the above claims is the insurer's excess for new claims which is estimated at \$50,000, and \$10,000 for older claims. This potential liability has been provided for in the 2006/07 financial statements at \$ 380,000. In 2005/06 Council recognised all such claims as contingent liabilities at \$523,000.

NOTE 21 – EMPLOYMENT BENEFIT LIABILITIES

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
Gratuities	19	0	132
Accrued Pay	169	0	345
Annual and Long Service Leave	369	0	565
Sick Leave	12	0	12
Total Employee Benefit Liabilities	569	0	1,054
Comprising:			
Current	181	0	357
Non-Current	388	0	697

NOTE 22 – BORROWINGS

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
CURRENT			
Secured Loans	3,505	847	3,603
NON-CURRENT			
Secured Loans	27	7,316	32
Total Borrowings	3,532	8,163	3,635

The fair values of borrowings equate to their carrying values.

MATURITY PROFILE

Maturing in Under One Year	3505	0	3,603
Maturing in 1 - 2 Years	5	0	5
Maturing in 2 - 3 Years	5	0	5
Maturing in 3 - 4 Years	6	0	5
Maturing in 4 - 5 Years	4	0	5
Maturing in 5 Years +	7	0	12
Borrowings (including current portion)	3,532	8,163	3,635

Interest rates range from 3.5% to 8.5% (2006: 7.09% to 7.5%) with a weighted average rate of 3.5% (2006: 7.2%). The public debt is secured over future rating income. Interest expense for 2006/07 \$190,000 (2005/06 was \$351,000).

NOTE 23 – EQUITY

	Actual 2007 \$000	Actual 2006 \$000
EQUITY		
Retained Earnings	444,769	436,611
Restricted Equity	10,812	11,078
Asset Revaluation Reserves	89,310	779
Total Closing Public Equity	544,891	448,468
RETAINED EARNINGS		
Opening Balance 1 July 2006	433,111	429,075
Adjusting Categories of Equity	0	(71)
Net Surplus (Deficit)	7,892	6,430
LESS APPROPRIATION		
To Council Created Reserves	0	(3,434)
To Restricted Reserves	(1,632)	(3,482)
To Sinking Funds	0	(341)
FUNDS APPLIED FROM		
Council Created Reserves	1,725	3,385
Restricted Reserves	978	865
Sinking Funds	920	684
Closing Balance 30 June 2007	442,994	433,111
COUNCIL CREATED RESERVES		
Opening Balance 1 July 2006	3,500	3,397
Adjusting Categories of Equity	0	54
Add: Appropriation	0	3,434
Less: Application of Funds	(1,725)	(3,385)
Closing Balance 30 June 2007	1,775	3,500
Total Retained Earnings	444,769	436,611
RESTRICTED EQUITY		
Opening Balance 1 July 2006	10,158	7,505
Adjusting Categories of Equity	0	36
Add Appropriation	1,632	3,482
Less Application of Funds	(978)	(865)
Closing Balance 30 June 2007	10,812	10,158
SINKING FUNDS		
Opening Balance 1 July 2006	920	1,263
Add Appropriation	0	341
Less Application of Funds	(920)	(684)
Closing Balance 30 June 2007	0	920
Total Closing Restricted Equity	10,812	11,078

NOTE 23 – EQUITY CONT.

	Actual 2007 \$000	Actual 2006 \$000
ASSET REVALUATION RESERVE		
Opening Balance 1 July	779	0
Revaluation of Operational Land	0	507
Revaluation of Library Collections	0	272
Revaluation of Roading	50,913	0
Revaluation of Water	18,478	0
Revaluation of Sewerage	11,200	0
Revaluation of Land Drainage	4,249	0
Revaluation of Parks	3,691	0
	<u>88,531</u>	<u>779</u>
Closing Balance 30 June	<u>89,310</u>	<u>779</u>
Total Reserves	<u>100,122</u>	<u>11,857</u>
Note		
Restricted Equity		
Development and Capital Contribution Reserves set aside to be used for development	10,812	10,158
Sinking Fund Reserves set aside to repay loans	0	920
	<u>10,812</u>	<u>11,078</u>

NOTE 24 – JOINT VENTURE

The audited results of the Whakatane Airport have been included into the Financial Accounts.

Council's share of Whakatane Airport is a joint equity venture between the District Council and the Ministry of Transport (Air Transport Division).

Council Control: 50%

Balance Date: 30 June

The values of the joint venture that have been included into the reports are:

	2007 \$000	2006 \$000
Assets	2,696	3,036
Liabilities	21	23
Revenue	98	96
Expenses	115	76

Land & Buildings have been revalued to \$5,246,000 at 30 June 2006 and 50% of this has been included in the above figures. No related party debts have been written off or forgiven during the year. There are no contingent liabilities or capital commitments arising from the Joint Venture.

NOTE 25 – RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Actual 2007 \$000	Actual 2006 \$000
Net Surplus/(Deficit)	7,892	6,430
PLUS (LESS) NON CASH ITEMS		
Depreciation	9,547	8,309
Vested Assets income	(773)	(185)
Net loss on Disposal of Assets	77	0
Revaluation Gains/Losses	(6,303)	(5,126)
Unwinding Landfill Provision	269	136
Unwinding Landfill Interest	156	172
Total Non Cash Items	<u>2,973</u>	<u>3,306</u>
Add (less) Movements in other Working Capital items		
Decrease (Increase) in Trade Receivables	(13)	(507)
Decrease (Increase) in Inventory	56	(1)
Decrease (Increase) Prepayments	(44)	12
Increase (Decrease) in Trade Payables	(151)	(1,125)
Increase (Decrease) in Receipts in Advance	(115)	(227)
Decrease in GST Asset/Liability	(125)	401
Increase (Decrease) in Deposits	85	4
Total Movements in other Working Capital	<u>(307)</u>	<u>(1,443)</u>
LESS CASH INFLOW FROM INVESTING ACTIVITIES		
Less Movement in Regional Council rates	(73)	(176)
Less Movement in creditors classified as investing	195	(4,715)
Total Cash Inflow from Investing Activities	<u>122</u>	<u>(4,715)</u>
Net Cash from Operations	<u>10,680</u>	<u>3,402</u>

NOTE 26 – CAPITAL COMMITMENTS AND OPERATING LEASES

This statement shows the extent to which the Whakatane District Council is committed to spend in future.

Contracts have been entered into for the following capital projects.

	2007 \$000	2006 \$000
CAPITAL COMMITMENTS		
Roading Improvements	2,589	5,245
Bridge Replacement	104	241
Thornton Boat Ramp	0	25
Utility Projects	1,381	271
Matata Regeneration Project		19
Landfill	106	0
Pensioner Flats	79	0
Pump Station	1,035	0
Oxidation Ponds	209	0
Parks and Gardens	609	1,129
Cleaning	291	619
Professional Services	9,060	2,019
Information Systems	0	538
	<u>15,463</u>	<u>10,106</u>

	2007 \$000	2006 \$000
NON-CANCELLABLE OPERATING LEASES AS LESSEE		
Not later than one year	62	0
Later than one year and not later than five years	85	0
Later than five years		
Total non-cancellable operating leases	<u>147</u>	<u>0</u>

NOTE 27 – CONTINGENCIES

	2007	2006
	\$	\$
CONTINGENT LIABILITIES		
Weathertightness Claims	0	523
Employment Dispute	25	10
Other Claims	300	0
	325	533

Employment Dispute

Employment related claims have been estimated at \$25,000 (2006 \$10,000).

Weathertightness Claims

See note 20. The Council has now included a provision in the accounts for the potential liability in relation to building weathertightness claims. The calculation is based on the number of homes currently registered with the Weathertight Homes Resolution Service. It is possible that further claims will be made in this regard.

Superannuation Scheme

The Council is party to a multi-employer defined contribution plan. The plan provider has advised that they can not supply information relating to the assets and liabilities of that plan. Therefore the Council can not determine its exposure (if any) as a party to the plan.

Other Claims

A claim has been made under the Public Works Act for compensation relating to stream diversion and drainage works undertaken as part of the emergency management of the effects of the major storm event in May 2005. The Council's potential exposure relating to this matter is up to \$200,000

A claim has been made under the Public Works Act in relation to seeking judicial review in respect of the crown's decision to transfer the Army Hall. The Council's exposure to a cost award, should the judicial review proceedings ultimately succeed is likely to be in the vicinity of \$50,000.

Proceedings by the Council taken against Environment Bay of Plenty's decision to move the Regional Council head office, exposes the Council to a costs award of up to \$50,000 if this claim is unsuccessful.

NOTE 28 – RELATED PARTY TRANSACTIONS

Whakatane District Council has a 50/50 joint equity venture with the Ministry of Transport (Air transport Division) in the Whakatane Airport and both entities are considered to be related parties. The following transactions were carried out with related parties:

	Actual 2007 \$	Actual 2006 \$
AIRPORT		
Administrative and Maintenance Services	67,212	59,437
Funds held by Council on behalf of the Airport	156,109	250,925

Key management personnel

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Whakatane District Council (such as payment of rates and use of council facilities).

During the year Whakatane District Council contracted with Orr Computer Services owned by Councillor Orr for the supply and servicing of security surveillance equipment. These services cost \$ 21,132 (2006: \$502) and were supplied on normal commercial terms.

There is nil outstanding balance at 30 June 2007 (2006: nil).

During the year Whakatane District Council contracted with Hanlen Builders Ltd owned by Councillor Hanlen for the supply of building services. These services cost \$ 743 (2006: \$343,137) and was negotiated on normal commercial terms.

There is \$ nil outstanding balance at 30 June 2007 (2006: \$34,435).

Councillor Hanlen is also involved in Kaymar Developments Limited which used Council's building services at a cost of \$2,396 (2006: \$0).

During the year Whakatane District Council purchased energy related services from Horizon Energy Distribution Ltd in which His Worship the Mayor Holmes was a director. These services cost \$ 51,525 (2006: \$92,286) and were supplied on normal commercial terms.

There is \$ 9,621 outstanding balance at 30 June 2007 (2006: \$15,123).

No provision has been required for doubtful debts relating to outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

	Actual 2007 \$	Actual 2006 \$
Salaries and other short term benefits	1,032	914
Post Employment Benefits	0	0
Other Long Term Benefits	0	0
Termination Benefits	0	0

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

NOTE 29 – REMUNERATION

Chief Executive

The Chief Executive of the Whakatane District Council, appointed under section 42(1) of the Local Government Act 2002 receives a salary of \$170,750 (2006: \$175,000)

In terms of the contract, the Chief Executive also receives the following additional benefits:

	Actual 2007 \$	Actual 2006 \$
Car	11,250	15,000
Fringe Benefit Tax in respect of car	7,911	5,908
Performance Payment	0	20,000
Telephone	0	572

For the year ending 30 June 2007 the total cost, including fringe benefit tax, to the Whakatane District Council of the remuneration package being received by the Chief Executive was \$174,085 (2006: \$216,480).

Elected Representatives

	Actual 2007 \$	Actual 2006 \$
MAYOR AND COUNCILLORS		
Holmes, Colin (Mayor)	74,461	71,476
Chambers, Christine	31,607	34,540
Dowd, David	22,205	19,514
Eivers, Jean	24,749	24,974
Fitzpatrick, James	22,010	19,403
Hanlen, Graeme	29,020	25,000
Hudson, Linda	25,319	25,184
Iles, Andrew	22,315	19,779
Johnston, George	23,176	20,646
Orr, Russell	24,577	26,041
Te Kurapa, Jacob	26,955	24,708
COMMUNITY BOARD MEMBERS		
EDGE CUMBE - TARAWERA		
Bourk, Graeme	2,200	2,000
Evans, Graham	2,200	2,028
Harvey, Evan	2,290	2,146
McIndoe, Clive	2,200	2,000
Smeaton, Graham	5,641	5,000
Williams, Tessie	2,271	2,034

NOTE 29 – REMUNERATION CONT.

	Actual 2007 \$	Actual 2006 \$
TANEATUA		
Kora, Monty	2,200	2,000
Knowles, Les	2,200	2,000
Kyle, David	5,660	5,000
Ruiterman, Luke	2,200	2,000
Tihi Claude	2,200	2,000
Yalden, Diane	2,200	2,000
WHAKATANE		
Chambers, George	5,500	5,000
Delahunty, Neville	2,200	2,000
Harawira, Joe	2,200	2,000
Hipkiss, Andrea	2,200	2,000
Lynch, Kenneth	2,200	2,000
Searle, Ian	2,200	2,000
OHOPE BEACH		
Bowater, Grant	2,200	2,000
Bowering, Christine	5,500	5,000
Dohrman, Chris	2,322	2,000
Lovelock, Hugh	2,200	2,000
Mckillop, John	2,200	2,000
Pocock, Karen	2,200	2,000
MURUPARA		
Adam, Arthur	5,500	5,352
Magee, Carol	2,424	2,276
Chapman, Awahina	2,316	2,000
Delamere, Melody	2,200	2,180
Jakeman, Damon	2,200	2,000
Te Kurapa, Chico	2,200	2,000
IWI LIAISON		
Bird, William	98	495
Hona, Tepora	0	814
Mason, Hohepa	147	713
Pryor, Henare	175	685
Te Pou, Colin	496	1,204
Te Amo-Simeon, Harata	59	1,248
Hunia Paroa	250	709
White, Richard	507	985
Ngaropo, Pouroto	35	0
Carlson, James	592	0

NOTE 30 - SEVERANCE PAYMENTS

For the year ended 30 June 2007 Whakatane District Council made 8 (2006: 0) severance payments to employees.

Employee 1	\$1,251
Employee 2	\$1,041
Employee 3	\$1,821
Employee 4	\$1,583
Employee 5	\$725
Employee 6	\$1,065
Employee 7	\$2,225
Employee 8	\$37,578
Total	\$47,289

For the year ended 30 June 2007 Whakatane District Council made 0 (2006: 1) severance payments to the CEO totalling \$0 (2006: \$130,000).

NOTE 31 – EVENTS AFTER BALANCE SHEET DATE

There were no significant events after balance date.

NOTE 32 – FINANCIAL INSTRUMENTS

Whakatane District Council has a series of policies to manage the risks associated with financial instruments. Whakatane District Council is risk averse and seeks to minimise exposure from its treasury activities.

Whakatane District Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions to be entered into that are speculative in nature.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Whakatane District Council does not hold and is therefore not exposed to equity securities price risk on its investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Whakatane District Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk

The interest rate risk is limited to the effective interest rate described in Note 13. The current interest rate on Council's bank overdraft is 11.65% (2006 9.45%) per annum. This is a fixed rate set by the bank.

The interest rates on Whakatane District Council's investments are disclosed in Note 13 and on Whakatane District Council's borrowings in Note 22.

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. Borrowing issued at fixed rates expose the Whakatane District Council to fair value interest rate risk. Whakatane District Council's Liability Management Policy outlines the level of borrowing that is to be secured using fixed rate instruments.

If interest rates on investments at 30 June 2007 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the fair value through equity reserve by \$ nil (2006: \$3,000).

If interest rates on borrowing at 30 June 2007 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by \$18,000 (2006: \$18,000) as a result of higher/lower interest expense on floating rate borrowings.

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 Whakatane District Council to cash flow interest rate risk.

Whakatane District Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if Whakatane District Council borrowed at fixed rates directly. Under the interest rate swaps, Whakatane District 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

Cash and bank, debtors, investments, current liabilities and term liabilities are financial instruments.

The maximum credit risk exposure is disclosed in the Statement of Financial Position and Statement of Commitments and Contingencies. The certificate of title is held as collateral security in respect of Harbour Freehold Land. There is no collateral security held in respect of other financial instruments.

Cash and bank, debtors and short term investments are the main credit risks. The bank and short term investment risk is reduced by spreading short term investments over high credit quality financial institutions. There are no major concentrations of credit risk with respect to debtors.

Currency risk

Council has no currency risk. All financial instruments are dealt with in New Zealand dollars.

Liquidity risk

Liquidity risk is the risk that Whakatane District 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. Whakatane District Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Whakatane District Council maintains a target level of investments that must mature within the next 12 months.

Whakatane District Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of the Whakatane District Council Long-term Council Community Plan.

Whakatane District Council has a maximum amount that can be drawn down against its overdraft facility of \$200,000 (2006: \$200,000) and a committed cash advance facility of \$10,000,000 (2006: 0). There are no restrictions on the use of this facility.

The maturity profiles of the Whakatane District Council's interest bearing investments and borrowings are disclosed in Notes 13 and 22 respectively.

Fair values

Financial instruments in the Statement of Financial Position are shown at carrying amounts which are equivalent to their fair values. The fair value of term liabilities is not significantly different from the carrying amount. Council anticipates that these liabilities will be held to maturity as disclosed in Note 8.

NOTE 33 – CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayer's funds), which comprise retained earnings 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, in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investment, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promote in the Act and applied by the Council. Intergenerational equity require today's ratepayer to meet the costs of utilising 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 renew and maintenance programmes to ensure ratepayer in future generations are required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those 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 LTCCP.

