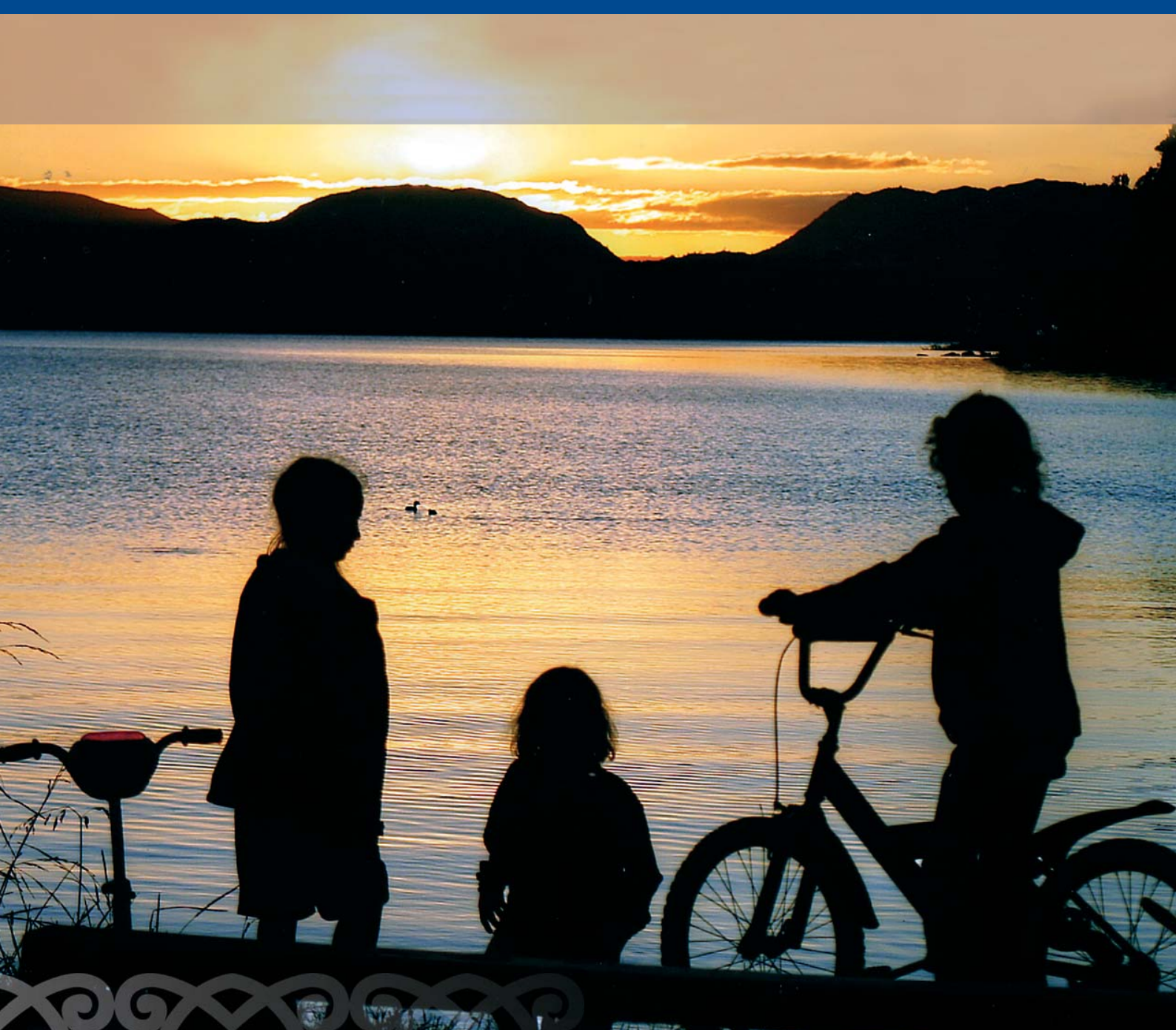


WHAKATANE DISTRICT COUNCIL SUMMARY ANNUAL REPORT

For the year ended 30 June 2007



Whakatane District Council

SUMMARY ANNUAL REPORT

This Summary Annual Report was authorised for issue by the Chief Executive on 31st October 2007. The specific disclosures included in this report have been extracted from the full Annual Report adopted by Council on 31 October 2007. The Summary Annual Report cannot be expected to provide as complete an understanding as provided in the full Annual Report of the financial and service performance, financial position and cash flows of the Council. The Summary Annual Report has been audited for consistency with the full Annual Report and a copy of the unqualified Audit Report is included at the end of this document.

FULL ANNUAL REPORT

A copy of the full Annual Report is available on the Council's website www.whakatane.govt.nz. Copies are also available for viewing at the Council's libraries. The full Annual Report has been audited and an unqualified Audit Report dated 31 October 2007 has been issued.

CHANGES IN ACCOUNTING POLICIES

There has been a significant change in the accounting policies, which have been applied to comply with International Accounting Standards. Otherwise details noted in this summary document have been applied on bases consistent with previous years.

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 Edgecumbe 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 Edgecumbe/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**

YOUR RATES EXPLAINED

There are three components to rates - General Rate, Uniform Annual General Charge (UAGC) and Targeted Rates. Below is a brief description of the rates that Whakatane District Council collects and what they pay for.

GENERAL RATE

The General Rate is collected by way of a rate in the dollar on capital value and therefore varies depending on the capital value of your property. Revenue collected from the General Rate contributes to environmental protection and development, council administration, cemeteries, recreation and community facilities, strategic and investment property, Museum and Gallery, hazardous substances, general inspections, animal control, safer communities, rural fire control, public toilets and rest-rooms, halls and economic development.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

Unlike the General Rate, the UAGC is applied uniformly across all ratepayers in the District regardless of the value of their property. The UAGC provides funding for 22 activities across the District including a portion which funds:

- Democratic Services (operations of the Mayor and Council).
- Specific Council initiatives which include grants and one off projects
- Development of plans and policies (including the Long Term Council Community Plan and the District Plan).
- Civil Defence.
- Resource planning, building control and environmental health activities.
- Promotion, economic development and visitor information.

TARGETED RATES

Targeted Rates fund activities like water supplies, wastewater services and refuse collection. They also meet part of the cost of swimming pools and parks and reserves, with the balance of those activities being funded from works and facilities rates. Promotion and development is partly funded by way of a targeted rate and the balance from general rates.

WORKS AND FACILITIES RATES	Pay for each areas share of the following activities: parks (70% of costs), dune care, swimming pools, recreation, refuse disposal, library, land drainage and trade waste.
ROADING RATE	The roading rate, including the fixed charge, funds the District's roading expenditure.
DISTRICT- WIDE PARKS RATE	Funds 30% of the district's parks activities. The works and facilities rates fund the balance of the activity.
WATER RATES	The water rates fund each of the individual water supplies
WASTE WATER RATES	The waste water rates fund each of the individual schemes.
REFUSE REMOVAL RATE	Funds the weekly refuse removal and fortnightly green waste collection charged to properties for which the Council is prepared to provide a service.
PROMOTION AND DEVELOPMENT RATE	Charged to commercial/industrial properties, and funds 40% of the district's marketing and development activities.
SWIMMING POOL RATE – WHAKATANE RURAL	Funds 13% of the cost of the Whakatane Aquatic Centre. The works and facilities rates fund the balance of the activity.
SWIMMING POOL RATE – MURUPARA RURAL	Funds 45% of the cost of the Murupara Swimming Pool. The works and facilities rates fund the balance of the activity.
COMMUNITY BOARD RATES	Funds the operating costs of each of the five community boards.
DISASTER MITIGATION RATES	Council sets targeted rates on a differential basis to fund disaster mitigation works throughout the District. These rates are set on both a uniform basis per rating unit and a rate in the dollar on the capital value of rating units. In addition, the Council charges a targeted rate in the dollar on the capital value of all rating units in the District to recover a share of the overall costs of disaster mitigation.

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.

WHAKATANE DISTRICT COUNCIL ACCOUNTS

The financial statements and this summary are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The Whakatane District Council is a public benefit entity and the full financial statements have been prepared in accordance with NZ Generally Accepted Accounting Practice (GAAP).

CHANGES IN ACCOUNTING POLICIES

Whakatane District Council's full financial statements for the year ended 30 June 2007 are the first financial statements to comply with NZ International Financial Reporting Standards (IFRS). Whakatane District Council applied NZ IFRS1 in preparing its 2006/07 Annual Report. Changes resulting from the change to the new International Accounting Standards have resulted in an improvement in the value of net assets. The improvement is mainly due to investment properties being revalued up to fair value instead of cost price.

A full explanation can be found in note 2 of Whakatane District Council's Annual Report.

EXPLANATION OF TRANSITION TO NZ 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 to the majority of this increase.

OVERVIEW OF ACTIVITY OPERATIONS	Actual 2007 \$000	Annual Plan 2007 \$000	Variance	Notes
SUMMARY OF NET COST OF SERVICE				
Community Leadership and Governance	1,423	2,147	724	☑ 1
Transport Networks and Systems	(978)	(2,397)	(1,419)	☹ 2
Water Related Services	1,095	544	(551)	☹ 3
Solid Waste Management	826	412	(414)	☹ 4
Promotion and Economic Development	428	419	(9)	☹
Environmental Planning and Controls	783	642	(141)	☹ 5
Libraries and Museum	329	371	42	☑
Environmental Protection	203	196	(7)	☹
Environmental Planning	1,029	1,142	113	☑ 6
Recreation and Community Facilities	428	914	486	☑ 7
Parks, Reserves and Cemeteries	400	119	(281)	☹ 8
Community Safety	312	353	41	☑
Corporate Income and Expenditure	(14,170)	(6,361)	7,809	☑ 9
NET COST OF SERVICE (SURPLUS)	(7,892)	(1,499)	6,393	☑

Overall a \$6.39 million favourable improvement on Budget. The significant changes by activity are noted in brief below:

☑ = Favourable variance

☹ = Unfavourable variance

NOTES

1. \$0.40 million of the improvement is due to additional subsidies, \$0.10 million due to reclassification of costs to capital and \$0.10 million due to savings in interest costs.
2. Increase in professional services and costs associated with natural disasters impacted on the transport budget by approximately \$1.90 million. Depreciation increasing by \$0.80 million due to the revaluation of assets at the beginning of the year and development contributions revenue was down \$0.20 million. Improvements included an increase in subsidies received of \$1.00 million and \$0.50 million in vested assets received
3. Depreciation increased by \$0.40 million and vested assets increased by \$0.20 million while development contributions decreased by \$0.20 million. Targeted rates were higher than budgeted by \$0.40 million. The net increase related to \$0.10 million of overheads and \$0.30million other maintenance costs.
4. \$0.40 million increase in solid waste related to recognising the aftercare costs for the landfill, which were not part of the budget
5. A provision of \$0.40 million for weathertightness potential claims has been recognised for the first time, within this activity
6. Approximately \$0.10 million of expenditure for the community plan has been deferred to next year
7. \$0.30 million decrease in depreciation accounts for the majority of savings, as well as additional revenue from Harbour leases
8. \$0.20 million increase in depreciation accounts for the majority of the increase
9. \$0.20 million in additional penalties charged, \$0.40 million increase in targeted rates, \$0.90 million interest adjustment in budget and the non-cash adjustment to recognise a \$6.30 million increase in investment properties

SUMMARY FINANCIAL REPORTS

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2007

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

Variance explanation

Statement of Financial Performance

The Surplus has increased by \$6.40 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. Further information is included in the Annual Report document where the cost of service statements explain changes on an activity by activity basis.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2007

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
EQUITY			
Retained Earnings	444,769	418,616	436,611
Restricted Equity	10,812	5,825	11,078
Asset Revaluation Reserves	89,310	0	779
TOTAL EQUITY	544,891	424,441	448,468
ASSETS			
Total Current Assets	25,703	4,700	12,916
Total Non-Current Assets	535,026	436,195	451,934
Total Assets	560,729	440,895	464,850
LIABILITIES			
Total Current Liabilities	13,120	5,902	12,725
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

Variance explanations

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 \$98.80 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 \$4.60 million less than budgeted as council has optimised the use of funds.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2007

	Actual 2007 \$000	Annual Plan 2007 \$000	Actual 2006 \$000
CASH FLOWS FROM OPERATIONS			
Net Cash Flows from Operating Activities	10,680	12,352	3,402
Net Cash Flows from Investing Activities	(13,679)	(16,941)	(3,316)
Net Cash Flows from Financing Activities	817	4,589	(1,972)
Net Increase / (Decrease) In Cash Held	(2,182)	0	(1,886)
Opening Cash on Hand	3,065	500	4,951
CLOSING CASH BALANCE	883	500	3,065

Variance explanation

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.

STATEMENT OF CHANGES IN EQUITY
For the 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	88,531	0	797
Total recognised income	96,423	1,499	7,227
Balance as at 30 June	544,891	424,441	448,468

Variance explanation

Statement of Changes in Equity

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

SIGNIFICANT ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the full financial report are summarised below. The financial report and summary 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 and summary 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 full 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 Council's 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.

The full 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's 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 exemptions available under NZ IFRS 1 – refer to note 2 of the full financial statements 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 1 of the Annual Report.

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.

These summary financial statements have been prepared in accordance with Financial Reporting Standard 43.

STATUTORY BASE

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

HISTORICAL COST CONVENTION

The 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 the full 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 contained in the Annual Report document.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2006

Adjustments to the published accounts for NZ IFRS

	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
TOTAL PUBLIC EQUITY	430,934	18,040	(506)	448,468
Current Assets	14,051	(1,128)	(7)	12,916
Non-Current Assets	432,753	19,680	(499)	451,934
TOTAL ASSETS	446,804	18,552	(506)	464,850
Current Liabilities	12,910	(185)	0	12,725
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

RECONCILIATION OF 2006 STATEMENT OF FINANCIAL PERFORMANCE

Adjustments to the published accounts for NZ IFRS

	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
Income	49,863	(801)	49,062
Operating Expenditure	42,934	(302)	42,632
Surplus / (Deficit) Before Taxation	6,929	(499)	6,430
Net Surplus /(Deficit) After Taxation	6,929	(499)	6,430

RECONCILIATION OF 2006 STATEMENT OF CASHFLOWS

Adjustments to the published accounts for NZ IFRS

	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		3,402
Cash flows from Investing	(6,187)	2,871	(3,316)
Cash flows from Financing	(1,972)		(1,972)
Net Increase / (Decrease) in Cash Held	(4,757)	2,871	(1,886)
Opening Cash Brought Forward	9,932	(4,981)	4,951
Closing Cash Balance	5,175	2,110	3,065

PERFORMANCE MEASURES

Outlined below is a summary of the Council's achievements against community outcomes, service levels, performance measures and associated targets set for the 2006/07 year

COMMUNITY LEADERSHIP AND GOVERNANCE

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
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.

TRANSPORT NETWORKS AND SYSTEMS

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Provide a roading network that meets the reasonable needs of the wider community.	At least 3kms of seal extensions completed per year.	3kms	Achieved - 4km of seal extensions completed - Paparoa Road and Ruatahuna Road.
	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.	Less than 32km of rough pavements	Achieved - 30 km of rough pavements.
Assist with the campaign to reduce the overall number of road fatalities and casualties for the District.	Number of crashes involving injuries per year.	<80 in 2006/07	Achieved - Less than 80 crashes involving injuries.

WATER-RELATED SERVICES

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Provide potable water, and efficient reliable wastewater and stormwater systems to meet the reasonable needs of urban and commercial customers.	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.
	Continuous monitoring through water supply pressure loggers shows minimum pressure of 200 KPA (except during outages).	100%	Not Achieved - 95% achieved.

SOLID WASTE MANAGEMENT

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Provide efficient reliable solid waste management system to service solid waste for customers within budget.	Reduce residual waste to landfill/transfer station through recycling	Less than 18,000 Tonne to landfill in 2006/07	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

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.

ENVIRONMENTAL PLANNING

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
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.

ENVIRONMENTAL CONTROLS

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%).

LIBRARIES AND MUSEUM

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
The District Libraries provide a wide range of educational information, and recreational and cultural enrichment opportunities.	Number of issues per capita.	>8	Achieved -14.

RECREATION AND COMMUNITY FACILITIES

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
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).
Affordable pensioner housing provided to people who meet the Whakatane District Council eligibility criteria.	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%.

PARKS, RESERVES AND CEMETERIES

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
Adequate sports grounds and reserves provided.	Active recreation space provided per 1000 persons.	1.5 hectares	Achieved - 1.6 hectares provided.

ENVIRONMENTAL PROTECTION

SERVICE LEVELS	MEASURES	TARGETS	ACHIEVEMENT
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% 26 of the 29 crew members are certified to the required standard, with 3 new recruits still undergoing training.

COMMUNITY SAFETY

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.

AUDIT REPORT
TO THE READERS OF WHAKATANE DISTRICT COUNCIL'S
SUMMARY ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

We have audited the summary annual report.

Unqualified Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements complies with FRS-43: Summary Financial Reports and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 31 October 2007, on:

- the full financial statements; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Whakatane District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.



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.