

Whakatane District Council



Annual Report

*For the period 1 July 2004
to 30 June 2005*





Mayor and Chief Executive Officer's Messages



REPORT OF THE MAYOR

The 2004/05 year has been a difficult one for the district. Some long overdue changes and the impact of two natural disasters in quick succession combined to put intense pressure on the Council's resources. Our performance suffered in some areas as a result.

The new Council, elected October 2004, is smaller with three fewer members, and includes six first-time Councillors who have had a steep learning curve. Despite this, the organisation is laying the foundation for better future performance by putting in place policies that reflect our community's desire for sustainable long-term solutions to the issues that confront us.

Work either completed or under way on substantial issues includes rating and financial policies, retail growth, residential, commercial and industrial growth strategies and a transportation study. In some areas such as seal extensions we have deferred work until our policies are more robust.

The formation of the Regional Economic Development Agency and joint approaches by local government in the Eastern Bay to issues arising out of our natural disasters demonstrates willingness for the region to work together. There is much to be gained.

The body of the report contains detailed commentary on the different activities we undertook in 2004/05. Whilst we were found wanting in some areas, in others there have been improvements. In some cases, such as some of our community housing, poor performance in the past has found our performance indicators wanting and we had a very public wake-up call.

My thanks to Councillors for their dedication. Our smaller Council has worked well together and has managed to conduct our business with good humour and respect.

Finally, the 2004/05 year proved a huge challenge to our staff. The process of change internally and the workload of the 2004 floods and the Matata event this year has tested all. Many have been outstanding and all have given their best in a very difficult year. On behalf of the community I thank them all.

We all look forward to more predictable and productive times.

A handwritten signature in black ink, appearing to be 'C G H Holmes', written over a thin red horizontal line.

C G H Holmes
MAYOR

REPORT OF THE CHIEF EXECUTIVE OFFICER

The 2004/05 financial year proved to be one of the most difficult years there has ever been for the Whakatane District with two major civil defence emergencies occurring in the one year. Quite apart from the physical effects of these disasters, both resulted in high levels of unbudgeted expenditure. It is therefore of little surprise that the Council has to report a substantial deficit of slightly over \$4M in its costs for the year before the inclusion of asset development revenue.

There have been three main contributory factors to this deficit: the costs arising from two major disasters, a substantial increase in the valuation of some of the Council's infrastructural assets that required an increase in the depreciation provision for those assets, and the accounting treatment that has had to be applied to the payment to Council staff following the settlement of a new Collective Employment Agreement. Each of these major factors is explained below.

(1) Flood Costs

While not all of the costs of the two disasters have yet been brought to charge (particularly the more recent one) the costs that have impacted on the Council's operating costs for 2004/05 are broken down as follows:-

July 2004 Flood	
Direct Costs (excluding Roothing)	\$1,427,544
Indirect Costs (excluding Roothing)	\$148,673
May 2005 Matata Disaster	
In the period to 30 June 2004 the recovery costs (excluding roading-related costs) arising from the Matata disaster were	\$972,600
Considerable additional costs are expected to flow into the 2005/06 financial year. It is anticipated that a significant portion of the Matata emergency and recovery costs will be reimbursed by MCDEM, Land Transport New Zealand, the EQC and other government departments. However, a considerable share of the expenditure will need to be provided by the Whakatane District Council and will impact on the works and services programmes for the 2005/06 year. At this stage no provision has been made in the accounts for the 2004/05 year for any of these potential recoveries as it has not been possible to quantify the likely amounts involved.	
Road-related costs incurred in 2004/05 arising from both disasters	
Net Whakatane District Council contribution for flood repair works to the District's roading network for the works completed in the 2004/05 year	\$831,000
Indirect roading costs arising from both disasters	
Loss of roading assets through premature replacement of the asset (eg, roads, bridges, etc, replaced before the end of their economic lives have been consumed)	\$1,558,000
Total	\$4,937,817

The costs identified above are those that have been brought to charge during the 2004/05 financial year. There are other costs arising from this event (eg, the studies into Awatapu and Edgecumbe to see what, if anything, can be done to stop something similar happening in the future, and the physical works that may be carried out as a result of these studies. These costs will be brought to charge in future years.

Because of the scale of the two disasters and the fact that the Matata event occurred so late in the financial year, it was not possible to provide for all of the repair works necessary within the one financial year. With the agreement of Land Transport New Zealand, some of the works (most notably the Ohope Hill repairs from the July 2004 flood and the reinstatement of Herepuru Road from the Matata disaster) were already programmed to be carried out in 2005/06.

The total cost of these two disasters as expressed in the Council's operating costs for the year is therefore the figure of \$4,937,817 identified above.

The impact on the Council's overall performance for the year as a result of these two disasters has however been far more widespread than can be expressed in the financial terms outlined above. The diversion of staff time and attention on response and recovery work has meant that performance in other areas has suffered too. This has been most noticeable in the Council's capital works programme which was not completed. In some cases this was caused through insufficient resource to complete the preparatory work required before projects could proceed while in others it was simply a case that contractors had already fully committed their resources and were simply unable to commence any additional work. Further difficulties arising from this diversion of staff resource occurred in the delivery of the regulatory functions (building and planning control) where targets for the issuing of consents were not achieved to the required level. In this case the difficulties resulting from staff time being taken up in responding to emergencies was exacerbated by the considerable increase in the number of consent applications being received for remedial works arising from the emergencies themselves. All of this placed a considerable strain on the whole organisation and the way the Council was able to respond to and cope with all of the issues arising from these two major disasters is a credit to the whole community.

(2) Revaluation

Depreciation is an issue the Council has been struggling with for some time and is the one operating cost that Council still only partly funds (20% for the 2004/05 year). Essentially depreciation is the decline in value of an asset on a year-by-year basis over its economic life. The types of assets the Council looks after on behalf of its communities tend to have very long economic lives (some in excess of 100 years). Over this period of time there are considerable changes in costs and in the nature and type of the assets involved. (The way we might have built a pump station 100 years or the materials we may have used to lay a water main are completely different today, as is the cost of doing so).

In order to ensure that the Council may properly account for the depreciation of these assets, old and new, the Council is required to have its assets re-valued on a regular (usually three yearly) basis. In the 2004/05 year the assets that were re-valued were its parks and reserves, harbour, hall and public conveniences. It is usual when revaluation takes place that asset values increase. When asset values increase then the provision that has to be made for their depreciation also increases. It is not possible to accurately predict what these changes will be.

In addition, as our knowledge and understanding of assets has improved it has become apparent that some of the historical provisions that were made for depreciation were inadequate. These issues have been addressed in this report through the provision of an additional (to budget) provision of \$1,517,041 for depreciation costs.

(3) Collective Agreement Settlement

The third major contributory factor to the net deficit before asset development revenue for the year was the cost of the settlement of a new Collective Employment Agreement. The old collective employment agreement for Council staff included a number of archaic terms and conditions of employment that meant the Council's staffing costs were artificially inflated. In order to change these terms and conditions it was necessary to agree to a compensation payment to each of the staff

covered by that agreement. The cost of this compensation had to be reflected in the operating costs for the 2004/05 year. As a result of this there was an over- budget staff cost of \$674,246 recorded in the year's operating costs. This cost has been spread proportionally across all service activities.

Taking these three items together they amount to additional charges against the Council's operating costs for the year of \$7,129,104. These additional costs were partly offset by significant under-expenditure on road maintenance works (the contractors were simply too busy carrying out emergency flood repairs), a significant under-expenditure on solid waste management (through the delays experienced in the construction of the resource recovery centre) and general under-spending in other activities. Further details on all of these issues are set out in the information provided on pages 44-82 of this report.

Given that few, if any of the additional costs identified above could have been predicted at the start of the financial year, a net deficit before asset development revenue of \$4,061,800 is a very creditable result, all the more so as a deficit of \$163,900 had been budgeted for. This report confirms that the Council is still in a sound financial position and, despite the tribulations of 2004/05, is in good heart for the future.



D R Christison
CHIEF EXECUTIVE OFFICER

AUDIT REPORT

AUDIT REPORT

TO THE READERS OF

WHAKATANE DISTRICT COUNCIL AND GROUP'S

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005

The Auditor-General is the auditor of Whakatane District Council (the Council) and group. 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 requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the Council and group for the year ended 30 June 2005, including the financial statements.

Unqualified opinion

In our opinion:

- σ the financial statements of the Council and group on pages 44 to 112:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Council and group's financial position as at 30 June 2005; and
 - the results of operations and cash flows for the year ended on that date.
- σ the service provision information of the Council and group on pages 44 to 78 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
- σ 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"), including the provisions of Clause 15(f) of Schedule 10 relating to the significant acquisitions or replacements of assets.

The audit was completed on 28 October 2005, 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 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 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 and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

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

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

We evaluated the overall adequacy of the presentation of information in the financial statements 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 Council and group as at 30 June 2005. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for preparing the information in the other requirements. The Council's responsibilities arise from Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements 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, we have no relationship with or interests in the Council or any of its subsidiaries.

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 2005 included on Whakatane District Council's website. Council are responsible for the maintenance and integrity of the Whakatane District Council's website. 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 28 October 2005 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.

MAYOR AND CHIEF EXECUTIVE OFFICER'S MESSAGE	1
REPORT OF THE MAYOR.....	1
REPORT OF THE CHIEF EXECUTIVE OFFICER	2
AUDIT REPORT.....	5
GOVERNANCE AND MANAGEMENT	12
MAYOR AND COUNCILLORS.....	14
MEMBERSHIP OF STANDING COMMITTEES	15
COMMUNITY BOARDS	16
ORGANISATIONAL STRUCTURE	18
OUR COUNCIL STRUCTURE	20
SENIOR STAFF (30 JUNE 2005).....	21
OVERVIEW - OUR DISTRICT	22
OUR DISTRICT.....	24
WHAKATANE STATISTICS	25
THE WHAKATANE DISTRICT TODAY.....	26
WORKING WITH TANGATA WHENUA	32
WORKING WITH TANGATA WHENUA.....	34
EMPLOYMENT	36
EQUAL EMPLOYMENT OPPORTUNITIES.....	38
COUNCIL POLICY	38
COMMUNITY OUTCOMES.....	40
HOW THE COMMUNITY OUTCOMES RELATE TO OTHER PLANS AND PROCESSES.....	42
Community.....	42
Natural Environment.....	43
Built Environment	43
Health	43
Education	44
Safety	44
Prosperity	44
STATEMENT OF SERVICE PERFORMANCE FOR COUNCIL'S SIGNIFICANT ACTIVITIES	46
COMMUNITY LEADERSHIP AND GOVERNANCE	48
Statement of Cost of Service.....	49
Measuring our Performance.....	49
ACCESS NETWORKS AND SYSTEMS	50
Statement of Cost of Service.....	51
Measuring our Performance.....	53
WATER RELATED SERVICES.....	55
Statement of Cost of Service.....	56
Measure our Performance	57

SOLID WASTE MANAGEMENT	59
Statement of Cost of Service	60
Measuring our Performance	61
DEVELOPMENT	62
Statement of Cost of Service	63
Measuring our Performance	63
ENVIRONMENTAL CONTROLS.....	65
Statement of Cost of Service	66
Measuring our Performance	67
COMMUNITY SERVICES	69
Statement of Cost of Service	70
Measuring our Performance	71
COMMUNITY FACILITIES	73
Statement of Cost of Service	74
Measuring our Performance	75
COMMUNITY SAFETY	76
Statement of Cost of Service	77
Measuring our Performance	78
SUMMARY OF ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2005	79
STATEMENT OF COST OF SERVICE - SUPPORT SERVICES FOR YEAR ENDING 30 JUNE 2005	80
FINANCIAL STATEMENTS	82
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2005	84
CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY FOR YEAR ENDED 30 JUNE 2005	85
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005	86
CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDING 30 JUNE 2005	87
STATEMENT OF ACCOUNTING POLICIES	88
NOTES TO FINANCIAL STATEMENTS	96
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2005	98
STATEMENT OF COMPLIANCE AND RESPONSIBILITY.....	116
COMPLIANCE	118
RESPONSIBILITY	118



Governance and Management



MAYOR AND COUNCILLORS

The Mayor Is elected "at large" and ten Councillors are elected from four Wards of the District as follows:

Whakatane Ward (including Ohope)	5 members
Edgecumbe-Tarawera Ward	3 members
Taneatua-Waimana Ward	1 member
Galatea-Murupara Ward	1 member



Colin Holmes
MAYOR



Graeme Hanlen
DEPUTY MAYOR
Ward Member for Whakatane-Ohope



Christine Chambers
Ward Member for Whakatane-Ohope



David Dowd
Ward Member for Whakatane-Ohope



Jean Eivers
Ward Member for Edgecumbe-Tarawera



Jim Fitzpatrick
Ward Member for Whakatane-Ohope
Ward Councillor for Whakatane Community Board



Linda Hudson
Ward Member for Whakatane-Ohope
Ward Councillor for Ohope Beach Community Board



Andrew Iles
Ward Member for Taneatua-Waimana
Ward Councillor for Taneatua Community Board



George Johnston
Ward Member for Edgecumbe-Tarawera
Ward Councillor for Edgecumbe-Tarawera Community Board



Russell Orr
Ward Member for Edgecumbe-Tarawera



Jacob Te Kurapa
Ward Member for Galatea-Murupara
Ward Councillor for Murupara Community Board

MEMBERSHIP OF STANDING COMMITTEES

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

Policy Development Committee

- His Worship the Mayor C G H Holmes (Chairperson)
- All Councillors

Iwi Liaison Committee

- Pouroto Ngaropo (Chairperson)
- Councillor J Te Kurapa
- Councillor A V Iles
- Hemana Eruera
- Joe Mason
- Richard White
- Colin Te Pou
- Harata Te Amo-Simeon
- Henry Pryor
- Bill Bird
- James Carlson
- Paora Hunia

Hearings Committee

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

Operations Committee

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

Audit Committee

- His Worship the Mayor C G H Holmes (Chairperson)
- Councillor C Chambers
- Councillor G I Hanlen
- Councillor R N Orr

COMMUNITY BOARDS

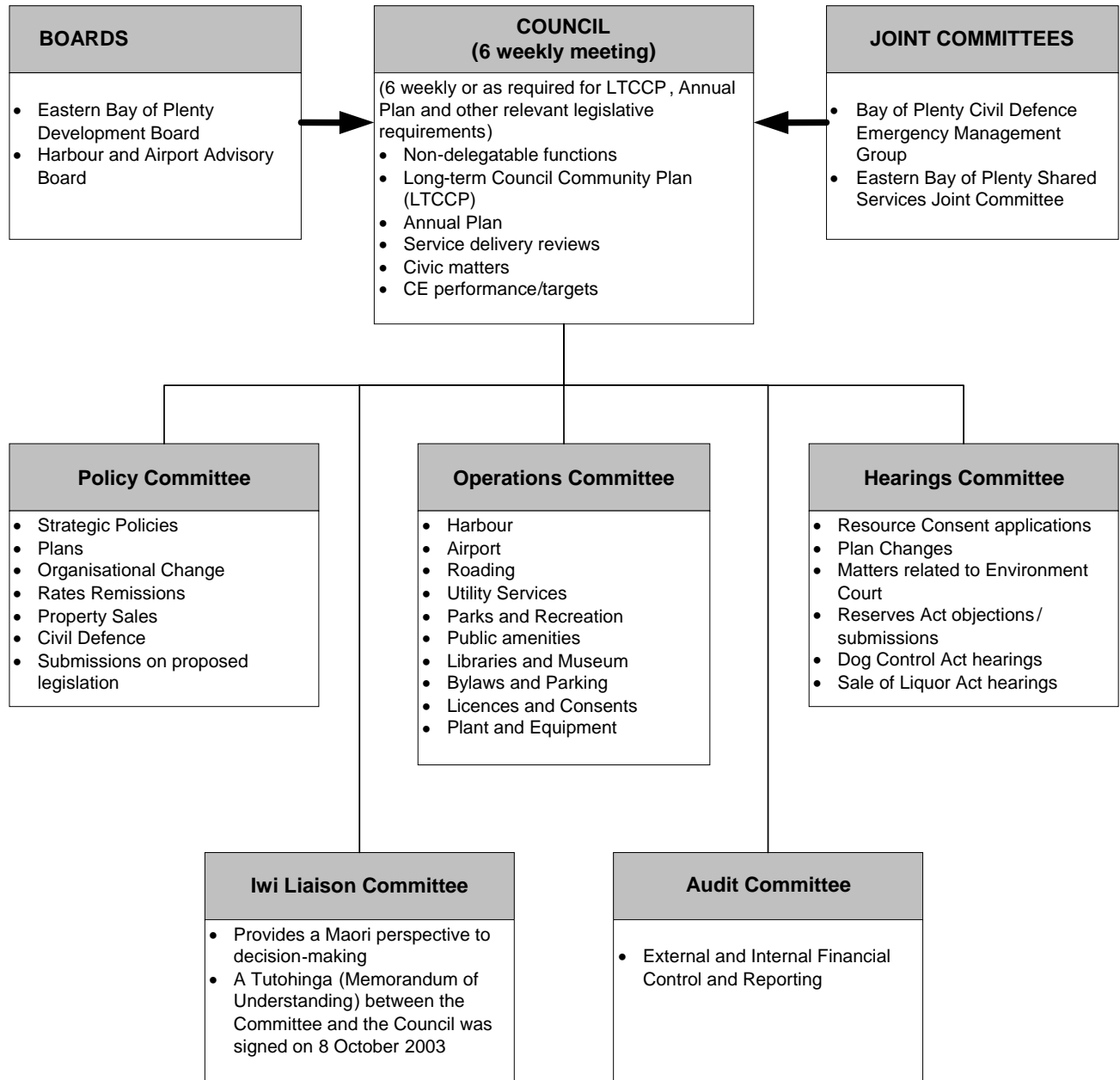
EDGE CUMBE-TARAWERA	WHAKATANE	MURUPARA
BOURK , Graeme 4 Puriri Crescent, Edgecumbe	CHAMBERS , George (C) 38 Henderson Street, Whakatane	Galatea-Waiohau Subdivision
EVANS , Graham 49 Putiki Road, R D 3, Whakatane	DELAHUNTY , Neville Thomas 27 Pouwhare Street, Whakatane	ADAM , Arthur (C) 127 Mangamutu Road, Galatea, R D 1, Murupara
HARVEY , Evan 143 College Road, Edgecumbe	HARAWIRA , Joe 19 Farnworth Crescent, Whakatane	MAGEE , Carol 4620 Galatea Road, R D 1, Murupara
McINDOE , Clive (DC) 13 Kowhai Street, Edgecumbe	HIPKISS , Andrea Claire 18 Amber Grove, Whakatane	Murupara Subdivision
SMEATON , Graham (C) 30 Rata Avenue, Edgecumbe	LYNCH , Kenneth John 15 Bunyan Road, Whakatane	CHAPMAN , Awhina (DC) 54 Oregon Drive, Murupara
WILLIAMS , Tessie 154 College Road, Edgecumbe	SEARLE , Ian Ewart (DC) 2 Landing Road, Whakatane	DELAMERE , Melody 20 Ngaio Place, Murupara
COUNCILLOR: JOHNSTON , George Vansel 133 Thornton Beach Road, R D 4, Whakatane	COUNCILLOR: FITZPATRICK , Jim 29A Hawera Street, Whakatane	JAKEMAN , Damon 820A Troutbeck Road, R D 1, Murupara
TANEATUA	OHOPE BEACH	Te Urewera Subdivision
KORA , Monty 266 Main Street, WAIMANA	BOWATER , Grant P O Box 3143, Whakatane	TE KURAPA , Chico 13 Horomanga Road, R D 1, Murupara
KNOWLES , Les (DC) 8 Hughes Place, Taneatua	BOWERING , Christine (C) 131 Pohutukawa Avenue, Ohope	COUNCILLOR: TE KURAPA , Jacob 1 Rewa Crescent, Murupara
KYLE , David (C) C/- Taneatua Auto Services, 31 Tuhoe Street, Taneatua	DOHRMAN , Chris (DC) P O Box 2214, Whakatane	
RUITERMAN , Luke P O Box 116, Taneatua	LOVELOCK , Hugh 33 Eruini Street, Ohope	(C) = Chairperson (DC) = Deputy Chairperson
TIHI , Claude William 70A Ruatoki Valley Road R D 1, Whakatane	McKILLOP , John 200 Pohutukawa Avenue Ohope	
YALDEN , Diane 1 Amokura Street, Taneatua	POCOCK , Karen Winirangi 4 Bluett Road, Ohope	
COUNCILLOR: ILES , Andrew 82 Eagle Hill Road, Waimana	COUNCILLOR: HUDSON , Linda 14 Kowhai Street, Ohope	

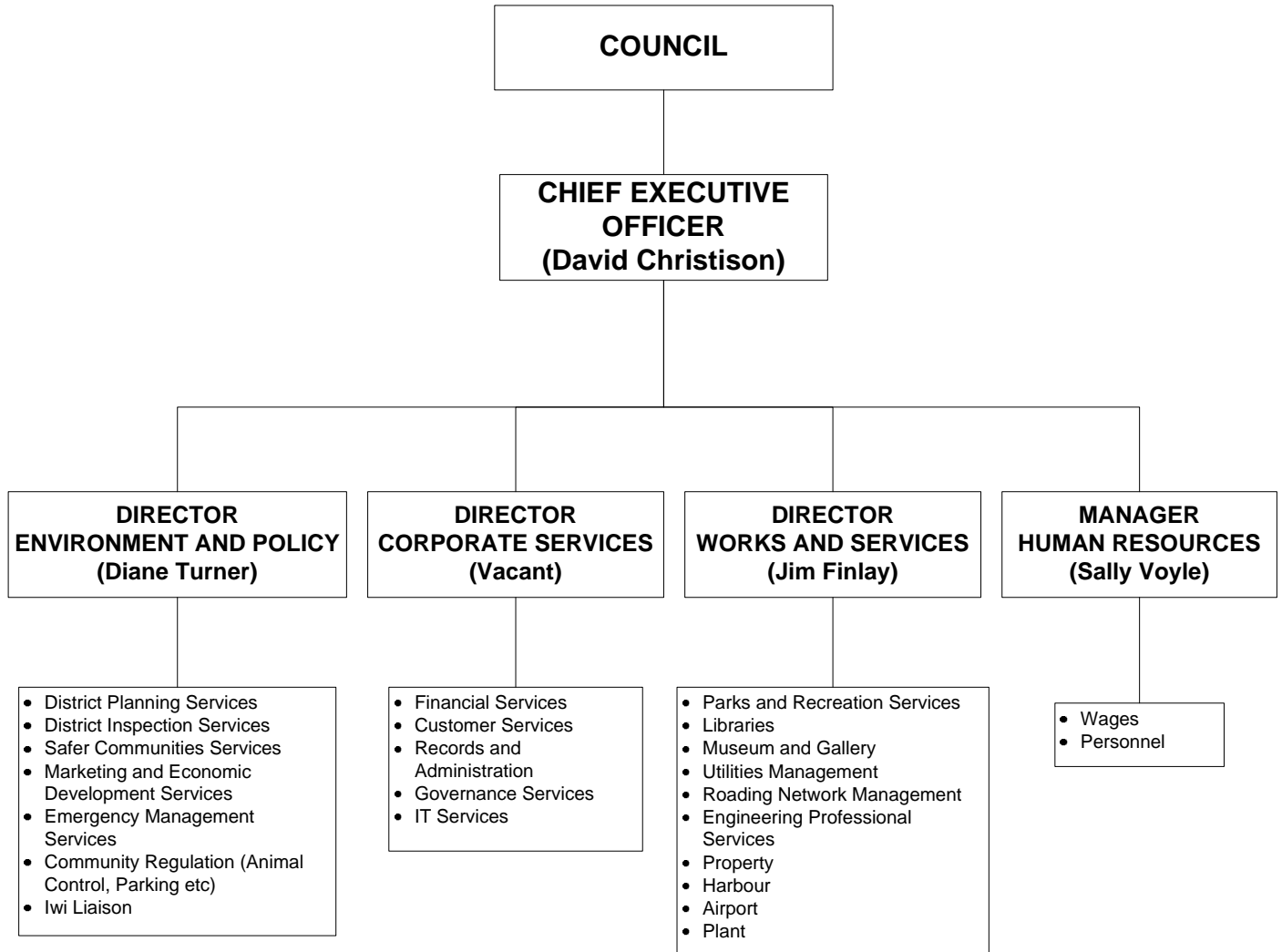


Organisational Structure



OUR COUNCIL STRUCTURE



SENIOR STAFF (30 JUNE 2005)**Staff Employed by Departments**

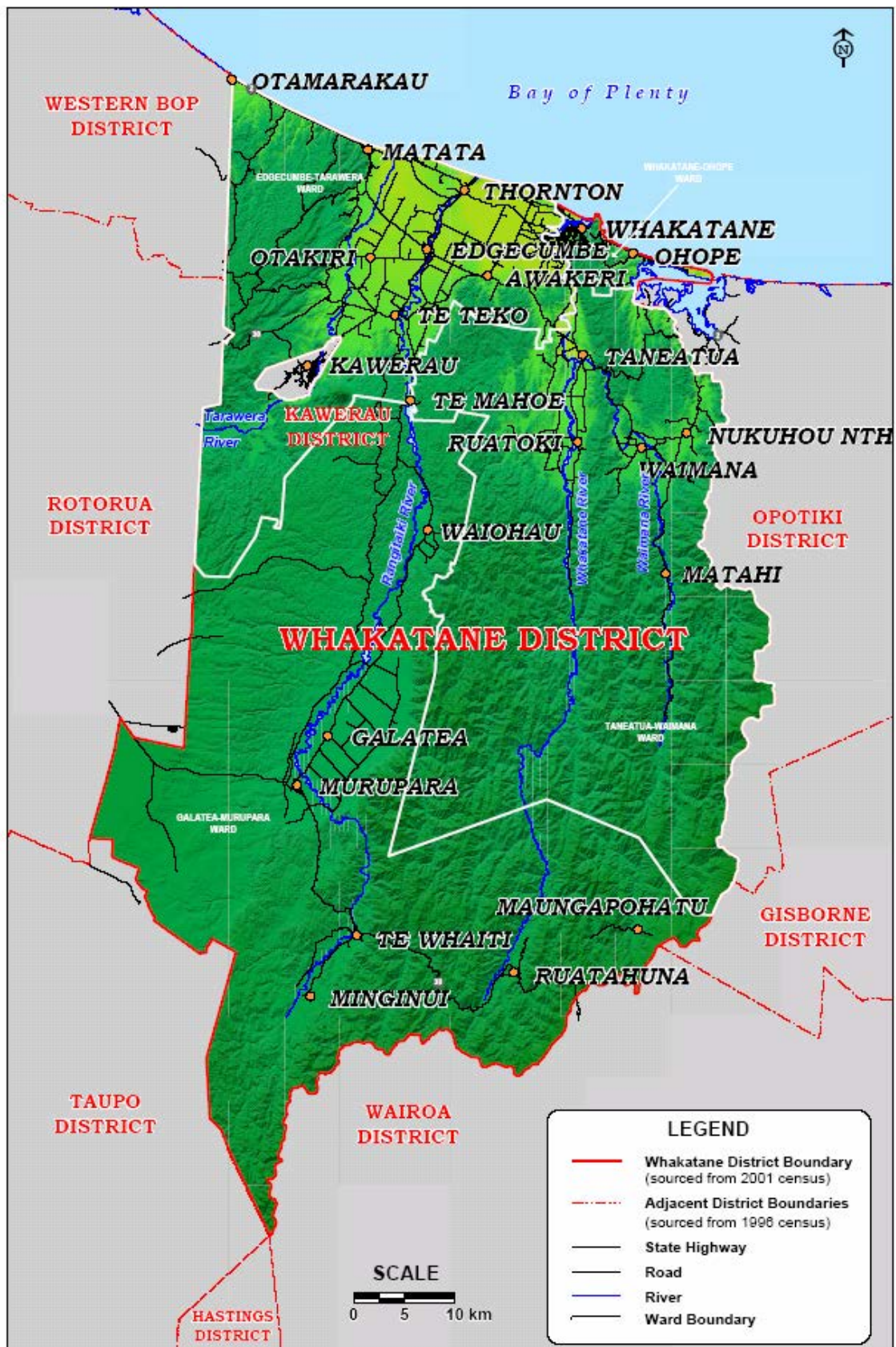
Department	Staff Numbers
Chief Executive and Directors	4
Environment and Policy	27
Corporate Services	19
Works and Services	48
Human Resources	1
Part time staff	32
Total	131



Overview— Our District



OUR DISTRICT



WHAKATANE STATISTICS

- **WHAKATANE TOWN**

Bay of Plenty, North Island, New Zealand

Latitude	37° 57' south
Longitude	176° 59' east

By road to Auckland	302 km
Flying time to Auckland	45 minutes

- **DISTRICT AREA** = 4,200 sq km

- **DISTRICT POPULATION** = 32,820 (2001 Census)

- **CLIMATE (2003)**

Mean maximum daily temperature:	July: 13.8°C; February: 24.1°C
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Mean annual daily temperature:	19.2°C
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Total rainfall:	1,108 mm
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Mean annual hours bright sunshine:	2,048.6 (2001)
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- **RATING**

Estimated total rateable properties	12,997
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Estimated total rateable land value	\$3,124,528,542
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Estimated total rateable capital value	\$5,527,165,362
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System of rating	Capital Value
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THE WHAKATANE DISTRICT TODAY

The Whakatane District has a central location in the Bay of Plenty Region covering the coast from Otamarakau in the west to Ohiwa Harbour in the east. It also extends inland over part of the volcanic plateau and covers 4,200 km².

The Whakatane District boasts an attractive climate with temperatures generally between 25 and 28 degrees (Celsius) in the summer months. The temperature is usually in the high teens during winter and is seldom lower than 11 degrees. Whakatane generally records the highest temperature in New Zealand for about 55 days of the year.

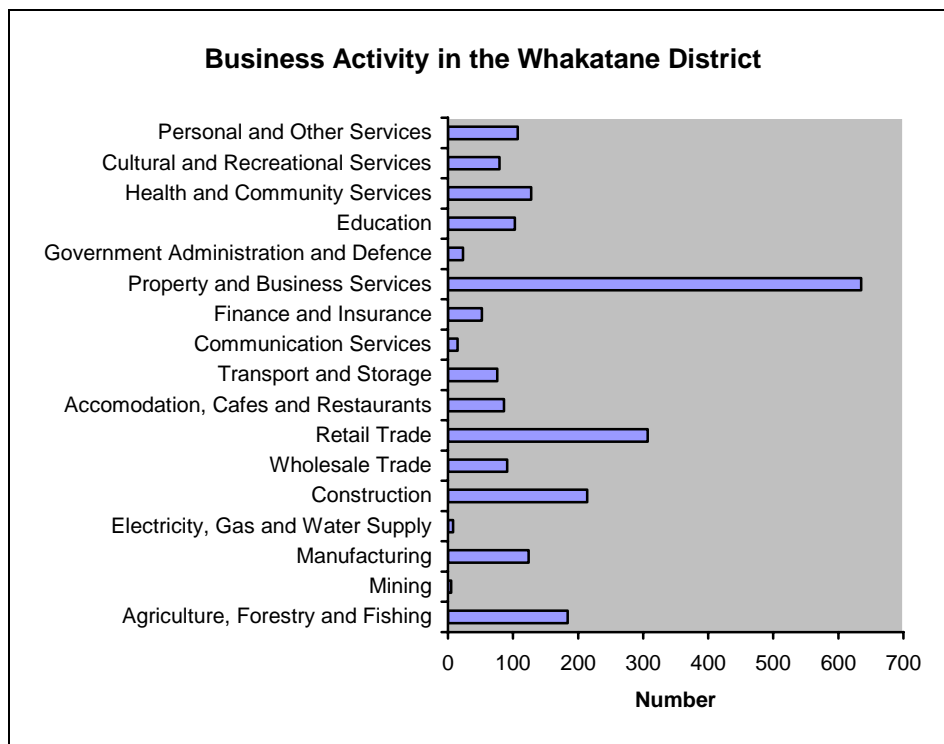
Whakatane is 302km from Auckland, 96km from Tauranga, and 85km from Rotorua by road. It provides a tourist gateway to Urewera National Park (the third largest national park in New Zealand and ancestral home of the Tuhoe people) and Whakaari/White Island, an active volcano which can be visited by boat or helicopter. Whakatane's premier game-fishing waters extend to offshore islands, offering a range of species to anglers.

The largest dairy processing plant in the Bay of Plenty is sited at Edgecumbe, on the Rangitaiki Plains, approximately 20km west of the Whakatane township.

Agriculture remains an economic mainstay in the District, but since the 1950s, plantation forestry and wood processing have become increasingly important.

A significant proportion of the District (41%) is protected native forest within Te Urewera National Park and there are areas of Māori land situated within or immediately adjacent to the park. Approximately half of the District's land area (51%) is classified by Statistics New Zealand as being 'farmed' (livestock, fruit, vegetables, arable crops, forestry, indoor crops and other outdoor crops). The statistics indicate a decline over the past decade in the amount of land devoted to pastoral uses, principally dairying.

The following graph represents business activity in the District showing the number of business units across seventeen industry classifications:



Source: Statistics New Zealand 2001 Business Directory Update Survey

In recent years, tourism has taken on an important role as more and more people have come to appreciate the region's rich heritage, wonderful coastal, bush resources and outstanding climate.

The People

The District had a population of 32,820 people at the 2001 Census. The population spread within the District is shown in the table below.

Distribution of the population within the Whakatane District

Census Area Units	% of District population	Population
	2001	2001
Whakatane Urban Area	46	15,024
Ohope	8	2,760
Taneatua	2	753
Matata	2	666
Edgecumbe	5	1,668
Murupara	6	1,959
Te Teko	2	630
Waimana	2	654
Remaining Rural Area	27	8,706

Between 1996 and 2001 the District experienced an overall 1% decrease in population. Projections for Whakatane District (see the following table) predict a rise in the total population for 2006. After that period, the current projections show a decline in the total population.

Population projections 2006-2021

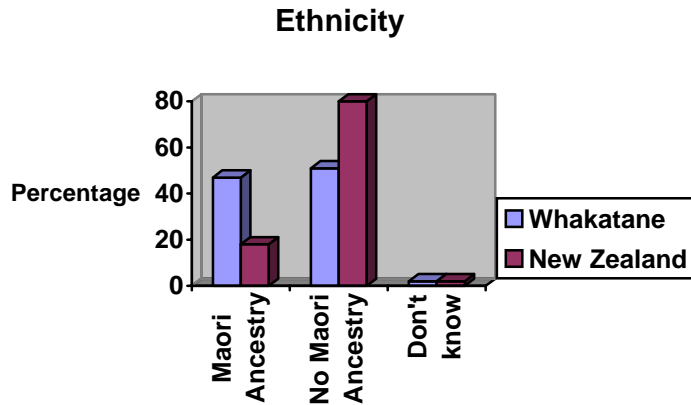
Area	Years (ending June 30)			
	2006	2011	2016	2021
Whakatane	34,200	34,000	33,800	33,500
New Zealand	4,109,300	4,248,300	4,378,600	4,622,100

Note: These population projections are calculated assuming medium fertility, medium mortality and medium migration.

Some communities and rural areas are experiencing declining populations. The urban areas of Whakatane (including Ohope) and the coastal strip are expected to experience considerable growth over the next ten years.

Ethnicity

Approximately 47% of residents identified that they had Māori ancestry, 51% said they didn't and 2% did not know. This is significantly higher than the national average of 18%.



Education

Residents of the Whakatane District generally have a lower level of educational qualifications when compared with national figures. There are increasing educational opportunities being provided in the District at all levels. The most notable of these is the development of Te Whare Wānanga o Awanuiārangī in Whakatane.

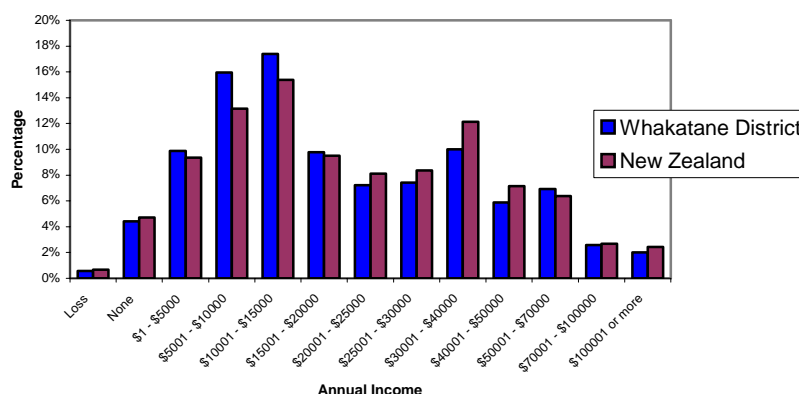
Employment

In 2001, 42% of residents were employed full-time, 15% employed part-time, 8% unemployed and 35% not in the labour force.

The majority of people are agricultural and fishery workers with agriculture, forestry and fishing being the largest industry group in the District. However this industry has experienced the largest decrease since 1996 (16%). The occupational group with the biggest increase since 1996 was professionals (20%).

The mean personal income for the District was \$23,774; the median personal income was \$15,916. 58% had an annual personal income of \$20,000 or less, 11% had an annual personal income of \$50,000 or more. These figures are compared nationally in the following graph.

Personal Income for Residents of Whakatane District 2001

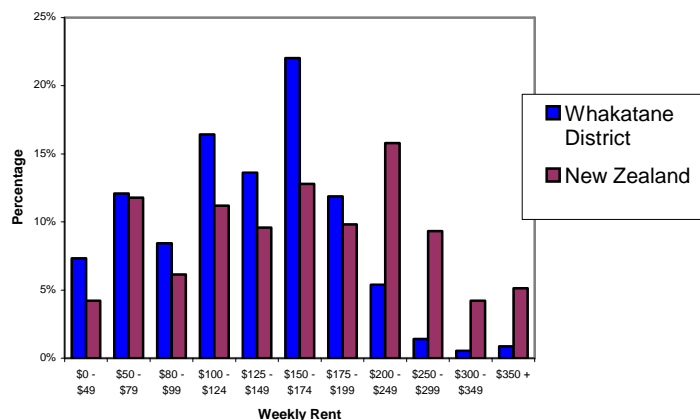


Housing

In 2001 the total number of private dwellings in the Whakatane District was 11,469 and the total number of non-private dwellings, e.g., hotels, hostels and hospitals, was 66. There was an increase since 1996 of 369 private dwellings and a decrease of 24 non-private dwellings, and since 1991 an increase of 1,149 private dwellings and a decrease of 42 non-private dwellings.

A total of 68% of dwellings were owned or partly owned by the occupants. This has increased from 67% in 1996 but is down from 73% in 1991 owing to a decrease in the number of owner-occupiers and an increase in the number of rental properties. Nationally 68% of dwellings were owned or partly owned by the occupants in 2001, and this is down from 74% in 1991. The mean weekly rent was \$133.

Whakatane District Weekly Rental Charges



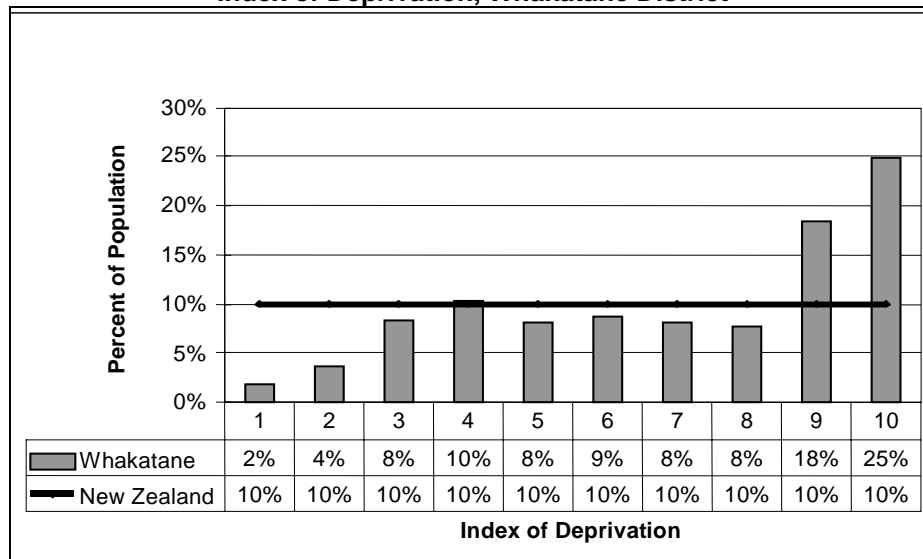
A total of 11% of households had no motor vehicle and 8% had no access to telecommunication systems (telephone). A total of 46% of households had two or more motor vehicles and 28% had internet access. For New Zealand 10% of households had no motor vehicle and 4% had no access to telecommunications systems. 49% of households had two or more motor vehicles and 37% had internet access.

Deprivation

The New Zealand Deprivation Index ranks areas from 0 to 10, 10 being the highest levels of deprivation. Factors that will increase the score include low income, high unemployment, no academic qualifications, overcrowding, no car, no telephone, living in rental accommodation and single parent families. Whakatane District as a whole had an average rating of 8.

The Whakatane District has fewer people than the New Zealand average in the less deprived Index of Deprivation levels 1 and 2, is slightly below average in levels 3 to 8 and scores far higher than average in more deprived levels 9 and 10 (see the following table).

Index of Deprivation, Whakatane District



Development

The Whakatane Urban and adjacent coastal areas are currently undergoing a surge in development and investment. The District continues to grow as land is developed and subdivided. This is part of an international trend where people are seeking a lifestyle near the coast or near any significant areas of water. During the last two years there has been a dramatic increase in coastal-related subdivision throughout New Zealand.

The opportunity for investment and the growth potential of the District is being increasingly recognised and taken advantage of by investors from within and outside the area. The Council approved a significant retail development of a 18,000 m² building in Whakatane. Building is to commence in 2005.

In 2000, the number of building consents for new dwellings in the Whakatane District was 120. In 2003 this figure increased to a total of 182 consents. Revised 2004 estimates for potential residential dwellings in the main urban centres indicate that there are currently 288 sites in the Whakatane urban area, 245 in Ohope and 633 in Coastlands/Piripai, that are either vacant, proposed residential land or have infill potential. These figures show that there is future capacity within the Whakatane urban area, Ohope and Coastlands/Piripai for further residential development, although the demand for residential sites may be higher than the available land area for Whakatane urban area and Ohope over a sustained 10-year period.

There is also market pressure to redevelop the downtown harbour endowment land in Whakatane for commercial and residential use.

The continued development of apartment complexes and more intensive forms of residential development at Ohope and in the Whakatane urban area, and potentially at Coastlands/Piripai, will provide a greater density of accommodation units to be constructed. The figures above do not include the potential redevelopment of existing sites for higher density residential development.

There continues to be a demand for rural residential lots in rural areas of the District. Over the last four years there has been an average of 56 building consents per year issued for new dwellings in rural areas and rural settlements.

In business areas, 13 new commercial and five new industrial developments are created each year (based on building consents issued over the last four years). These developments vary widely in terms of size and demand for services. There is a demand for larger floor retailing in Whakatane.

The Whakatane District Council has a number of projects under way to manage this growth, as the Council does not envisage it reducing in the future.

The use of land for housing, visitor accommodation or large business activities can put pressure on existing services, community infrastructure, roads, Whakatane town centre car-parking and reserves. These services and reserves need to be upgraded as the District grows.





Working with Tangata Whenua



WORKING WITH TANGATA WHENUA

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 (LTCCP).

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 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

In order to be able to do this well, the representation will reflect the Māori/iwi communities of interest. The Council has resolved the following representation:

Ngāti Awa	3
Tuhoe	3
Ngāti Manawa	1
Ngāti Whare	1
Ngāti Rangitahi	1
Tuwharetoa ki Oniao	1

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 8 October 2003. The essence of this document is to formalise the commitment of both parties to work together in good faith and gain an understanding 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 2004.

The Council employed a Kaitakawaenga (Māori Liaison Officer) in 2004. This position has been established to provide a bridge between the Whakatane District Council and Māori and 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 Council will consult widely in order to determine further initiatives that will develop the capacity of Māori to contribute to decision-making. The Council will be undertaking this work as it develops the next LTCCP, which is required to be adopted by the Council from 1 July 2006.



Employment



EQUAL EMPLOYMENT OPPORTUNITIES

An equal employment opportunity 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.

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 2005

- | | | |
|----|--|---|
| 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. | Achieved. Personnel policies reviewed for deficiencies and updated. |
| 3. | Communicate to staff any changes to the EEO Programme | Achieved. |

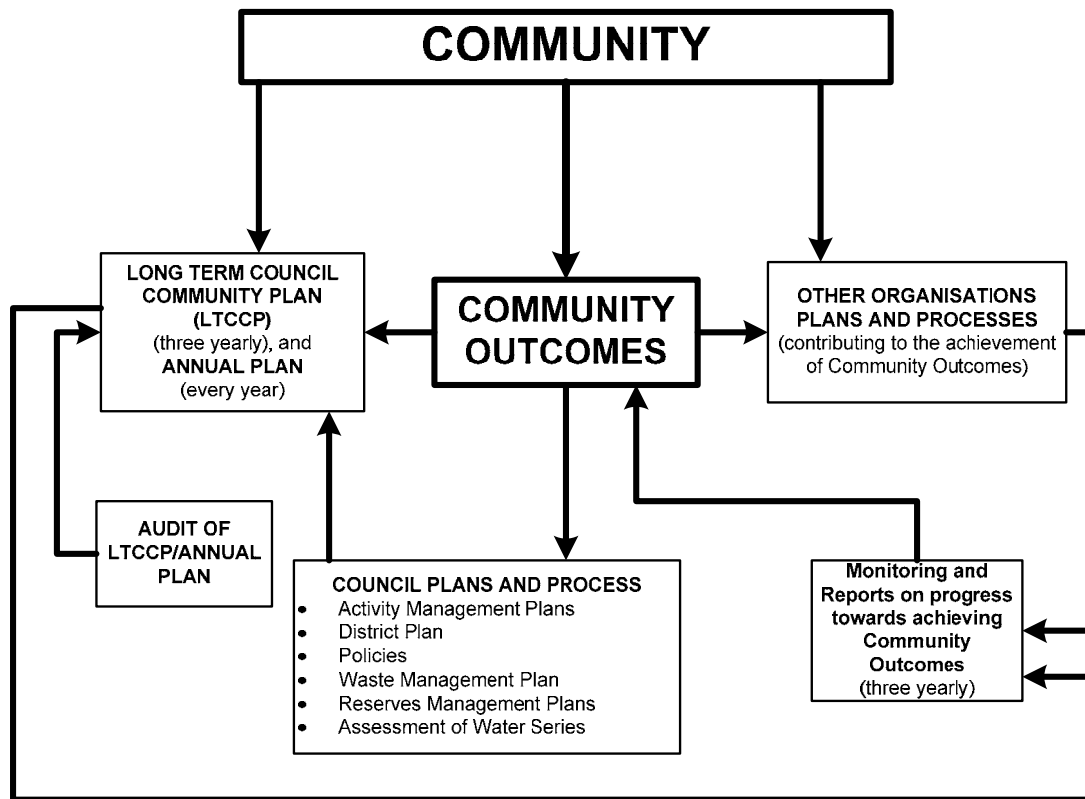


Community Outcomes



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

People enjoy living in the Whakatane District because it has a supportive community that recognises shared values while appreciating and celebrating the differences within its diverse communities.

A supportive community will be achieved because:

- people work together to improve community wellbeing;
- the important place and role of the tangata whenua of the District and the value of Māori culture has been recognised, is valued and supported;
- the heritage of our District is valued and protected;
- there is a strong sense of community identity;
- there is strong community leadership;
- cultural diversity of the District is recognised and celebrated;
- young people feel valued within the community; and
- the needs of senior citizens are considered.

Natural Environment

A community that actively values and protects the outstanding natural attributes it has for future generations.

Our natural environment will be both valued and sustainable because:

- issues that may adversely impact on the natural environment have been systematically addressed;
- natural resources are managed to allow their use by future generations;
- development embodies the natural context;
- people are able to access, experience and enjoy the natural environment; and
- the understanding of environmental issues has been increased through education programmes.

Built Environment

The Whakatane District will change in a sustainable manner which complements the natural environment and enhances the lifestyle that residents and visitors value.

The District's built environment will be of a high quality because:

- planning processes are in place to foresee and manage change using sustainability principles;
- sustainable growth is planned within the context of serviceability, and the natural features, lifestyle and character valued by our communities;
- activities minimise adverse impacts on the environment;
- processes are in place which manage the pressure and demand to develop by the coast and harbour environs;
- infrastructure development is planned to support sustainable growth; and
- efficient, effective and high quality transportation and communication networks exist within the District and link with other strategic places outside the District.

Health

Residents of the Whakatane District enjoy good physical and mental health and general wellbeing.

Residents of our district will have good health because:

- quality health services are available, accessible and affordable;
- people enjoy a healthy and active lifestyle;
- services are provided to promote, support and improve overall health and wellbeing; and
- the current levels of hospital services have been retained and enhanced.

Education

People will have access to the educational opportunities that develop skills and confidence to be able to contribute positively to both their own social and economic wellbeing and that of the community to which they belong.

Educational achievement levels of our residents will increase because:

- quality education at all levels can be accessed within the District;
- youth value education and actively seek high levels of achievement;
- improved opportunities are provided for access to good quality and affordable tertiary education in the District;
- educational training opportunities support the economic development of the District;
- educational opportunities that foster cultural identity are available; and
- life long learning is valued and supported.

Safety

The Whakatane District is a place where people feel safe and secure.

Residents and visitors to our district will be safe and secure because:

- people feel safe within their homes and their communities;
- services provided promote, support and improve community safety;
- effective crime prevention initiatives are in place to develop safer communities;
- people work together to improve the safety of their community;
- infrastructure is provided and maintained using best practice safety features and standards; and
- services have been provided to promote safety in rural areas.

Prosperity

The Whakatane District is a highly sought after place to live because there are quality business and job opportunities that are sustainable.

Our district will be prosperous because:

- involvement is encouraged and promoted in our District;
- existing businesses are growing and developing;
- jobs are available that retain youth in our community;
- employment and business opportunities attract people to our District;
- employment is available for the residents of the District; and
- the District has a diverse economic base that will support the community through the ups and downs of business cycles within different business sectors.



Statement of Service Performance for Council's Significant Activities



COMMUNITY LEADERSHIP AND GOVERNANCE

Contribution to Community Outcomes *Community*

What we do

The Council undertook a representation review in 2003 and as a result of that review, the Council at its election in October 2004 changed from five wards, 13 Councillors plus the Mayor and four community boards, to four wards, ten Councillors and a Mayor and five community boards.

The activities within this group provide leadership, community representation, advocacy, consultation and provision and allocation of community grants for the District. The Whakatane District Council presently comprises the Mayor and ten Councillors representing four wards. There are also five community boards (Ohope Beach, Edgecumbe, Taneatua, Murupara and Whakatane) each comprising six members which provide local input into governance issues.

Why we do it

➤ **Democratic Services**

The Council undertakes this activity because of statutory obligation. The requirement for elected representation and the democratic decision-making process is included in the Local Government Act 2002 and the Local Electoral Act 2001. The main purpose of this activity is to provide effective decisions that reflect the needs and aspirations of the community.

➤ **Council Initiatives**

The Council undertakes this activity because of public demand. The Council provides annual financial assistance grants to community groups enhancing the wellbeing of the people in the Whakatane district.

Any negative effects

Negative effects that may be ascribed to any of the activities in the Community Leadership and Governance Group generally relate to how the Council is delivering the activity or disputes over interpretation of its responsibilities as defined in the legislation.

The Council will monitor the impact of these activities. If any significant negative impacts are identified the Council will seek to address them.

Statement of Cost of Service

	2004/05 Actual \$000	2004/05 Budget \$000	2004/05 Variance \$000 (Unfavourable)	2003/04 Actual \$000
Revenue				
Civic Services	54.4	37.0	17.4	418.8
Total Operating Revenue	54.4	37.0	17.4	418.8
Expenditure				
Civic Services	2,585.9	1,901.9	(684.0)	3,544.2
Council Initiatives	631.2	691.9	60.7	327.3
Total Operating Expenditure	3,217.1	2,593.8	(623.3)	3,871.5
Net Cost of Service Surplus/(Deficit)	(3,162.7)	(2,556.8)	(605.9)	(3,452.7)

	Actual	Budget
Net Cost of Service Funded as follows:		
Transfer from Harbour Fund Reserve for Contamination Investigations	50.0	50.0
Targeted Rate (UAC)	241.6	218.4
General Rate	1,817.1	2,288.4
General Account Surplus Carried Forward From 2003/04	1,054.0	
Total	3,162.7	2,556.8

Explanation of Significant Variances

Civic Services Expenditure

A new employment collective agreement was negotiated during the year. This resulted in terms being settled at an unbudgeted cost of approximately \$389,000.

Contractors were employed during the year to cover staff resourcing shortages and additional projects to meet legislative requirements. This was at a total cost of \$664,000. Actual staff cost expenses in some activities were subsequently under budget by \$263,000.

Direct costs in the Professional Services Business Unit of \$115,000 were not fully reallocated to the relevant activity centres owing to a system problem with the Council's job costing module. Because of the high volume of transactions and the time therefore required to correct the reallocation, rectifying this manually was not considered a viable option.

Measuring our Performance

Target	Achievement
Information provided to the Community in the Byways tabloid (31 December and 31 May each year)	Achieved—December and April copies are available from the Council offices.
Triennial election process meets all statutory requirements for elections in 2004.	Achieved—Triennial election and subsequent by-elections conducted. Information held on file.

ACCESS NETWORKS AND SYSTEMS

Contribution to Community Outcomes

Built Environment: Safety

What we do

With this group of activities, the Council:

- provides roading, airport, pedestrian, 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 and the road user.

Why we do it

The Council has a statutory responsibility to undertake these activities. Generally, the activities are provided by the 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.

The key requirements for each of the activities in the group are:

➤ ***Roading***

There are a large number of legislative requirements related to the provision of roading and pedestrian-ways where a territorial authority must prepare programmes, or otherwise, and it is appropriate for a territorial authority to provide the service on behalf of the communities within a 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 ensure environmental sustainability. This will include the development of an integrated cycleway/pedestrian strategy.

➤ ***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. We provide road safety to take ownership of the need to improve safety and wellbeing for people on our accessways. We want to achieve outcomes that support the New Zealand Road Safety Strategy 2010.

➤ ***Public Transportation***

The Council funds the provision of public transportation infrastructure, in particular, the construction of bus shelters. In addition, the Council also provides funding to support the public transportation services provided by Environment Bay of Plenty.

➤ ***Parking Enforcement***

This activity is undertaken to regulate the use of defined public parking areas in specific parts of the Whakatane District. The parking provisions are specified in the Parking and Roads chapter of the Consolidated Whakatane District Council Bylaw. As part of the activity, staff also checks that vehicles have a current Warrant of Fitness and Registration or any other related defects. Parking provisions are monitored and reviewed from time to time, as provided under the Bylaw. The Council also administers "pay" sites.

➤ **Airports**

The Council holds public aerodrome licences for the Whakatane and Galatea airports. The Whakatane airport is a joint venture with the Government. The commercial activity at Whakatane includes scheduled passenger flights, landing fees and various land and building rentals. There is an Airport Asset Management Plan covering maintenance programmes for infrastructural assets, including runways, taxiways, navigational lighting, water supply and the terminal building.

Any negative effects

The maintenance and renewal works required to sustain the assets in the activities will inconvenience sections of the community at various times. Delay to travel times, dust, noise and vibration nuisance could be experienced during the works.

Furthermore, the natural environment may, at various times, cause disruption to users of the activities, for example, storm or fog conditions could slow traffic, close airports. Also, economic design consideration may not eliminate flooding on sections of road and/or pathways.

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. These have been adopted as practical means to encourage effective and efficient use of activities.

The design and use of roads can contribute to accidents. These will be addressed by the Council's Road Safety Programme.

The Council will monitor the impact of these activities. If any other significant negative impacts are identified, the Council will seek to address them.

Statement of Cost of Service

	2004/05 Actual \$000	2004/05 Budget \$000	2004/05 Variance \$000 (Unfavourable)	2003/04 Actual \$000
Revenue				
Roading	9,493.3	3,725.1	5,768.2	3,438.8
Road Safety	60.3	101.8	(41.5)	75.2
Parking	267.2	275.0	(7.8)	320.5
Airport	101.2	84.0	17.2	96.6
Total Operating Revenue	9,922.0	4,185.9	5,736.1	3,931.1
Expenditure				
Roading	16,097.1	7,842.0	(8,255.1)	8,797.4
Road Safety	106.6	122.2	15.6	78.1
Parking	216.1	207.9	(8.2)	176.9
Airport	82.3	85.9	3.6	107.3
Total Operating Expenditure	16,502.1	8,258.0	(8,244.1)	9,159.7
Net Cost of Service Surplus/(Deficit)	(6,580.1)	(4,072.1)	(2,508.0)	(5,228.6)

	Actual	Budget
Capital Expenditure	4,391.0	4,624.2
Net Cost of Service Funded as follows:		
Transfer (to)/from Special Reserves and Funds	(55.1)	(90.8)
Target Rate (UAC)	410.8	492.6
Target Rate (\$/Valuation)	804.3	804.3
Depreciation and Asset write offs not requiring Funding	4,590.1	2,866.0
Loan Funded – Emergency Event Deficit	830.0	
Total	6,580.1	4,072.1

Council passed a resolution prior to 30 June 2005 to loan fund the deficits relating to the 2004 and 2005 emergencies.

	Actual (\$000)	Budget (\$000)	Delivery
Significant Capital Projects			
Seal Extensions	570.6	292.1	Completed Mataatua and Manawahe
		300.0	Herepuru deferred
			Revised priority
West End Realignment	397.5	382.4	Completed
Subsidised Roding Rural			
Burnett Bridge	226.3	175.0	Completed
Minor Safety Improvement	18.4	237.3	Revised priorities
Road Reseals	550.3	509.2	Completed
Seal Widening	205.9	334.3	Incomplete. Insufficient resources
Road AWPT	226.7	310.1	Incomplete. Insufficient resources
Road Rehabilitation	140.2	233.1	Incomplete. Insufficient resources
Subsidised Roding Urban			
Road AWPT	328.3	414.1	Incomplete. Insufficient resources
Road Reseals	504.0	469.9	Completed
Kerb and Channel	139.2	161.5	Completed
Minor Safety Improvements	221.9	148.1	Completed

Explanation of Significant Variances

Roading Revenue and Expenditure

The net operating deficit for Roothing of \$2,486,000 (made up of an over expenditure of \$8,255,100, offset against an over budget revenue of \$5,768,200) is largely made up as follows:

Asset Write Off	\$1,558,000	Loss of roads, bridges and other road related asset due either to flood damage or to replacement, prior to the end of the predicted economic life of the asset.
Depreciation Variation	\$161,000	Budgeted depreciation found to be inadequate for accounting purposes.
Flood costs not recovered	\$830,000	The local share component of the physical works costs incurred in the 2004/05 year arising from the road repair costs completed during that year.

Some of these unbudgeted costs have been offset by under expenditure elsewhere in the Roothing budget.

A full breakdown of all of the costs incurred as a result of the two disasters during the year is included in the Chief Executive Officer's message at the beginning of this report.

Measuring our Performance

	Target	Achievement
Roothing	95% of all defective streetlights will be repaired within five working days.	70% of requests for service to streetlights were completed within five days.
	90% of footpaths inspected in any one year will have no vertical realignment of any footpath joint of more than 25mm.	Not measured. However, any footpaths inspected, which had a vertical realignment of more than 25mm, were repaired.
	Emergency works were mobilised and commenced within 1.5 hours (except for Minginui, Mataatua and Sister Anne Roads, which will be commenced within 2.5 hours)	Unable to measure whether emergency responses were commenced within the timeframes specified.
Road Safety	Statistics gathered by the LTSA will show reduced crash numbers and higher compliance levels (licensed drivers, road worthy vehicles, seat belt wearing, etc) in our District.	Crash Numbers
		Year To June 04 June 05
		Non Injury 127 123
		Injury 80 73
		Fatal 3 7
		<i>Accidents involving Alcohol</i> 17 14
		<i>Accidents involving Speed</i> 23 17
Parking Enforcement	Daily surveillance of restricted parking areas.	<i>Achieved</i>

	Target	Achievement
Airport	Non-certified airport suitable for scheduled flight Operations, operational at all times, or otherwise advised by NOTAM (Notice to Airmen)	Achieved. Temporary closures advised by NOTAMS and recorded with Civil Aviation Authority
	Maintain and operate the Airport's assets within an operational expenditure budget (excluding Corporate Overheads and depreciation) of \$92,000 per annum.	Achieved. Operating expenditure is \$91,529.
	Undertake water system improvements within a budgeted cost of \$5,000.	Achieved. The total cost of the water system improvements is \$4,586

WATER RELATED SERVICES**Contribution to Community Outcomes****Health: Natural Environment: Built Environment: Safety****What we do**

This group of activities is undertaken to:

- ensure provision of an adequate, efficient, reliable and safe high quality water supply that meets legislative and customer requirements;
- ensure continuous, efficient and safe removal of wastewater from all connected properties and provision of environmentally acceptable treatment and disposal services;
- ensure the efficient, safe and continuous removal of stormwater to minimise the effects of flooding to property and risks to human life.

Why we do it

The reasons for providing this group of activities are:

☞ **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 the above water services to those communities which had been serviced. Delivery of the above 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.

Any negative effects

The water-related activities are generally covered by resource consents. Conditions attached to those consents seek to avoid, remedy or mitigate adverse effects. Significant negative effects can potentially arise as a result of non-compliance with conditions of consents. Such effects could also occur as a result of natural disasters such as floods. In these situations, the Council endeavours to remedy the problems as soon as possible.

The Council will monitor the impact of these activities. If any significant impacts are identified, the Council will seek to address them.

Water-Related Services - Service Performance

Statement of Cost of Service

	2004/05 Actual \$000	2004/05 Budget \$000	2004/05 Variance \$000 (Unfavourable)	2003/04 Actual \$000
Revenue				
Water Supply	2,773.7	2,289.0	484.7	2,596.5
Wastewater Service	27.1	10.0	17.1	25.0
Stormwater Service		6.0	(6.0)	.9
Trade Waste	29.6	28.0	1.6	36.1
Total Operating Revenue	2,830.4	2,333.0	497.4	2,658.5
Expenditure				
Water Supply	3,251.7	2,819.2	(432.5)	2,505.1
Wastewater Service	1,954.5	1,821.5	(133.0)	1,705.5
Stormwater Service	828.5	904.9	76.4	827.8
Trade Waste	40.6	41.4	.8	38.5
Total Operating Expenditure	6,075.3	5,587.0	(488.3)	5,076.9
Net Cost of Service Surplus/(Deficit)	(3,244.9)	(3,254.0)	9.1	(2,418.4)

	Actual	Budget
Capital Expenditure	932.8	1,278.5

	Actual	Budget
Net Cost of Service Funded as follows:		
Water - Targeted Rate (UAC)	371.6	371.6
Wastewater - Targeted Rate (UAC)	575.0	600.1
Stormwater/Trade Waste - Targeted Rate (\$/Valn)	575.6	726.7
Depreciation not requiring Funding	1,722.7	1,555.6
Total	3,244.9	3,254.0

	Actual (\$000)	Budget (\$000)	Delivery
Significant Capital Projects			
Water Supplies			
Whakatane - Replace pipes	124.0	75.0	Completed
Matata - Reservoir Main	57.4	60.0	Completed
Te Mahoe – Water Treatment	35.5	30.0	Completed
Plains Farm Connections	56.0	60.0	Completed
Wastewater			
Ohuirehe Pump Station	125.4	120.0	Completed
Pohutu Pump Station	29.6	75.0	Incomplete. Insufficient resources
Edgecumbe Ponds Upgrade	19.2	150.0	Incomplete. Resource consent delay

Water-Related Services - Service Performance

Stormwater

Riverside Pump Storage	118.7	135.0	Completed
McGarvey Mains Extension	86.2	88.0	Completed

Land Drainage

Whakatane Pump Stations	147.2	175.0	Completed
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Explanation of Significant Variances

Water Supply Revenue

Water supply revenue increased by \$39,000 in Whakatane, \$42,000 in Ohope and \$15,000 in Murupara due to increased consumption.

The Plains water supply sales revenue increased. The service connection contributions income from water connection extensions was higher than budgeted. Overall, these provided \$214,000 additional income.

Water Supply Expenditure

Costs for the operation and maintenance of the Whakatane Treatment Plant and reticulation system increased by \$147,000 during the year. This was mainly due to higher consumption and the flood aftermath clean up.

Depreciation of water supply services assets was under budgeted by \$78,000 (mainly in Whakatane). Insurance costs in the Whakatane Water Supply of \$82,000 and Edgecumbe Water Supply of \$33,000 were also under budgeted. Elsewhere in the water supply accounts over budget expenditure was largely driven by additional demand and was offset by over budget revenue.

Wastewater Expenditure

Depreciation of wastewater services assets was under budgeted by \$215,000, with the two greatest variances occurring in the Whakatane (\$134,000) and Ohope (\$68,000) systems. These costs have been partly offset by under budget expenditure in other cost centres within the wastewater accounts.

Measure our Performance

	Target	Achievement
Water	Water supplied to customers complies with general microbiological and E.coli compliance criteria of the New Zealand Drinking Water Standards (all supplies, except Te Mahoe).	The testing that has been undertaken has shown the water quality to be of an acceptable standard. However, testing has not been as frequent as the Drinking Water Standard requires. Some water supplies could not be tested due to flooding (July 2004 and May 2005). Staff were denied access at different times by community activities in Ruatoki and Taneatua.
	90% of requests for new water and waste water connections are provided within seven working days.	63% of new water connections done within seven working days. Data for new waste water connections are not available, as these are undertaken by private drainlayers at each new house.

Water-Related Services - Service Performance

	<ul style="list-style-type: none"> Water pressure and flow rates, when tested, meet standards of 150 litres per minute and minimum pressure of 200 kPa in at least 90% of all random tests. 	Flow and pressure testing have been discontinued. Flow models are being developed and on completion of this, pressure zones will be identified. Flow and pressure testing will then be undertaken in accordance with these zones.
Waste Water	Continuous, reliable and adequate waste water services provided within the following standards:	
	<ul style="list-style-type: none"> Less than 10 blockages and breaks per 1,000 pans connected; 	Blockages were less than 10 per 1,000 pans connected (actual 4.5).
	<ul style="list-style-type: none"> Less than 12 manhole, pump station or treatment plant overflows per year; 	Overflows were greater than 12 per year (actual 25). This was mainly due to two major floods during the period.
	<ul style="list-style-type: none"> More than 90% of overflows cleaned up within six hours of notification; 	Not achieved. A system is currently been developed to enable the accurate measurement of completion time.

SOLID WASTE MANAGEMENT

Contribution to Community Outcomes

Health: Natural Environment: Built Environment

What we do

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 the capability of the contractor's resources. A landfill site is currently operating off Burma Road near Whakatane, and a transfer station situated at the closed Murupara landfill site services the Murupara/Galatea area. The Council is implementing its zero waste to landfill policy.

Consents for a recycling park are nearing completion and construction is planned for the 2005/06 year.

Why we do it

The Council undertakes these activities in response to the needs and aspirations of the people of the District. 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 maximize the benefit to the community.

Refuse Disposal

- *Landfills*—the Council provides a landfill for the management and disposal of residual refuse. Residents of the greater Whakatane area have access to the Burma Road landfill, while Murupara and Galatea residents have access to the Harakeke Road transfer station. The landfill provides controlled management processes for the disposal of residual waste in accordance with Ministry of Environment and resource consent requirements.

The Council has planned to utilise the Burma Road landfill at least up until 2010. Agreements on available capacity and leasing are in place and consent applications are in progress.

- *Recycling Centres*—these are provided at both the landfill and the transfer station. The centres encourage the separation and processing (for recycling or reuse) of non residual waste delivered to the landfills by the community. The reduction in residual waste disposed of at the landfills benefits the community by reducing the potential harmful environmental impact of such disposal, saving valuable landfill air space and reducing resource use.

Any negative effects

The landfilling of residual waste has a recognised harmful effect on the receiving environment, however, where recognised, the Council has committed to mitigate the effects by undertaking appropriate, financially sustainable, remedial measures. Landfill operations will be in accordance with the relevant resource consent requirements.

Where a lack of solid waste disposal/processing services has a negative effect on the community, the Council will investigate the viability of introducing appropriate services.

Solid Waste Management - Service Performance

Statement of Cost of Service

	2004/05 Actual \$000	2004/05 Budget \$000	2004/05 Variance \$000 (Unfavourable)	2003/04 Actual \$000
Revenue				
Refuse Collection	537.0		537.0	
Refuse Disposal	356.1	215.5	140.6	316.5
Total Operating Revenue	893.1	215.5	677.6	316.5
Expenditure				
Refuse Collection	1,008.3	1,150.1	141.8	935.7
Litter Control	.3		(.3)	
Refuse Disposal	1,194.9	1,319.7	124.8	970.5
Total Operating Expenditure	2,203.5	2,469.8	266.3	1,906.2
Net Cost of Service Surplus/(Deficit)	(1,310.4)	(2,254.3)	943.9	(1,589.7)

	Actual	Budget
Capital Expenditure	137.5	2,960.0

	Actual	Budget
Net Cost of Service Funded as follows:		
Refuse Removal - Targeted Rate (UAC)	997.0	924.9
W&F - Targeted Rate (UAC & \$/Valn)	159.9	1,254.4
Depreciation not requiring Funding	153.5	75.0
Total	1,310.4	2,254.3

	Actual (\$000)	Budget (\$000)	Delivery
Significant Capital Projects			
<i>Whakatane Solid Waste</i>			
Relocate WDC Rural Fire		200.0	Not required. Used alternative site
Landfill gate	38.3	30.0	Completed
Recycling Park	137.3	1,850.0	Not complete. Awaiting resource consent
<i>Murupara Solid Waste</i>			
Landfill retirement	54.0	100.0	Completed
<i>Te Teko Solid Waste</i>			
Landfill retirement	13.0	20.0	Completed
<i>Refuse Collection</i>			
Wheelie Bins (60lts)		700.0	Carried forward to 2005/06

Explanation of Significant Variances

Refuse Collection Revenue

No budget was set for this activity as the budget income was recorded in the Rates Income account.

Refuse Disposal Revenue

The opening of the Waste Recovery Park was deferred due to resource consent requirements needing to be met and therefore the landfill site continued to be used and this revenue had not been budgeted.

The recent building boom has also seen increased usage of the landfill.

Unfunded depreciation for refuse disposal was provided for in the 2004/05 budget.

Refuse Collection Expenditure

Waste Services Contract budgeted contingencies for cost fluctuations of \$90,000 were not claimed at 30 June 2005, and therefore actual costs were less than budgeted.

Refuse Disposal Expenditure

The Waste Recovery Park opening deferral meant that budgeted costs for running the Park were not incurred as early as they had been budgeted for.

Measuring our Performance

Target	Achievement
Recycling Park operational by April 2005	Not achieved. The time taken to obtain resource consents was longer than anticipated and subject to obtaining all consents. The construction has been rescheduled to occur in the 2005/06 year.
Weekly refuse and recycling collection service provided in all urban areas, plus rural areas where a service is viable and requested.	Achieved. All monthly contract payments were made on the presentation of confirmed collection statistics for existing customers, together with adjustments for all viable, requested additions.
The Council will work towards zero waste and a sustainable New Zealand by completing the targets specified in the Waste Management Plan, and will report on progress annually (by 30 June).	<p>Council is implementing its Zero Waste Strategy.</p> <p>Hazardous waste sites are now treated as licensed facilities. Council provides a drop off centre for hazardous waste. Accommodation is provided for the mobile hazardous waste collection vehicle. Environment Bay of Plenty arranges for the transfer and disposal of hazardous waste from the Council's sites.</p> <p>Establishing recovery and recycling rates was only partly achieved as the Recycling Park was not completed, but the contract for liquid disposal was revised.</p>

DEVELOPMENT

Contribution to Community Outcomes

Prosperity: Natural Environment: Built Environment

What we do

The activities within this group provide a framework for the sustainable growth and development of the District, principally through the framework of the Resource Management Act 1991. The activities also aim to attract businesses and people to the District and to support the growth and development of existing businesses with the District.

Why we do it

- **Promotion and Economic Development Facilitation**
The Council undertakes this activity because of public demand. The main purposes of this activity are to promote economic development in the District and to market the Whakatane District as being an area with good opportunities for business development and growth.
- **Visitor Information**
The Council undertakes this activity because of public demand. The Council operates the Visitor Information Centre, which is part of a national membership of Visitor Information Network (VIN) offices. The centre provides information and booking services to the public, particularly visitors to the District and also operates as a booking agency for the Whakatane and Ohope public halls.
- **Planning Policy**
The Council has a statutory obligation under the Resource Management Act 1991 to have a District Plan. This is the statutory instrument 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.

Any negative effects

Negative effects that may be ascribed to any of the activities in the Development Group generally relate to how the Council is delivering the activity or disputes over interpretation of its responsibilities as defined in the legislation.

The purpose of the Resource Management Act 1991 means that the development of planning policy focuses on protecting environmental wellbeing. This can be seen to be impacting on other well beings, 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 an activity can not maximise the development potential of the land.

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

The Council will monitor the impact of these activities. If any significant negative impacts are identified the Council will seek to address them.

Statement of Cost of Service

	2004/05 Actual \$000	2004/05 Budget \$000	2004/05 Variance \$000 (Unfavourable)	2003/04 Actual \$000
Revenue				
Planning Policy	.4	17.0	(16.6)	.9
Marketing and Development	282.5	377.3	(94.8)	305.3
Information Centre	51.5	51.5		51.9
Regional Partnership	53.8	145.0	(91.2)	
Total Operating Revenue	388.2	590.8	(202.6)	358.1
Expenditure				
Planning Policy	359.9	402.2	42.3	325.5
Marketing and Development	620.7	708.8	88.1	600.2
Information Centre	175.8	173.3	(2.5)	165.9
Regional Partnership	61.0	145.0	84.0	
Total Operating Expenditure	1,217.4	1,429.3	211.9	1,091.6
Net Cost of Service Surplus/(Deficit)	(829.2)	(838.5)	9.3	(733.5)

	Actual	Budget
Net Cost of Service Funded as follows:		
Targeted Rate (UAC)	124.8	127.9
General Rate (UAC and \$/Valn)	704.4	710.6
Total	829.2	838.5

Measuring our Performance

	Target	Achievement
Planning	All land use consents (excluding consents to remove trees) granted in the previous financial year are monitored for compliance with conditions of consent by 30 June each year.	Not achieved. Monitoring Officer monitored all consents where specialist advice was provided or not required. During the year, 59 consents were monitored but specialist advice was not available to complete the monitoring programme due to flood and other commitments.
	Decisions on Variations 1 and 2 to the Proposed Whakatane District Plan to be made by Council and released by 31 August 2004.	Not achieved. Decisions made by Council on 7 October 2004. Decisions released on 5 November 2004.
	The Council will hear and make decisions on a notified Variation (Change) to the Proposed Whakatane District Plan that introduces replacement provisions for indigenous biodiversity by 30 June 2005.	Not achieved. Consultation process still under way.

	Target	Achievement
Information	Visitor numbers will increase by 5% annually (as measured at the Visitor Information Office).	Not achieved. Numbers unchanged from previous year.
	Statistics will show an annual increase in the number of new businesses.	Achieved. 9% increase based on Statistics New Zealand.

ENVIRONMENTAL CONTROLS

Contribution to Community Outcomes

Health: Safety: Natural Environment: Built Environment

This group of activities contribute to the overall health and wellbeing of people by ensuring that agreed standards (legislative or policy) are complied with. Therefore people can have confidence in the services that they use or purchase and the environment in which they live. Planning (implementation and monitoring) in particular contributes to the natural and built environment, through the controls that have been put in place to deliver the purposes and principles of the Resource Management Act 1991.

Why we do it

The Council has a statutory obligation to undertake these activities. The key requirements for each of the activities in the group are:

➤ **Planning (Implementation and Monitoring)**

The Resource Management Act 1991 requires all Councils to have a District Plan and to be responsible for the provisions of the Act relating to the subdivision, use and development of land. Monitoring of resource consents and compliance with the provisions of the District Plan is also undertaken.

➤ **Building Control Services**

The Council's statutory responsibilities for buildings are detailed in the Building Act 1991 and the Building Regulations 1992. 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.

➤ **Environmental Health**

The Council is responsible for a number of public health issues. These include the licensing of premises principally under the Health Act 1956, the Food Act 1981 and associated Regulations and Bylaws. The Council also monitors the state of the environment which includes public and private water supplies, environmental noise and contaminated land. The Council also advocates on health issues including provision of new public water supplies and new reticulated sewerage systems.

➤ **Licensing**

Under the provisions of the Sale of Liquor Act 1989 the Council takes on the role of a District Licensing Agency. The Council has the responsibility for issuing liquor licences for premises and to Managers of licensed premises. The Council also has education monitoring and enforcement roles.

➤ **The Gambling Act 2003**

The Act requires councils to develop policies for Class 4 Venues (Gaming machine venues excluding Casinos) and for Board Venues (TABs). Applications to establish new venues or increase the number of machines at a venue, are then considered against the policy.

For all activities within this group the Council also provides an advisory service and a complaints investigation service.

Environmental Controls - Service Performance

Any negative effects

All the activities in the Environmental Controls Group are being delivered because of statutory obligation. The main purpose for their delivery is to ensure the health and well being of existing and future generations. Negative effects ascribed to any of these activities generally relate to how the Council is delivering the activity or disputes over interpretation of its responsibilities as defined in the legislation.

The Council will monitor the impact of these activities. If any significant negative impacts are identified the Council will seek to address them.

Statement of Cost of Service

	2004/05 Actual \$000	2004/05 Budget \$000	2004/05 Variance \$000 (Unfavourable)	2003/04 Actual \$000
Revenue				
Liquor Licensing	47.0	56.0	(9.0)	64.4
Building	607.5	549.8	57.7	548.4
Environmental Health	135.3	83.0	52.3	80.0
Planning Implementation	425.2	358.4	66.8	326.5
Planning Monitoring	27.6	28.4	(.8)	21.9
Total Operating Revenue	1,242.6	1,075.6	167.0	1,041.2
Expenditure				
Liquor Licensing	68.0	69.2	1.2	70.3
Building	692.7	646.9	(45.8)	548.4
Environmental Health	227.9	276.8	48.9	240.9
Planning Implementation	784.0	597.4	(186.6)	618.6
Planning Monitoring	97.0	113.6	16.6	83.9
Total Operating Expenditure	1,869.6	1,703.9	(165.7)	1,562.1
Net Cost of Service Surplus/(Deficit)	(627.0)	(628.3)	1.3	(520.9)

	Actual	Budget
Net Cost of Service Funded as follows:		
General Rate (UAC and \$/Valn)	627.0	628.3

Explanation of Significant Variances

Planning Implementation Expenditure

This was over budget due to additional staffing costs of \$92,000 and additional legal expenses of \$53,000 which related to Environment Court hearings. More staff time was allocated to this cost centre than budgeted. Other cost centres were subsequently under budget, for example Planning Policy.

Measuring our Performance

	Target	Achievement
Consents	<p>Resource consent applications will be processed in a timely and effective manner. 90% or more of all resource consent applications will be processed within the timeframes listed below, plus any additional days that a consent has been legally extended under Section 37 of the Resource Management Act 1991:</p> <ul style="list-style-type: none"> • 19 working days – non-notified, no hearing required; • 30 working days – non-notified, hearing required; • 43 working days – notified, no hearing required • 68 working days – notified, hearing required. 	<p>Not achieved. 77% overall (314 consents).</p> <p>Non-notified, no hearing = 79% (228/290)</p> <p>Non-notified, hearing = 63% (5/8)</p> <p>Notified, no hearing = 100% (4/4)</p> <p>Notified, hearing = 50% (6/12)</p> <p>Delays caused by rush of applications to "beat" the introduction of the Development Contributions Policy, and staff committed to Civil Defence duties during July 2004 and May 2005 flood events.</p>
	<p>Building consent applications will be processed in a timely and effective manner. 95% of building consents applied for during the year and not requiring additional information within specified timeframes:</p> <p>Value < \$500,000 – 8 working days Value > \$500,000 – 16 working days</p>	<p>Not achieved. 86% issued within statutory timeframes. Note change to legislation 1 April, increased processing timeframes to 20 days.</p>
Health	<p>All businesses that require to be registered under:</p> <ul style="list-style-type: none"> • the Food Hygiene Regulations 1974 and the Food Act 1981; • the Camping Ground Regulations 1985; • the Health (Hairdressers) Regulations 1980; <p>have had first inspections completed by 1 December each year. They also are 100% compliant with appropriate legislation at the time the certificate of registration is approved, unless an exemption has been granted by the Council, as provided for in the legislation.</p>	<p>Achieved.</p>

Environmental Controls - Service Performance

	Target	Achievement
	All public and school swimming pools are inspected annually for compliance with the New Zealand Standard for Public Pools; NZS 4441:1985, and NZS 5826:2000. All pools to achieve compliance or to have a development programme in place to achieve compliance.	Achieved.
	33% of swimming pools on the Council's register of private swimming pools will be inspected annually for compliance with the Fencing of Swimming Pools Act.	Not achieved. Officers' time was spent on flood inspections. This meant no pool inspections were carried out during the year

COMMUNITY SERVICES

Contribution to Community Outcomes

Community: Health: Education: Safety: Natural Environment: Built Environment

What we do

This group of activities contribute to the health and welfare of people by providing space and active sports facilities, and educational, leisure and cultural opportunities.

Why we do it

The Council undertakes these activities in consideration of public advocacy and demand. The key requirement for each of the activities in the group are:

- **Parks and Gardens**
The principal purpose of this activity is to enhance the natural environment by providing landscaped public space suitable for a range of recreational pursuits, sports needs and facilities which are safe and accessible.
- **Parks - Sportsfields**
The Council provides large reserves almost exclusively used for organised sport. These green spaces and open areas are important for the health and enjoyment of the community.
- **Recreation**
There is increasing national recognition of the health benefits of active sport and participatory activities. The Council provides a range of programmes and supports regional initiatives which encourage active living.
- **Swimming Pools**
The Council provides a heated pool in Murupara and an indoor aquatic centre in Whakatane. There is a high demand for aquatic adventure as well as competitive swimming. The Council recognises the health and safety benefits offered by well managed swimming pools.
- **Library Services**
The Council endorses the educational, leisure and community value of public libraries. The libraries provide a range of reading materials, cassettes and internet access. Libraries are located in Whakatane, Murupara, Edgumbe and Ohope.
- **Museum and Gallery**
The Whakatane Museum is the only professionally administered museum in the Eastern Bay of Plenty. The premises accommodates genealogical and general archival research. The Gallery offers communal exhibition space for a changing range of arts and crafts.
- **Cemeteries**
The Council offers a number of burial and interment reserves which are administered in accordance with the Health Act 1956 and Burial and Cremation Act 1964. The Council administers cemeteries at Hillcrest and Domain Road (Whakatane), Murupara, Taneatua and Matata.

Any negative effects

The Community Services group of activities are largely undertaken in response to public demand. There are, however, bylaws, rules and regulations which some persons may see as restrictive. If any significant negative impacts are identified, the Council will seek to address them.

Community Services - Service Performance

Statement of Cost of Service

	2004/05 Actual \$000	2004/05 Budget \$000	2004/05 Variance \$000 (Unfavourable)	2003/04 Actual \$000
Revenue				
Parks and Gardens	352.8	269.6	83.2	497.7
Recreation	3.5	4.0	(.5)	4.0
Library	67.5	80.5	(13.0)	75.8
Swimming Pool	1.5	2.0	(.5)	79.6
Museum	18.4	25.5	(7.1)	30.2
Cemeteries	105.2	69.0	36.2	71.0
Total Operating Revenue	548.9	450.6	98.3	758.3
Expenditure				
Parks and Gardens	2,202.3	1,766.2	(436.1)	2,177.1
Recreation	90.3	95.0	4.7	113.6
Library	664.1	655.1	(9.0)	670.5
Swimming Pool	745.7	578.9	(166.8)	632.7
Museum	428.5	402.1	(26.4)	371.8
Cemeteries	169.6	159.1	(10.5)	146.9
Total Operating Expenditure	4,300.5	3,656.4	(644.1)	4,112.6
Net Cost of Service Surplus/(Deficit)	(3,751.6)	(3,205.8)	(545.8)	(3,354.3)
	Actual	Budget		
Capital Expenditure	288.8	364.0		
	Actual	Budget		
Net Cost of Service Funded as follows:				
Transfer to Reserves for Subdividers	(203.7)	(110.7)		
Contributions and Sand Mining				
Royalties				
Pools—Targeted Rate (UAC)	105.1	94.5		
Parks—Targeted Rate (UAC)	572.0	532.6		
Parks—Targeted Rate (\$/Valn)	2,667.3	2,537.6		
Depreciation not requiring Funding	610.9	151.8		
Total	3,751.6	3,205.8		
	Actual (\$000)	Budget (\$000)		
Significant Capital Projects				
Reserves				
Coastlands Beachfront	0.0	20.0		
Rex Morpeth Parking	68.4	70.0		
Papaka Redoubt	18.2	20.0		
Goodwin Landing	0.2	30.0		
Edgecumbe Skateboard Park	0.0	32.0		
Matata Reserve	2.9	47.0		

Pools

Murupara Tank Refurbishment	11.3	10.0
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Significant Other Projects**Libraries**

Books Purchased	96.7	105.0
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Explanation of Significant Variances**Parks and Gardens Expenditure**

The 03/04 three yearly revaluation of the Parks and Gardens assets resulted in an increase of \$377,000 in depreciation expenses.

There were extra staff costs for the Whakatane Reserves Account \$41,265. This was due to the July 2004 and May 2005 flood events.

Swimming Pool Expenditure

The 03/04 three yearly revaluation of the Swimming Pool assets resulted in an increase of \$79,000 in depreciation expenses.

Council approved that the leaking roof around the water slide turret at the Whakatane Aquatic Centre be repaired and cost be recovered from the contributing parties. The costs for reports, legal fees and repairs were \$61,000, which had not been budgeted for. Resolving this is still a work in progress.

Measuring our Performance

	Target	Achievement
Reserves	All reserves to be maintained (mowing and edging) in accordance with standards specified in contractor documents.	Achieved. Non-compliance notices issued and rectified.
	Amenity planting, street and park trees, and revegetation work to be carried out in compliance with the Technical Level of Service.	Achieved.
	Playgrounds to be maintained in accordance with the following standards: NZ 5828, AS/NZ 4422 and AS/NZ 4486. An annual external audit will be completed on 12 playgrounds.	Achieved. 29 playgrounds audited.
	All structures on walkways/tracks to be inspected twice per year by staff/contractor, and annually by chartered professional engineer for structural integrity.	Achieved. All structures were assessed as structurally sound by engineers
	Recreational targets specified in the contract with Sport Bay of Plenty are achieved.	Achieved.
Cemeteries	All interments in Council cemeteries are 100% compliant with the Cremation and Burials Act 1964.	Achieved.

Community Services - Service Performance

	Target	Achievement
Pools	That water quality in the swimming pools will be 100% compliant with the Public Swimming Pool Water Quality Standard for at least 95% of all samples.	Achieved.
Library	Improve the quality of library stock.	Achieved. Library stock improved through the addition of 3,500 of new books (equal to the number of old books removed).
	Undertake promotion of library facilities.	Achieved through: <ul style="list-style-type: none"> • school holiday programme held in each school holidays; • promotion to specific groups, e.g., speaking at meetings; • learning session for students, e.g., teachers' aids; • book launches; and • events held in conjunction with Friends of the Library.
	Increase the library issues each year by 1%.	Not achieved. Library issues reduced by 4% compared to the 2003/04 year to 264,330. However, usage of the library has increased specifically through the use of electronic access to information, e.g., website and electronic databases.
Museum and Gallery	Have at least six public exhibitions in the Museum and Gallery each year.	Achieved. 13 Public exhibitions were held in the Museum and Gallery during the year. List of exhibitions available at the Museum.

COMMUNITY FACILITIES

Contribution to Community Outcomes

Health: Community: Built Environment: Prosperity

What we do

This group of activities contribute to the health and welfare of people by providing a range of facilities for community use.

Why we do it

The Council undertakes these activities in consideration of public advocacy and demand as well as statutory responsibilities. The key requirement for each of the activities in the group are:

- **Halls**
The Council provides and administers urban and community based halls. 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**
The provision of public conveniences is a statutory responsibility. The Council provides 39 public convenience facilities in strategic locations throughout the district. Renewal and replacement programmes ensure facilities meet the needs of district residents and visitors.
- **Community Housing**
The Council contributes to the stock of rental accommodation for district pensioners. The accommodation owned provides an affordable, safe and well maintained independent living environment for the elderly in Whakatane and Murupara. There are four developments situated in Whakatane, providing a total of 72 rentable units and two properties in Murupara, providing 7 rentable units.
- **Ports**
Port facilities include wharfs, 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 a waterfront enhancement development and navigation channel maintenance at Whakatane.
- **Management of Community Property Assets (including Harbour Endowment Land)**
Other council-owned property is managed to provide an acceptable financial return or community advantage to the Council. This activity includes harbour-owned property (including endowment land) along with other minor buildings and land holdings.

Any negative effects

The Community Facilities group of activities are largely undertaken in response to public demand. There are, however, bylaws, rules and regulations which some persons may see as restrictive.

The Council will monitor the impact of these activities. If any significant negative impacts are identified the Council would seek to address them.

Community Facilities - Service Performance

Statement of Cost of Service

	2004/05 Actual \$000	2004/05 Budget \$000	2004/05 Variance \$000 (Unfavourable)	2003/04 Actual \$000
Revenue				
Halls	59.1	82.2	(23.1)	89.7
Public Conveniences		2.1	(2.1)	4.0
Community Housing	285.8	293.0	(7.2)	260.3
Harbour	1,247.1	1,160.9	86.2	1,604.7
Total Operating Revenue	1,592.0	1,538.2	53.8	1,958.7
Expenditure				
Halls	435.0	413.3	(21.7)	484.2
Public Conveniences	392.2	389.1	(3.1)	387.0
Community Housing	160.7	167.3	6.6	143.7
Harbour	1,249.8	840.9	(408.9)	889.5
Total Operating Expenditure	2,237.7	1,810.6	(427.1)	1,904.4
Net Cost of Service Surplus/(Deficit)	(645.7)	(272.4)	(373.3)	54.3

	Actual	Budget
Capital Expenditure	456.5	2,481.5

	Actual	Budget
Net Cost of Service Funded as follows:		
Community Housing Special Fund	(145.6)	(149.7)
Harbour Special Fund	(256.7)	(358.5)
General Rate (UAC and \$/Valn)	634.6	535.1
Depreciation not requiring Funding	413.4	245.5
Total	645.7	272.4

	Actual (\$000)	Budget (\$000)	Delivery
Significant Capital Projects			
Halls			
Urban Halls Improvements	95.0	137.1	Completed
Public Convenience			
Building Acquisition	13.0	18.5	Completed. Exterior upgrades at West End and Thornton South are at a cost of \$6,500. Upgrades of septic tank system were also completed at Thornton South, \$6,500
Harbour			
Port Ohope Wharf	7.2	60.0	Incomplete. Consultation delays
River Edge Park	111.9	100.0	Completed

Community Facilities - Service Performance

	Actual (\$000)	Budget (\$000)	Delivery
Western Training Wall	20.7	120.0	Incomplete. Carried forward to 2005/06
Thornton Boat Ramp	45.3	60.0	Completed
Whakatane Harbour Improvements	116.3	542.0	Incomplete. Ongoing projects
Army Hall	0.0	720.0	Carried forward to 2005/06
Investment Property			
Piripai Development	0.0	600.0	Not started. Awaiting final approval on project format
Corporate Property			
Civic Building Upgrade	41.5	53.5	Completed
Civic Building Improvements	5.5	30.0	Completed

Explanation of Significant Variances

Harbour Expenditure

The three yearly revaluation of the Harbour assets resulted in an increase of \$220,000 in depreciation expenses.

Emergency dredging was required as a result of the floods. This incurred \$184,000 of unbudgeted expenditure.

Measuring our Performance

	Target	Achievement
Community Housing	95% annual occupancy rate of community housing	Achieved. The occupancy rate was 96.4%.
Conveniences	No more than 12 valid complaints recorded regarding the standard of public conveniences per year.	Achieved. Two written complaints were received and remedial action taken.
Halls	No more than 12 valid complaints recorded regarding the standard of community halls.	Achieved. Five complaints were received and remedial action taken.
Harbour	No accidents resulting from the proper use of port facilities.	Achieved. No accidents reported.

COMMUNITY SAFETY

Contribution to Community Outcomes

Health: Safety

What we do

This group of activities contributes to community wellbeing, by ensuring compliance with the standards. This ensures that people can have confidence in the controls, preparedness and response against natural or contributed incident.

Why we do it

The Council has a statutory obligation with respect to Civil Defence, Dog and Stock Control, Rural Fire and Hazardous Substances. Safer Communities is a subsidised activity targeted towards crime prevention.

- **Civil Defence**
The Council has statutory responsibilities pursuant to the Civil Defence Emergency Management Act 2002. The planning and preparation for emergencies, response and recovery in the event of an emergency are a Bay of Plenty regional collective responsibility.
- **Bylaw Control**
The Whakatane District Council Consolidated Bylaws 1997 incorporate numerous rules, regulations and fines regime. The invoking of bylaws is largely advisory involving education and warnings rather than conviction.
- **Dog Control**
The Council has well defined responsibilities under the Dog Control Amendment Act 2003, although some provisions are not operative until as late as 1 July 2006. The Council has a Dog Control Policy which is to be reviewed by 1 September 2004.
- **Stock Control**
The Council has a statutory requirement in terms of the Stock Impounding Act 1955.
- **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 1979. The activity includes response costs, and training and support of the Rural Fire crew.
- **Safer Communities**
This activity is undertaken by the Council because of public demand. The activity is partly funded by the Crime Prevention Unit of the Ministry of Justice. Local programmes and initiatives have been developed within the framework of national strategies to address the prevention of crime.
- **Hazardous Substances**
The Council is involved in attendance, when notified, at incidents involving dangerous goods 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 will have a reducing role in the licensing of premises.

Community Safety - Service Performance

Any negative effects

The activities in the Community Safety Group are largely delivered because of statutory obligation. The main purpose of the delivery is to ensure the health, wellbeing and freedom from nuisance of existing and future generations. Negative effects, may be perceived in the delivery and interpretation of defined legislation.

The Council will be conscious of the impact of these activities and will seek to address any negative aspects.

Statement of Cost of Service

	2004/05 Actual \$000	2004/05 Budget \$000	2004/05 Variance \$000 (Unfavourable)	2003/04 Actual \$000
Revenue				
Emergency Response July 2004	592.1		592.1	
Task Force Green 2004	450.1		450.1	
Task Force Green 2005	20.2		20.2	
Civil Defence	3.7		3.7	4.6
Hazardous Substances	1.0	1.0		.7
Bylaw Control	1.1	1.0	.1	5.1
Rural Fire Control	7.2	20.0	(12.8)	16.4
Dog Control	340.3	303.4	36.9	301.9
Stock Control	5.4	5.0	.4	5.0
Safety Community Council	70.6	48.9	21.7	49.5
Total Operating Revenue	1,491.7	379.3	1,112.4	383.2
Expenditure				
Emergency Response July 2004	1,243.1		(1,243.1)	
Emergency Response May 2005	972.6		(972.6)	
Task Force Green 2004	414.9		(414.9)	
Task Force Green 2005	47.3		(47.3)	
Civil Defence	68.8	78.9	10.1	66.7
Hazardous Substances	13.9	23.9	10.0	22.5
Bylaw Control	83.7	73.0	(10.7)	62.7
Rural Fire Control	89.4	132.9	43.5	119.8
Dog Control	380.9	337.1	(43.8)	321.3
Stock Control	36.8	43.4	6.6	37.5
Safety Community Council	122.3	120.1	(2.2)	96.3
Total Operating Expenditure	3,473.7	809.3	(2,664.4)	726.8
Net Cost of Service Surplus/(Deficit)	(1,982.0)	(430.0)	(1,552.0)	(343.6)

	Actual	Budget
Net Cost of Service Funded as follows:		
Loan funded – Emergency Event Deficit	1,615.5	
General Rates (UAC and \$/Valn)	366.5	430.0
	1,982.0	430.0

Council passed a resolution prior to 30 June 2005 to loan fund the deficits relating to the 2004 and 2005 emergencies

Explanation of Significant Variances

Emergency Relief Revenue and Expenditure

Revenue and Expenditure for Emergency Response July 2004 and May 2005, Task Force Green 2004 and 2005, Relief Fund Administration and Civil Defence were all due to the floods and were all unbudgeted costs.

Measuring our Performance

	Target	Achievement
Civil Defence	That the Bay of Plenty Civil Defence Emergency Management Plan is operative by August 2005.	Achieved. The Plan was approved and became operation on 13 May 2005.
Rural Fire	90% of the Rural Fire personnel are certified to required standards.	Achieved. 93% of the Rural Fire personnel are certified to the required minimum unit standard (3285).
Hazardous Substances	95% of incidents related to spillage of hazardous substances are effectively contained.	There were no hazardous substance spillages during the year which required containment.
Safer Communities	Deliver projects funded by the Crime Prevention Unit in accordance with the approved project plan.	Achieved. Six monthly updates on the Crossroads project were provided to the Crime Prevention Unit. In addition, the following projects were co-ordinated: <ul style="list-style-type: none"> • Liquor Ban • Whakaaro Rangatahi monthly meeting; • Neighbourhood Support; and • Family Violence Network.
Dogs	That a review of the Council's Dog Control Policy is completed by 1 September 2004.	Achieved. Policy review was completed and adopted on 10 June 2004. Bylaw review was completed and adopted on 11 August 2004.

Summary of Activities - Service Performance

SUMMARY OF ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2005

	2004/05 Actual \$000	2004/05 Budget \$000	2004/05 Variance \$000 (Unfavourable)	2003/04 Actual \$000
Revenue				
Community Leadership & Governance	54.4	37.0	17.4	418.8
Access Networks and Systems	9,922.0	4,185.9	5,736.1	3,931.1
Water Related Services	2,830.4	2,333.0	497.4	2,658.5
Solid Waste Management	893.1	215.5	677.5	316.5
Development	388.2	590.8	(202.6)	358.1
Environmental Controls	1,242.6	1,075.6	167.0	1,041.2
Community Services	548.9	450.6	98.3	758.3
Community Facilities	1,592.0	1,538.2	53.8	1,958.7
Community Safety	1,491.7	379.3	1,112.4	383.2
Total Revenue	18,963.1	10,805.9	8,157.2	11,824.4
Expenditure				
Community Leadership & Governance	3,217.2	2,593.8	(623.4)	3,871.5
Access Networks and Systems	16,502.1	8,258.0	(8,244.1)	9,159.7
Water Related Services	6,075.3	5,587.0	(488.3)	5,076.9
Solid Waste Management	2,203.5	2,469.8	266.3	1,906.2
Development	1,217.4	1,429.3	211.9	1,091.6
Environmental Controls	1,869.6	1,703.9	(165.7)	1,562.1
Community Services	4,300.5	3,656.4	(644.1)	4,112.6
Community Facilities	2,237.7	1,810.6	(427.1)	1,904.4
Community Safety	3,473.7	809.3	(2,664.4)	726.8
Total Expenditure	41,096.9	28,318.1	(12,778.8)	29,411.8
Community Leadership & Governance	(3,162.8)	(2,556.8)	(606.0)	(3,452.7)
Access Networks and Systems	(6,580.1)	(4,072.1)	(2,508.0)	(5,228.6)
Water Related Services	(3,244.9)	(3,254.0)	9.1	(2,418.4)
Solid Waste Management	(1,310.4)	(2,254.3)	943.9	(1,589.7)
Development	(829.2)	(838.5)	9.3	(733.5)
Environmental Controls	(627.0)	(628.3)	1.3	(520.9)
Community Services	(3,751.6)	(3,205.8)	(545.8)	(3,354.3)
Community Facilities	(645.7)	(272.4)	(373.3)	54.3
Community Safety	(1,982.0)	(430.0)	(1,552.0)	(343.6)
	(22,133.8)	(17,512.2)	(4,621.6)	(17,587.4)

STATEMENT OF COST OF SERVICE - SUPPORT SERVICES FOR YEAR ENDING 30 JUNE 2005

	2004/05 Actual \$000	2004/05 Budget \$000	2004/05 Variance \$000 (Unfavourable)	2003/04 Actual \$000
Recoveries				
Administration	23.2	7.1	16.1	17.3
Finance	192.9	181.0	11.9	209.6
Engineering	274.5	173.9	100.6	207.2
Council Properties	165.8	326.8	(161.0)	232.6
Plant Management	4.5	15.0	(10.5)	1,075.3
Professional Services Business Unit	17.2	64.8	(47.6)	1,036.1
Operations Business Unit	8.8	10.0	(1.2)	1,825.7
Parks Business Unit	5.0	(.0)	5.0	978.4
Environmental Services Business Unit				312.6
Information Services				523.0
Community Services	.6		.6	357.8
Total Recoveries	692.5	778.6	(86.1)	6,775.6
Direct Expenditure				
Administration	1,940.2	1,469.7	(470.5)	1,679.6
Finance	1,433.1	1,221.4	(211.7)	1,493.1
Engineering	785.9	823.4	37.5	790.9
Council Properties	599.9	849.3	249.4	1,156.4
Plant Management	166.8	15.0	(151.8)	1,185.6
Professional Services Business Unit	975.7	776.1	(199.6)	887.1
Operations Business Unit	1,876.3	1,636.0	(240.3)	1,680.0
Parks Business Unit	685.4	678.7	(6.7)	844.1
Environmental Services Business Unit	327.7	336.4	8.7	299.4
Information Services	483.5	482.3	(1.2)	539.2
Community Services	178.6	282.2	103.6	516.7
Total Direct Expenditure	9,453.1	8,570.5	(882.6)	11,072.1
NET COST OF SERVICE	8,760.6	7,791.9	(968.7)	4,296.5



Financial Statements



Statement of Financial Performance

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR YEAR ENDED 30 JUNE 2005**

		Council and Group		
	Notes	2004/05 Actual \$000	2004/05 Budget \$000	2003/04 Actual \$000
Revenue				
Rates Revenue	10	16,985.1	16,488.3	15,733.5
Interest Received		842.9	610.0	762.4
Petroleum Tax		244.0	250.0	247.9
Income from Activities		18,963.1	10,805.9	11,824.4
Total Revenue before Asset Development		37,035.1	28,154.2	28,568.2
Expenditure				
Expenditure from Activities	11	41,096.9	28,318.1	29,411.8
Total Expenditure from Activities		41,096.9	28,318.1	29,411.8
Net Surplus /(Deficit) before Asset Development Revenue	12	(4,061.8)	(163.9)	(843.6)
Asset Development Revenue				
Investment Properties Revaluation	2	6,513.1		454.8
Developers Contributions	21	447.2		
Mayoral Disaster Relief Fund		59.7		
Vested Assets		4,009.4	500.0	2,856.6
Previously Unrecorded Assets				883.5
Total Asset Development Revenue		11,029.4	500.0	4,194.9
Surplus / (Deficit) Before Taxation		6,967.6	336.1	3,351.3
Less Tax Expenses	15			(6.0)
Net Surplus /(Deficit) After Taxation		6,967.6	336.1	3,345.3

The Notes and Statement of Accounting Policies form part of these Financial Statements

Statement of Movements in Equity

**CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
FOR YEAR ENDED 30 JUNE 2005**

	Notes	Council and Group		
		2004/05 Actual \$000	2004/05 Budget \$000	2003/04 Actual \$000
Net Surplus / (Deficit)		6,967.6	336.1	3,345.3
Increase/ (Decrease) in Operational Asset Revaluation Reserve	5	28,496.2		324.5
Increase / (Decrease) in Infrastructural Assets Revaluation Reserve	5			41,483.9
Movements in Equity for the Period		35,463.8	336.1	45,153.7
Total Equity at Start of the Year		391,493.3	350,840.4	346,339.6
Total Equity at the End of the Year		426,957.1	351,176.5	391,493.3

The Notes and Statement of Accounting Policies form part of these Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 30 JUNE 2005**

	Notes	Council and Group		
		2004/05 Actual \$000	2004/05 Budget \$000	2003/04 Actual \$000
Public Equity				
Accumulated Funds	6	322,414.5	318,776.5	318,472.2
Reserves	5	104,542.6	32,400.0	73,021.1
TOTAL PUBLIC EQUITY		426,957.1	351,176.5	391,493.3
Represented by:				
Current Assets				
Cash			500.0	
Short Term Investments	4	10,636.6	4,381.4	12,636.0
Mayoral Disaster Relief Fund Trust		59.7		
Stock		100.3	100.0	116.3
Accounts Receivable	7	7,246.3	4,400.0	4,360.4
Prepayments		53.1	100.0	90.3
Goods and Services Tax		205.2		446.8
Total Current Assets		18,301.2	9,481.4	17,649.8
Non-Current Assets				
Term Investments	3 & 8	44.7	500.0	1,045.1
Operational Assets	2	50,939.7	33,800.0	39,550.4
Infrastructural Assets	2	321,858.9	299,245.4	320,667.8
Restricted Assets	2	35,833.4	15,500.0	18,658.8
Investment Properties	2	19,114.3	13,000.0	12,601.2
Work in Progress		733.5		484.9
Forestry Assets	2	44.6	21.8	41.7
Land intended for sale	2	332.8		332.8
Total Non-Current Assets		428,901.9	362,067.2	393,382.7
TOTAL ASSETS		447,203.1	371,548.6	411,032.5
Current Liabilities				
Bank Overdraft		83.5		69.9
Creditors and Accruals	9	8,949.2	4,200.0	6,648.6
Goods and Services Tax			200.0	
Income Received in Advance		1,235.6	900.0	1,085.5
Deposits		420.4	420.0	340.9
Provision Landfills Current	16	30.0		30.0
Public Debt Current	1	2,655.7	1,869.3	1,525.2
Total Current Liabilities		13,374.4	7,589.3	9,700.1
Non Current Liabilities				
Provision Landfill	16	2,236.4	2,050.0	2,547.2
Provision Forestry	16	1,000.0		1000.0
Public Debt	1	3,635.2	10,732.8	6,291.9
Total Non-Current Liabilities		6,871.6	12,782.8	9,839.1
TOTAL LIABILITIES		20,246.0	20,372.1	19,539.2
NET ASSETS		426,957.1	351,176.5	391,493.3

The Notes and Statement of Accounting Policies form part of these Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDING 30 JUNE 2005

	Council and Group		
	2004/05	2004/05	2003/04
	Actual \$000	Budget \$000	Actual \$000
CASH FLOWS FROM OPERATIONS			
Rates	16,688.8	16,488.3	15,863.8
Sale of Water	2,674.8	2,161.0	2,394.1
Roading Subsidies	7,939.7	4,173.8	3,369.6
General	5,146.1	4,605.3	5,045.6
Harbour Lease	1,247.1	1,160.9	892.4
Interest	842.9	610.0	809.5
Insurance Proceeds	88.9		475.4
Regional Council Rates	2,874.8	3,000.0	2,877.8
Total Operating Cash Provided	37,503.1	32,199.3	31,728.2
Salaries and Wages	7,369.0	6,464.9	6,800.8
Suppliers	22,685.1	13,935.2	13,444.0
Tax Paid	6.9		6.0
Interest	478.7	1,065.0	809.5
Regional Council Rates	2,795.8	3,000.0	2,810.9
Total Operating Cash Applied	33,335.5	24,465.1	23,871.2
Net Cash Flows from Operating Activities	4,167.6	7,734.2	7,857.0
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Assets		600.0	700.0
Sale of Investments	1,221.9		
Total Investing Cash Provided	1,221.9	600.0	700.0
Purchase of Assets	5,283.2	12,866.2	6,160.2
Purchase Of Investments			2.5
Total Investing Cash Applied	5,283.2	12,866.2	6,162.7
Net Cash Flows from Investing Activities	(4,061.3)	(12,266.2)	(5,462.7)
CASH FLOWS FROM FINANCING ACTIVITIES			
Sinking Funds Uplifted	562.1	740.5	655.9
Term Loans Raised		369.9	
Staff Loan Principal			2.4
Total Financing Cash Provided	562.1	1,110.4	658.3
Sinking Fund Contribution	313.3	955.3	434.3
Term Loan Repayments	1,526.2	1,434.5	2,619.4
Total Financing Cash Applied	1,839.5	2,389.8	3,053.7
Net Cash Flows from Financing Activities	(1,277.4)	(1,279.4)	(2,395.4)
Net Increase / (Decrease) In Cash Held	(1,171.1)	(5,811.4)	(1.1)
Add Opening Cash Brought Forward	11,724.2	10,692.8	12,567.2
CLOSING CASH BALANCE	10,553.1	4,881.4	12,566.1
Made up of:			
Cash Held	(83.5)	500.0	(69.9)
Short Term Investments *	10,636.6	4,381.4	12,636.0
CLOSING BANK / INVESTMENTS	10,553.1	4,881.4	12,566.1

*Short Term Investments - refer to note 4.

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



Statement of Accounting Policies



STATEMENT OF ACCOUNTING POLICIES FOR YEAR ENDED 30 JUNE 2005

1. REPORTING ENTITY

The Whakatane District Council is a local authority under Schedule 2, Part 2 of the Local Government Act 2002.

The financial statements at 30 June 2005, for the Whakatane District Council include the Whakatane Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport and the Whakatane District Council Sinking Fund Commissioners.

The financial statements of the Whakatane District Council have been prepared in accordance with the appropriate requirements of the Local Government Act 2002, which includes the requirements to comply with generally accepted accounting practice issued by the Institute of Chartered Accountants of New Zealand.

2. MEASUREMENT BASE

The financial statements have been prepared on an historic costs basis, modified by the revaluation of certain fixed assets.

3. SPECIFIC ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of results and the financial position, have been applied:

(a) Revenue Recognition

- *Rates*
Rating revenue is recognised when assessed.
- *Water-by-Meter*
Water-by-Meter revenue is determined on the basis of actual amounts billed to the customer during the year as determined by meter readings with an accrual for unbilled sales.
- *Grants and Subsidies*
Grants and subsidies are recognised when the conditions of the grants or subsidy have been met.
- *Dividends*
Dividends are recognised at the time of receipt.
- *Vested Assets*
Vested assets are recognised when legally vested to Council. (Section 224 Resource Management Act 1991.)

- *Development Contributions*
Development contributions will apply to developments where applications for resource consents, building consents or authorisations for service connections are received. They are recognised at the time of invoicing.

(b) Taxation

The Council is not subject to Income Tax.

The Whakatane Airport operations are subject to taxation under the Income Tax Act 1994.

Income Tax is accounted for by the taxes payable method. Income Tax expenses is charged in the Statement of Financial Performance in respect of the current year's surplus.

(c) Goods and Services Tax

These accounts have been prepared on a goods and services tax (GST) exclusive basis with the exception of accounts receivable and accounts payable, which are shown GST inclusive.

4. FIXED ASSETS

(a) Fixed assets consist of:

- *Infrastructural Assets*
Infrastructural assets are the fixed utility systems owned by Council. Each asset type includes all items that are required for the network to function, eg, wastewater reticulation includes reticulation piping and wastewater pump stations.
- *Restricted Assets*
Restricted assets 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.
- *Other Assets*
Other assets include land, buildings, plant, library books, artefacts, equipment and motor vehicles.

(b) Valuation of Assets

All Council assets are valued at historic cost, except:

- (i) Land and buildings have been valued at fair value by Quotable Value, independent qualified valuers, effect

30 June 2005. The policy is to revalue every three years and record additions at cost in the intervening period.

Assets acquired or constructed after 30 June 2005, revaluation are carried at cost less accumulated depreciation.

- (ii) Roothing network assets have been revalued at 1 July 2003, based on the Depreciated Replacement Cost basis by Beca AMEC Ltd, registered engineers.
- (iii) The road reserve land for formed roads only has been valued. Road reserves have been valued on the average land value by urban rating area and rural ward, reduced by a factor of 30% to account for the restricted use of the land.
- (iv) Water, sewage and land drainage assets have been revalued at 1 July 2003, based on the Depreciated Replacement Cost basis by Opus Consultants Taupo who are independent valuers.
- (v) Library books have been valued internally at 30 June 1992 by internal staff, using a method of Depreciated Replacement Cost basis recommended by the National Libraries Association. There is no depreciation charged for library books and the annual purchase of replacement books is expensed. It is assumed the bookstock level is maintained.
- (vi) The Museum collection has been independently valued by R J Watt & Associates as at 30 June 2002. The method of valuation was in accordance with FRS3 and the draft Treasury document *'The Valuation of Cultural and Heritage Assets'*.
- (vii) Plantation forests have been valued by P F Olsen & Co, independent valuers, on the basis of arms length market transaction on current market evidence as at 30 June 2005. Forests are re-valued every three years.
- (viii) Parks infrastructural assets have been valued by SPM Consultants, independent valuers on a Depreciated Replacement Cost basis at 1 July 2003.
- (ix) Council has vested to it, certain infrastructural assets and land as part of the subdivisional approval process.

Vested infrastructural assets have been valued based on the actual quantities of infrastructural components vested and current in-ground cost of providing identical services.

Assets vested to Council are recognised in the Statement of Financial Performance as revenue and in the Statement of Financial Position as fixed assets.

(c) Depreciation of Assets

All assets are depreciated over their expected useful lives. Depreciation is provided on a straight line (SL) basis, at rates calculated to allocate the asset cost, less estimated residual value over the estimated useful life.

	Useful Life Years
Operational Assets:	
Artefacts	N/A
Land	N/A
Buildings	40-100
Vehicles	5
Plant and Machinery	- Heavy 8-12.5
	- Light 2-5
Furniture and Fittings	10
Office Equipment	4-5

Infrastructural Assets:

Infrastructural Assets have been capitalised at Depreciated Replacement Values. Depreciation is charged over the estimated economic life of infrastructural assets on Depreciated Replacement Values.

	Useful Life (Years)
Roothing	
Land - Road Reserve	N/A
Road Formation	N/A
Road Pavement (structures)	40-170
Sealed Roads	2 - 20
Unsealed Roads	1 - 7
Traffic Control Device	50
Road Signs and Markers	7-15
Kerbs and Channels and cesspits	50
Culverts	20-60
Street lighting	12-40
Footpaths	5-60
Bridges - Concrete	100
Bridges - Wooden	30
Car-parks	50

	Useful Life (Years)
Wharves (Concrete)	50
Water	
Treatment Plant – Structure	70-90
Treatment Plant – Contents	50
Pump Stations – Structure	50
Pump Stations – Contents	20-25
Reservoirs - Concrete and Wooden	75-100
Water Lines and Service Lines	60-70
Valves and Hydrants	50
Water Meters	15-25
Sewer	
Sewer Lines and Service Lines	60-80
Manholes	70-80
Pump Station – Structure	60-70
Pump Station – Contents	15-20
Ponds – Structure	60
Ponds - Plant and Equipment	15-20
	Useful Life (Years)
Stormwater	
Stormwater Lines	60
Manholes	60
Open Drains and Channels	50
Pump Station - Structure	60-70
Pump Station - Contents	25-30
Retention Dams	80-90
Floodgates	50
Refuse	
Whakatane Landfill	8.5
Murupara Landfill	2

Additional infrastructural assets are capitalised at cost and depreciated over their useful life.

Heritage Assets:

There is no depreciation on items of Taonga Māori, social history, fine arts, ethnographic objects and natural history. Depreciation is charged on photographs and archive and library items (not books) at a rate of 0.5%.

(d) Assets under Construction

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.

(e) Investment Properties

Properties that fall within the accounting definition of investment properties are revalued annually at net current value by Quotable Value, independent registered valuers. Any revaluation gains/(losses) and realised gains/(losses) on investment properties sold are taken to the Statement of Financial Performance.

There is no depreciation on investment properties.

5. 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. The components of public equity are:

- General Reserve
 - Accumulated Surplus
- Council-created Reserves
- Asset Revaluation Reserve
- Investment Property Revaluation Reserve
- Restricted Reserves
 - Trusts and Bequests
 - Sinking Funds
 - Restricted Special Funds

6. CORPORATE SERVICE OVERHEAD ALLOCATION

The Corporate Services Overheads include Engineering, Administration, Finance and Property.

The Corporate Services Overhead costs are allocated to the significant activities using such services on the following basis:

Engineering	Projected hours
Administration	Estimated administration staff time and staff numbers
Finance	Rates levied and then the balance as a proportion of gross expenditure
Property	Net cost to Finance, then reallocated

7. ACCOUNTS RECEIVABLE

Accounts Receivable are stated at estimated realisable value after providing for debts where collection is doubtful.

8. INVENTORY AND WORK IN PROGRESS

Work in progress is valued at cost. Inventory is valued at the lower of weighted average cost or net realisable value, less any provisions for damaged or obsolete items.

9. EMPLOYEE ENTITLEMENTS

Provision is made in respect of the Council's liability for annual leave, long service leave and gratuities. These have been calculated on an actual entitlement basis at current rates of pay.

Gratuities have been calculated on the actual entitlement basis because the amounts are not material.

10. FINANCIAL INSTRUMENTS

Council is party to financial instruments as part of its every day operations including those which have been recognised in these financial reports. These financial instruments include bank accounts, investments, accounts receivable and accounts payable. All of these are recognised in the Statement of Financial Position. Revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

11. 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 post-closure 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 post-closure 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.

12. INVESTMENTS

Investments are valued at lower of cost or net realisable value with the exception of shares which are valued at the lower of cost, or net asset backing per share.

13. 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.

14. CASHFLOW STATEMENT

The following definitions have been used for the preparation of the Statement of Cashflows.

The Year End Balance – Bank and Deposits and Bank Overdraft figures in the Statement of Cashflows consists of cash on hand, bank account balances, plus call deposits or call loans that form part of the day to day cash management of the Council.

The cashflows are classified into three sources:

- **Operating Activities**
Includes cash received from all income sources of the Council, including rates and cash payments made for the supply of goods and services. Agency transactions are recognised as receipts and payments in the Statement of Cashflows given that they flow through the Council's main bank account.
- **Investing Activities**
The sources and uses of cash in this category include the sale and purchase of long-term investments and purchase of land and buildings, and other operational fixed assets. Cash received from the sale of surplus and used assets is also recorded under this heading. Infrastructural assets include new assets and major work undertaken that improves the value of the asset from the depreciated replacement cost recorded in the Statement of Financial Position.
- **Financing Activities**
Under this category, the cash received from new loans raised and the repayment of maturing debt is recorded. Short-term borrowings are loans with a fixed term of less than one year, ie, not repayable at call. Sinking Funds are established to provide for the repayment of term debt as it falls due.

15. FOREIGN EXCHANGE POLICY

The Council has foreign exchange exposure through the occasional purchase of foreign exchange denominated plant and equipment.

Generally, all significant commitments for foreign exchange are hedged, using foreign exchange contracts, once expenditure is approved. Both spot and forward foreign exchange contracts are used by the Council.

16. AGENCIES

- ***Environment Bay of Plenty***
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.
- ***Transit New Zealand***
The Council performs certain roading works pertaining to state highways on behalf of Transit New Zealand. Neither the costs nor recoveries related to this work are included in the Statement of Financial Performance. They are, however, included as a receipt (grants and subsidies) and payment (payments to/on behalf of other authorities) in the Statement of Cashflows.

17. RESERVES

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 and forestry have been revalued, with the increase in asset value being credited to an asset revaluation reserve.

18. BUDGET AND COMPARATIVE FIGURES

The budget figures in these financial statements relate to the LTCCP.

There have been minor changes made to the Council's comparative figures in order to report on the same revised basis as used in the previous Annual Report.

19. CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies.

All policies have been applied on a basis consistent with prior years.



Notes to Financial Statements



NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2005

Note 1—Public Debt

	2004/05 \$000s	2003/04 \$000s
Maturity Profile		
Maturing in Under One Year	2,655.7	1,525.2
Maturing in 1 - 2 Years	3,602.9	6,260.5
Maturing in 2 - 3 Years	5.1	31.4
Maturing in 3 - 4 Years	5.3	
Maturing in 4 - 5 Years	5.4	
Maturing in 5 Years +	16.5	
Sub-total Term Debt (including current portion)	6,290.9	7,817.1
Less Current Portion	2,655.7	1,525.2
Total Term Debt	3,635.2	6,291.9

Council also holds \$6,067.8 of internal loans which are excluded for financial reporting purposes.

Interest rates range from 3.5% to 8.1% with a weighted average rate of 5.8%.

The public debt is secured over future rating income.

Interest expense for 2004/05 was \$480,824.56. (2003/04 \$1,003,000)

Note 2—Property, Plant and Equipment

Operational Assets (\$000)	Valuation/ Cost at 30.6.05	Net Book Value 30.06.05	Net Book Value 30.06.05	Valuation/ Cost at 30.06.04	Accumulated Depreciation	Net Book Value 30.06.04
Land at Cost						
Revalued Land	15,799.2		15,799.2	6,892.1		6,892.1
Buildings at Cost				5,473.8	506.7	4,967.1
Revalued Buildings	25,717.6	73.5	25,644.1	19,072.3	931.5	18,140.8
Plant & Equipment at Cost	2,140.1	1,390.5	749.6	2,063.3	1,276.2	787.1
Furniture & Fittings at Cost	652.1	227.3	424.8	652.1	219.3	432.8
Office Equipment at Cost	3,846.2	3,283.2	563.	3,671.9	2,948.2	723.7
Motor Vehicles at Cost	1,243.7	837.5	406.2	1,203.6	870.4	333.2
Museum Collection at Valuation	7,017.1	6.0	7,011.1	7,017.1	4.0	7,013.1
Harbour Vessels at Cost	91.2	91.2		91.2	91.2	
Library Books at Valuation	341.8		341.8	260.5		260.5
Total Operational Assets	56,849.0	5,909.3	50,939.7	46,397.9	6,847.5	39,550.4

Operational Assets were revalued at 30 June 2005 with the revaluation gain taken to the Statement of Financial Position

Infrastructural Assets (\$000)	Valuation/ Cost at 30.6.05	Net Book Value 30.06.05	Net Book Value 30.06.05	Valuation/ Cost at 30.06.04	Accumulated Depreciation	Net Book Value 30.06.04
Land Roding at Cost	4,232.2		4,232.2	1,757.7		1,757.7
Land Roding at Valuation	87,131.0		87,131.0	87,131.0		87,131.0
Roding at Cost	9,022.0	263.3	8,758.7	4,630.1	82.5	4,547.6
Roding at Valuation	149,581.9	5,868.3	143,713.6	150,601.0	3,035.8	147,565.2
Water at Cost	1,319.1	47.5	1,271.6	762.5	11.3	751.2
Water at Valuation	28,424.1	1,632.5	26,791.6	28,495.1	846.3	27,648.8
Sewage at Cost	672.8	29.8	643.0	498.2	7.1	491.1
Sewage at Valuation	26,623.8	1,768.5	24,855.3	26,677.0	910.9	25,766.1
Land Drainage at Cost	640.4	16.7	623.7	404.3	3.2	401.1
Land Drainage at Valuation	13,653.1	549.8	13,103.3	13,684.3	286.4	13,397.9
Harbour at Cost	356.9	16.6	340.3	267.3	0.8	266.5
Harbour at Valuation	5,342.6	484.	4,858.6	5,342.7	249.6	5,093.1
Parks at Cost	531.8	50.3	481.5	366.2	2.2	364.0
Parks at Valuation	4,690.9	877.7	3,813.2	4,690.9	454.6	4,236.3
Refuse at Cost	2,867.7	1,626.4	1,241.3	2,722.1	1,471.9	1,250.2
Total Infrastructural Assets	335,090.3	13,231.4	321,858.9	328,030.4	7,362.6	320,667.8

Restricted Assets (\$000)

Asset Type	Valuation/ Cost at 30.6.05	Valuation/ Cost at 30.06.04
Harbour land at Valuation (not leased)		
Harbour Land at Cost	7,448.0	2,879.0
Reserves at Cost	28,385.4	15,779.8
Total Restricted Assets	35,833.4	18,658.8

Restricted Assets were revalued at 30 June 2005 with the revaluation gain taken to the Statement of Financial Position

Investment Properties (\$000)

Asset Type	Valuation at 30.06.05	Valuation at 30.06.04
Revalued Leased Harbour land	18,670.1	12,157.0
Land & Buildings	118.1	118.1
Restricted Land	326.1	326.1
Total Investment Properties	19,114.3	12,601.2

The Investment Properties were revalued as at 30 June 2005 and the revaluation gain of \$6,513.1 has been taken to the Statement of Financial Performance.

Forestry Assets (\$000)	Valuation/ Cost at 30.06.05	Valuation/ Cost at 30.06.04
Forestry	44.6	41.7

Land intended for Sale	Cost at 30.6.05	Net Book Value 30.06.05	Net Book Value 30.06.04
Land intended for sale	332.8	332.8	332.8

The current market value for land intended for sale is as follows:

Nesbitt Street, Matata	12.0
Bunyan Road, Piripai	<u>20,000.0</u>
Total	<u>\$20,012.0</u>

Under SSAP 17, land intended for sale must be recorded at the lower of cost and net realisable value. The valuation figure can therefore not be included in the Statement of Financial Position but noted for information purposes only.

Note 3—Term Investments

The following balances make up Term Investments:

	2005 (\$000)	2004 (\$000)
Shares (<i>Note 8</i>)	13.4	13.4
Staff Housing Loans		.6
Sinking Funds (>1-5 years) (<i>Note 8</i>)	642.8	670.1
Long term investments	5,425.0	5,814.5
Other Investments	31.3	31.1
Total Investments	6,112.5	6,529.7
Less Internal Loans	6,067.8	5,484.6
Total External Investments	44.7	1,045.1
Term Investments made up as follows:		
Shares	13.4	13.4
Staff Housing Loans		.6
Long Term External Investments		1,000.0
Other Investments	31.3	31.1
Total External Investments	44.7	1,045.1

The interest rate on Staff Housing Loans was 6.5% pa. with the final payment received in September 2004

Note 4—Short-Term Investments

The following balances make up Short Term Investments:

	2005 (\$000)	2004 (\$000)
Short Term Deposits (on Demand)	5,034.6	8,394.1
Short Term Bank Investments	4,981.7	3,400.0
Sinking Funds (invested short term) (<i>Note 8</i>)	620.4	841.9
Total Short Term Investments	10,636.6	12,636.0

Short term Bank Investments are part of the investments per the Cash Flow Statement.

The average interest rate for 2004/05 was 6.43% (2003/04 5.40%)

Notes to the Financial Statements

Note 5—Reserves

(\$000s)	Opening Balance 01.07.04	Transfers to Reserves	Transfers from Reserves	Balances 30.06.05
Council-Created Reserves	2,544.9	852.5		3,397.4
Restricted Special Reserves	5,083.5	2,421.6		7,505.1
Sinking Funds	1,512.0	313.8	562.6	1,263.2
Asset Revaluation Reserves	63,880.7	28,496.2		92,376.9
Total Reserves	73,021.1	32,084.1	562.6	104,542.6

(\$000s)	Opening Balance 01.07.03	Transfers to Reserves	Transfers from Reserves	Balances 30.06.04
Council-Created Reserves	2,459.8	85.1		2,544.9
Restricted Special Reserves	4,496.8	586.7		5,083.5
Unspent Loans	250.0		250.0	
Sinking Funds	1,175.2	992.7	655.9	1,512.0
Asset Revaluation Reserves	22,072.3	41,808.4		63,880.7
Total Reserves	30,454.1	43,472.9	905.9	73,021.1

Note 6—Accumulated Funds

	2005 (\$000)	2004 (\$000)
Opening Accumulated Funds	318,472.2	315,885.5
Surplus/(Deficit)	35,463.8	45,153.7
Less Transfers to Reserves (<i>Note 5</i>)	(32,084.1)	(43,472.9)
Plus Transfers from Reserves (<i>Note 5</i>)	562.6	905.9
Closing Accumulated Funds	322,414.5	318,472.2

Notes to the Financial Statements

Note 7—Accounts Receivable

	2005 (\$000)	2004 (\$000)
Sundry	4,622.7	2,245.2
Water	1,258.9	1,083.8
Rates	2,062.2	1,736.1
Sub Total	7,943.8	5,065.1
Less provision for Doubtful Debts	697.5	704.7
Total Accounts Receivable	7,246.3	4,360.4

The increase in Accounts Receivable is mainly due to amounts owing in Sundry Debtors at balance date from Land Transport (\$991,100) Ministry of Civil Defence (\$868,200) and the Civil Defence claim with insurers (\$397,900). The total of these three amounts come to \$2,257,200 and as they all relate to the 2004 and 2005 emergencies, they are one-off receivables and not expected to occur again. All except the insurers claim were received shortly after balance date.

Note 8—Shares and Sinking Funds

	2005 (\$000)	2004 (\$000)
Shares		
NZ Local Government Insurance Corporation (at cost) 13,394 @ \$1.00	13.4	13.4
Net Asset Backing		
NZ Local Government Insurance Corp		
Asset Backing per share at 31 December 1998 was \$1.52 / 13,394 shares	20.4	20.4
Net Asset Backing of Shares	20.4	20.4

Sinking Funds

Sinking Funds are administered by the Trustees of the National Provident Fund (loans prior to 31 March 1991) and Whakatane District Council's Sinking Fund Commissioners. The funds are set aside each year to meet future loan repayments and are reconciled as follows:

	2005 (\$000)	2004 (\$000)
Balance at 1 July	1,512.0	1,733.6
Add Contributions and Interest	313.8	434.3
Sub Total	1,825.8	2,167.9
Less Sinking Funds Uplifted	562.6	655.9
Less Internal Sinking Fund Loans	642.8	670.1
Balance at 30 June	620.4	841.9

Notes to the Financial Statements

Note 9—Creditors and Accruals

	2005	2004
	(\$000)	(\$000)
Regional Council Rates	292.8	407.4
Employee Entitlements	1,530.1	1,909.5
Accrued interest on Public Debt	89.6	113.5
General Creditors	5,132.6	3,627.3
General Accruals	772.2	582.2
Related Parties		8.7
Rates Remission Funding	1,131.9	
Total Creditors and Accruals	8,949.2	6,648.6

At the end of June 2005 an additional \$1,517,800 was outstanding for payment in General Creditors relating to the roading contract. This amount payable is mainly due to the May 2005 significant event.

Whakatane District Council received \$1,131,900 from the Government for rates remissions to be granted to owners of income generating properties affected by the July 2004 significant event. As at 30 June 2005 no rates had been remitted.

Note 10—Total Rates Revenue

	2005	2004
	(\$000)	(\$000)
Net Rates	16,985.1	15,733.5
Plus Debt/Refunds Offset against Rates	306.3	100.3
Total Rates	17,291.4	15,833.8

Note 11—Expenditure Disclosure

	2005 (\$000)	2004 (\$000)
Miscellaneous Expenditure		
Unauthorised Expenditure	0	0
Payment of Insurance premiums	408.2	372.1
Ex gratia payments	0	0
Ceremonies for the public	2.2	0
Purchase of insignia and robes of office	0	0
Provision for entertainment	0	0
Payment of subscriptions, fees or general contributions	33.0	23.1
Grants (Donations)	69.1	170.6
Additional Expenditure Disclosure		
Audit Fees	72.0	70.0
Audit Fees Other Entities	5.6	5.5
Depreciation		
- Buildings	491.3	516.4
- Plant & Equipment	104.0	98.8
- Furniture & Fittings	8.0	10.4
- Office Equipment	330.0	275.6
- Motor Vehicles	115.7	118.3
- Heritage Assets	2.0	2.0
- Roding	3,013.3	3,121.4
- Water	822.5	859.8
- Sewage	880.3	929.3
- Land Drainage	276.9	291.2
- Harbour	250.1	221.3
- Parks	471.1	456.9
- Refuse	160.8	208.8
Total Depreciation	6,925.9	7,110.2
Loss on Sale of Assets (Disposals)	1,214.3	1,206.8
Gain on Sale of Assets	(6.4)	(489.8)
Bad Debts written off	71.4	60.6
Increase/(Decrease) in Provision for Doubtful Debts	(7.2)	72.7
Total operating lease expenses	14.5	
Interest Expenses (external)	480.8	1,003.0
Interest on unwinding of landfill provision	206.2	208.2

Funding Depreciation:

The Council has resolved to phase in the funding of depreciation of infrastructural assets. This phase-in will be as follows: 20% for 2004/05, 40% for 2005/06, 60% for 2006/07, 80% for 2007/08 and 100% for 2008/09 and onwards. Council policy in the past years has not been to fund depreciation but it is now required to do so under the Local Government Act 2002.

Note 12—Explanation of Significant Actual to Budget Variances

The net deficit before asset development revenue for the year was \$4,061,800 compared with a budgeted net deficit before asset development revenue of \$163,900. The deficit variance is mainly due to two civil defence emergencies during the year.

Under SSAP 17, the investment properties were revalued this year and this resulted in a total increase of \$6,513,100. Details of investment properties can be found under note 2

The significant budget to actual variance in the statement of Cash Flows was the decrease in cash applied to the purchase of assets. A number of projects were carried over into 2005/06

Note 13—Related Party Transactions***Airport:***

Council had related party transactions with Whakatane Airport for administrative and maintenance services supplied by the Council for \$59,750 for the year ended 30 June 2005. (2003/04 \$44,838). The balance of funds held by the Council on behalf of the Airport at 30 June was \$223,065.

Mayor & Councillors:

The following Councillors were members of organisations that had dealings with the Council as part of the normal operations of the Council:

Councillor Orr has related party transactions with Orr Computer Services for the supply and servicing of security surveillance equipment. The total for 2004/05 financial year was \$21,555 (2003/04 Nil). There was no amount payable at 30 June 2005.

Councillor Hanlen has related party interest transactions with Hanlen Builders Ltd (as owner) for the supply of building services for the Otuawhaki development. The total for the 2004/05 financial year was \$921 (2003/04 \$35,278). There was no amount payable at 30 June 2005.

His Worship the Mayor (Colin Holmes) has related party interest transactions with Horizon Energy Distribution Ltd (as a Director) for the supply of energy related services. The total for the 2004/05 financial year was \$21,375 (2003/04 Nil).

There was no amount payable to Horizon Energy at 30 June 2005.

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

Note 14—Reconciliation of Net Surplus to Net Cash Flow Surplus

	2005	2004
	(\$000)	(\$000)
Net Surplus/(Deficit)	6,967.6	3,345.3
Plus (Less) Non Cash Items		
Depreciation	6,925.9	7,110.2
Vested Assets income	(4,009.4)	(2,856.6)
Net loss on Disposal of Assets	1,168.2	717.0
Loss on asset revaluation		(130.3)
Found Assets		(883.5)
Investment Properties Revaluation	(6,513.1)	
Unwinding Landfill Provision	(517.0)	(233.3)
Unwinding Landfill Interest	206.2	208.2
Total Non Cash Items	(2,739.2)	3,931.7
Add (less) Movements in other Working Capital items		
Decrease (Increase) in Debtors	(2,885.9)	495.0
Decrease (Increase) in Stock	16.0	8.6
Decrease (Increase) Prepayments	37.2	(28.9)
Increase (Decrease) in Creditors	786.9	1,161.4
Increase (Decrease) in Receipts in Advance	150.1	156.0
Decrease in GST Asset/Liability	241.7	(495.4)
Increase (Decrease) in Deposits	79.5	(28.3)
Total Movements in other Working Capital	(1,574.5)	1,268.4
Less Cash Inflow from Investing Activities		
Less Movement in Regional Council rates	(114.6)	(83.4)
Less Movement in creditors classified as investing	1,628.3	(605.0)
Total Cash Inflow from Investing Activities	1,513.7	(688.4)
Net Cash from Operations	4,167.6	7,857.0

Notes to the Financial Statements

Note 15—Taxation

	2005 (\$000)	2004 (\$000)
Income Tax credit/(deficit) for the Whakatane Airport Authority is calculated as follows:		
Taxable surplus/(deficit)	(1.0)	20.0
Tax payable/(credit)		6.0
Provision for taxation		
Opening balance tax provision	.3	(4.0)
Plus: Provisional tax Paid	6.9	6.9
Less: Tax refund		(6.0)
Less: Tax liability 2003/2004		2.8
As part of debtors in Statement of Financial Position	<u>7.2</u>	<u>(.3)</u>

Whakatane District Council has a Loss Carried Forward from previous years recorded by the IRD as \$1,912,286.15.

Note 16—Provisions

Landfill Provision	2005 (\$000)	2004 (\$000)
Opening Balance	2,577.2	2,602.4
Provision additions	24.1	131.9
Provision used	(296.2)	(218.1)
Provision reversal	(244.9)	(147.2)
Change in net present value	206.2	208.2
Sub-total Landfill Provision (including current portion)	<u>2,266.4</u>	<u>2,577.2</u>
Less Current Portion	30.0	30.0
Total Term Landfill Provision	<u>2,236.4</u>	<u>2,547.2</u>
Forestry Provision		
Opening Balance	1,000.0	1,000.0
Provision additions		
Provision used		
Provision reversal		
Closing Balance	<u>1,000.0</u>	<u>1,000.0</u>

Provision for forestry rates refunds relates to valuation objections that are outstanding on some forestry properties. The Council's basis for rating is land value and if through the settlement of the valuation objections, the land value decreases, the Council will be obliged to refund rates. It is uncertain how much the land values will change and the timing of settling these valuation objections is still unknown. The provision is a best estimate of the possible refund, given the uncertainties.

Note 17—Financial Instruments

Cash and bank, debtors, investments, current liabilities, term liabilities and guarantees 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, short term investments and guarantees 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. The credit risk relating to guarantees is disclosed in the Statement of Commitments and Contingencies. There are no major concentrations of credit risk with respect to debtors or guarantees.

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 1.

The interest rate risk is limited to the effective interest rate described in Note 1. The current interest rate on Council's bank overdraft is 10.6% per annum. This is a fixed rate set by the bank.

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

Note 18—Remuneration of Chief Executive Officer, Staff, Mayor and Elected Members**Chief Executive Officer**

The Chief Executive Officer of the Whakatane District Council, appointed under Section 42(1) of the Local Government Act 2002 receives a salary of \$175,000 (2004: \$142,500).

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

Additional Benefit	2005 (\$)	2004 (\$)
Car	15,000	15,000
Fringe Benefit Tax in respect of car	6,895	6,610
Performance Payment		10,000
	<u>21,895</u>	<u>31,610</u>

For the year ending 30 June 2005 the total annual cost, including fringe benefit tax, to the Whakatane District Council of the remuneration package being received by the Chief Executive is calculated at \$196,985 (2004: \$182,514, which includes the final pay to the previous Chief Executive of \$57,671 and \$124,843 to the current Chief Executive)

Salary Payment to Full Time Staff as employed by the Council on 30 June 2005 is as follows

Salary Range	Number of Staff
\$20,001-\$40,000	34
\$40,001-\$60,000	46
\$60,001-\$80,000	10
\$80,001-\$100,000	4
> \$100,000	5
Total	99

There were also 32 part time staff employed by the Council at this time

Notes to the Financial Statements

Mayor and Elected Members	Salary	Meetings	Other Payments	Total 2005	Total 2004
	(\$)	(\$)	(\$)	(\$)	(\$)
Holmes, Colin (Mayor)	46,057			46,057	
Chambers, Christine	19,748		3,291	23,039	15,660
Dowd, David	10,932		367	11,299	
Eivers, Jean	17,471		2,416	19,887	16,813
Fitzpatrick, James	11,884			11,884	
Hanlen, Graeme	20,289			20,289	15,833
Hudson, Linda	12,848		1,256	14,104	
Iles, Andrew	10,933			10,933	
Johnston, George	5,216			5,216	
Orr, Russell	10,933		1,294	12,227	
Te Kurapa, Jacob	16,916		5,576	22,492	19,007
Hammond, Colin (Mayor) #	25,065			25,065	77,256
Birkett, Brian #	6,586			6,586	16,823
Byrne, Rachael #	5,488			5,488	14,143
Butler, Grant #	5,488			5,488	13,753
Checkley, Wayne #	5,488		1,299	6,787	15,620
Gray, Graham #	6,586		3,734	10,320	20,358
Holmes, Colin #	5,327			5,327	20,164
Mahoney, Jenny #	3,564		5,932	9,496	17,698
Wardlaw, David #	5,488			5,488	16,595
Wright, Doug #	6,586		1,720	8,306	18,678
Total	258,893		26,885	285,778	298,401
# (until October 2004)					
Community Board Members	Salary	Meetings	Other Payments	Total 2005	Total 2004
Edgecumbe – Tarawera					
Bourk, Graeme	1,227			1,227	
Evans, Graham	1,227			1,227	
Harvey, Evan	1,227		22	1,249	
Kendall, Derek #	378			378	944
McIndoe, Clive	1,605			1,605	944
Orr, Gary #	378		109	487	1,235
Robertson, David #	657		85	742	2,751
Smeaton, Graham	3,307			3,307	944
Williams, Tessie	1,605		27	1,632	997
Total	11,611		243	11,854	7,815
Taneatua					
Biddle, Boy #	205			205	517
Kora, Monty	833			833	
Knowles, Les	1,486			1,486	517
Kyle, David	3,420			3,420	1,215
Ruiterman, Luke	1,486			1,486	517
Prevette, Anthony #	205			205	517
Yalden, Diane	1,486			1,486	517
Total	9,121			9,121	3,800

Notes to the Financial Statements

Community Board Members	Salary	Meetings	Other Payments	Total 2005	Total 2004
Whakatane					
Chambers, George	2,237			2,237	
Delahunty, Neville	833			833	
Harawira, Joe	625			625	
Lynch, Kenneth	833			833	
Searle, Ian	833			833	
Total	5,361			5,361	
Ohope Beach					
Baart, Johanna #	710			710	1,777
Bowater, Grant	1,259			1,259	
Bowering, Christine	2,885			2,885	
Dohrman, Chris	1,969			1,969	1,777
Fitzpatrick, James #					1,777
Hudson, Linda #					4,872
Lovelock, Hugh	1,259			1,259	
McKillop, John	1,969			1,969	2,219
Munro, Victor #	710			710	1,777
Pocock, Karen	571			571	
Total	11,332			11,332	14,199
Murupara					
Adam, Arthur	2,918			2,918	
Anderson, Adam #	649			649	1,625
Armstrong, Judy #	649			649	1,741
Burrows, Stuart #	649			649	1,625
Fell, John #	882			882	1,625
Magee, Carol	1,252		217	1,469	
Chapman, Awhina	1,261			1,261	
Delamere, Melody	1,911			1,911	1,625
Jakeman, Damon	1,261			1,261	
Merriman, Sally #	1,133		66	1,199	3,274
Te Kurapa, Chico	1,261			1,261	
Total	13,826		283	14,109	11,515
Iwi Liaison					
Bird, Bill		260	218	478	
Carlson, James		130	119	249	
Eruera, Hemana		390	33	423	840
Mason, Hohepa		520		520	650
Ngaropo, Pouroto		390		390	646
Pryor, Henry		130	39	169	
Tari, Rangipuke #		130	21	151	753
Tawa, Te Huiroa #					1,700
Te Pou, Colin		818	42	860	1,027
Te Amo-Simeon, Harata		447	28	475	
White, Richard		600	80	680	
Total		3,815	580	4,395	5,616
# (until October 2004)					

Note 19—Severance Payments to Staff

Severance payments as follows were made to staff during the year:

Staff Payment Number 1	\$29,592
Staff Payment Number 2	\$15,300
Total	\$44,892

Note 20 - Whakatane Airport

The Whakatane District Council has a 50% participating interest with the Ministry of Transport (Air Transport Division) in the Whakatane Airport joint venture.

The Council's interest in the joint venture is disclosed in the financial statements under the classifications shown below:

	2005 (\$000)	2004 (\$000)
Share of Current Assets	120.0	121.1
Share of Fixed Assets	2,279.7	249.7
Share of Investments	18.3	15.1
Share of Liabilities	17.9	14.7
Share of Net Assets employed	<u>2,400.1</u>	<u>371.2</u>
Share of Revenue	73.4	73.2
Share of Expenses	74.1	63.2

Land and Buildings have been revalued to \$4,059,347 at 30 June 2005 and 50% of this has been included in Fixed Assets above.

Details of joint venture commitments and contingencies are disclosed in the respective notes.

No related party debts have been written off or forgiven during the year.

Note 21—Development Contributions

	2005 (\$000)	2004 (\$000)
Whakatane Water Development Contribution	16.4	
Ohope Water Development Contribution	14.6	
Whakatane Stormwater Development Contribution	23.5	
Ohope Stormwater Development Contribution	3.6	
Whakatane Wastewater Development Contribution	17.0	
Ohope Wastewater Development Contribution	19.8	
Solid Waste Development Contribution	7.1	
Roading Development Contribution	157.5	
Community Infrastructure Development Contribution	39.7	
Whakatane Reserves Contribution	8.6	
Ohope Reserves Contribution	46.0	
Rural Reserves Contribution	22.6	
Edgecumbe Reserves Contribution	2.2	
Whakatane Town Centre Carpark Contribution	68.6	
Total Other Income	447.2	0.0

2004/05 is the first year for the policy on development contributions

Note 22—Commitments

This statement shows the extent to which the Whakatane District Council is committed to spend in future. Council has made a commitment to these projects but goods or services have not as yet been provided.

	2005 (\$000)	2004 (\$000)
(a) Capital Expenditure Commitments		
Roading Improvements	10,500.0	8,689.8
Bridge Replacement	60.0	
Ohope Road Underslips	170.0	
Thornton Boat Ramp	135.0	
Refuse Recycling Park	1,900.0	
Waste Water Rising Main	220.0	
Total	12,985.0	8,689.8
(b) Operating Lease Commitments		
Motor Vehicles	2.7	14.5
The lease contracts on all three vehicles expire prior to 30 June 2006		

Note 23—Contingent Liabilities**Loans Guaranteed:**

The Council guarantees loans to sports clubs for facilities built on Council reserves. All loans had been repaid to the lender by 30 June 2005 (2003/04 \$3,000)

Weathertight Homes Issue:

The Council is exposed to a potential liability arising from its building certification role in respect of buildings that have failed to meet acceptable standards of construction. There are eight claims known by the Council, totalling \$543,000 and based on earlier settlements, it is anticipated that the Council's maximum liability will be approximately \$80,000. A total of ten claims have been registered on the official website of Department of Building and Housing.

Employment Claims:

A number of claims have been received from former employees in relation to conditions of employment. The Council is opposing these claims. These claims cannot be quantified at this point in time.

Civil Emergency:

On 18 May 2005, the Matata community was seriously affected by landslips, major debris flows and severe floods as a result of heavy rain falling over a 24-hour period. A State of Civil Defence Emergency was declared, and remained in place until 30 May 2005. This event caused considerable damage to the Council's infrastructure as well as to private property.

As this event occurred at the time that the Annual Plan for 2005/06 was being finalised, the costs of recovery and mitigation measures had not been determined in time for inclusion. Accordingly, the costs for responding to and recovering from this event have not been provided for in the budgets for either 2004/05 or 2005/06.

The recovery and mitigation costs are estimated to be several million dollars. The Council has indicated that its portion of the costs, after contributions from other agencies, will be loan-funded. Unbudgeted direct costs will be included in the 2005/06 year. The final cost to the Council, after contributions from other agencies, for the July 2004 emergency is still to be determined. The Council's share of these costs will also be loan funded.

Any debt servicing costs will impact in the 2006/07 year.



Statement of Compliance and Responsibility



COMPLIANCE

1. The Council and management of Whakatane District Council confirm that all the statutory information requirements of Section 101 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 judgements 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 2005 fairly reflect the financial position and operations of the Whakatane District Council.

D R Christison
CHIEF EXECUTIVE OFFICER

C G H Holmes
MAYOR

