

Whakatane District Council

ANNUAL REPORT

For the period 1 July 2005
to 30 June 2006



The Mayor and Councillors



Colin Holmes
Mayor



Graeme Hanlen
Deputy Mayor
Whakatane-Ohope



Jean Eivers
Edgecumbe-Tarawera



George Johnston
Edgecumbe-Tarawera



Russell Orr
Edgecumbe-Tarawera



Jacob Te Kurapa
Galatea-Murupara



Andrew Iles
Taneatua-Waimana



Christine Chambers
Whakatane-Ohope



David Dowd
Whakatane-Ohope



Jim Fitzpatrick
Whakatane-Ohope



Linda Hudson
Whakatane-Ohope



CONTENTS

| | |
|---|-----------|
| MAYOR AND CHIEF EXECUTIVE'S MESSAGE | 1 |
| Report of the Mayor and Chief Executive..... | 1 |
| AUDIT REPORT..... | 3 |
| GOVERNANCE AND MANAGEMENT | 7 |
| Membership of Standing Committees | 9 |
| ORGANISATIONAL STRUCTURE..... | 11 |
| Our Council Structure..... | 13 |
| Staff Structure..... | 14 |
| OVERVIEW - OUR DISTRICT | 15 |
| Map of Our District..... | 17 |
| Our People and Culture..... | 18 |
| Our Economy..... | 19 |
| Our Environment | 20 |
| DEVELOPMENT OF MĀORI CAPACITY IN THE COUNCIL'S DECISION MAKING PROCESS | 21 |
| EMPLOYMENT | 25 |
| Equal Employment Opportunities..... | 27 |
| Council Policy..... | 27 |
| COMMUNITY OUTCOMES..... | 29 |
| How the Community Outcomes Relate To Other Plans And Processes..... | 31 |
| STATEMENT OF SERVICE PERFORMANCE FOR COUNCIL'S SIGNIFICANT ACTIVITIES | 33 |
| COMMUNITY LEADERSHIP AND GOVERNANCE..... | 35 |
| Statement of Cost of Service..... | 36 |
| Measuring of Performance | 36 |
| ACCESS NETWORKS AND SYSTEMS..... | 37 |
| Statement of Cost of Service..... | 38 |
| Measuring of Performance | 39 |
| WATER RELATED SERVICES..... | 41 |
| Statement of Cost of Service..... | 42 |
| Measuring of Performance | 43 |
| SOLID WASTE MANAGEMENT..... | 45 |
| Statement of Cost of Service..... | 46 |
| Measuring of Performance | 47 |
| DEVELOPMENT | 49 |
| Statement of Cost of Service..... | 50 |
| Measuring of Performance | 50 |
| ENVIRONMENTAL CONTROLS | 51 |
| Statement of Cost of Service..... | 52 |
| Measuring of Performance | 53 |
| COMMUNITY SERVICES | 55 |



| | |
|---|------------|
| Statement of Cost of Service..... | 56 |
| Measuring of Performance | 57 |
| COMMUNITY FACILITIES | 59 |
| Statement of Cost of Service..... | 60 |
| Measuring of Performance | 61 |
| COMMUNITY SAFETY | 63 |
| Statement of Cost of Service..... | 64 |
| Measuring of Performance | 65 |
| SUMMARY OF ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2006..... | 66 |
| STATEMENT OF COST OF SERVICE - SUPPORT SERVICES FOR YEAR ENDING 30 JUNE 2006 | 67 |
| FINANCIAL STATEMENTS | 69 |
| Consolidated Statement Of Financial Performance For The Year Ended 30 June 2006 | 71 |
| Consolidated Statement Of Movements In Equity For The Year Ended 30 June 2006..... | 72 |
| Consolidated Statement Of Financial Position As At 30 June 2006 | 73 |
| Consolidated Statement Of Cash Flows For The Year Ended 30 June 2006..... | 74 |
| STATEMENT OF ACCOUNTING POLICIES..... | 75 |
| NOTES TO FINANCIAL STATEMENTS | 83 |
| STATEMENT OF COMPLIANCE AND RESPONSIBILITY | 109 |
| Compliance..... | 111 |
| Responsibility | 111 |

MAYOR AND CHIEF EXECUTIVE'S MESSAGE 2005/2006

The 2005/06 financial year ended with a net operating surplus of \$6,928,700 against the Annual Plan budget of \$1,344,800. The increase was brought about by the revaluation of assets (\$5,125,908 net) and \$600,000 received for the sale of the Professional Services Business Unit to Opus International. The revaluation was a book entry and did not produce cash. Apart from these extraordinary transactions Council completed the year very much in line with the Annual Plan forecasted surplus.

The year again saw the Council and the District dealing with the impacts of a significant natural disaster, this time at Matata. Although the event occurred prior to the commencement of the financial year most of the consequences and financial implications had to be considered and managed during this year. The implications of both the 2004 and 2005 disasters will impact on the District for the foreseeable future as the Council wrestles with addressing mitigation and infrastructural issues and the associated funding.

Performance of the organisation was also directly impacted by this and the previous disaster as resources were diverted to deal with the critical recovery issues. Despite this the year 2005/2006 has seen the Council successfully completing and adopting the Ten-year Council Community Plan 2006 -16 (LTCCP). This was a particularly challenging process for all those involved as we had started the move to a new corporate information system, and had to deal with planning for a ten-year horizon without the benefit of comprehensive, robust and accurate data. It is a credit to both the commitment of the staff and councillors involved that we were able to meet our statutory requirements and satisfy the stringent quality requirements. In future plans the Council will have much more robust processes in place.

Our information technology systems are still some way from where we would like them to be and where they should be to be in line with the requirement of the e-government strategy. However, we are making significant investment in both systems and people, and by the end of the current year will be in a much better position.

Organisationally there was much change. This did have an adverse impact on the performance of the organisation. However, in future years these changes will positively impact on the quality and delivery of services. The most significant this year being the sale of the Professional Services Business Unit to Opus International. They now provide the majority of our engineering advice.

Despite these challenges this year saw the completion of a large number of the capital works projects the Council set out to achieve and the mopping up of much of the emergency works related to the flood disasters. This included the completion of the Recycling Park and implementing the new solid waste collection service. This is a big step in the move to being a zero waste district and a significant step in terms of the Council showing leadership in sustainability. All things considered the change of service went very smoothly. Other projects included flood damage repairs to Ohope Road (realignment), Herepuru North (reinstatement), Awakaponga-Matata (reinstatement) and reconstruction of Thornton Road intersection, Taneatua Road and Main Street in Edgecumbe.

Work is still underway with a number of very important strategic projects including the transportation study, residential commercial and industrial growth studies. These projects will set the future direction for the development of this district. Increasingly major planning initiatives are being carried out within a wider regional context. The Council has changed its structure and focus so that it is able to contribute positively to regional forums.

Council and standing committees now meet monthly instead of six-weekly in line with normal business practice in a move to speed up decision making and improve processes.

Many thanks to Councillors and staff for their commitment and dedication. The Council and staff are working very well together and despite the many challenges we have faced have managed to conduct our business with good humour and respect.

In summary it has been a difficult year with major challenges for the district. However financially the Council is in good shape with low levels of debt, and financial reporting and systems are now approaching acceptable levels. The Council and staff are working well together toward the objectives of the LTCCP and, under a longer term planning approach, are beginning to achieve results for the District.



Colin Holmes
MAYOR



Diane Turner
CHIEF EXECUTIVE





AUDIT REPORT



AUDIT REPORT
TO THE READERS OF
WHAKATANE DISTRICT COUNCIL'S
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

The Auditor-General is the auditor of Whakatane District Council (the District Council). The Auditor-General has appointed me, M G Taris, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council for the year ended 30 June 2006, including the financial statements.

Unqualified opinion

In our opinion:

- The financial statements of the District Council on pages 35 to 107:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council's financial position as at 30 June 2006; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 35 to 65 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 26 October 2006, 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:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements 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 District Council as at 30 June 2006. 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 Section 98 and 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 and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the District Council.

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



GOVERNANCE AND MANAGEMENT



MEMBERSHIP OF STANDING COMMITTEES

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

AUDIT COMMITTEE

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

ENVIRONMENT AND REGULATORY 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

IWI LIAISON COMMITTEE

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

OPERATIONS COMMITTEE

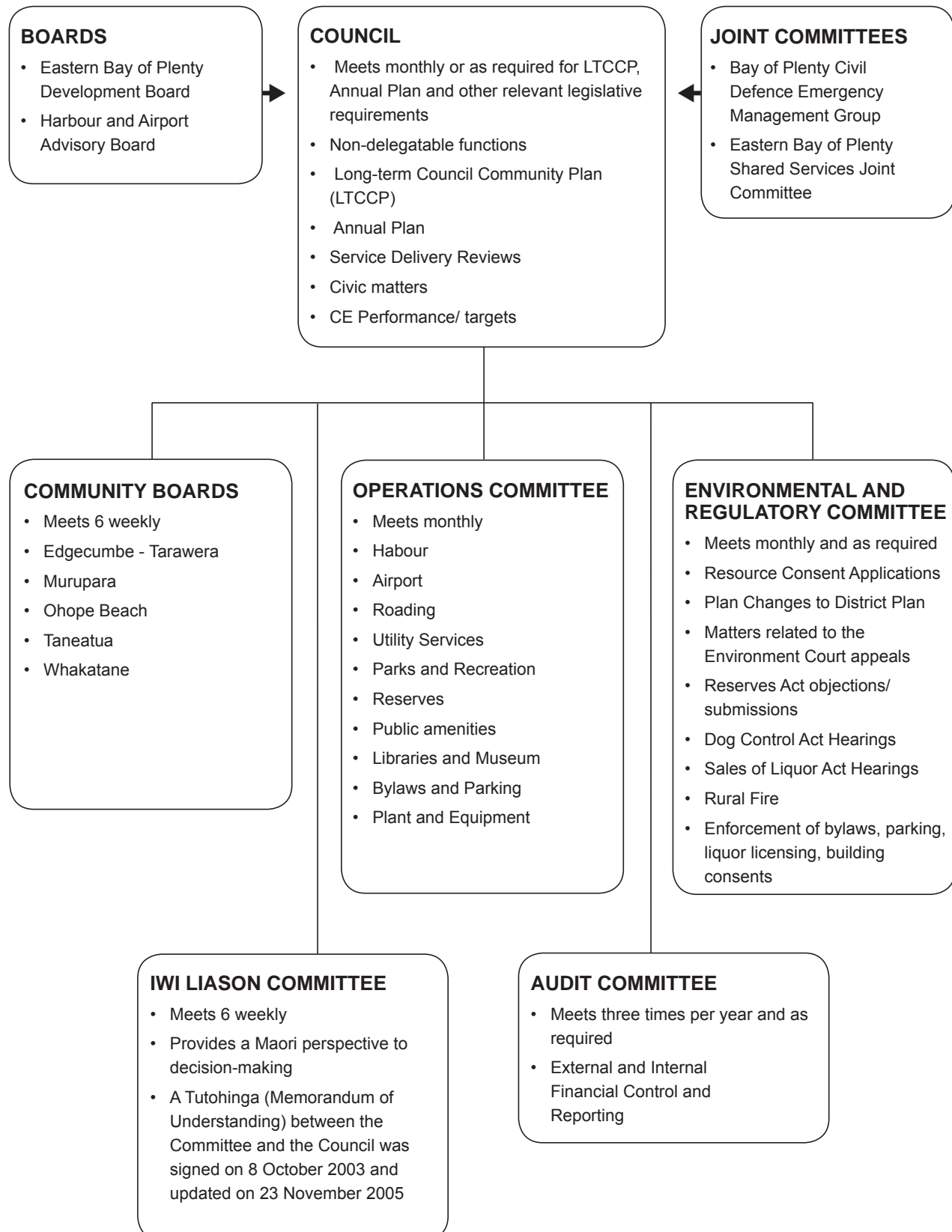
- Councillor G I Hanlen (Chairperson)
- Councillor D R Dowd
- Councillor J Fitzpatrick
- Councillor A V Iles
- Councillor G V Johnston
- Councillor J Te Kurapa





ORGANISATIONAL STRUCTURE

OUR COUNCIL STRUCTURE

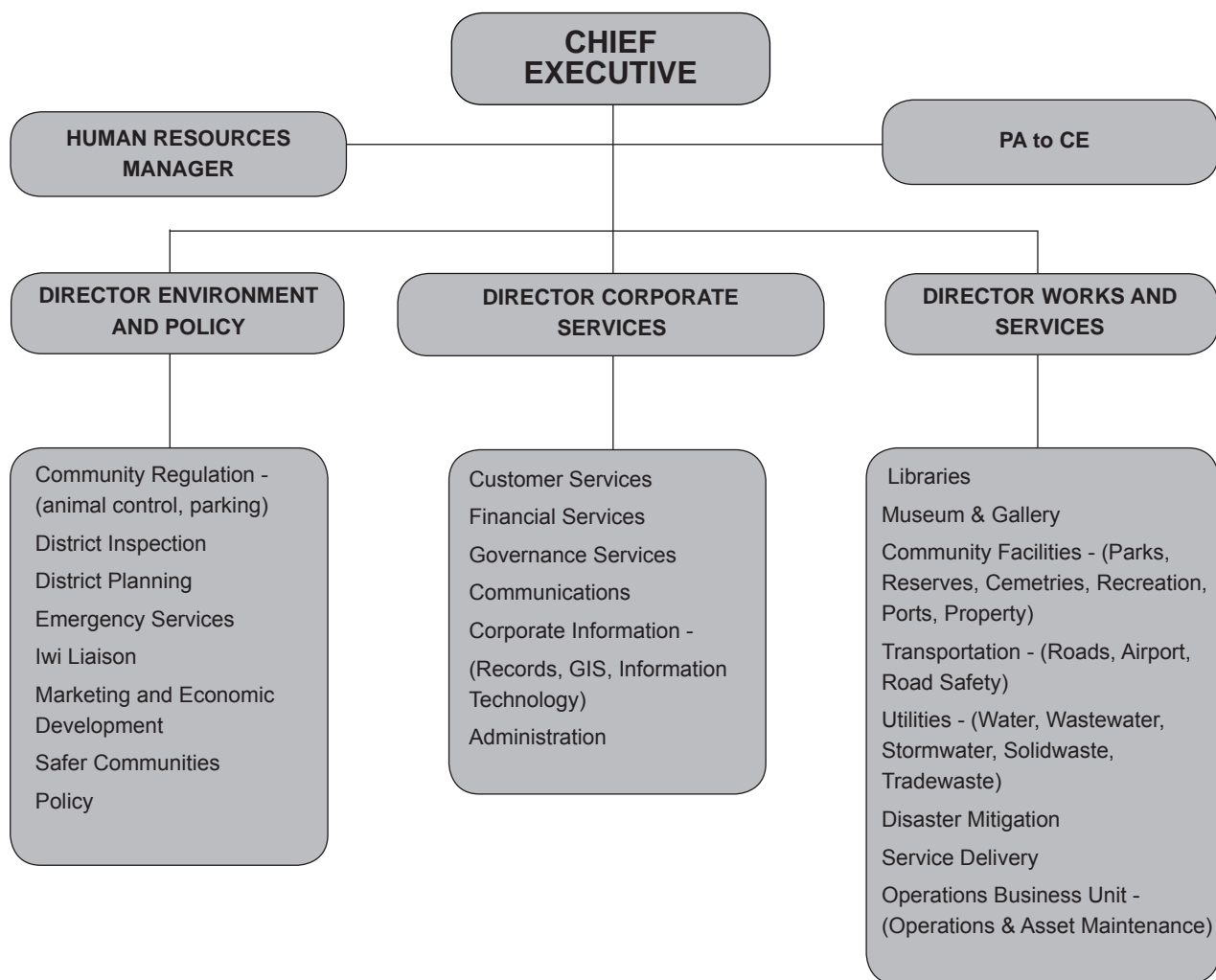




STAFF STRUCTURE as at 30 June 2006

Introduction

The Whakatane District Council employs staff through the Chief Executive. The Council is divided into three functional areas as shown in the following organisational chart.



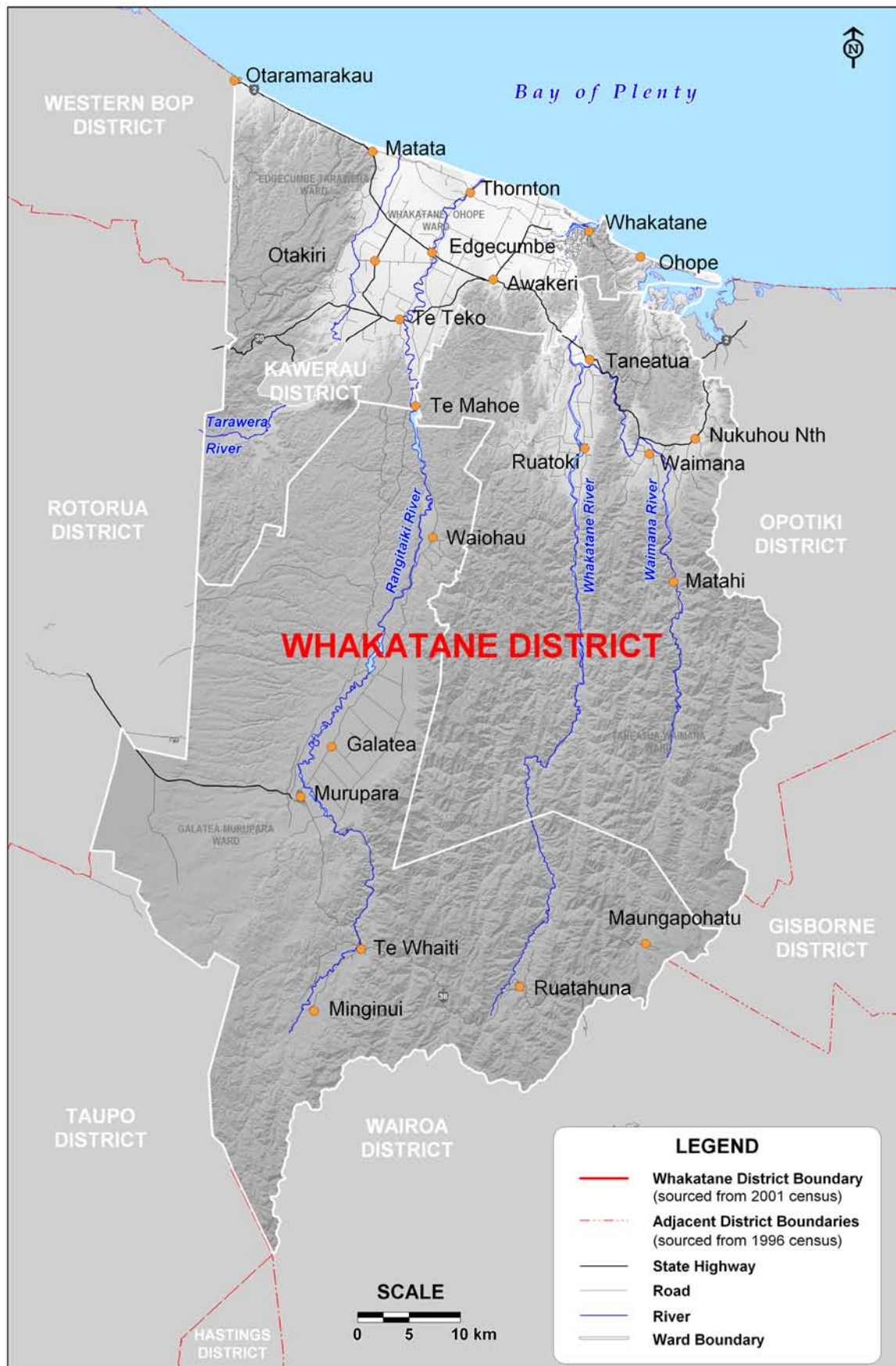
| Department | Staff Numbers |
|-------------------------------|---------------|
| Chief Executive and Directors | 4 |
| Environment and Policy | 37 |
| Corporate Services | 29 |
| Works and Services | 46 |
| Human Resources | 2 |
| Part time staff | 40 |
| Vacancies | 11 |
| Total | 169 |



OVERVIEW OF THE DISTRICT



OUR DISTRICT





OUR PEOPLE AND CULTURE

The statistics in this section of the Report are sourced from the 2001 census. At the time of writing, information from the 2006 census was unavailable.

Population

The District had a population of 32,814 people at the 2001 census. The largest urban area is Whakatane (including Ohope) with smaller centres at Edgecumbe, Murupara, Te Teko, Taneatua and Matata. Some 70% of residents live in these urban areas.

Distribution of the population within the Whakatane District

| Census Area Unit | % 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 0.9% population decline. In comparison, the population for New Zealand as a whole had increased by 3.3% between 1996 and 2001. The following table predicts a decline in total population after 2006.

Population projections 2006-2021

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

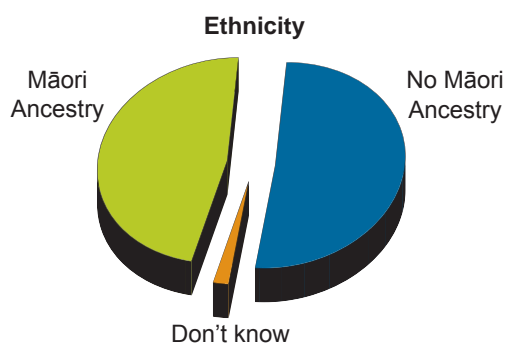
Some communities and rural areas are experiencing a declining population. The urban areas of Whakatane (including Ohope) and the coastal strip are expected to experience considerable growth over the next ten years.

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 at 18%. The Māori culture is a strong and vibrant aspect of the Whakatane community.

Iwi in the Whakatane District:

- Ngāti Awa
- Ngāti Rangitahi
- Tūhoe
- Ngāti Tūwharetoa
- Ngāti Whare
- Upokorehe
- Ngāti Manawa



Age profile

27.2% of people in Whakatane District were under the age of 15 years, compared with 22.7% for all of New Zealand.

Education

Residents of the Whakatane District generally have a lower level of educational qualifications when compared with national levels. For example, 29.1% of people aged 15 years and over in the Whakatane District had post-school qualification compared with 32.2% for New Zealand as a whole. There are increasing educational opportunities being provided in the District at all levels. Tertiary education establishments including a university are located in Whakatane.

Housing

A total of 68% of dwellings were owned or partly owned by the occupants. This has increased from 67% in 1996. 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 in the District.

The average number of household members living in privately occupied dwellings was 2.8 in the Whakatane District, compared with 2.7 in New Zealand.

Events and festivals

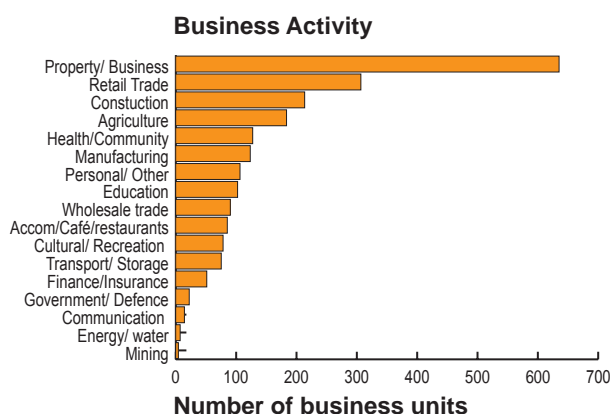
Whakatane hosts a variety of events through the year including one of the country's larger tuna fishing tournaments, a Birds-a-Plenty festival and a significant summer arts festival. Major sporting events such as national touch rugby, triathlon, multi-sport and motorcross competitions occur regularly during the year. Cultural events include kapa haka competitions, The Bay of Plenty Music School and District Brass Band Championships.

OUR ECONOMY

Business activity

Approximately half of the District's land area (51%) is classed 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. Since the 1950's, plantation forestry and wood processing have become increasingly important.

Agriculture however still remains the mainstay in the District. 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.



Employment and income

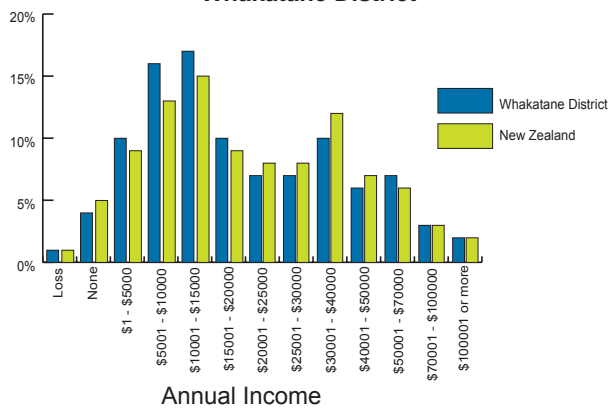
In 2001, 42% of residents were employed full-time, 15% employed part-time, 8% unemployed and 35% not in the labour force.

The majority of people are agricultural and forestry 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%).

For those aged 15 years and over, 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.



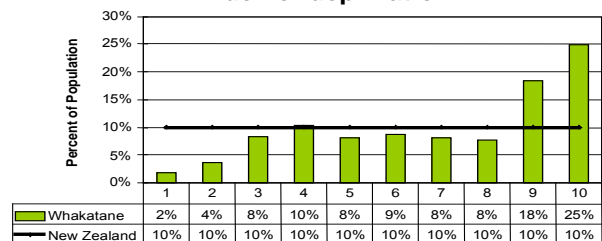
Personal income for residents of the Whakatane District



Deprivation

The New Zealand Deprivation Index ranks areas from 0 to 10, 10 being the highest level 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



OUR ENVIRONMENT

The Whakatane District has diverse natural characteristics. In the north, the Bay of Plenty coastline extends for approximately 89 km along predominantly sandy beaches (Otamarakau, Matata, Thornton, Ohope). Major river mouth systems found along the coast are the Tarawera, Rangitaiki, and Whakatane. Significant estuary systems are located at the Whakatane River mouth and Ohiwa Harbour.

The coastal lowlands centred on the Rangitaiki Plains have high quality, highly productive soils. The total area of the Rangitaiki Plains is approximately 30,000 hectares. About 45% of this area (14,000 hectares) is considered to be of sufficiently high quality soil to have potential for market gardening, cash cropping or fruit production.

Low, rolling hill country reaches to the sea west and east of the plains. The largest part of the District rises to the south into the Central Volcanic Plateau.

The environment plays an important part in the Whakatane lifestyle. The District boasts many outdoor activities centering on the forests, rivers/streams and coastal activities. Whakatane provides a tourist gateway to Whakaari (White Island) - an active volcano that 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 Rangitaiki, Tarawera and Whakatane/Waimana Rivers offer recreational opportunities for rafting, canoeing, fishing and game hunting. Lake Aniwhenua and Lake Matahina, both formed as a result of hydro electricity dams, are also popular for recreation. A number of rare and protected waterbird species have been seen in the wetland at the southern shallow end of Lake Aniwhenua.



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



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

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

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

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

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

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

The Council employs a Kaitakawaenga (Māori Liaison Officer). This position was established to provide a bridge between the Whakatane District Council and Māori 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.





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 2006

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





COMMUNITY OUTCOMES

COMMUNITY OUTCOMES

What are community outcomes?

Community outcomes are the desired state or ideal that the community identifies and believes is important for its present and future wellbeing. Under the Local Government Act 2002, councils are required to facilitate a process to identify the desired community outcomes and priorities for their communities once every six years. This process was last completed in 2005. Information on the 2005-2011 community outcomes for the Whakatane District is included in the Council's ten-year Council Community Plan.

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

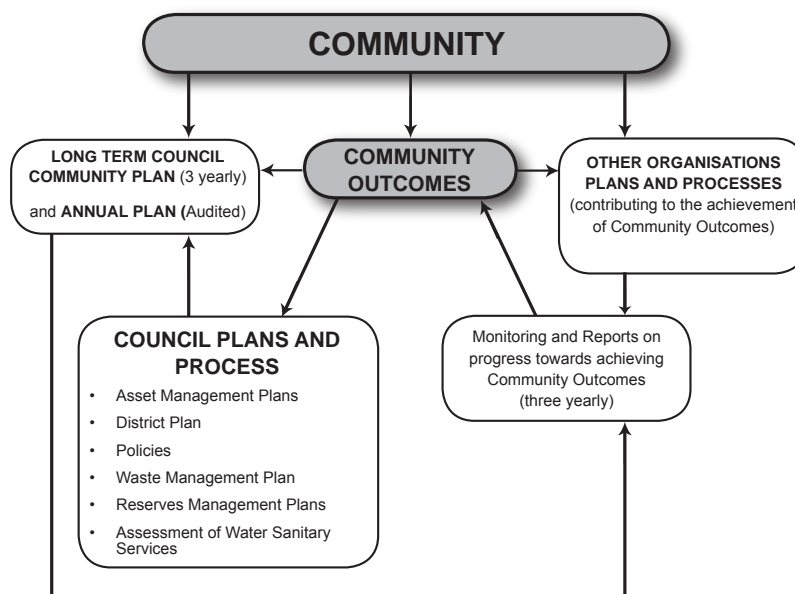
- facilitate the process;
- promote or achieve the outcomes (being one of the parties that is capable of doing so and to the extent that the elected Council deems appropriate); and
- monitor and report on progress towards the achievement of community outcomes.

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

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





Reporting of community outcomes

Council activities help towards achieving community outcomes. Through the groups of activities chapter of this report, the 2004-2005 community outcomes that each activity contributes to are listed and any performance measures from the previous year that show progress towards the achievement of those outcomes are reported.

In 2005 a process was undertaken to review and update the community outcomes of the Whakatane District. These new outcomes will be listed and reported against in future council documents.



STATEMENT OF SERVICE PERFORMANCE FOR
COUNCIL'S SIGNIFICANT ACTIVITIES



COMMUNITY LEADERSHIP AND GOVERNANCE

Contribution to Community Outcome

Community

What we do

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 10 Councillors representing four wards. There are also five Community Boards (Edgecumbe-Tarawera, Ohope Beach, 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 staff support the Mayor, Council, Committees, Community Boards and Working Parties by providing secretarial support and providing policy advice and information.

► 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.



STATEMENT OF COST OF SERVICE

| | 2005/06 Actual | 2005/06 Annual Plan | 2005/06 Variance | 2004/05 Actual |
|--|--------------------|---------------------------|---------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Civic Services | 274,152 | 3,000 | 271,152 | 54,396 |
| Council Initiatives | - | 75,000 | (75,000) | - |
| Disaster Mitigation | 600,000 | - | 600,000 | - |
| Total Operating Revenue | 874,152 | 78,000 | 796,152 | 54,396 |
| Expenditure | | | | |
| Civic Services | 2,051,214 | 1,853,000 | (198,214) | 2,585,920 |
| Council Initiatives | 833,372 | 794,000 | (39,372) | 631,236 |
| Disaster Mitigation | 383,036 | - | (383,036) | - |
| Total Operating Expenditure | 3,267,622 | 2,647,000 | (620,622) | 3,217,156 |
| Net Cost of Service Surplus/(Deficit) | (2,393,470) | (2,569,000) | 175,530 | (3,162,760) |
| Funded by: | | | | |
| General Rates and Revenues | 2,325,195 | | | |
| Transfers (to) from Reserves | (55,708) | | | |
| Non funded costs | 123,983 | | | |
| Total | 2,393,470 | | | |

Significant Variances Explained

Civic Services

Income exceeded Annual Plan budget by \$271,152. The targeted rates for Community Boards was allocated direct to this activity whereas the Annual Plan did not anticipate that situation. This also explains the variance between 2004/05 and 2005/06 actuals.

Expenditure exceeded Annual Plan budget by \$198,214. Non funded depreciation on community assets of \$123,983 was allocated to this activity. The Annual Plan did not anticipate that situation.

Disaster Mitigation income from Central Government and the associated expenditure was not budgeted for in the Annual Plan as the Matata disaster was not foreseen.

Measuring our Performance

| Target | Achievement |
|---|---|
| Implementation of a communications strategy. | Achieved. Adopted in May 2006. |
| Review of electoral voting system (FPP or STV) completed by 12 September 2005. | Achieved. The Council resolved on 1 September 2005 to retain the First Past the Post electoral system for the 2007 local body elections. |
| Review of general representation to be completed by 23 November 2005. | Achieved. The Council resolved on 10 August 2005 not to undertake a full representation review for the 2007 triennial elections and that a poll would be undertaken in conjunction with the 2007 elections on whether Maori representation should be introduced. |
| Agendas and reports distributed at least 2 clear working days before the meeting. | Achieved. With one exception where the Council waived rights to the notification period for an extraordinary meeting on 8 June 2006. |

ACCESS NETWORKS AND SYSTEMS

Contribution to Community Outcomes

Built Environment: Safety

What we do

Within this group of activities, the Council:

- Provides roading, airports, 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; and
- 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.
- Monitors, enforces and administers the Council's Parking Bylaw, as well as vehicle defects such as warrants of fitness and registration.

Why we do it

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, 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.

► **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. The Council wants 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 and bus stops. 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 check 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.

STATEMENT OF COST OF SERVICE

| | 2005/06 Actual | 2005/06 Annual Plan | 2005/06 Variance | 2004/05 Actual |
|--|--------------------|---------------------------|---------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Roading | 14,234,863 | 4,214,000 | 10,020,863 | 9,493,300 |
| Road Safety | 105,519 | 101,700 | 3,819 | 60,314 |
| Parking | 397,291 | 265,000 | 132,291 | 267,132 |
| Airport | 115,723 | 86,000 | 29,723 | 101,176 |
| Total Operating Revenue | 14,853,396 | 4,666,700 | 10,186,696 | 9,921,922 |
| Expenditure | | | | |
| Roading | 16,896,414 | 8,528,000 | (8,368,414) | 16,097,143 |
| Road Safety | 114,265 | 122,200 | 7,935 | 106,590 |
| Parking | 218,743 | 214,500 | (4,243) | 216,089 |
| Airport | 83,150 | 78,600 | (4,550) | 82,273 |
| Total Operating Expenditure | 17,312,572 | 8,943,300 | (8,369,272) | 16,502,095 |
| Net Cost of Service Surplus/(Deficit) | (2,459,176) | (4,276,600) | 1,817,424 | (6,580,143) |
| Funded by: | | | | |
| Transfer (to) from Separate Operating Reserves | (210,402) | | | |
| Transfer (to) from Reserve Funds | 221,568 | | | |
| Non Funded Costs | 2,448,010 | | | |
| Total | 2,459,176 | | | |

| Significant Capital Projects | Actual | Budget | Delivery |
|------------------------------------|-----------|-----------|---|
| Subsidised Roothing - Rural | | | |
| Seal Widening Ohope | 114,370 | 950,000 | Seal widening project deferred to 2006/07, waiting for funding approval from LTNZ. |
| Reseals | 1,011,998 | 1,222,600 | Amount under expended by \$210,602 due to deferment of Commerce Street (Hotmix project). |
| Minor Safety - Ohope Hill | 91,265 | 330,000 | Project deferred to 2006/07 due to timing of major works to be carried out in 2006/07 financial year. |



Significant Variances Explained

Roading

Both income and expenditure significantly exceeded the Annual Plan budgets. This related to restoration works required resulting from the 2004 and 2005 Civil Defence disasters that significantly affected the roading network.

Parking

Income exceeded Annual Plan budget by \$132,291. This resulted from increased activity on collection of fines by staff both internally and within the Courts.

Measuring our Performance

| | Target | Achievement | | | | | | | | | | | | | | | | | | |
|-----------------------------|---|---|---------|---------|---------|------------|-----|-----|--------|----|----|-------|---|---|-----------------------------|----|----|---------------------------|----|----|
| Roading | 95% of all defective street lights will be repaired within five working days. | Not achieved. 55% of requests for service to street lights 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 25 mm. | Achieved. 100% inspection, however, outstanding works at Edgcumbe not completed. | | | | | | | | | | | | | | | | | | |
| Road Safety | Statistics gathered by Land Transport NZ will show reduced crash numbers and higher compliance levels (licensed drivers, road worthy vehicles, seat belt wearing, etc) in our District. | Not Achieved. Statistics are: Crash Numbers <table><tr><td>Year to</td><td>June 05</td><td>June 06</td></tr><tr><td>Non Injury</td><td>123</td><td>143</td></tr><tr><td>Injury</td><td>73</td><td>72</td></tr><tr><td>Fatal</td><td>7</td><td>8</td></tr><tr><td>Accidents involving alcohol</td><td>14</td><td>22</td></tr><tr><td>Accidents involving Speed</td><td>17</td><td>20</td></tr></table> | Year to | June 05 | June 06 | Non Injury | 123 | 143 | Injury | 73 | 72 | Fatal | 7 | 8 | Accidents involving alcohol | 14 | 22 | Accidents involving Speed | 17 | 20 |
| | Year to | June 05 | June 06 | | | | | | | | | | | | | | | | | |
| | Non Injury | 123 | 143 | | | | | | | | | | | | | | | | | |
| Injury | 73 | 72 | | | | | | | | | | | | | | | | | | |
| Fatal | 7 | 8 | | | | | | | | | | | | | | | | | | |
| Accidents involving alcohol | 14 | 22 | | | | | | | | | | | | | | | | | | |
| Accidents involving Speed | 17 | 20 | | | | | | | | | | | | | | | | | | |
| | Emergency works are mobilised and commenced within 1.5 hours (except for Minginui, Mataatua and Sister Annie Roads, which will be commenced within 2.5 hours). | Not achieved. Systems are being improved to achieve this target. | | | | | | | | | | | | | | | | | | |
| Parking Enforcement | Surveillance of restricted parking areas on a daily basis. | Achieved | | | | | | | | | | | | | | | | | | |
| Airport | Non-certified airport suitable for scheduled flight operations, operational at all times, or otherwise advised by NOTAM. | Achieved | | | | | | | | | | | | | | | | | | |





WATER-RELATED SERVICES

Contribution to Community Outcomes

Health: Natural Environment: Built Environment: Safety

What we do

This group of activities are undertaken to ensure:

- Provision of an adequate, efficient, reliable and safe high quality water supply that meets legislative and customer requirements;
- Continuous, efficient and safe removal of wastewater from all connected properties and provision of environmentally acceptable treatment and disposal services;
- 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.

**STATEMENT OF COST OF SERVICE**

| | 2005/06 Actual | 2005/06 Annual Plan | 2005/06 Variance | 2004/05 Actual |
|--|--------------------|---------------------------|---------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Water Supply | 3,132,273 | 132,400 | 2,999,873 | 2,773,747 |
| Wastewater Services | 1,427,147 | 13,500 | 1,413,647 | 27,110 |
| Stormwater Services | - | 1,000 | (1,000) | 16 |
| Trade Waste | 27,438 | 28,600 | (1,162) | 29,597 |
| Total Operating Revenue | 4,586,858 | 175,500 | 4,411,358 | 2,830,470 |
| Expenditure | | | | |
| Water Supply | 3,647,155 | 2,809,100 | (838,055) | 3,251,715 |
| Wastewater Services | 2,104,221 | 1,721,500 | (382,721) | 1,954,509 |
| Stormwater Services | 1,063,728 | 909,100 | (154,628) | 828,532 |
| Trade Waste | 34,263 | 42,200 | 7,937 | 40,566 |
| Total Operating Expenditure | 6,849,367 | 5,481,900 | (1,367,467) | 6,075,322 |
| Net Cost of Service Surplus/(Deficit) | (2,262,509) | (5,306,400) | 3,043,891 | (3,244,852) |
| Funded by: | | | | |
| Works and Facilities Rates | 891,806 | | | |
| Transfer (to) from Separate Operating Reserves | (77,186) | | | |
| Non Funded Costs | 1,447,889 | | | |
| Total | 2,262,509 | | | |

| Significant Capital Projects | Actual | Budget | Delivery |
|-------------------------------------|---------|-----------|---|
| Water Supplies | | | |
| Whakatane Mains Upgrade | 951,258 | 1,115,000 | Hinemoa Street water upgrade completed. Overall project under budget. |
| Waste Water | | | |
| Whakatane Mains | 244,017 | 360,000 | The balance of the project will be carried forward to next year. |

Significant Variances Explained**Water**

Income exceeded Annual Plan budget by \$3.0M. The targeted rates for Water Supply of \$3.1M have been allocated direct to this activity whereas the Annual Plan did not anticipate that situation. This also explains the variance between 2004/05 and 2005/06 actuals.

Expenditure exceeded Annual Plan budget by \$838,055.

Overall the water supply accounts ended the year \$59,093 in credit. In addition to the operating surplus, \$299,320 of funded depreciation was provided for and transferred to reserves.

There were higher than anticipated operating expenses experienced within some of the supplies and this related to more maintenance being required.

Wastewater

Income exceeded Annual Plan budget by \$1.4M. The targeted rates for Wastewater of \$1.4M have been allocated direct to this activity whereas the Annual Plan did not anticipate that situation. This also explains the variance between 2004/05 and 2005/06 actuals.



Stormwater

Expenditure exceeded the Annual Plan budget by \$154,628. This related to higher than anticipated maintenance costs being incurred together with higher overheads being allocated against this activity.

Measuring 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, excluding Te Mahoe). | Not achieved. Occasional E. Coli contamination detected. A contaminant in the Murupara water supply created a one-off measured incidence of contamination. |
| | 90% of requests for new water and waste water connections are provided within seven working days. | Not achieved. At present the average is 15 days. Performance is being reviewed as part of the Operations Business Unit review. |
| | Continuous, reliable and adequate wastewater services provided within the following standards: | |
| | <ul style="list-style-type: none"> less than 10 blockages and breaks per 1,000 pans connected; | Achieved. |
| | <ul style="list-style-type: none"> less than 12 manhole, pump station or treatment plant overflows per year; | Not achieved. Abnormal weather increased stormwater inflows. Catchment capacities to improve levels of service are being investigated. |
| | <ul style="list-style-type: none"> more than 90% of overflows cleaned up within six hours of notification; | Not achieved. Systems are being improved to measure this target. |
| | <ul style="list-style-type: none"> water pressure and flow rates, when tested, meet standards of 15 litres per minute, and minimum pressure of 200kPa in at least 90% of all random tests except in Station Road, Paroa Road, Coastlands, Piripai and Aerodrome areas. | Achieved. Water flow rates met the standard of 15 litres per minute and minimum pressure of 200kPa. |
| | By 2006, more than 90% of Whakatane residential, industrial and commercial buildings will have been provided with flood protection to a one-in-50 year flood level protection (2% Annual Expected Probability [AEP]). | Not achieved. Not measured. |



| | |
|--|--|
| | |
|--|--|

SOLID WASTE MANAGEMENT

Contribution to Community Outcomes

Health: Natural Environment: Built Environment

What we do

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

Why we do it

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

► Refuse Collection

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

► Refuse Disposal

With the opening of the Recycling Park, the Council provides one landfill for the management and disposal of collection service refuse, bulk industrial/ commercial waste and waste disposal from the recycling centre.

The reduction in residual waste disposed of at the Burma Road landfill benefits the community by reducing the potentially harmful environmental impact of such disposal, saving valuable landfill space and reducing resource use.

The Burma Road landfill provides controlled management processes for the disposal of residual waste in accordance with Ministry for the Environment and Resource Consent requirements.

► Refuse Recycling

A Recycling Park opened in April 2006. This will improve recycling practices and reduce the volume of waste that gets sent to the landfill.

Residents of the greater Whakatane area use the collection service and Recycling Park for waste disposal, and the collection contractor has access to the Burma Road landfill. Disposers of sort-by-type bulk industrial/ commercial waste are able to arrange direct access to the landfill. Residents in the south of the District have access to the transfer station at Murupara.



STATEMENT OF COST OF SERVICE

| | 2005/06 Actual | 2005/06 Annual Plan | 2005/06 Variance | 2004/05 Actual |
|--|--------------------|---------------------------|---------------------|--------------------|
| Revenue | | | | |
| Refuse Collection | 990,027 | 1,000 | 989,027 | 536,962 |
| Refuse Disposal | 593,836 | 202,000 | 391,836 | 356,058 |
| Total Operating Revenue | 1,583,863 | 203,000 | 1,380,863 | 893,020 |
| Expenditure | | | | |
| Refuse Collection | 993,075 | 1,200,400 | 207,325 | 1,008,286 |
| Litter Control | 3,564 | - | (3,564) | 254 |
| Refuse Disposal | 1,837,291 | 1,461,800 | (375,491) | 1,194,872 |
| Total Operating Expenditure | 2,833,930 | 2,662,200 | (171,730) | 2,203,412 |
| Net Cost of Service Surplus/(Deficit) | (1,250,067) | (2,459,200) | 1,209,133 | (1,310,392) |
| Funded by: | | | | |
| Works and Facilities Rates | 1,159,097 | | | |
| Transfer (to) from Separate Operating Reserves | 6,612 | | | |
| Non Funded Costs | 84,358 | | | |
| Total | 1,250,067 | | | |

| Significant Capital Projects | Actual | Budget | Delivery |
|------------------------------|-----------|-----------|---|
| Whakatane Solid Waste | | | |
| Landfill Retirement | 132,442 | 777,000 | Landfill retirement contract delayed due to adverse weather conditions. Project carried forward to 2006/07 |
| Recycling Park | 2,057,844 | 1,900,000 | Project completed. Additional costs associated with building variations and requirements of Resource Consent. |
| Refuse Collection | | | |
| Wheelie Bins | - | 700,000 | Project not required as purchase of mobile garbage bins included in the waste collection contract. |

Significant Variances Explained

Refuse Collection

Income exceeded Annual Plan budget by \$989,027. The targeted rate for Refuse Collection has been allocated direct to this activity whereas the Annual Plan did not anticipate that situation. This also explains the variance between 2004/05 and 2005/06 actuals.

Expenditure was \$207,325 less than the Annual Plan budget.

The Refuse Collection contract was renewed part way through the financial year. New terms delivered savings to the ratepayers.

Refuse Disposal

Income exceeded Annual Plan budget by \$391,836. Of that amount, \$191,836 related to additional user charges resulting from the delayed operation of the Recycling Park. The remaining \$200,000 reflected the allocation from Refuse Collection towards disposal costs. While anticipated, and rated for, this was not disclosed as such within the Annual Plan.

**Measuring our Performance**

| Target | Achievement |
|---|--|
| Weekly refuse and recycling collection provided in all urban areas, plus rural areas where a service is viable and requested. | Achieved. With the new contract with Waste Management. |
| 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). | Achieved. New kerb side collection of recyclable items, implemented from 12 June 2006. Recycle Park opened from 1 April 2006. The Council participates in zero waste programmes and monitored progress through monthly operational reports from professional service providers. |
| The Council will comply with the New Zealand Waste Strategy by quantifying waste and recycling streams for future monitoring. | Achieved. A weighbridge was installed in the recycle park. |

DEVELOPMENT

Contribution to Community Outcomes

Prosperity: Built Environment: Natural 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.



STATEMENT OF COST OF SERVICE

| | 2005/06 Actual | 2005/06 Annual Plan | 2005/06 Variance | 2004/05 Actual |
|--|-------------------|---------------------------|---------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Planning Policy | 16,419 | 50,000 | (33,581) | 382 |
| Marketing and Development | 383,311 | 244,000 | 139,311 | 282,450 |
| Information Centre | 100,666 | 63,000 | 37,666 | 51,499 |
| Regional Partnership | 409,474 | - | 409,474 | 53,766 |
| Total Operating Revenue | 909,870 | 357,000 | 552,870 | 388,097 |
| Expenditure | | | | |
| Planning Policy | 489,578 | 622,800 | 133,222 | 359,893 |
| Marketing and Development | 524,670 | 582,900 | 58,230 | 620,684 |
| Information Centre | 172,038 | 176,400 | 4,362 | 175,799 |
| Regional Partnership | 409,313 | - | (409,313) | 61,043 |
| Total Operating Expenditure | 1,595,599 | 1,382,100 | (213,499) | 1,217,419 |
| Net Cost of Service Surplus/(Deficit) | (685,729) | (1,025,100) | 339,371 | (829,322) |
| Funded by: | | | | |
| General Rates and Revenues | 726,792 | | | |
| Transfers (to) from Reserve funds | (41,063) | | | |
| Total | 685,729 | | | |

Significant Variances Explained

Marketing and Development

Income exceeded Annual Plan budget by \$139,311. The targeted rate for Marketing and Development has been allocated direct to this activity whereas the Annual Plan did not anticipate that situation. This also explains the variance between 2004/05 and 2005/06 actuals.

Regional Partnerships

Income and Expenditure under Regional Partnerships reflected Council acting as an agent for external agencies. This situation had no affect on Council's cash position. It was a one-off and will not arise again.

Planning Policy

Expenditure was \$133,222 less than budgeted for in the Annual Plan. This was the result of a vacant staff position. Some planning projects were not able to be advanced as planned.

Measuring our Performance

| Target | Achievement |
|--|--|
| Decisions made on the notified Variation to the Proposed Whakatane District Plan to introduce replacement provisions for indigenous biodiversity by 30 March 2006. | Not achieved. Consultation document being circulated September 2006. Decisions on a notified variation not likely until July 2007. |
| A review of the demand for residential and business zoned land will be undertaken and an integrated strategy developed by July 2006. | Not achieved. Residential and industrial strategies in progress. Retail strategy completed August 2005. Need to integrate this current work with transportation study has partly led to delay in intergrating strategies. |
| Visitor numbers will increase by 5% annually (as measured at the Visitor Information Office). | Not achieved. Visitor numbers were down 8% on last year. |
| Statistics will show an annual increase in the number of new businesses. | Achieved. Number of new businesses increased by 9% |

ENVIRONMENTAL CONTROLS

Contribution to Community Outcomes

Health: Safety: Natural Environment: Built Environment

This group of activities contribute to the overall health and wellbeing of the community by ensuring that agreed standards (legislative or policy) are complied with. Therefore people can have confidence in the services they use or purchase and the environment in which they live.

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

► **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 requires councils to develop and administer 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.



STATEMENT OF COST OF SERVICE

| | 2005/06 Actual | 2005/06 Annual Plan | 2005/06 Variance | 2004/05 Actual |
|--|--------------------|---------------------------|---------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Liquor Licensing | 64,944 | 61,000 | 3,944 | 46,964 |
| Building Control Services | 696,819 | 677,200 | 19,619 | 607,458 |
| Environmental Health | 19,149 | 91,100 | (71,951) | 135,344 |
| Planning Implementation | 390,913 | 434,500 | (43,587) | 425,207 |
| Planning Monitoring | 28,509 | - | 28,509 | 27,587 |
| Total Operating Revenue | 1,200,334 | 1,263,800 | (63,466) | 1,242,560 |
| Expenditure | | | | |
| Liquor Licensing | 115,214 | 76,700 | (38,514) | 68,027 |
| Building | 836,879 | 854,200 | 17,321 | 692,680 |
| Environmental Health | 291,768 | 310,900 | 19,132 | 227,930 |
| Planning Implementation | 963,927 | 810,200 | (153,727) | 784,003 |
| Planning Monitoring | 94,799 | - | (94,799) | 97,005 |
| Total Operating Expenditure | 2,302,587 | 2,052,000 | (250,587) | 1,869,645 |
| Net Cost of Service Surplus/(Deficit) | (1,102,253) | (788,200) | (314,053) | (627,085) |
| Funded by: | | | | |
| General Rates and Revenues | 1,102,253 | | | |

Significant Variances Explained

Planning Implementation

Increased expenditure of \$153,727 related to additional legal costs and areas where targeted recoveries will be initiated in future.

Measuring our Performance

| | Target | Achievement |
|-----------------|---|---|
| Consents | 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: <ul style="list-style-type: none"> • 19 working days - non-notified, no hearing required; • 38 working days - non-notified, hearing required; • 48 working days - notified, no hearing required; • 68 working days - notified, hearing required. | <p>Not achieved. Actual results are:</p> <p>Landuse</p> <p>NNDA = 79% (141/179)</p> <p>NNH = 60% (3/5)</p> <p>LNDA = 100% (3/3)</p> <p>LNH = 100% (2/2)</p> <p>NDA = 100% (1/1)</p> <p>NH = 17% (1/6)</p> <p>Subdivision</p> <p>NNDA = 68% (64/94)</p> <p>NNH = 83% (5/6)</p> <p>LNDA = 75% (3/4)</p> <p>LNH = 100% (1/1)</p> <p>Key</p> <p>N = notified</p> <p>NN = non-notified</p> <p>LN = limited notification</p> <p>DA = delegated authority</p> <p>H = Hearing</p> |
| | 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. Consents monitored in 2005/6 were granted in 2003/4. A total of 217 consents were issued. 10 consents were not taken up leaving a balance of 207. All 207 consents were monitored. The 2004/05 year will be monitored in 2005/06. |
| | 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, processed within 20 working days. | Achieved. 604 building consent applications not requiring additional information were received. 99.8% of these were issued within 20 working days. |
| | The Council to achieve accreditation as a Building Consent Authority by 1 December 2006. | Not Achieved. The regulations for accreditation have not been prescribed by the Department of Building and Housing. As a consequence this target date was not achievable. The Building Act 2004 requires the Council to be registered as a building consent authority by 1 November 2007. A revised target date of 1 September 2007 to achieve early accreditation has been set. |
| Health | All businesses that require to be registered under: <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; 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>Achieved 100% Actual numbers are:</p> <ul style="list-style-type: none"> • 203 • 9 • 27 |
| | All public and community water supplies identified and public health drinking water risk management plans for each supply developed. | Not achieved. The Ministry of Health did not release information on assessment standards and evaluation methods in the 2005/06 year. |



| | Target | Achievement |
|---------------|---|--|
| Health (cont) | 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 100%. All 29 pools were inspected. One pool was not compliant, four were not open and two were not in use. |
| | 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. Inspections of private swimming pool fences were not undertaken due to the staff resources being directed into the inspections of flood damaged buildings and monitoring their repairs. |



COMMUNITY SERVICES

Contribution to Community Outcomes

Community: Health: Education: Natural Environment: Safety: 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 principle 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, informative, leisure and community value of public libraries. The libraries provide a collection of print, audio, visual, full text online databases and internet access. Libraries are located in Whakatane, Murupara, Edgumbe and Ohope.

► Museum and Gallery

The Whakatane Museum and Gallery is the only professionally administered museum and gallery in the Eastern Bay of Plenty. The Museum and Research Library accommodate storage and display, research of and public access to a significant collection of taonga, photographs, heritage books, genealogical and general archival collections representing the Eastern Bay of Plenty and its communities. The Gallery offers a large quality exhibition space for a programme of changing art, craft and social history exhibitions.



► 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.

STATEMENT OF COST OF SERVICE

| | 2005/06 Actual | 2005/06 Annual Plan | 2005/06 Variance | 2004/05 Actual |
|--|--------------------|---------------------------|---------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Parks and Gardens | 788,906 | 251,600 | 537,306 | 352,834 |
| Recreation | 3,541 | 4,000 | (459) | 3,534 |
| Library | 59,241 | 87,500 | (28,259) | 67,519 |
| Swimming Pools | 129,454 | 2,000 | 127,454 | 1,498 |
| Museum & Gallery | 16,148 | 37,000 | (20,852) | 18,358 |
| Cemeteries | 78,965 | 75,500 | 3,465 | 105,245 |
| Total Operating Revenue | 1,076,255 | 457,600 | 618,655 | 548,988 |
| Expenditure | | | | |
| Parks and Gardens | 2,157,181 | 2,202,400 | 45,219 | 2,202,348 |
| Recreation | 117,431 | 102,600 | (14,831) | 90,269 |
| Library | 774,824 | 705,200 | (69,624) | 664,142 |
| Swimming Pool | 716,427 | 686,400 | (30,027) | 745,683 |
| Museum | 431,171 | 431,100 | (71) | 428,459 |
| Cemeteries | 201,272 | 198,900 | (2,372) | 169,644 |
| Total Operating Expenditure | 4,398,306 | 4,326,600 | (71,706) | 4,300,545 |
| Net Cost of Service Surplus/(Deficit) | (3,322,051) | (3,869,000) | (546,949) | (3,751,557) |
| Funded by: | | | | |
| General Rates and Revenues | 531,407 | | | |
| Works and Facilities Rates | 2,349,074 | | | |
| Transfers (to) from Reserve funds | (7,439) | | | |
| Non Funded Costs | 449,009 | | | |
| Total | 3,322,051 | | | |

Significant Variances Explained

Swimming Pools

Additional expenditure of \$30,027 related to additional depreciation charged on revalued assets. The additional depreciation was non funded and did not affect Council's cash position

Income exceeded the Annual Plan budget by \$127,454. The targeted rate for Pools of \$104,080 was allocated directly to this activity whereas the Annual Plan did not anticipate that situation. This also explains the variance between 2004/05 and 2005/06 actuals.

Parks and Gardens

Income exceeded Annual Plan budget by \$537,306. The targeted rate for Parks of \$633,573 has been allocated direct to this activity whereas the Annual Plan did not anticipate that situation. This also explains the variance between 2004/05 and 2005/06 actuals.



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/NZS 4486. An annual external audit will be completed on 12 playgrounds. | Achieved. Playgrounds were 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 |
| 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. Swimming pool results available at Whakatane District Aquatic Centre. |
| Library | To improve the quality of library stock, undertake promotion of facilities, and increase the Library issues each year by 1%. | Achieved. Library stock improved through the addition of 4196 new books (equal to the number of old books removed), donated 733, deleted 2556. Library issues reduced by 2878, 1% compared to the 2005/06 year to 260576. |
| Museum & Gallery | Have at least six public exhibitions in the Museum and Gallery each year. | Not achieved. Public exhibitions were held in the Museum and Gallery during the year. Reduced exhibitions were as a result of staff vacancies. |
| | Improved public access to Museum and Gallery collections as indicated by visitor numbers. Photographic data sheets produced and collection items categorised. | Not achieved. Public access opportunities were affected by staff vacancies in the Museum. Systems to improve the accuracy and availability of data and collections items are being developed. |





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 public convenience facilities in strategic locations throughout the District. Renewal and replacement programmes ensure facilities meet the needs of the District's residents and visitors.

► **Community Housing**

The Council contributes to the stock of rental accommodation for the District's elderly residents. 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 seven 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.

**STATEMENT OF COST OF SERVICE**

| | 2005/06 Actual | 2005/06 Annual Plan | 2005/06 Variance | 2004/05 Actual |
|--|-------------------|---------------------------|---------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Halls | 72,909 | 80,200 | (7,291) | 59,074 |
| Public Conveniences | 284 | 2,100 | (1,816) | - |
| Community Housing | 281,473 | 293,000 | (11,527) | 285,795 |
| Harbour | 1,699,638 | 1,249,000 | 450,638 | 1,247,119 |
| Total Operating Revenue | 2,054,304 | 1,624,300 | 430,004 | 1,591,988 |
| Expenditure | | | | |
| Halls | 651,981 | 454,800 | (197,181) | 434,985 |
| Public Conveniences | 443,681 | 384,900 | (58,781) | 392,165 |
| Community Housing | 183,103 | 147,700 | (35,403) | 160,717 |
| Harbour | 966,859 | 970,300 | 3,441 | 1,249,758 |
| Total Operating Expenditure | 2,245,624 | 1,957,700 | (287,924) | 2,237,625 |
| Net Cost of Service Surplus/(Deficit) | (191,320) | (333,400) | 142,080 | (645,637) |
| Funded by: | | | | |
| General Rates and Revenues | 832,215 | | | |
| Transfers (to) from Reserve funds | (998,728) | | | |
| Non funded Costs | 357,833 | | | |
| Total | 191,320 | | | |

| Significant Capital Projects | Actual | Budget | Delivery |
|-------------------------------------|--------|---------|--|
| Harbour | | | |
| Eastern Jetty | - | 400,000 | Project deferred due to delays in obtaining consents. |
| Army Hall | - | 720,000 | Project deferred due to delays in finalising details of purchase agreement and caveat placed on the proposed purchase. |
| Investment Property | | | |
| Piripai | 13,505 | 600,000 | Project deferred due to Council decision to call for Requests For Proposals for future development of the site. |

Significant Variances Explained**Halls**

Expenditure exceeded Annual Plan budget by \$197,181. This mainly related to additional depreciation charged on revalued assets. The additional depreciation was non funded and did not affect Council's cash position.

Harbour

The additional revenue reflected in the Harbour activity related to increased rentals charged on leasehold properties.

**Measuring our Performance**

| | Target | Achievement |
|--------------------------|---|--|
| Community Housing | 95% annual occupancy rate of community housing. | Not achieved. Actual 94.8% |
| Conveniences | No more than 12 valid complaints recorded regarding the standard of public conveniences per year. | Achieved. 6 complaints received and resolved. |
| Halls | No more than 12 valid complaints recorded regarding the standard of community halls. | Achieved. 4 complaints received. |
| Harbour | No accidents result from the proper use of port facilities. | Achieved. |

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 Act 1996.

► 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 2005. The activity includes response costs, 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 required under section 97 of the Hazardous Substances and New Organisms Act to enforce the provisions of the Act in public places and residential properties.

The Council is involved in attendance, when notified, at incidents involving 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.



STATEMENT OF COST OF SERVICE

| | 2005/06 Actual | 2005/06 Annual Plan | 2005/06 Variance | 2004/05 Actual |
|--|-------------------|---------------------------|---------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Emergency Response | 1,418,426 | - | 1,418,426 | 1,062,374 |
| Civil Defence | 8,820 | - | 8,820 | 3,737 |
| Hazardous Substances | 228 | 1,000 | (772) | 971 |
| Bylaw Control | 1,514 | 1,000 | 514 | 1,111 |
| Rural Fire Control | 10,252 | 20,000 | (9,748) | 7,155 |
| Dog Control | 346,317 | 326,800 | 19,517 | 340,293 |
| Stock Control | 11,251 | 3,500 | 7,751 | 5,410 |
| Safer Communities | 74,047 | 55,900 | 18,147 | 70,617 |
| Total Operating Revenue | 1,870,855 | 408,200 | 1,462,655 | 1,491,668 |
| Expenditure | | | | |
| Emergency Response | 567,743 | - | (567,743) | 2,677,877 |
| Civil Defence | 163,996 | 158,500 | (5,496) | 68,825 |
| Hazardous Substances | 13,719 | 15,600 | 1,881 | 13,855 |
| Bylaw Control | 62,395 | 75,100 | 12,705 | 83,691 |
| Rural Fire Control | 119,231 | 140,400 | 21,169 | 89,403 |
| Dog Control | 355,986 | 363,700 | 7,714 | 380,861 |
| Stock Control | 42,994 | 44,600 | 1,606 | 36,832 |
| Safer Communities | 119,929 | 134,300 | 14,371 | 122,307 |
| Total Operating Expenditure | 1,445,993 | 932,200 | (513,793) | 3,473,651 |
| Net Cost of Service Surplus/(Deficit) | 424,862 | (524,000) | 948,862 | (1,981,983) |
| Funded by: | | | | |
| General Rates and Revenues | 416,152 | | | |
| Transfers (to) from Reserve funds | (841,395) | | | |
| Non funded Costs | 381 | | | |
| Total | (424,862) | | | |

Significant Variances Explained

Emergency Response

Income and expenditure under Emergency Response related to the 2004 and 2005 Civil Defence disasters.

**Measuring our Performance**

| | Target | Achievement |
|-----------------------------|--|---|
| 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. | Achieved. There were no hazardous substance spillages during the year. |
| Safer Communities | Deliver projects funded by the Crime Prevention Unit in accordance with the approved project plan. | Achieved. Crossroads completed. Crime prevention through environmental design and Alcohol Strategy projects in progress. |



SUMMARY OF ACTIVITIES

For Year Ending 30 June 2006

| | 2005/06 Actual | 2005/06 Budget | 2005/06 Variance | 2004/05 Actual |
|-----------------------------------|-------------------|-------------------|---------------------|-------------------|
| Revenue | | | | |
| Community Leadership & Governance | 874,152 | 78,000 | 796,152 | 54,396 |
| Access Networks and Systems | 14,853,396 | 4,666,700 | 10,186,696 | 9,921,922 |
| Water Related Services | 4,586,858 | 175,500 | 4,411,358 | 2,830,470 |
| Solid Waste Management | 1,583,863 | 203,000 | 1,380,863 | 893,020 |
| Development | 909,870 | 357,000 | 552,870 | 388,097 |
| Environmental Controls | 1,200,334 | 1,263,800 | (63,466) | 1,242,560 |
| Community Services | 1,076,255 | 457,600 | 618,655 | 548,988 |
| Community Facilities | 2,054,304 | 1,624,300 | 430,004 | 1,591,988 |
| Community Safety | 1,870,855 | 408,200 | 1,462,655 | 1,491,668 |
| Total | 29,009,887 | 9,234,100 | 19,775,787 | 18,963,109 |
| Less rates separately disclosed | 8,980,925 | - | - | - |
| Total Revenue | 20,028,962 | 9,234,100 | 19,775,787 | 18,963,109 |
| Expenditure | | | | |
| Community Leadership & Governance | 3,267,622 | 2,647,000 | (620,622) | 3,217,156 |
| Access Networks and Systems | 17,312,572 | 8,943,300 | (8,369,272) | 16,502,095 |
| Water Related Services | 6,849,367 | 5,481,900 | (1,367,467) | 6,075,322 |
| Solid Waste Management | 2,833,930 | 2,662,200 | (171,730) | 2,203,412 |
| Development | 1,595,599 | 1,382,100 | (213,499) | 1,217,419 |
| Environmental Controls | 2,302,587 | 2,052,000 | (250,587) | 1,869,645 |
| Community Services | 4,398,306 | 4,326,600 | (71,706) | 4,300,545 |
| Community Facilities | 2,245,624 | 1,957,700 | (287,924) | 2,237,625 |
| Community Safety | 1,445,993 | 932,200 | (513,793) | 3,473,651 |
| Total Expenditure | 42,251,600 | 30,385,000 | (11,866,600) | 41,096,870 |
| Less Internal Borrowing | (527,877) | - | - | - |
| | 41,723,723 | 30,385,000 | (11,866,600) | 41,096,870 |
| Mayoral Disaster Fund | 53,117 | - | - | (59,746) |
| | 41,776,840 | 30,385,000 | (7,909,187) | 41,037,124 |

STATEMENT OF COST OF SERVICE - SUPPORT SERVICES
For Year Ended 30 June 2006

| | 2005/06 Actual \$ | 2005/06 Budget \$ | 2005/06 Variance \$ | 2004/05 Actual \$ |
|--------------------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| Direct Expenditure | | | | |
| Administration | 1,918,174 | 1,762,178 | (155,996) | 1,679,600 |
| Finance | 1,446,977 | 1,412,242 | (34,735) | 1,493,063 |
| Engineering | 1,116,392 | 805,014 | (311,378) | 790,900 |
| Council Properties | 717,849 | 918,758 | 200,909 | 1,156,400 |
| Professional Services Business Unit | 563,668 | 787,806 | 224,138 | 887,100 |
| Operations Business Unit | 1,850,377 | 1,645,613 | (204,766) | 1,680,000 |
| Parks Business Unit | 727,803 | 623,110 | (104,693) | 844,100 |
| Environmental Services Business Unit | 516,196 | 483,506 | (32,690) | 299,400 |
| Information Services | 651,495 | 615,852 | (35,643) | 539,200 |
| Community Services | 189,257 | 161,284 | (27,973) | 516,700 |
| Total Direct Expenditure | 9,698,188 | 9,215,363 | (482,827) | 9,886,463 |
| Less Recoveries | | | | |
| Administration | 1,894 | 7,110 | (5,216) | 17,247 |
| Finance | 226,641 | 181,000 | 45,641 | 209,604 |
| Engineering | 248,828 | 173,930 | 74,898 | 207,220 |
| Council Properties | 193,850 | 326,800 | (132,950) | 232,600 |
| Professional Services Business Unit | 115,319 | 64,770 | 50,549 | 1,036,100 |
| Operations Business Unit | 416 | 10,000 | (9,584) | 1,825,700 |
| Parks Business Unit | 226,939 | (20) | 226,959 | 978,400 |
| Environmental Services Business Unit | 488 | - | 488 | 312,600 |
| Information Services | - | - | - | 523,000 |
| Community Services | - | - | - | 357,800 |
| Total Recoveries | 1,014,375 | 763,590 | 250,785 | 5,700,271 |
| Net Cost of Service | 8,683,813 | 8,451,773 | (232,042) | 4,186,192 |

These net costs have been fully reallocated over the other Cost of Service Statements and this statement is for information purposes only.





FINANCIAL STATEMENTS



STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2006

| | 2005/06 Actual \$ | 2005/06 Budget \$ | 2004/05 Actual \$ |
|--|-------------------------|-------------------------|-------------------------|
| | | | |
| Revenue | | | |
| Rates Revenue | 19,878,816 | 19,655,900 | 16,985,052 |
| Interest Received | 528,759 | 510,000 | 842,868 |
| Other Income | 642,887 | - | - |
| Petroleum Tax | 238,895 | 250,000 | 243,995 |
| Income from Activities | 20,028,962 | 9,234,100 | 18,963,109 |
| Total | 41,318,319 | 29,650,000 | 37,035,024 |
| Asset Development Revenue | | | |
| Investment Properties Revaluation | 6,282,735 | - | 6,513,114 |
| Developers Contributions | 2,075,943 | 1,579,800 | 447,222 |
| Vested Assets | 185,370 | 500,000 | 4,009,384 |
| Total | 8,544,048 | 2,079,800 | 10,969,720 |
| Total Operating Revenue | 49,862,367 | 31,729,800 | 48,004,744 |
| Expenditure | | | |
| Expenditure from Activities | 41,776,840 | 30,385,000 | 41,037,124 |
| Museum Collection Revaluation | 1,156,827 | - | - |
| Total Operating Expenditure | 42,933,667 | 30,385,000 | 41,037,124 |
| Surplus / (Deficit) Before Taxation | 6,928,700 | 1,344,800 | 6,967,620 |
| less Tax Expenses | - | - | - |
| Net Surplus /(Deficit) After Taxation | 6,928,700 | 1,344,800 | 6,967,620 |

Notes

11

The Notes and Statement of Accounting Policies on pages 77 - 108 form part of these Financial Statements

Explanation of Net Surplus

Council had a net operating surplus of \$6,928,700 (budgeted \$1,344,800). This surplus included transactions of \$5,125,908 related to the revaluation of assets. These were non-cash transactions and had no affect on Council's cash position. Excluding these transactions, Council's net surplus would have been \$1,802,792 against the budget of \$1,344,800.

The net surplus also includes the sale of the Professional Services Business Unit which produced \$600,000. That transaction was not included within the projected surplus of \$1,344,800 set out in the Annual Plan.



STATEMENT OF MOVEMENTS IN EQUITY FOR YEAR ENDED 30 JUNE 2006

| | | 2005/06 Actual \$ | 2005/06 Budget \$ | 2004/05 Actual \$ |
|---|-------|-------------------------|-------------------------|-------------------------|
| | Notes | | | |
| Net Surplus / (Deficit) | | 6,928,700 | 1,344,800 | 6,967,620 |
| Increase / (Decrease) in Operational Asset Revaluation Reserve | | 796,686 | - | 28,496,196 |
| Increase / (Decrease) in Infrastructural Assets Revaluation Reserve | | (3,748,559) | - | - |
| Movements in Equity for the Period | | <u>3,976,827</u> | <u>1,344,800</u> | <u>35,463,816</u> |
| Total Equity at Start of the Year | | 426,957,131 | 351,181,700 | 391,493,315 |
| Total Equity at the End of the Year | | <u>430,933,958</u> | <u>352,526,500</u> | <u>426,957,131</u> |

The Notes and Statement of Accounting Policies on pages 77 - 108 form part of these Financial Statements



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2006

| | | 2005/06 Actual \$ | 2005/06 Budget \$ | 2004/05 Actual \$ |
|--------------------------------------|-------|-------------------------|-------------------------|-------------------------|
| | Notes | | | |
| Public Equity | | | | |
| Accumulated Funds | 1 | 330,448,953 | 320,126,500 | 325,811,909 |
| Reserves | 1 | 100,485,005 | 32,400,000 | 101,145,222 |
| TOTAL PUBLIC EQUITY | | 430,933,958 | 352,526,500 | 426,957,131 |
| Represented by: | | | | |
| Current Assets | | | | |
| Cash and Bank | | 2,428,082 | 1,000,000 | (83,450) |
| Short Term Investments | 2 | 3,667,580 | 4,920,200 | 10,636,617 |
| Mayoral Disaster Relief Fund Trust | | 6,632 | - | 59,746 |
| Stock | | 100,862 | 100,000 | 100,319 |
| Accounts Receivable | 3 | 7,806,585 | 4,400,000 | 7,246,269 |
| Prepayments | | 40,775 | 100,000 | 53,061 |
| Total Current Assets | | 14,050,516 | 10,520,200 | 18,012,562 |
| Non-Current Assets | | | | |
| Term Investments | 4 | 64,915 | - | 44,689 |
| Operational Assets | 5 | 50,915,341 | 34,500,000 | 50,939,687 |
| Infrastructural Assets | 5 | 319,674,492 | 297,781,300 | 321,858,850 |
| Restricted Assets | 5 | 35,833,400 | 18,500,000 | 35,833,400 |
| Investment Properties | 5 | 25,397,002 | 13,000,000 | 19,114,267 |
| Work in Progress | 5 | 491,134 | - | 733,512 |
| Forestry Assets | 5 | 44,600 | 21,800 | 44,600 |
| Land intended for sale | 5 | 332,807 | - | 332,807 |
| Total Non-Current Assets | | 432,753,691 | 363,803,100 | 428,901,812 |
| TOTAL ASSETS | | 446,804,207 | 374,323,300 | 446,914,374 |
| Current Liabilities | | | | |
| Creditors and Accruals | 6 | 7,648,184 | 5,100,000 | 8,949,190 |
| Goods and Services Tax | | 195,993 | 200,000 | (205,150) |
| Income Received in Advance | | 1,008,364 | 900,000 | 1,235,552 |
| Deposits | | 424,783 | 350,000 | 420,356 |
| Provision Landfills Current | 7 | 30,000 | 25,000 | 30,000 |
| Public Debt Current | 8 | 3,602,700 | 2,894,200 | 2,655,744 |
| Total Current Liabilities | | 12,910,024 | 9,469,200 | 13,085,692 |
| Non Current Liabilities | | | | |
| Provision Landfill | 7 | 1,927,723 | 2,475,000 | 2,236,350 |
| Provision Forestry | 7 | 1,000,000 | - | 1,000,000 |
| Public Debt | 8 | 32,502 | 9,852,600 | 3,635,201 |
| Total Non-Current Liabilities | | 2,960,225 | 12,327,600 | 6,871,551 |
| TOTAL LIABILITIES | | 15,870,249 | 21,796,800 | 19,957,243 |
| NET ASSETS | | 430,933,958 | 352,526,500 | 426,957,131 |

The Notes and Statement of Accounting Policies on pages 77 - 108 form part of these Financial Statements

The Annual Report and Report of the Auditor-General were considered and adopted at a meeting of the Whakatane District Council on 26 October 2006.

CGH Holmes

MAYOR

26 October 2006

Diane Turner

CHIEF EXECUTIVE

26 October 2006



STATEMENT OF CASH FLOWS FOR YEAR ENDING 30 JUNE 2006

| | Notes | 2005/06 Actual \$ | 2005/06 Budget \$ | 2004/05 Actual \$ |
|---|----------|-------------------------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATIONS | | | | |
| Rates | | 19,847,832 | 21,235,700 | 16,688,790 |
| Sale of Water | | 4,664,040 | - | 2,675,037 |
| Roading Subsidies | | 9,265,031 | 4,654,800 | 7,939,682 |
| General | | 3,217,171 | 4,297,200 | 5,146,064 |
| Harbour Lease | | 1,472,450 | 1,622,200 | 1,247,119 |
| Interest | | 528,759 | 510,000 | 842,867 |
| Insurance Proceeds | | - | - | 88,889 |
| Regional Council Rates | | 3,669,315 | 3,721,600 | 2,874,811 |
| Total Operating Cash Provided | | 42,664,298 | 36,041,500 | 37,503,259 |
| Salaries and Wages | | 7,094,438 | 7,589,500 | 7,368,969 |
| Suppliers | | 28,147,698 | 12,685,200 | 22,685,140 |
| Tax Paid | | - | - | 6,938 |
| Interest | | 351,218 | 1,185,200 | 478,737 |
| Regional Council Rates | | 3,669,315 | 3,721,600 | 2,795,858 |
| Total Operating Cash Applied | | 39,262,669 | 25,181,500 | 33,335,642 |
| Net Cash Flows from Operating Activities | 9 | 3,401,629 | 10,860,000 | 4,167,617 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Sale of Assets | | - | 600,000 | - |
| Sale of Investments | | - | - | 1,221,936 |
| Total Investing Cash Provided | | - | 600,000 | 1,221,936 |
| Purchase of Assets | | 6,166,904 | 15,910,400 | 5,283,236 |
| Purchase Of Investments | | 20,226 | - | - |
| Total Investing Cash Applied | | 6,187,130 | 15,910,400 | 5,283,236 |
| Net Cash Flows from Investing Activities | | (6,187,130) | (15,310,400) | (4,061,300) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Sinking Funds Uplifted | | 683,576 | 803,300 | 562,100 |
| Term Loans Raised | | - | 3,035,200 | - |
| Total Financing Cash Provided | | 683,576 | 3,838,500 | 562,100 |
| Sinking Fund Contribution | | - | 1,263,400 | 313,300 |
| Term Loan Repayments | | 2,655,743 | 2,258,600 | 1,526,200 |
| Total Financing Cash Applied | | 2,655,743 | 3,522,000 | 1,839,500 |
| Net Cash Flows from Financing Activities | | (1,972,167) | 316,500 | (1,277,400) |
| Net Increase / (Decrease) In Cash Held | | (4,757,668) | (4,133,900) | (1,171,083) |
| Add Opening Cash Brought Forward * | | 9,932,743 | 10,054,100 | 11,724,200 |
| CLOSING CASH BALANCE | | 5,175,075 | 5,920,200 | 10,553,117 |
| Made up of: Cash Held | | 2,428,082 | 1,000,000 | (83,500) |
| Short Term Investments * | | 2,746,993 | 4,920,200 | 10,636,617 |
| CLOSING BANK / INVESTMENTS | | 5,175,075 | 5,920,200 | 10,553,117 |

*Short Term Investments and Opening Cash Brought Forward exclude Sinking Fund

The Notes and Statement of Accounting Policies on pages 77 - 108 form part of these Financial Statements



STATEMENT OF ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES FOR YEAR ENDED 30 JUNE 2006

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 2006, 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 are 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 Ltd, independent qualified valuers, as at 30 June 2005. The policy is to revalue every three years and record additions at cost in the intervening period.
- (ii) Roading network assets have been revalued at 1 July 2005, 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 2004, based on the Depreciated Replacement Cost basis by Opus Consultants Taupo who are independent valuers.
- (v) Library books have been valued independently by Maunsell Ltd as at 1 July 2005 using a method of Depreciated Replacement Cost basis recommended by the National Libraries Association.
- (vi) The Museum collection has been independently valued by R J Watt & Associates as at 1 July 2005. 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 Cost. Depreciation is charged over the estimated economic life of infrastructural assets on Depreciated Replacement Cost.

| | Useful Life (Years) |
|----------------------------------|------------------------|
| Roading | |
| 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 |
| 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 |
| 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 |

Useful Life
(Years)

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 Reid & Reynolds, 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
- Restricted Reserves
 - Trusts and Bequests
 - Sinking Funds
 - Restricted Special Funds



6. REALLOCATED OVERHEADS ALLOCATION

The Reallocated Overheads include Engineering, Administration, Finance and Property.

The Reallocated Overheads and 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, 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 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 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 Annual Plan 2005/2006.

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 2006

Note 1 - Public Equity

| | 2005/06 | 2004/05 |
|---------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Public Equity | | |
| Accumulated Balances | 330,448,953 | 325,811,909 |
| Asset Revaluation Reserves | 89,406,764 | 92,376,900 |
| Restricted Equity | 11,078,241 | 8,768,322 |
| Total Closing Public Equity | 430,933,958 | 426,957,131 |
| Accumulated Balance | | |
| Opening Balance 1 July 2005 | 322,414,509 | 318,472,189 |
| Adjusting Categories of Equity | (71,242) | |
| Revaluation of Assets | - | - |
| Net Surplus (Deficit) | 6,928,700 | 6,967,620 |
| Less Appropriation | | |
| To Council Created Reserves | (3,434,486) | (852,500) |
| To Restricted Reserves | (3,481,989) | (2,421,600) |
| To Sinking Funds | (340,941) | (313,800) |
| Funds Applied from | | |
| Council Created Reserves | 3,385,204 | - |
| Restricted Reserves | 864,569 | - |
| Sinking Funds | 683,576 | 562,600 |
| Closing Balance 30 June 2006 | 326,947,900 | 322,414,509 |
| Opening Balance 1 July 2005 | 3,397,400 | 2,544,900 |
| Adjusting Categories of Equity | 54,371 | |
| Add: Appropriation | 3,434,486 | 852,500 |
| Less: Application of Funds | (3,385,204) | - |
| Closing Balance 30 June 2006 | 3,501,053 | 3,397,400 |
| Total Accumulated Balance | 330,448,953 | 325,811,909 |



Note 1 - Public Equity (cont)

| | 2005/06 | 2004/05 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Council Created Reserves (Incl. Depreciation Reserves) | | |
| Restricted Equity | | |
| Opening Balance 1 July 2005 | 7,505,100 | 5,083,500 |
| Adjusting Categories of Equity | 35,134 | |
| Add Appropriation | 3,481,989 | 2,421,600 |
| Less Application of Funds | (864,569) | - |
| Closing Balance 30 June 2006 | 10,157,654 | 7,505,100 |
| Sinking Funds | | |
| Opening Balance 1 July 2005 | 1,263,222 | 1,512,022 |
| Add Appropriation | 340,941 | 313,800 |
| Less Application of Funds | (683,576) | (562,600) |
| Closing Balance 30 June 2006 | 920,587 | 1,263,222 |
| Total Closing Restricted Equity | 11,078,241 | 8,768,322 |
| Asset Revaluation Reserve | | |
| Opening Balance 1 July 2005 | 92,376,900 | 63,880,700 |
| Adjusting Categories of Equity | (18,263) | |
| Revaluation of Operational Land | 525,000 | 28,496,200 |
| Revaluation of Operational Buildings | - | - |
| Revaluation of Restricted Land | - | - |
| Revaluation of Library Collections | 271,686 | - |
| Revaluation of Roading Assets | (3,748,559) | - |
| | (2,951,873) | - |
| Closing Balance 30 June 2006 | 89,406,764 | 92,376,900 |
| Total Reserves | 100,485,005 | 101,145,222 |

**Note 2 - Short-Term Investments**

The following balances make up Short Term Investments:

| | 2005/06 | 2004/05 |
|---------------------------------|------------------|-------------------|
| | \$ | \$ |
| Short Term Deposits (on Demand) | 636,927 | 5,034,589 |
| Short Term Bank Investments | 2,110,066 | 4,981,654 |
| | <u>2,746,993</u> | <u>10,016,243</u> |
| Sinking Funds | 920,587 | 620,374 |
| Total Short Term Investments | <u>3,667,580</u> | <u>10,636,617</u> |

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

The average interest rate for 2005/06 was 7.41% (2004/05 6.43%).

**Note 3 - Accounts Receivable**

| | 2005/06 | 2004/05 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| Sundry | 4,926,383 | 4,622,674 |
| Water | 1,181,718 | 1,258,893 |
| Rates | 2,093,484 | 2,062,202 |
| Sub Total | 8,201,585 | 7,943,769 |
| Less provision for Doubtful Debts | 395,000 | 697,500 |
| Total Accounts Receivable | 7,806,585 | 7,246,269 |

**Note 4 - Term Investments**

The following balances make up Term Investments:

| | 2005/06 | 2004/05 |
|-----------------------------------|---------------|---------------|
| | \$ | \$ |
| Shares | 33,619 | 13,393 |
| Other investments | 31,296 | 31,296 |
| Total External Investments | 64,915 | 44,689 |

Shares

NZ Local Government Insurance Corporation valued at Asset Backing of \$2.51 per share.



Note 5 - Property, Plant and Equipment

Operational Assets

| | Total at 30.6.06 | Accumulated Depreciation | Net Book Value | Total 30.06.05 | Accumulated Depreciation | Net Book Value |
|---------------------------------------|--------------------------|-----------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|
| At Cost | | | | | | |
| Land | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - |
| Plant & Equipment | 2,121,510 | 1,524,544 | 596,966 | 2,140,128 | 1,390,500 | 749,628 |
| Furniture & Fittings | 645,058 | 228,530 | 416,528 | 652,055 | 227,286 | 424,769 |
| Office Equipment | 5,047,616 | 3,533,997 | 1,513,619 | 3,846,237 | 3,283,232 | 563,005 |
| Motor Vehicles | 1,321,581 | 967,380 | 354,201 | 1,243,708 | 837,541 | 406,167 |
| Harbour Vessels | 91,212 | 91,212 | - | 91,212 | 91,212 | - |
| | <u>9,226,977</u> | <u>6,345,663</u> | <u>2,881,314</u> | <u>7,973,340</u> | <u>5,829,771</u> | <u>2,143,569</u> |
| At Valuation | | | | | | |
| Land | 13,699,200 | - | 13,699,200 | 15,799,200 | - | 15,799,200 |
| Buildings | 28,664,748 | 792,871 | 27,871,877 | 25,717,575 | 73,518 | 25,644,057 |
| Museum Collection | 5,860,280 | - | 5,860,280 | 7,017,107 | 6,000 | 7,011,107 |
| Library Books | 714,304 | 111,634 | 602,670 | 341,754 | - | 341,754 |
| | <u>48,938,532</u> | <u>904,505</u> | <u>48,034,027</u> | <u>48,875,636</u> | <u>79,518</u> | <u>48,796,118</u> |
| Total Operational Assets Group | <u><u>58,165,509</u></u> | <u><u>7,250,168</u></u> | <u><u>50,915,341</u></u> | <u><u>56,848,976</u></u> | <u><u>5,909,289</u></u> | <u><u>50,939,687</u></u> |

Museum Collection

The revaluation movements in the Museum Collection assets relate to the movement in foreign exchange rates.

Note 5 - Property, Plant and Equipment (cont)**Infrastructural Assets**

| | Total 2005/06 | Accumulated Depreciation | Net Book Value | Total 2004/05 | Accumulated Depreciation | Net Book Value |
|-------------------------------------|---------------------------|-----------------------------|---------------------------|---------------------------|-----------------------------|---------------------------|
| At Cost | | | | | | |
| Land Roading | 4,232,140 | - | 4,232,140 | 4,232,140 | - | 4,232,140 |
| Roading | 3,278,611 | - | 3,278,611 | 9,021,975 | 263,300 | 8,758,675 |
| Water | 2,679,257 | 215,083 | 2,464,174 | 1,319,118 | 47,500 | 1,271,618 |
| Sewage | 999,567 | 89,217 | 910,350 | 672,791 | 29,800 | 642,991 |
| Land Drainage | 780,986 | 45,781 | 735,205 | 640,359 | 16,700 | 623,659 |
| Harbour | 1,130,926 | 24,579 | 1,106,347 | 356,872 | 16,600 | 340,272 |
| Parks | 764,037 | 50,300 | 713,737 | 531,889 | 50,300 | 481,589 |
| Refuse | 5,078,072 | 1,945,881 | 3,132,191 | 2,867,733 | 1,626,394 | 1,241,339 |
| | <u>18,943,596</u> | <u>2,370,841</u> | <u>16,572,755</u> | <u>19,642,877</u> | <u>2,050,594</u> | <u>17,592,283</u> |
| At Valuation | | | | | | |
| Land Roading | 87,130,981 | - | 87,130,981 | 87,130,981 | - | 87,130,981 |
| Roading | 148,737,971 | 3,671,218 | 145,066,753 | 149,581,864 | 5,868,300 | 143,713,564 |
| Water | 28,424,059 | 2,319,948 | 26,104,111 | 28,424,059 | 1,632,500 | 26,791,559 |
| Sewage | 26,623,794 | 2,637,468 | 23,986,326 | 26,623,794 | 1,768,500 | 24,855,294 |
| Land Drainage | 13,653,139 | 813,340 | 12,839,799 | 13,653,139 | 549,800 | 13,103,339 |
| Harbour | 5,342,632 | 718,400 | 4,624,232 | 5,342,632 | 484,000 | 4,858,632 |
| Parks | 4,690,939 | 1,341,404 | 3,349,535 | 4,690,898 | 877,700 | 3,813,198 |
| | <u>314,603,515</u> | <u>11,501,778</u> | <u>303,101,737</u> | <u>315,447,367</u> | <u>11,180,800</u> | <u>304,266,567</u> |
| Total Infrastructural Assets | <u>333,547,111</u> | <u>13,872,619</u> | <u>319,674,492</u> | <u>335,090,244</u> | <u>13,231,394</u> | <u>321,858,850</u> |

Restricted Assets

| Asset Type | Total 2005/06 | Total 2004/05 |
|---|--------------------------|--------------------------|
| Harbour land at Valuation (not leased) | | |
| Harbour Land at Cost | 7,448,000 | 7,448,000 |
| Reserves at Cost | 28,385,400 | 28,385,400 |
| Total Restricted Assets | <u>35,833,400</u> | <u>35,833,400</u> |

Investment Properties

| Asset Type | Total 2005/06 | Total 2004/05 |
|------------------------------------|--------------------------|--------------------------|
| Revalued Leased Harbour land | 24,952,802 | 18,670,067 |
| Land & Buildings | 118,100 | 118,100 |
| Restricted Land | 326,100 | 326,100 |
| Total Investment Properties | <u>25,397,002</u> | <u>19,114,267</u> |

The Investment Properties were revalued as at 30 June 2006



Note 5 - Property, Plant and Equipment (cont)

Forestry Assets

| | Total | Total |
|----------|---------------|---------------|
| | 2005/06 | 2004/05 |
| Forestry | <u>44,600</u> | <u>44,600</u> |

Work in Progress

| | Total | Total |
|---------|----------------|----------------|
| | 2005/06 | 2004/05 |
| Roading | <u>491,134</u> | <u>733,512</u> |

Property intended for Sale

| | Total | Total |
|----------------------------|----------------|----------------|
| | 2005/06 | 2004/05 |
| Property intended for Sale | <u>332,807</u> | <u>332,807</u> |

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

| | |
|----------------------|-------------------|
| Bunyan Road, Piripai | 18,000,000 |
| Awatapu Road | 135,000 |
| Bellvue Place | 175,000 |
| State Highway 30 | <u>10,000</u> |
| Total | <u>18,320,000</u> |

Under SSAP 17, property 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 6 - Creditors and Accruals**

| | 2005/06 | 2004/05 |
|-------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Regional Council Rates | 468,951 | 292,761 |
| Employee Entitlements | 722,672 | 1,530,119 |
| Accrued Interest on Public Debt | 32,698 | 89,613 |
| General Creditors | 4,531,130 | 5,132,650 |
| General Accruals | 1,255,807 | 772,159 |
| Rates Remission Funding | 636,926 | 1,131,888 |
| Total Creditors and Accruals | <u>7,648,184</u> | <u>8,949,190</u> |

**Note 7 - Provisions**

| Landfill Provision | 2005/06 | 2004/05 |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| Opening Balance | 2,236,350 | 2,577,213 |
| Provision additions | 30,060 | 24,097 |
| Provision used | (172,276) | (296,200) |
| Provision reversal | - | (244,960) |
| Change in net present value | (136,411) | 206,200 |
| Sub-total | 1,957,723 | 2,266,350 |
| Less Current Portion | 30,000 | 30,000 |
| Closing Balance | 1,927,723 | 2,236,350 |

| Forestry Provision | | |
|---------------------------|------------------|------------------|
| Opening Balance | 1,000,000 | 1,000,000 |
| Provision additions | - | - |
| Provision used | - | - |
| Provision reversal | - | - |
| Closing Balance | 1,000,000 | 1,000,000 |

Provision for forestry rates refunds relates to valuation objections outstanding on certain forestry properties.

These objections relate to valuations that Council has rated on since 1 July 2002 and in the event of the objections being upheld then Council will be required to refund a portion of the rates charged on those properties since 1 July 2002.

The provision is a best estimate of any possible refund given the uncertainties involved.

Note 8 - Public Debt

| | 2005/06 | 2004/05 |
|---|---------------|------------------|
| | \$ | \$ |
| Maturity Profile | | |
| Maturing in Under One Year | 3,602,700 | 2,655,744 |
| Maturing in 1 - 2 Years | 4,800 | 3,602,911 |
| Maturing in 2 - 3 Years | 4,900 | 5,085 |
| Maturing in 3 - 4 Years | 5,000 | 5,264 |
| Maturing in 4 - 5 Years | 5,100 | 5,450 |
| Maturing in 5 Years + | 12,702 | 16,491 |
| Sub-total Term Debt (including current portion) | 3,635,202 | 6,290,945 |
| Less Current Portion | 3,602,700 | 2,655,744 |
| Total Term Debt | <u>32,502</u> | <u>3,635,201</u> |

Interest rates range from 3.5% to 7.5% with a weighted average rate of 7.2%.

The public debt is secured over future rating income.

Interest expense for 2005/06 was \$351,217.76 (2004/05 \$480,824.56).

Council also holds \$12,603,375 of Internal Loans which are excluded for financial reporting purposes.

Those funds have been internally borrowed from Council Created and Restricted Reserves.

Each year principal repayments on each of the loans are returned to the reserve funds from which they were borrowed.

**Note 9 - Reconciliation of Net Surplus to Net Cash Flow Surplus**

| | 2005/06 | 2004/05 |
|--|--------------------|--------------------|
| | Actual | Actual |
| | \$ | \$ |
| Net Surplus/(Deficit) | 6,928,700 | 6,967,617 |
| Plus (Less) Non Cash Items | | |
| Depreciation | 8,132,975 | 6,925,900 |
| Vested Assets income | (185,370) | (4,009,400) |
| Net loss on Disposal of Assets | - | 1,168,200 |
| Investment Properties Revaluation | (6,282,735) | (6,513,100) |
| Unwinding Landfill Provision | (308,627) | (517,000) |
| Unwinding Landfill Interest | - | 206,200 |
| Total Non Cash Items | 1,356,243 | (2,739,200) |
| Add (less) Movements in other Working Capital items | | |
| Decrease (Increase) in Debtors | (507,201) | (2,885,900) |
| Decrease (Increase) in Stock | (544) | 16,000 |
| Decrease (Increase) Prepayments | 12,286 | 37,200 |
| Increase (Decrease) in Creditors | (1,124,818) | 786,900 |
| Increase (Decrease) in Receipts in Advance | (227,188) | 150,100 |
| Decrease in GST Asset/Liability | 401,145 | 241,700 |
| Increase (Decrease) in Deposits | 4,426 | 79,500 |
| Total Movements in other Working Capital | (1,441,894) | (1,574,500) |
| Less Cash Inflow from Investing Activities | | |
| Less Movement in Regional Council rates | (176,190) | (114,600) |
| Less Movement in creditors classified as investing | (3,265,230) | 1,628,300 |
| Total Cash Inflow from Investing Activities | (3,441,420) | 1,513,700 |
| Net Cash from Operations | 3,401,629 | 4,167,617 |

**Note 10 - Related Party Transactions****Airport:**

Council had related party transactions with Whakatane Airport for administrative and maintenance services supplied by the Council for \$59,437 for the year ended 30 June 2006. (\$59,750 for 2005). The balance of funds held by the Council on behalf of the Airport at 30 June 2006 was \$228,131 (2005 = \$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 2005/06 financial year was \$502 (2004/05 \$21,555). There was no amount payable at 30 June 2006

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 2005/06 financial year was \$343,137 (2004/05 \$921). There was \$34,435 payable at 30 June 2006.

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 2005/06 financial year was \$92,286 (2004/05 \$21,375). There was \$15,123 payable to Horizon Energy at 30 June 2006.

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

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

**Note 11 - Taxation**

| | 2005/06 | 2004/05 |
|--|--------------|--------------|
| | \$ | \$ |
| Income Tax credit/(deficit) for the Whakatane Airport Authority is calculated as follows: | | |
| Operating Surplus /(Deficit) before Tax | 37,631 | (1,480) |
| Taxation @ 33% | 12,418 | - |
| Timing Differences | (12,418) | - |
| Tax Due | <u>-</u> | <u>-</u> |
| Opening Balance Taxation Account | 7,200 | 262 |
| Provisional Tax Paid | - | 6,938 |
| Total Tax (To Pay)/Refund Due | <u>7,200</u> | <u>7,200</u> |

Timing difference is due to a significant under-claiming of tax depreciation over previous years.

Whakatane District Council has a loss carried forward from previous years recorded by the IRD as \$1,912,286.15.

**Note 12 - 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 8.

The interest rate risk is limited to the effective interest rate described in Note 8. The current interest rate on Council's bank overdraft is 9.45% 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 13 - Remuneration of Chief Executive, Mayor and Elected Members

Chief Executive

The Chief Executive of the Whakatane District Council, appointed under Section 42(1) of the Local Government Act 2002 received a salary of \$175,000 (2005: \$175,000)

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

| Additional Benefit | 2005/06 | 2004/05 |
|--------------------------------------|---------------|---------------|
| | \$ | \$ |
| Car | 15,000 | 15,000 |
| Fringe Benefit Tax in respect of car | 5,908 | 6,895 |
| Performance Payment | 20,000 | - |
| Telephone | 572 | - |
| | <u>41,480</u> | <u>21,895</u> |

For the year ending 30 June 2006 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 \$ 216,480 (2005: \$196,895)

Mayor and Elected Members

| Council Member | Salary | Meetings | Mileage /other reimbursements | Total 2006 | Total 2005 |
|--------------------------|----------------|---------------|----------------------------------|----------------|----------------|
| | (\$) | (\$) | (\$) | (\$) | (\$) |
| Holmes, Colin (Mayor) | 67,510 | - | 3,966 | 71,476 | 46,057 |
| Chambers, Christine | 24,000 | 10,240 | 300 | 34,540 | 23,039 |
| Dowd, David | 19,403 | - | 111 | 19,514 | 11,299 |
| Eivers, Jean | 19,403 | 3,273 | 2,298 | 24,974 | 19,887 |
| Fitzpatrick, James | 19,403 | - | - | 19,403 | 11,884 |
| Hanlen, Graeme | 25,000 | - | - | 25,000 | 20,289 |
| Hudson, Linda | 19,403 | 4,240 | 1,541 | 25,184 | 14,104 |
| Iles, Andrew | 19,403 | - | 376 | 19,779 | 10,933 |
| Johnston, George | 19,403 | - | 1,243 | 20,646 | 5,216 |
| Orr, Russell | 19,403 | 3,705 | 2,933 | 26,041 | 12,227 |
| Te Kurapa, Jacob | 19,403 | - | 5,305 | 24,708 | 22,492 |
| Hammond, Colin (Mayor) # | - | - | - | - | 25,065 |
| Birkett, Brian # | - | - | - | - | 6,586 |
| Byrne, Rachael # | - | - | - | - | 5,488 |
| Butler, Grant # | - | - | - | - | 5,488 |
| Checkley, Wayne # | - | - | - | - | 6,787 |
| Gray, Graham # | - | - | - | - | 10,320 |
| Holmes, Colin # | - | - | - | - | 5,327 |
| Mahoney, Jenny # | - | - | - | - | 9,496 |
| Wardlaw, David # | - | - | - | - | 5,488 |
| Wright, Doug # | - | - | - | - | 8,306 |
| Total | <u>271,734</u> | <u>21,458</u> | <u>18,073</u> | <u>311,265</u> | <u>285,778</u> |
| # (until October 2004) | | | | | |

Note 13 - Remuneration of Chief Executive, Mayor and Elected Members (cont)

| Council Member | Salary | Meetings | Mileage /other reimbursements | Total 2006 | Total 2005 |
|--------------------------------|---------------|----------|----------------------------------|---------------|---------------|
| Community Board Members | | | | | |
| Edgecumbe - Tarawera | | | | | |
| Bourk, Graeme | 2,000 | - | - | 2,000 | 1,227 |
| Evans, Graham | 2,000 | - | 28 | 2,028 | 1,227 |
| Harvey, Evan | 2,000 | - | 146 | 2,146 | 1,249 |
| Kendell Derek | - | - | - | - | 378 |
| McIndoe, Clive | 2,000 | - | - | 2,000 | 1,605 |
| Orr, Gary | - | - | - | - | 487 |
| Robertson, David | - | - | - | - | 742 |
| Smeaton, Graham | 5,000 | - | - | 5,000 | 3,307 |
| Williams, Tessie | 2,000 | - | 34 | 2,034 | 1,632 |
| | <u>15,000</u> | <u>-</u> | <u>208</u> | <u>15,208</u> | <u>11,854</u> |
| Taneatua | | | | | |
| Biddle, Boy | - | - | - | - | 205 |
| Kora, Monty | 2,000 | - | - | 2,000 | 833 |
| Knowles, Les | 2,000 | - | - | 2,000 | 1,486 |
| Kyle, David | 5,000 | - | - | 5,000 | 3,420 |
| Ruiterman, Luke | 2,000 | - | - | 2,000 | 1,486 |
| Prevette, Anthony | - | - | - | - | 205 |
| Tihi C | 2,000 | - | - | 2,000 | |
| Yalden, Diane | 2,000 | - | - | 2,000 | 1,486 |
| | <u>15,000</u> | <u>-</u> | <u>-</u> | <u>15,000</u> | <u>9,121</u> |
| Whakatane | | | | | |
| Chambers, George | 5,000 | - | - | 5,000 | 2,237 |
| Delahunty, Neville | 2,000 | - | - | 2,000 | 833 |
| Harawira, Joe | 2,000 | - | - | 2,000 | 625 |
| Hipkiss, Andrea | 2,000 | - | - | 2,000 | - |
| Lynch, Kenneth | 2,000 | - | - | 2,000 | 833 |
| Searle, Ian | 2,000 | - | - | 2,000 | 833 |
| | <u>15,000</u> | <u>-</u> | <u>-</u> | <u>15,000</u> | <u>5,361</u> |
| Ohope Beach | | | | | |
| Baart, Johanna | - | - | - | - | 710 |
| Bowater, Grant | 2,000 | - | - | 2,000 | 1,259 |
| Bowering, Christine | 5,000 | - | - | 5,000 | 2,885 |
| Dohrman, Chris | 2,000 | - | - | 2,000 | 1,969 |
| Lovelock, Hugh | 2,000 | - | - | 2,000 | 1,259 |
| Mckillop, John | 2,000 | - | - | 2,000 | 1,969 |
| Munro, Victor | - | - | - | - | 710 |
| Pocock, Karen | 2,000 | - | - | 2,000 | 571 |
| | <u>15,000</u> | <u>-</u> | <u>-</u> | <u>15,000</u> | <u>11,332</u> |

**Note 13 - Remuneration of Chief Executive, Mayor and Elected Members (cont)**

| Community Board Members | Salary | Meetings | Mileage /other reimbursements | Total 2006 | Total 2005 |
|-------------------------|---------------|--------------|----------------------------------|---------------|---------------|
| Murupara | | | | | |
| Adam, Arthur | 5,000 | - | 352 | 5,352 | 2,918 |
| Anderson, Adam # | - | - | - | - | 649 |
| Armstrong, Judy # | - | - | - | - | 649 |
| Burrows, Stuart # | - | - | - | - | 649 |
| Fell, John # | - | - | - | - | 882 |
| Magee, Carol | 2,000 | - | 276 | 2,276 | 1,469 |
| Chapman, Awahina | 2,000 | - | - | 2,000 | 1,261 |
| Delamere, Melody | 2,000 | - | 180 | 2,180 | 1,911 |
| Jakeman, Damon | 2,000 | - | - | 2,000 | 1,261 |
| Merriman, Sally # | - | - | - | - | 1,199 |
| Te Kurapa, Chico | 2,000 | - | - | 2,000 | 1,261 |
| | <u>15,000</u> | <u>-</u> | <u>808</u> | <u>15,808</u> | <u>14,109</u> |
| Iwi Liason | | | | | |
| Bird, William | | 260 | 235 | 495 | 478 |
| Carlson, James | | - | - | - | 249 |
| Eruera, Hemana | | - | - | - | 423 |
| Hona, T | | 520 | 294 | 814 | - |
| Mason, Hohepa | | 650 | 63 | 713 | 520 |
| Ngaropo, Pouroto | | - | - | - | 390 |
| Pryor, Henare | | 520 | 165 | 685 | 169 |
| Tari, Rangepuke # | | - | - | - | 151 |
| Te Pou, Colin | | 650 | 554 | 1,204 | 860 |
| Teamo-Simeon, Harata | | 910 | 338 | 1,248 | 475 |
| Hunia | | 390 | 319 | 709 | - |
| White, Richard | | 390 | 595 | 985 | 680 |
| | | <u>4,290</u> | <u>2,563</u> | <u>6,853</u> | <u>4,395</u> |
| # (until October 2004) | | | | | |



Note 14 - Severance Payments to Staff

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

One payment of \$130,000 was made relating to the financial year.

(2004/05 two other staff were paid \$44,893)



Note 15 - Whakatane Airport

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

The Whakatane Airport is a joint equity venture between the District Council and the Ministry of Transport (Air Transport Division)

Council Control: 50%
Balance Date: 30-Jun-06

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

| | 2005/06 | 2004/05 |
|-------------|-----------|-----------|
| | \$ | \$ |
| Assets | 3,035,579 | 2,279,664 |
| Liabilities | 23,314 | 17,963 |
| Revenue | 95,613 | 73,401 |
| Expenses | 76,797 | 74,141 |

Land & Buildings have been revalued to \$5,246,000 at 30 June 2006 and 50% of this has been included in the above figures.

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

Performance measured against statement of intent

| Performance Indicators | | Result |
|------------------------|---|--|
| 1. | Operate and maintain the Airport's assets within an operational expenditure budget (excluding Corporate Overheads and depreciation) of \$92,000 per annum | Achieved. Operational Expenditure = \$90,123 |
| 2. | Undertake water system improvements within a budgeted cost of \$5,000 | Not Achieved. Upgrade completed in the previous year. |
| 3. | Renew sealed surfaces in accordance with the Whakatane Airport Asset Management Plan \$98,000 | Not Achieved. Tests on slurry seal undertaken/ work carried forward pending results of tests. |
| 4. | Renew electrical infrastructure in accordance with the Whakatane Airport Asset Management Plan \$5,000 | Not Achieved. Independent report revealed that VASIS Light System was adequate to 2010. |

Note 16 - Commitments

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

Contracts have been entered into but goods or services have not been provided.

| | 2005/06 | 2004/05 |
|--|-------------------|-------------------|
| | \$ | \$ |
| (a) Capital Expenditure Commitments | | |
| Roading Improvements | 5,245,123 | 10,500,000 |
| Bridge Replacement | 241,429 | 60,000 |
| Ohope Road Underslips | - | 170,000 |
| Thornton Boat Ramp | 25,000 | 135,000 |
| Refuse Recycling Park | - | 1,900,000 |
| Waste Water Raising Main | 271,076 | 220,000 |
| Matata Regeneration Project | 19,235 | - |
| Parks and Gardens | 1,128,963 | - |
| Cleaning | 618,714 | - |
| Professional Services | 2,018,800 | - |
| Information Systems | 538,000 | - |
| Total | 10,106,340 | 12,985,000 |
| (b) Operating Lease Commitments | | |
| Motor Vehicles | - | 27,000 |

**NOTE 17 - Expenditure Disclosure**

| | 2005/06 | 2004/05 |
|--|------------------|------------------|
| | \$ | \$ |
| Additional Expenditure Disclosure | | |
| Audit Fees | 73,500 | 72,000 |
| Audit Fees - LTCCP | 42,457 | - |
| Audit Fees Other Entities | 5,700 | 5,600 |
| Depreciation | | |
| Buildings | 713,066 | 493,300 |
| Plant and Equipment | 141,392 | 104,000 |
| Furniture and Fittings | 6,028 | 8,000 |
| Office Equipment | 250,766 | 330,000 |
| Motor Vehicles | 129,839 | 115,700 |
| Library Books | 111,634 | - |
| Roading | 3,671,218 | 3,013,300 |
| Water | 855,053 | 822,500 |
| Sewerage | 928,357 | 880,300 |
| Land Drainage | 292,597 | 276,900 |
| Harbour | 240,000 | 250,100 |
| Parks | 463,735 | 471,100 |
| Refuse | 329,290 | 160,800 |
| Total Depreciation | 8,132,975 | 6,926,000 |
| Loss on Sale of Assets (Disposals) | - | 1,214,300 |
| Gain on Sale of Assets | - | (6,400) |
| Bad Debts written off | 287,303 | 71,400 |
| Increase/ (Decrease) in Provision for Doubtful Debts | (302,500) | (7,200) |
| Interest Expenses (external) | 351,217 | 480,800 |
| Interest on unwinding of landfill provision | - | 206,200 |

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 been to not fund depreciation but it is now required to do so under the Local Government Act 2002.

Council received \$377,296 from Central Government for rates remissions to be granted to income generating properties affected by the July 2004 significant event. (\$1,131,900 was received in 2004/2005.)

Of the total \$1,509,196 available, \$967,857 was paid out to qualifying properties and the balance was returned to Central Government.

Council granted rates remissions in accordance with adopted Rates Remissions Policies of \$118,272 during the year. (\$77,000 in 2004/05)

**NOTE 18 - Contingent Liabilities****Weathertight Homes Issue**

The Council is exposed to a potential liability arising from its building certification role in relation to buildings that have failed to meet acceptable standards of construction. A particular issue relates to leaking buildings. There are 11 outstanding weathertight claims known to the Council totalling \$522,850. The Council's insurer has increased the Council's excess on any new weathertight claim from \$10,000 to \$50,000 per claim. The \$50,000 excess will apply to 2 of the 11 outstanding claims.

Flooding Compensation Claim

A claim has been made under the Public Works Act for compensation for injurious affection relating to stream diversion and drainage works undertaken as part of the emergency management of the effects of the major storm event in May 2005.

The claim is against the Whakatane District Council and one other party. A claim for compensation has been prepared and served on both parties, but it does not allocate liability as between them, and is incomplete in so far as it does not quantify the claim.

Employment Dispute

An employment related claim has been brought by a former employee. If successful it is estimated the likely financial settlement including costs and disbursements is \$10,000. The Council's legal advisor estimates the prospect of the applicant taking the matter forward at 70%. The Council's legal advice estimates the Council's prospects of defending it are also 70%.





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 2006 fairly reflect the financial position and operations of the Whakatane District Council.

C G H Holmes

MAYOR

26 October 2006

Diane Turner

CHIEF EXECUTIVE

26 October 2006



Community Board Members

Edgecumbe - Tarawera Community Board

Graham Smeaton (Chairperson)

Graeme Bourk

Graham Evans

Evan Harvey

Clive McIndoe

Tessie Williams

George Johnston (Ward Member)

Ohope Beach Community Board

Christine Bowering (Chairperson)

Grant Bowater

Chris Dohrman

Hugh Lovelock

John McKillop

Karen Pocock

Linda Hudson (Ward Member)

Murupara Community Board

Arthur Adam (Chairperson)

Awhina Chapman

Melody Delamere

Damon Jakeman

Carol Magee

Chico Te Kurapa

Jacob Te Kurapa (Ward Member)

Taneatua Community Board

David Kyle (Chairperson)

Monty Kora

Les Knowles

Luke Ruiterman

Claude Tihi

Diane Yalden

Andrew Iles (Ward Member)

Whakatane Community Board

George Chambers (Chairperson)

Neville Delahunty

Joe Harawira

Andrea Hipkiss

Ken Lynch

Ian Searle

Jim Fitzpatrick (Ward Member)





Whakatane District Council

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