

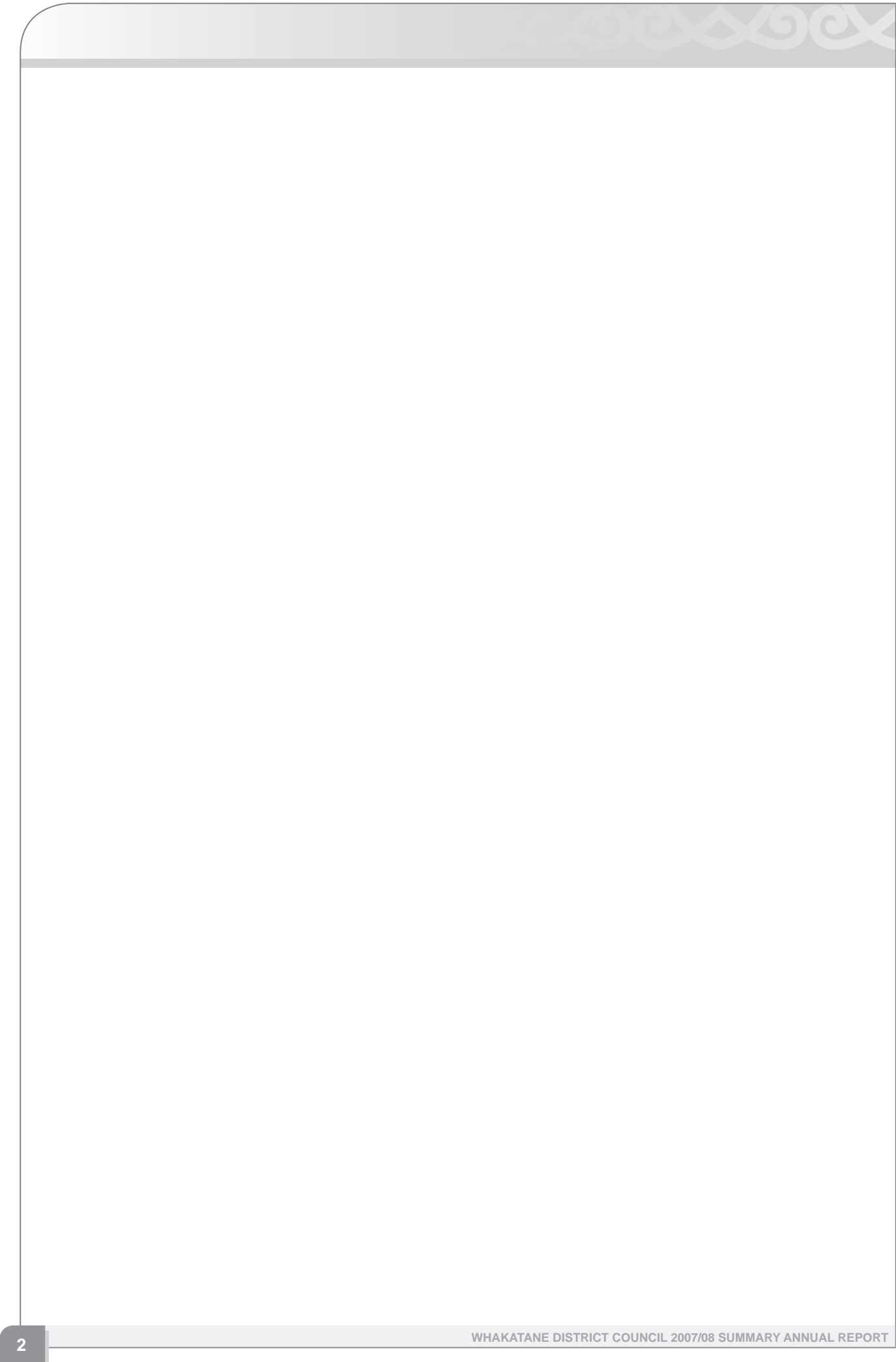
# WHAKATANE DISTRICT COUNCIL SUMMARY ANNUAL REPORT

For the year ended 30 June 2008



Whakatane District Council

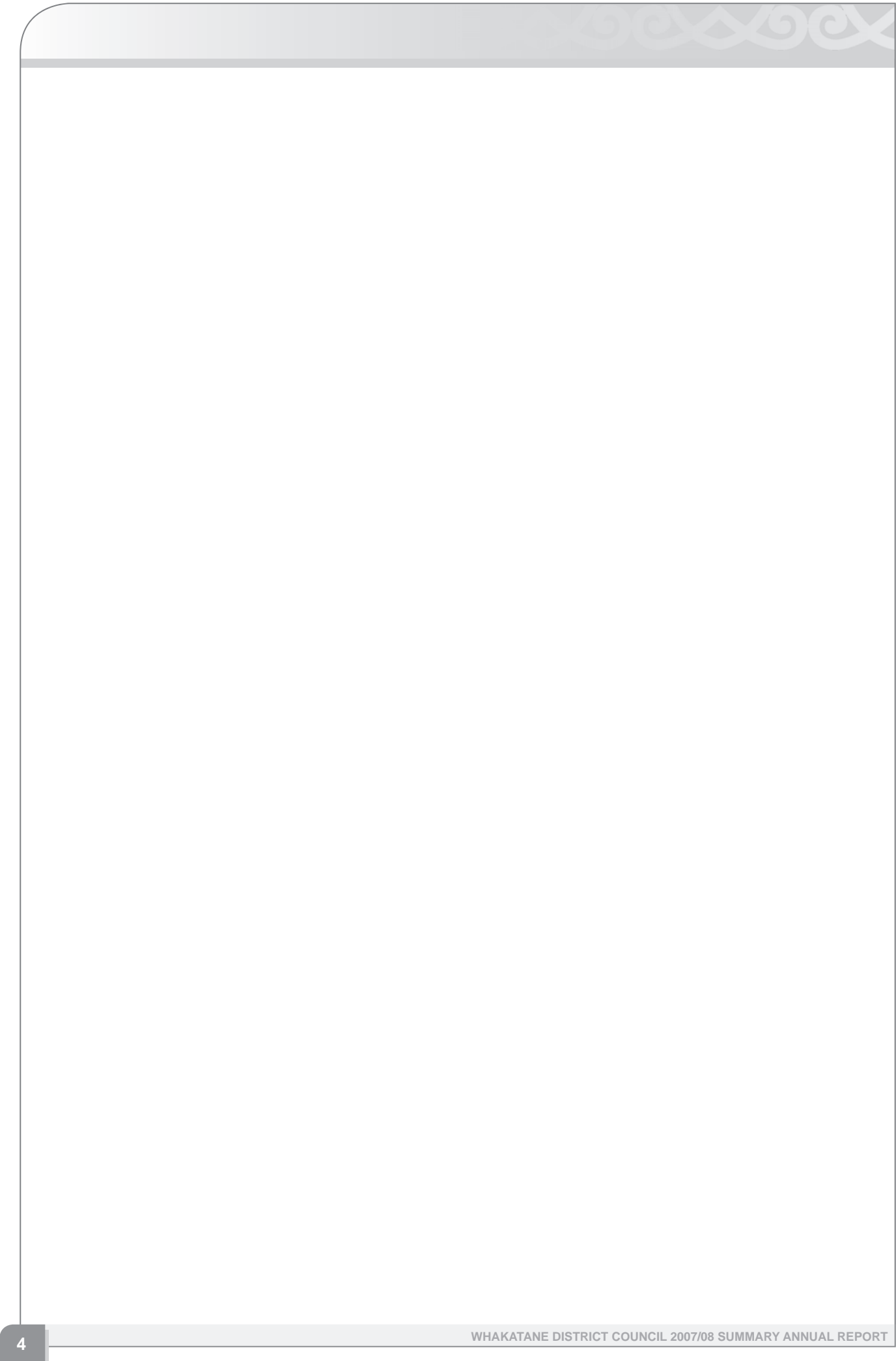




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COVER IMAGE: New Zealand Surf Lifesaving Championships at Ohope Beach April 2008



## INTRODUCTION

Welcome to this snapshot of the Whakatane District Councils activities for the year 1 July 2007 to 30 June 2008. This summary Annual Report was authorised for issue by the Chief Executive on 31st October 2008. The information contained in this Annual Report Summary has been extracted from our full Annual which contains detailed information about our finances and service performance.

The full Annual Report was approved by Council on 31 October 2008. Copies of the full Annual Report are available on Councils website [www.whakatane.govt.nz](http://www.whakatane.govt.nz), and Council libraries.

### WHAT IS THE ANNUAL REPORT?

The Annual Report is our way of being accountable to you. It sets out what we have achieved over the past year and looks at the progress we have made in providing the sort of district that you have told us is important to you. The Annual Report compares our achievements and progress in the year to what we planned to achieve, as set out in the 2007/08 Annual Plan.

In April 2007, the Whakatane District Council published its draft Annual Plan for the 2007/08 financial year, forming the second year of the 2006-16 LTCCP. The community of the District were asked to comment on the proposals it contained.

The Whakatane District Council considered 290 public submissions, and after a number of amendments, finalised the Annual Plan in June 2007.

The Annual Report compares the 2007/08 performance, achievements and financial results against the goals which were set out in the Annual Plan and second year of the 2006-16 LTCCP.



*New Zealand Surf Lifesaving Championships were held at Ohope Beach for the first time in 36 years, attracting 1,500 competitors.*



## FROM THE MAYOR AND CHIEF EXECUTIVE

We are pleased to present this Summary of our Annual Report for the year ended 30 June 2008. The following pages present information about our achievements and performance during the year. This includes a selection of highlights for each activity, a summary of our performance against levels of service and an overview of our financial performance for the year.

In terms of financial management, we have continued to manage the District's finances and assets prudently. The Council has focussed on implementing changes to our financial management systems and processes that will ensure we are adopting best practice. An example of this is treasury management where our policies and capabilities have been strengthened considerably. This year we moved to external borrowing. Up until now, the Council has relied largely on internal reserves to fund capital expenditure. Many of our capital projects benefit not only current ratepayers, but also future generations. Therefore the Council's policy is to fund the cost of these projects from loans repayable over future years. The Council has successfully secured finance at favourable margins, and as a result, has avoided some of the worst impacts of the changed funding environment.

Our financial result saw a net operating deficit of \$25,000 for the year. This compared to a budgeted surplus in the Annual Plan of \$6.53 million. The Council had budgeted a surplus for the year as it expected to receive subsidies (which are treated as revenue) for capital works related to transport networks and disaster mitigation. Not all of the transport network projects went ahead in the financial year and, as a result, not all budgeted subsidies were received, creating an unfavourable income variance of \$600,000. The Council had also budgeted to receive \$2.7 million of subsidies for the Disaster Mitigation works at Matata. Most of this revenue was received earlier than anticipated and was recognised in the 2007 financial statements with only \$600,000 being recognised in the 2008 financial statements. The valuation of a number of the Council's assets increased in 2007, and this resulted in additional depreciation of \$2.9 million which had not been budgeted for. An additional decrease of \$4.12 million in the value of harbour assets and assets held for sale further added to the variation from the anticipated 2008 results.

Partially offsetting the deficit was the recognition of an increase in the value of investment property. This includes leasehold land owned by the Council in the Central Business District of Whakatane. There were also interest savings from reduced loan funding requirements due to delays with some capital works. Information about variances at an activity level can be found in the Groups of Activities sections of this Summary Annual Report and of the full Annual Report.

The Council also made decisions to provide unbudgeted funding for expenditure during the year to enable some projects as well as service improvements to proceed. The costs of the court action against the decision of Environment Bay of Plenty were also largely unbudgeted. While this has impacted on the financial situation as reported, some of this expenditure was able to be funded from specifically held reserves. The Council has adopted a much tighter control on expenditure and this has reflected in the results this year.

Disaster mitigation works programmed following the disasters of 2004 and 2005 were progressed during the year. The Otarawairere/West End stormwater and wastewater project was completed on time and within budget. A number of the physical works at Matata received resource consents, but regrettably could not be progressed due to appeals being lodged. Lengthy delays are now inevitable while we wait for the matters to be resolved by the Environment Court. The joint Whakatane District Council and Environment Bay of Plenty business case for mitigation works in and around the Edgecumbe area was submitted to the Government last November. The Council were disappointed not to receive a response to the request for funding support before the end of the financial year. However planning work for the project continued. The Council expects a response on our application early in the term of the new government. The funding policy for disaster mitigation works was also reviewed during the year.

Many other major planned capital works were completed during the year. These are highlighted in the relevant sections of the full Annual Report. Some key ones were:

- Seal extensions including Ruatahuna Road, Paekoa Road and Burt Road.
- Completion of the Commerce Street upgrade project.
- Completion of stages 1 and 2 of the Hinemoa Drain piping project.

- Decommissioning of landfills at Murupara and Taneatua.
- Upgrade to the Thornton Boat Ramp.
- Extension of the Whakatane Gardens pathway network.

There were also some unplanned works during the year. One of the most notable ones was the replacement of a waste water main connected to the Hinemoa pump station. This work was necessary because of a pipe collapse. This failure emphasises the importance of having good quality information about the age and condition of community owned infrastructural assets. To this end work has continued during the year on the development of robust Asset Management Plans for all assets, as well as investigations to determine the quality and functionality of the assets. Problems such as a lack of water in Ohope over the Christmas period, water quality issues as a result of saltwater intrusion into the Whakatane water supply and inadequate water pressures in some of the supply areas serve to highlight priority areas for future works. Without planning and programming the Council has to undertake emergency works, with inevitable cost consequences and service disruptions.

A number of important policies and strategies were completed during the year. A key one, the Town Vision, included a significant consultation period where more than 500 people took the time to give us their feedback. Changes were made to the plan and it was approved by the Council in May.

A comprehensive review of the Council's Bylaws was largely completed by the end of the 2007/08 year, as required by the Local Government Act 2002.

Managing growth, and the infrastructure needed to provide for growth, was again at the forefront of our minds as we worked through finalising our Transport Asset Management Study and the Investigation and Modelling Study. These two documents will provide the basis for managing our transportation networks well into the future.

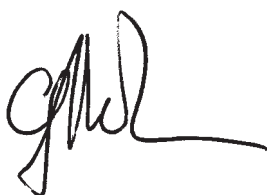
As an organisation we have continued to improve on capability and capacity across all functions. At the start of the financial year there were a number of vacancies in the organisation at senior levels, as well as being well under our required staffing numbers in the finance and information systems area. By the end of the financial year well qualified and experienced staff had joined the organisation. However the challenge to ensure that we have robust systems and processes will take time. These issues have had the impact of slowing down progress in some areas. Nonetheless significant improvements have been made. For example we have focused some effort on improving information technology links between the Civic Centre and our outlying offices – this brings with it the added benefit of improved library services in satellite towns like Murupara, Ohope and Edgumbe.

In other areas we have implemented a number of customer service improvements through new policies and procedures which we expect to improve the quality of service to our ratepayers. The Council approved a significant increase in resourcing the building and planning consent functions in December 2007, with the specific objective of improving the quality of service and timeliness of issuing consents. We were the 25th local authority to become registered as a Building Consent Authority. This was a significant achievement and we thank all those involved for their input, their time and patience as we worked through all the issues around the accreditation process.

We now turn our attention to 2009 and the development of our 10 year plan. The LTCCP sets out the Council's strategic direction and priorities for the next ten years and forms the primary basis for priority setting and decision making.

It is important that the community, its groups, sectors and individuals get involved in this process as it provides the direction for the next 10 years. That does not mean we cannot change the plan in the next 10 years but we do try to ensure it is as complete and comprehensive as possible. Therefore your energy and input is valued and, indeed, essential for the future of this district.

The many achievements of the 2007/08 year reflect the hard work and commitment of Councillors, Community Board Members, staff and the community as we all work together to progress projects and deliver quality services for the people of our district.



Colin Holmes **MAYOR**



Diane Turner **CHIEF EXECUTIVE**

## AUDITORS REPORT

It is a legal requirement that the Annual Report (including financial statements) is audited on behalf of the Auditor General's office. The full Annual Report 2007/08 received an unqualified Audit Report and was adopted by Council on 31 October 2008. This Summary has also been examined by the Council's auditors for consistency with the Annual Report. This Summary Annual Report can not be expected to provide as full an understanding as the Full Annual Report which contains detailed information about finances and service performance.

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements and Statement of Service Performance**

This audit report relates to the financial statements and statement of service performance of Whakatane District Council for the year ended 30 June 2008 included on Whakatane District Council's website. Whakatane District Council is responsible for the maintenance and integrity of Whakatane District Council's website. We have not been engaged to report on the integrity of Whakatane District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 31 October 2008 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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



**AUDIT REPORT**  
**TO THE READERS OF WHAKATANE DISTRICT COUNCIL'S**  
**SUMMARY ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

We have audited the summary annual report.

**Unqualified Opinion**

In our opinion:

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

We expressed an unqualified audit opinion, in our report dated 25 November 2008, on:

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

**Basis of Opinion**

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

**Responsibilities of the Council and the Auditor**

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



F Caetano, Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand  
25 November 2008

## OUR ACTIVITIES AT A GLANCE

The Whakatane District Council is responsible for providing the district with a wide range of services. These are organised into 12 Groups of Activities as outlined below. This section provides an overview of select highlights, service performance and financial performance of the 12 groups of activities. For further information refer to the full Annual Report.

*This section of the summary provides an overview of the Council's Groups of Activities.*

*It includes highlights, service performance and financial performance for the year ended 30 June 2008.*

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

## COMMUNITY LEADERSHIP AND GOVERNANCE

This group includes the following activities:

- Democratic services
- Council initiatives
- Disaster Mitigation
- Strategic Policy

### HIGHLIGHTS & MAJOR PROJECTS

#### Bylaws review

The review of the Whakatane District Bylaws was largely completed by the end of the 2007/08 year. The review ensures that the Bylaws are up to date, compliant with best practice, and consistent with the Local Government Act 2002 as well as other legislation and policy. The review process also ensured the Bylaws are the most effective, appropriate and reasonable means of responding to certain needs and concerns of our district.

#### Disaster mitigation funding policy

During the 2007/08 year the Council reviewed its policy on how fund disaster mitigation works would be funded in Otawairere, Matata, Edgecumbe and Awatapu, as well as any future disaster mitigation works. The results of the review as well as a draft policy were consulted with the community alongside the draft Annual Plan 2008/09. The revised policy has been implemented through the rates set in 2008/09.

#### Disaster mitigation works

The Awatapu pump station project was completed in 2008. The station automatically pumps water out of the Awatapu lagoon when it reaches a certain level to ensure space for large volumes of storm water.

The physical works for the Otawairere/West End storm and waste water disposal project were completed by the end of June. The project was implemented to reticulate stormwater and wastewater away from the developed area at the top of the West End escarpment. The discharge of water onto the escarpment was an important contributing factor to the landslips on 15 July 2004.

### SERVICE PERFORMANCE

#### Overall

In total 88.9% of targets were achieved in this group of activities



#### Key Targets

Consultation is carried out with the public and feedback is considered by the Council.

#### Performance against key targets

**Achieved** – The Council consulted on the following processes/decisions:

- Speed Limit Review.
- Bylaws Review.
- Parking Strategy.
- Town Vision.
- Variation 6 - Coastal Hazards.
- Divestment of Council Land (Bunyan Road).
- Built Heritage Study.
- Alcohol Strategy.
- Walking and Cycling Strategy.
- Rangitaiki Flood Mitigation Scheme.
- Annual Plan including Review of Disaster Mitigation Policy.
- Small Water Supply Schemes (Public Health Risk Management Plans).

(table continued over page)

## COMMUNITY LEADERSHIP AND GOVERNANCE

FINANCIAL PERFORMANCE	Cost of services	Variance from Annual Plan	Reasons for variance
	Operational cost/(surplus): <b>\$641,000</b>	Unfavourable variance: <b>\$2.41m</b>	<ul style="list-style-type: none"> <li>• Additional unbudgeted judicial review costs of Environment Bay of Plenty's decision to relocate head quarters to Tauranga.</li> <li>• Subsidies for disaster mitigation projects budgeted for 2007/08 but not received.</li> </ul>
	Capital cost: <b>\$5.12m</b>	Favourable variance: <b>\$3.99m</b>	<ul style="list-style-type: none"> <li>• Edgecumbe/Rangitaiki flood mitigation project and Matata regeneration projects carried were not completed.</li> </ul>

## TRANSPORT NETWORK AND SYSTEMS

This group includes the following activities:

- Roothing
- Road safety
- Parking enforcement
- Airports

### HIGHLIGHTS & MAJOR PROJECTS

#### Additional Seal Extensions

Council has also been able to increase the length of seal extensions undertaken this past year due to the successful application for funding assistance from Land Transport New Zealand. In total 7.5 kilometres of seal extensions were completed in the 2007/08 year.

#### Commerce Street Upgrade

This project was successfully completed during 2007/08. The upgrade, including the installation of cycle ways on both sides of the street, is being well received by the community.

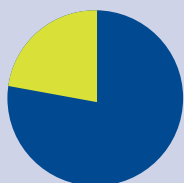
#### Bikewise week

Bikewise Week 2008 which ended in early March, saw a greater level of participation by younger people and included over 500 people participating in the Mayoral challenges throughout the Eastern Bay. The week's events saw the promotion of cycling for health benefits and for the ability to reduce our carbon footprint. Bike Wise Week events throughout the District were well received in smaller communities as well as in Whakatane.

### SERVICE PERFORMANCE

#### Overall

In total 77.3% of targets were achieved in this group of activities



#### Key Targets

No increase in the length of pavement considered rough. Currently there are 32 km of rough pavements.

At least 3kms of seal extensions completed per year.

Number of crashes involving injuries per year is less than 78

#### Performance against key targets

**Achieved** – 31.9km of rough pavements.

**Achieved** - 7.5km of seal extension have been completed for the 2007/08 year.

**Not Achieved** – There were 92 crashes involving injury in the 2007/08 year.  
This figure is at the higher end of annual statistics that averaged 82 in the '02 – '06 period.

### FINANCIAL PERFORMANCE

#### Cost of services

Operational cost/(surplus):  
(\$1.76m)

Capital cost:  
\$6.70m

#### Variance from Annual Plan

Unfavourable variance:  
\$1.94m

Favourable variance:  
\$525,000

#### Reasons for variance

- Depreciation costs were under-budgeted due to increased valuation.
- For this group of activities as a whole, capital expenditure was within 10% or \$20,000 of the budget.
- Variances at an activity level are explained in the full Annual Report.



## WATER RELATED SERVICES

This group includes the following activities:

- Water supply
- Waste water
- Trade waste
- Land drainage systems

### HIGHLIGHTS & MAJOR PROJECTS

#### Whakatane water treatment plant

The level of the Whakatane River over the summer was at the lowest since 1981 due to prolonged dry weather. Coupled with high spring tides, saline water reached the intake to the Whakatane water treatment plant resulting in water become unpalatable to many consumers. The Council provided tank water to the Whakatane and Ohope public as a temporary solution, until the river level rose and water quality returned to normal. The Council has taken action to install a floating intake as a short term solution and has undertaken a study to shift the intake further upstream of the river to provide a long term solution to the problem.

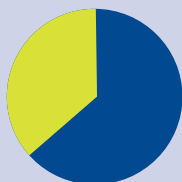
#### Emergency replacement of waste water main

A waste water main connecting the Hinemoa pump station collapsed due to gas corrosion of the pipe line. Immediate action was taken to temporarily pump wastewater from the adjoining manhole to the pump station to avoid a major failure which could have affected more than 1,000 people. Emergency replacement of the failed pipe was carried out at a cost of \$262,000, using funds from the McAlister pipe replacement project and from the Whakatane waste water treatment plant improvement project.

### SERVICE PERFORMANCE

#### Overall

In total 63.6% of targets were achieved in this group of activities



#### Key Targets

Whakatane and Ohope Water Supply complies with current Drinking Water Standards for NZ

Continuous monitoring through water supply pressure loggers shows minimum pressure of 200 KPA (except during outages).

#### Performance against key targets

**Not achieved** - Unable to measure. These targets were not achieved mainly because the monitoring frequency undertaken was not consistent with Drinking Water Standards New Zealand 2005. This does not imply that water was unsafe for drinking purposes. In 2007/08 water supplies complied with guidelines for E-coli. Measures are in place to achieve the set target in 2008/09.

**Not Achieved** – Target achieved 95% of the time. A revised target is identified in the new Asset Management Plan and is aimed to be achieved in 2009/10.

### FINANCIAL PERFORMANCE

#### Cost of services

Operational cost/(surplus):

**\$219,000**

#### Variance from Annual Plan

Unfavourable variance:

**\$7,000**

#### Reasons for variance

- For this group of activities as a whole, variance was within 10% or \$20,000 of the budget.
- Variances at an activity level are explained in the full annual report.

Capital cost:

**\$3.07m**

Favourable variance:

**\$221,000**

- For this group of activities as a whole, capital expenditure was within 10% or \$20,000 of the budget.
- Variances at an activity level are explained in the full annual report.

## SOLID WASTE MANAGEMENT

This group includes the following activities:

- Refuse collection
- Refuse disposal
- Refuse recycling

### HIGHLIGHTS & MAJOR PROJECTS

#### Landfill after care programmes

The capping works, tidy up and fencing of the closed Murupara landfill site have been completed. This has greatly improved the appearance of the site and returned the capped area to pasture.

During the year it was agreed that no further capping works were necessary at the Taneatua landfill site resulting in a potential saving of up to \$430,000. This decision followed discussions with Environment Bay of Plenty assessment of the landfill site and reviews of the associated resource consents.

#### Reduction of waste to landfill

In 2007/08 there was a further reduction in the quantity of material landfilled at Burma Rd, which reflects good recovery of recyclable materials from the waste stream and helps to reduce Council's ongoing liability for maintenance at the landfill site.

#### Concrete recycling

In 2007/08, 1600 tonnes of demolition concrete was reprocessed for use as roading aggregate, beneficially using material which would otherwise have been waste.

### SERVICE PERFORMANCE

#### Overall

In total 88.9% of targets were achieved in this group of activities



#### Key Targets

Reduce residual waste to landfill/transfer station through recycling to less than 16,000 tonnes.

#### Performance against key targets

**Achieved** - 14,260 tonnes disposed of in Burma Road landfill in period, 11% improvement over target.

### FINANCIAL PERFORMANCE

#### Cost of services

Operational cost/(surplus):  
**(\$319,000)**

#### Variance from Annual Plan

Unfavourable variance:  
**\$170,000**

#### Reasons for variance

- Increased revenue from recycling park.

Capital cost:  
**\$232,000**

Favourable variance:  
**\$210,000**

- Cost saving achieved by not having to proceed with Taneatua Landfill Capping project.

## PROMOTION AND ECONOMIC DEVELOPMENT

This group includes the following activities:

- Promotion and economic development
- Visitor information

### HIGHLIGHTS & MAJOR PROJECTS

#### Events

The NZ Surf lifesaving nationals were held at Ohope Beach for the first time in 36 years. The event attracted 1500 athletes and resulted in an economic impact of over \$1.5 million. In several of our other top multi sport events, there has been an increase in the number of entries from outside the District as the result of campaigns promoting the events. This included the Ohope Ordeal with 70% growth in external entries, Monty's Revenge 15% and Toi's Challenge 10%.

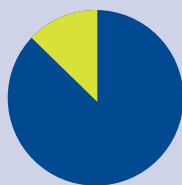
#### Promoting Whakatane

Over the course of the year Whakatane became a partner in "AA 101 Must Dos for Kiwis" campaign. The promotional value was significant and included exposure through the "AA 101 Must Dos" website and stories in both the Sunday Herald and the New Zealand Herald supplement.

### SERVICE PERFORMANCE

#### Overall

In total 87.5% of targets were achieved in this group of activities.



#### Key Targets

Increase in visitor numbers by 5% on previous year.

#### Performance against key targets

**Achieved** - 14% increase in visitor numbers on previous year.

### FINANCIAL PERFORMANCE

#### Cost of services

Operational cost/(surplus):

**\$238,000**

#### Variance from Annual Plan

Unfavourable variance:

**\$76,000**

#### Reasons for variance

- Increased staff costs.
- Enterprise Training Programme contract reduced in value.
- Increased expenditure related to Toi-Economic Development Agency.

Capital cost:

**No budgeted capital expenditure**

## ENVIRONMENTAL PLANNING

This group includes the following activities:

- Monitoring and implementation
- Planning policy

### HIGHLIGHTS & MAJOR PROJECTS

#### District Plan Variation 6 – Coastal Hazards

Analysis of coastal hazards in the Whakatane District has identified areas of land where coastal erosion and inundation is currently occurring and where it is predicted to occur by 2060 and 2100, taking into account the effect of sea level rise. The main areas potentially affected are: Ohope (particularly West End, Pohutukawa Avenue and Plantation Reserve, Ohope stream mouths and Harbour Road area); properties adjacent to Ohiwa Harbour; Coastlands/Piripai and some properties along Clem Elliot Drive, Matata. The information obtained from the analysis will be used to assist the Council in the management of coastal hazards, both in terms of Council's own projects and services and also in terms of managing development through the district plan.

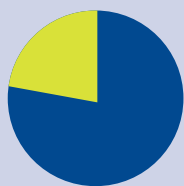
#### Built Heritage Study

The Built Heritage Study of Whakatane's Central Business District was completed in November 2007. The study was a joint initiative undertaken by the Whakatane District Council, Environment Bay of Plenty and the New Zealand Historic Places Trust. Buildings of individual and collective historic value in the Central Business District have now been identified. As a result of this study, and public consultation on it, the Council will be reviewing its Earthquake Prone and Insanitary Building Policy to ensure that the policy does not unnecessarily hinder the retention of heritage buildings in town. The Council will also be investigating options to further protect these buildings during 2008/09.

### SERVICE PERFORMANCE

#### Overall

In total 80.0% of targets were achieved in this group of activities.



#### Key Targets

100% of resource consent applications will be processed within the statutory timeframes under the Resource Management Act 1991.

#### Performance against key targets

##### Not Achieved:

- Land use 90% (162/180),
- Subdivision 78% (103/132).

During the 2007/08 year the Council has built internal capacity in this area.

### FINANCIAL PERFORMANCE

#### Cost of services

Operational cost/(surplus):

**\$602,000**

#### Variance from Annual Plan

Unfavourable variance:

**\$321,000**

#### Reasons for variance

- Increased legal expenses.
- Increased consultancy costs.
- Increased recoverable expenses (partially recovered).

Capital cost:

**No budgeted capital expenditure**

## ENVIRONMENTAL CONTROLS

This group includes the following activities:

- Building inspection
- Environmental health

### HIGHLIGHTS & MAJOR PROJECTS

#### Building Consent Authority Accreditation

In May 2008 the Whakatane District Council became the 25th local authority within New Zealand to be registered by the Department of Building and Housing as a Building Consent Authority. This result was the culmination of many months of intensive work by staff in the documentation and review of all the practices, policies and operational procedures relating to the processing of building consent applications and the issuing of code of compliance certificates.

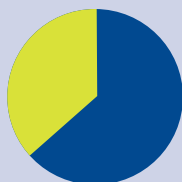
#### Organisational Restructure and Capacity Building

The Council decided to develop internal capacity within the Development and Compliance area and reduce the reliance on the use of consultants to process building and resource consents. Additional positions were approved including two planner positions and two building control staff. In addition to extra staff being engaged, the technical administrative functions have been transferred from within the Customer Services Centre to the Development & Compliance division. Resulting benefits from these initiatives are expected to be greater efficiencies and better service delivery to applicants and ratepayers.

### SERVICE PERFORMANCE

#### Overall

In total 63.6% of targets were achieved in this group of activities



#### Key Targets

95% of building consent applications not requiring additional information are processed within 18 days.

100% compliance with appropriate legislation for all businesses required to be registered under the Food Hygiene Regulations 1974 and the Food Act 1981, the Camping Ground Regulations 1985, and the Health (Hairdressers) Regulations 1980.

#### Performance against key targets

**Not Achieved:** - 90% of building consents were processed within the 18 day period. During the 2007/08 year the Council has built internal capacity in this area.

**Achieved** - 100%. By 1 December 2007, 233 premises had been inspected. 34 of the 233 (14.6%) premises were subject to requisition and further inspections were required during the latter half of the financial year in order to establish compliance and registration.

### FINANCIAL PERFORMANCE

#### Cost of services

Operational cost/(surplus):

**\$320,000**

#### Variance from Annual Plan

Unfavourable variance:

**\$178,000**

#### Reasons for variance

- Increased legal expenses.
- Increased use of contractors.
- Increased recoverable expenses (partially recovered).

Capital cost:

**No budgeted capital expenditure**



## LIBRARIES AND MUSEUM

This group includes the following activities:

- Library services
- Museum and gallery

### HIGHLIGHTS & MAJOR PROJECTS

#### Arts and Culture Centre Project Stage 1

Arts and Culture Centre Project Stage 1 was adopted by Council in June 2008. The aim of the Project was to engage in a planning process for a dynamic new Arts and Culture Centre for Whakatane which will include the District Library, Museum and Gallery. Possibilities exist to work with other organisations to create a new cultural, environmental and tourism centre in the CBD area.

#### Library services

The Library Summer Reading programme was a huge success culminating in a wonderful outdoor interactive performance for children by storyteller Mary Kippenberger. Also a success was the Murupara Library's "Mid Winter Christmas" school holiday programme for children. The introduction of the "Ancestry.com" database has been extremely popular with people tracing their family histories.

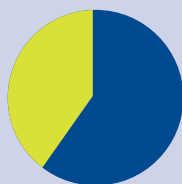
#### Museum exhibitions

Exhibitions offered during the year received a 95% plus satisfaction rating. The programme included 60% local content and 40% national/international content. Notable highlights include "Tautoko: the artist as museum collaborator" which looked at the potential for museums and their collections to collaborate with contemporary artists. The Molly Morpeth Canada 3D Awards aimed to encourage and promote excellence in glass design and "Misty Frequencies" which featured artworks from nine contemporary artists whose works react to the pervasive influence of the internet and the globalisation of information.

### SERVICE PERFORMANCE

#### Overall

In total 60.0% of targets were achieved in this group of activities.



#### Key Targets

More than 8 library issues per capita.

#### Performance against key targets

**Not Achieved:** – 7 issues per capita in 2007/08.

### FINANCIAL PERFORMANCE

#### Cost of services

Operational cost/(surplus):  
**\$376,000**

#### Variance from Annual Plan

Unfavourable variance:  
**\$338,000**

#### Reasons for variance

- Expensing of Asset Management Plans.
- Increased salary costs resulting from organisational restructure.

Capital cost:  
**\$91,000**

Favourable variance:  
**\$121,000**

- Vernon Museum system project delayed.
- Cost savings achieved Libraries Collection Renewal project and Arts and Culture Centre Stage 1.

## RECREATION AND COMMUNITY FACILITIES

This group includes the following activities:

- Recreation
- Halls
- Pensioner housing
- Strategic and investment property
- Ports
- Harbour Leases

### HIGHLIGHTS & MAJOR PROJECTS

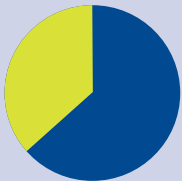
#### Town Vision

In August 2007 the Council adopted the draft Whakatane Town Vision plan for public consultation. The Council was pleased with the level of response which was reflective of the extensive community consultation that was undertaken. In total 538 submission points were received from the community on the plan. The Council heard submissions during March 2008 and in April the Council made decisions on the plan with consideration also given to the Parking Strategy, the Built Heritage Study and the plans for the Arts and Culture activity. The Council adopted the plan in principle in May 2008 pending a review of traffic options. Work in 2008/09 will be programmed towards finalising the traffic and reserve detail of the plan and implementing the Council's resolutions.

#### Whakatane River - Boat ramp central landing pontoon

This work involved the replacement of the existing fixed 25m central timber jetty with a safer, modern, user friendly structure. The floating pontoon structure was completed in November 2007 and has proved very successful. The jetty has provided for a safer facility during all tides and has resulted in faster, more efficient use of the boat ramp area during busy periods. The work was able to be completed within existing resource consents and with the support of local iwi.

### SERVICE PERFORMANCE

Overall	Key Targets	Performance against key targets
<p>In total 63.2% of targets were achieved in this group of activities.</p> 	<p>One playground per 1,000 people (on Council owned land and in accordance with Council policy for the provision of playgrounds in rural areas where there is no Council owned land).</p>	<p><b>Achieved</b> - 35 Playgrounds are provided or contributed to (34.5 playgrounds are required to meet this target).</p>
	<p>95% occupancy rate in pensioner housing.</p>	<p><b>Achieved</b> - Occupancy rate is 98.4% (averaged over the year).</p>

### FINANCIAL PERFORMANCE

Cost of services	Variance from Annual Plan	Reasons for variance
Operational cost/(surplus): <b>(\$4,000)</b>	Unfavourable variance: <b>\$313,000</b>	<ul style="list-style-type: none"> <li>• Expensing of Asset Management Plans.</li> </ul>
Capital cost: <b>\$929,000</b>	Favourable variance: <b>\$2.69m</b>	<ul style="list-style-type: none"> <li>• Whakatane River wharf extensions delayed.</li> <li>• Army Hall project deferred.</li> <li>• Heads swimming area upgrade deferred.</li> <li>• Main wharf eastern infill project delayed.</li> <li>• Edgecumbe Domain replacement of public toilet facilities delayed.</li> </ul>

## PARKS, RESERVES AND CEMETERIES

This group includes the following activities:

- Parks, reserves and gardens
- Sports-fields
- Cemeteries and crematoria

### HIGHLIGHTS & MAJOR PROJECTS

#### Whakatane Gardens Pathways

This project continued the network of paths through the Rose Gardens and the Japanese Garden leading through to River Edge Park. The path network provides more walking options for residents and visitors to enjoy our special reserves.

#### Whakatane Crematorium

Over the course of 2007/08 the Council has made progress on the Whakatane District Crematorium Project. The resource consent was granted late in 2007 and is in line with feedback from the community on the need for and location of the proposed facility. Architects were engaged to progress the development of the crematorium to be located at Hillcrest Cemetery with construction due to begin in the 2008/09 year. As part of the business case supporting the development of the crematorium it is intended that the project will be completely self funded through user fees and charges.

### SERVICE PERFORMANCE

#### Overall

In total 88.9% of targets were achieved in this group of activities.



#### Key Targets

1.5 hectares of active recreation space (sports grounds and reserves) provided per 1000 persons.

#### Performance against key targets

**Achieved** - 1.6 ha of sports-fields & court space is provided per 1000 people.

### FINANCIAL PERFORMANCE

#### Cost of services

Operational cost/(surplus):

**\$147,000**

#### Variance from Annual Plan

Unfavourable variance:

**\$69,000**

#### Reasons for variance

- Increased depreciation cost.
- Under-recovered income as the crematorium was not constructed.

Capital cost:

**\$326,000**

Favourable variance:

**\$138,000**

- West End car park upgrade delayed.
- Hillcrest Crematorium delayed.
- Matata car park and reserve upgrade deferred.

## ENVIRONMENTAL PROTECTION

This group includes the following activities:

- Hazardous substances
- Rural fire control
- General inspections

### HIGHLIGHTS

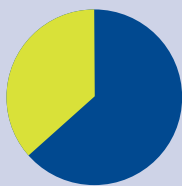
#### Rural fire and Emergency Response

Both the Rural Fire Team and Emergency Response Team were called on to respond to emergency events over the course of the 2007/08 year. Notable events included members of the Rural Fire Team being deployed by helicopter to a remote site north of Ruatahuna to successfully contain and suppress a 2 ha fire in scrubland. The Emergency Response Team was deployed to assist the Police dive squad in a water rescue and recovery event in the Waioeka Gorge.

### SERVICE PERFORMANCE

#### Overall

In total 62.5% of targets were achieved in this group of activities



#### Key Targets

90% of Rural Fire Team personnel are certified to the required standard.

#### Performance against key targets

**Not achieved** – As a result of attrition during the year 85% of personnel are certified with 15% working towards certification (17 crew members, 3 trainees).

### FINANCIAL PERFORMANCE

#### Cost of services

Operational cost/(surplus):

**\$88,000**

#### Variance from Annual Plan

No variance:

**\$0**

#### Reasons for variance

- Variance was within 10% or \$20,000 of the budget.

Capital cost:

**No budgeted capital expenditure**

## COMMUNITY SAFETY

This group includes the following activities:

- Civil defence
- Dog control
- Stock control
- Community development

### HIGHLIGHTS & MAJOR PROJECTS

#### Youth Council

A new Whakatane District Youth Council was formed in 2008. The Youth Council has 16 people, chosen to be a representative group and a voice for young people in the Whakatane District. Outcomes of the Youth Council have included making submissions to the Annual Plan, organising the successful Eastern Bay Dances Wars in June, communicating with youth through local media and debating youth issues.

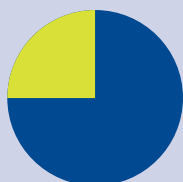
#### Alcohol Strategy

The Alcohol Strategy 2007-2011 was adopted in August 2007. The Strategy identifies a range of initiatives to reduce alcohol-related harm and will be implemented over a five year period. The strategy will also support the development of a Council liquor licensing policy and will set future parameters to guide the sale of liquor regulatory functions of our Council.

### SERVICE PERFORMANCE

#### Overall

In total 75.0% of targets were achieved in this group of activities.



#### Key Targets

Council has an Emergency Management Plan which is up-to-date.

#### Performance against key targets

**Achieved** – Emergency Management Plan updated.

### FINANCIAL PERFORMANCE

#### Cost of services

Operational cost/(surplus):

**\$163,000**

#### Variance from Annual Plan

Unfavourable variance:

**\$1,000**

#### Reasons for variance

- Variance was within 10% or \$20,000 of the budget.

Capital cost:

**No budgeted capital expenditure**



## CORPORATE ACTIVITIES

Corporate activities are an activity of the Council and do not fall into any of the 12 groups of activities. Corporate activities support the delivery of services under each of the groups and includes:

- Information Technology (IT) services
- Customer services
- Financial services
- Human resources

### HIGHLIGHTS & MAJOR PROJECTS

#### IT service improvements

Over the course of the 2007/08 year efforts have been made to improve connection speeds and provide quality IT services in a secure environment between the Civic Centre and several remote centres and libraries (Edgecumbe, Murupara and Ohope). The Council's IT department has worked with Eagle Technology to improve the network capacity and resilience as part of an ongoing programme to improve service delivery and IT infrastructure. As well as improving the quality of IT services for the Council, the improved service will also permit the Murupara, Ohope and Edgecumbe libraries to utilise the Whakatane library applications, an improvement on the current manual process.

#### Customer service improvements

Customer Services made significant inroads in improving the service provided to Council's customers during the 2007/08 financial year. This was primarily achieved by ensuring new staff gained the correct knowledge by completing the newly established 12 week induction program. This training, along with the comprehensive online procedures database, has significantly improved the Department's ability to answer more enquiries on the first contact with Customers. Service levels were also established with internal departments to ensure roles and responsibilities were clearly defined to maximise efficiencies.

### FINANCIAL PERFORMANCE

#### Operational Cost

The operational cost of corporate activities is re-allocated across the groups of activities.

#### Capital Expenditure

**\$1.50m**

## OUR FINANCIAL RESULTS AT A GLANCE

For further detailed information please refer to the following sections in the full Annual Report: Groups of Activities, Financial Statements, and Notes to the Financial Statements.

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

*This section of the summary provides an overview of the Council's financial results for the year ended 30 June 2008.*

### OVERVIEW

Council's final operating result is a net deficit of \$25,000 compared to a budgeted surplus of \$6,593,000.

Council budgeted a surplus as it expected to receive subsidies from Land Transport New Zealand to undertake capital works. Not all of these capital works went ahead in the financial year; therefore not all budgeted subsidies were received, creating an unfavourable income variance of \$600,000. Council had also budgeted to receive \$2.7 million of subsidies for the disaster mitigation works at Matata. Most of this revenue was received early and recognised in the 2007 financial statements, therefore only \$600,000 of subsidy revenue was recognised in the 2008 financial statements creating a further unfavourable income variance of \$2.1 million. Subsidy income is reflected in the Statement of Financial Performance whereas associated capital expenditure is shown in the Statement of Financial Position.

Depreciation of \$3.4 million over budget was expensed in the 2008 financial year arising primarily as a result of Council's assets being re-valued in 2007, creating an increased depreciation charge. Because capital works such as the crematorium and disaster mitigation projects were behind schedule for the financial year, an overall interest saving of \$600,000 was achieved from reduced loan funding requirements.

Council's harbour assets and assets held for sale were re-valued in the 2008 year resulting in a decrease in value of \$4.12 million, reflecting in the overall Council financial deficit. Partially offsetting this reduction in asset values was the recognition of an increase in the value of investment property of \$1.75 million.

Details regarding variances for each of our groups of activities can be found in the "Our activities at a glance" section of this Summary Annual Report and in the "Groups of Activities" chapter of the full Annual Report.

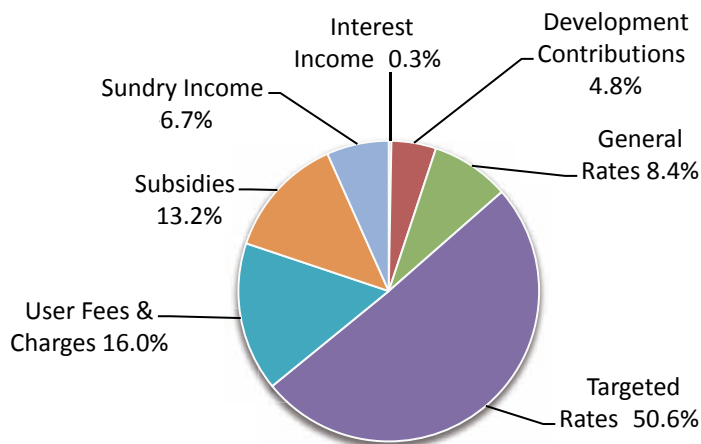
### FINANCIAL PERFORMANCE AND CHANGES IN EQUITY

The Summary Statement of Financial Performance and Summary of Changes in Equity present the financial performance and equity movements of the Council. These statements summarise operating income and expenditure as well as other financial transactions that have impacted on the Council's net equity.

<b>Summary Statement of Financial Performance for the Year Ended 30 June 2008</b>	<b>Actual 2008 \$000</b>	<b>Budget 2008 \$000</b>	<b>Actual 2007 \$000</b>
<b>Total Operating Income</b>	<b>47,376</b>	41,546	47,113
<b>Total Operating Expenditure</b>	<b>46,401</b>	34,953	39,221
<b>Deficit For The Year</b>	<b>(25)</b>	6,593	7,892
<b>Summary Statement of Changes in Equity for the Year Ended 30 June 2008</b>	<b>Actual 2008 \$000</b>	<b>Budget 2008 \$000</b>	<b>Actual 2007 \$000</b>
Balance as at 1 July	<b>544,891</b>	450,611	448,468
Surplus for the year	<b>(25)</b>	6,593	7,892
Increase in Asset Revaluation Reserves	<b>0</b>	11,977	88,531
<b>Total recognised income</b>	<b>(25)</b>	18,570	96,423
<b>Balance as at 30 June</b>	<b>544,865</b>	469,181	544,891

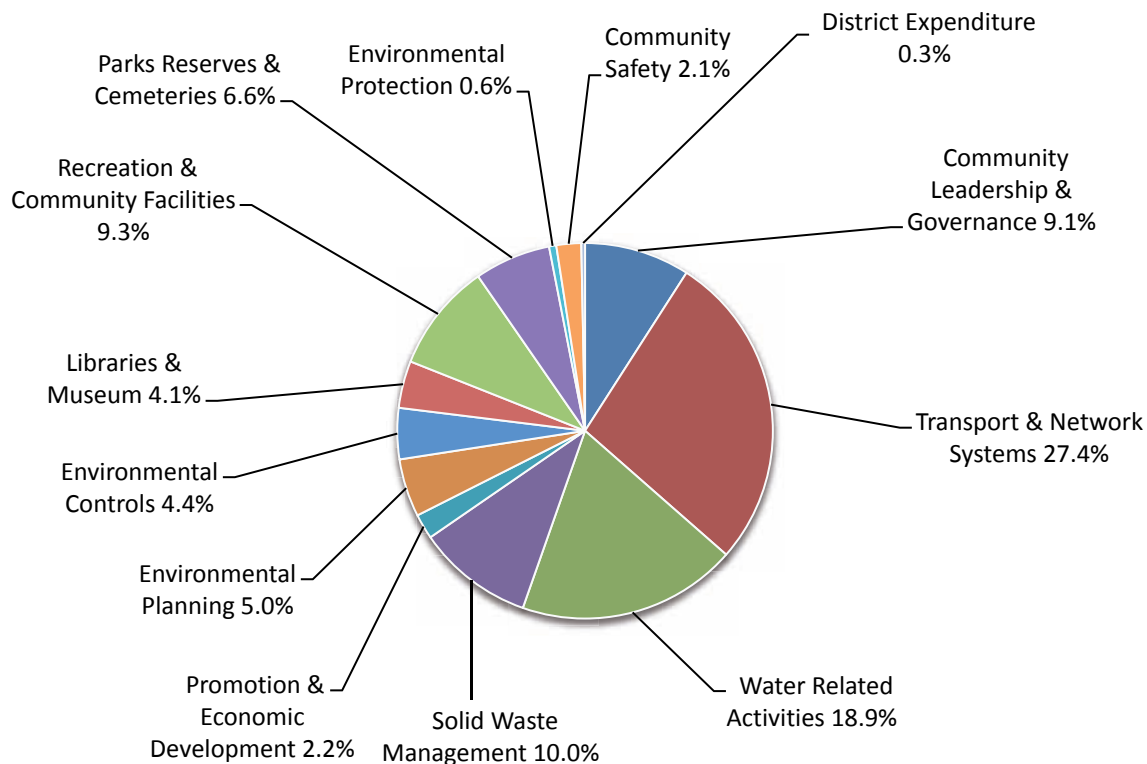
## WHERE OPERATING INCOME CAME FROM

The total operating income for the year ending 30 June 2008 is \$46.376 million. Rates are the primary source of funding for Council's activities, and represent 61% of operating revenue. Other sources of revenue for Council include user charges, fees and fines, rentals, and subsidies.



## HOW OPERATING EXPENDITURE WAS SPENT

The total operating expenditure for the year ending 30 June 2008 is \$46.401 million. Core infrastructure such as transport, water, wastewater and stormwater networks make up 46% of our total operating expenditure.



## WHAT RATES PAY FOR

The following table shows where the rates per rateable property fund Council-provided activities. It shows that over 85% of rates income (\$4.04 per day) is used to pay for essential infrastructure, community services and facilities. In the 2007/08 financial year Council utilised \$1.223 million of reserves from prior years to reduce the amount of rates collected throughout the District.

GROUPS OF ACTIVITIES	Rate Income \$000	Rate Income Per Property	Rate Income Per Property Per Day
Community Leadership & Governance	\$2,331	\$155.18	\$0.43
Transport & Network Systems	\$7,760	\$510.75	\$1.40
Water Related Activities	\$6,496	\$432.38	\$1.18
Solid Waste Management	\$3,173	\$211.22	\$0.58
Promotion & Economic Development	\$434	\$28.89	\$0.08
Environmental Planning	\$486	\$32.32	\$0.09
Environmental Controls	\$246	\$16.36	\$0.04
Libraries & Museum	\$1,160	\$77.23	\$0.21
Recreation & Community Facilities	\$1,622	\$107.95	\$0.30
Parks Reserves & Cemeteries	\$2,040	\$135.77	\$0.37
Environmental Protection	\$152	\$10.14	\$0.03
Community Safety	\$280	\$18.67	\$0.05
<b>TOTAL RATE INCOME**</b>	<b>\$26,181</b>	<b>\$1,736.86</b>	<b>\$4.76</b>

\*The total number of Rateable Properties in the Whakatane District on the 1st July 2007 was 15,024

\*\*Rate income has been shown gross of penalties, write off's and remissions



## FINANCIAL POSITION

The Summary Statement of Financial Position presents what we own and what liabilities we owe to other parties.

The Council's financial position remains very strong with liabilities representing only 3.6% of total assets.

Not all budgeted capital works were completed during the 2007/08 financial year. This resulted in a larger than budgeted Work in Progress balance and overall borrowings being significantly less than expected. Council has utilised its cash reserves to fund internal borrowing, further reducing external borrowing requirements. Council's infrastructural assets were revalued in the 2006/07 financial year, and increased significantly in value. This valuation was not reflected in the budgeted value of assets in the 2007/08 Annual Plan. Investment property had a gain of \$1.75m on revaluation as at 30 June 2008 while assets held for sale decreased in value by \$2.5m on revaluation. The variance in Council's total equity as compared to budget has arisen primarily as a result of the movement in the asset revaluation reserve in the 2007/07 financial year. This movement was not budgeted for in the 2007/08 Annual Plan.

<b>Summary Statement of Financial Position as at 30 June 2008</b>	<b>Actual 2008 \$000</b>	<b>Budget 2008 \$000</b>	<b>Actual 2007 \$000</b>
Current Assets	6,699	10,141	25,703
Non-Current Assets	558,303	483,124	535,026
<b>Total Assets</b>	<b>565,002</b>	<b>493,265</b>	<b>560,729</b>
Current Liabilities	14,009	6,122	13,120
Non-Current Liabilities	6,127	17,962	2,718
<b>Total Liabilities</b>	<b>20,136</b>	<b>24,084</b>	<b>15,838</b>
<b>Total Equity</b>	<b>544,866</b>	<b>469,181</b>	<b>544,891</b>

## CASH FLOWS

The Summary Statement of Cash Flows shows how we generated and used cash. The overall net increase or decrease represents the change in our cash and cash equivalents arising from operating, investing and financing activities. Our operating activities generate cash inflows, primarily rates and user charges, and where necessary these are supplemented by cash inflows from financing activities in the way of loans. We use most of the net cash inflows from operating and financing activities to purchase and develop infrastructural and other assets.

As commented on in the Variance in the Statement of Financial Position, capital works were less than anticipated (Investing Activities). Consequently, term debt was also less than budget. Payments to suppliers and employees were greater than budget as a consequence of some capital expenditure being reclassified, subsequent to budget preparation, as operating expenditure (Operating Activities). A reduction in budgeted creditors and other payables reflected in the Statement of Financial Position has also contributed to this variance.

<b>Summary Statement of Cash Flows For the year ended 30 June 2008</b>	<b>Actual 2008 \$000</b>	<b>Budget 2008 \$000</b>	<b>Actual 2007 \$000</b>
Net Cash Flows in from Operating Activities	9,677	18,244	10,680
Net Cash Flows out from Investing Activities	(15,839)	(27,192)	(13,679)
<b>Net Cash Flows in from Financing Activities</b>	<b>6,099</b>	<b>8,948</b>	<b>817</b>
Net Increase / (Decrease) In Cash Held	(63)	0	(2,182)
<b>Total Liabilities</b>	<b>20,136</b>	<b>24,084</b>	<b>15,838</b>
<b>Total Equity</b>	<b>544,866</b>	<b>469,181</b>	<b>544,891</b>