

# WHAKATĀNE DISTRICT COUNCIL

## Summary Annual Report 2010/11



### ABOUT THIS SUMMARY

This is a summary of the Whakatāne District Council's Annual Report for the year 1 July 2010 – 30 June 2011. It sets out, in brief:

- How the Council performed compared to what was planned?
- If we did what we said we would do?
- Whether we met our targets and budgets?
- If we did as good a job as we should have?

If you would like to know more or would like to read the full Annual Report 2010/11, you can access it at the Council's customer service centres and libraries or on our website: [www.whakatane.govt.nz](http://www.whakatane.govt.nz)

This Summary Annual Report was authorised for issue by the Chief Executive on 21 November 2011.

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# MESSAGE FROM THE MAYOR

## WELCOME TO THE WHAKATĀNE DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT 2010/11

This Summary of the Annual Report 2010/11 is the Council's opportunity to outline in brief how we performed. It provides a record of our activities and achievements during the 2010/11 financial year. More detail can be found in the full Annual Report.

Responding to natural hazards has been a major challenge this year and has resulted in unexpected costs. This has taken our focus away from some of our other priorities. Six heavy rainfall events caused damage to both private property and community assets requiring immediate response and ongoing repair works. The District has also suffered from landslips and minor earthquakes. These events are a constant reminder that we need to be prepared. We have appreciated the patience and efforts of the community in the response to these events.

The Council has progressed a number of key projects during the year, including the District Plan Review, the Library and Exhibition Centre, and a number of successful disaster mitigation works around the District.

A new Council was elected in October 2010. With this Council has come a change in vision including an increased focus on openness, transparency and affordability. Alongside the Council, I look forward to implementing our vision and in particular will look to achieve this through the Council's Long Term Plan 2012-22 (LTP).

I would like to take this opportunity to thank everyone for their input and support over the year.



Tony Bonne  
MAYOR  
21 November 2011

## KEY HIGHLIGHTS FOR THE COUNCIL

Further information about these highlights can be found in the full Annual Report 2010/11. This is available online at [www.whakatane.govt.nz](http://www.whakatane.govt.nz), from the Council's Customer Service Centres in Whakatāne and Murupara, and from the Council libraries.

### 2010 LOCAL BODY ELECTIONS

Local Body Elections were held in October 2010 with elections taking place for the Whakatāne District Council, Community Boards (with the exception of Rangitāiki and Murupara where the number of candidates did not exceed the number of vacancies), Bay of Plenty Regional Council and the Bay of Plenty Health Board.

The percentage of Whakatāne District electors who returned their voting documents in 2010 increased to 56.3% (in 2007 only 47.7% of electors returned their voting documents).

The elections resulted in a new Council being sworn in and led by former Mayor and Councillor, Tony Bonne. The key focuses of the Council are affordability, transparency and accountability.

LEC commenced in July 2011. This project recognises that a long-term solution is required to remedy the critical situation in the Library and Museum. The LEC will provide the community with a spacious, modern, educational facility, that will hold a variety of interesting and informative exhibitions.

### RANGITĀIKI REORGANISATION PROPOSAL

During the 2010/11 year, a petition was put forward by members of the Rangitāiki Community. The petition sought to transfer the Rangitāiki Ward over to the Kawerau District Council and was referred to the Local Government Commission to consider the matter. Following a process of consultation and hearings, the Local Government Commission decided that it was in the best interests of good governance for the Rangitāiki Ward to remain with the Whakatāne District Council. The total cost to ratepayers of this process was estimated at \$68,000.

This petition highlighted a number of issues which concerned the community. Since then a number of community vision meetings have been held and the Council is working hard to ensure that the concerns raised are being dealt with in the most affordable and efficient manner.

### WHAKATĀNE DISTRICT AQUATIC CENTRE

The majority of the physical works to repair the Whakatāne District Aquatic Centre were completed in time for the centre to be open to the public prior to Christmas 2010. The remaining physical works were completed by March 2011.

During the repair project, contractors structured their work to enable the outdoor pool to be open in July 2010 (the pool normally opens in September) and to fully operate until the project was complete.

### DISTRICT PLAN REVIEW

This past year was the second year of the District Plan review project. The Council met on 22 June 2011 to approve the Draft District Plan for public consultation. While the Council was not legally obliged to release a draft plan for consultation, this is best practice and provides an opportunity to test preferred options with the community and to seek their feedback prior to formal notification of the plan. Public consultation and formal notification will be undertaken during the 2011/12 year.

Alongside this project, the Council adopted the Whakatāne Integrated Urban Growth Strategy which will help inform the District Plan in terms of future

growth options for Whakatāne and Ōhope. Also a boundary adjustment between the Kawerau District and the Whakatāne District (Pūtauaki Industrial Zone) was completed to provide more industrial land for the growth of Kawerau and the economic growth of the Eastern Bay of Plenty as a whole.



### DISASTER MITIGATION

In the 2010/11 year the Council advanced and completed a number of disaster mitigation works.

- The disaster mitigation works in Edgumbe were largely completed in the 2010/11 financial year. This included the completion of one pump station, which will collect stormwater from the south-west of the town and pump it into the Rangitāiki River, and the construction of stopbanks around the Edgumbe sub-station.
- In Whakatāne, a stormwater detention structure was built within Camellia Park in Hillcrest to control the rate of discharge from the park during high rainfall events.

In Matatā, the heavy rainfall events tested the various mitigation schemes put in place over the last few years. Overall the schemes have worked well.



### LIBRARY AND EXHIBITION CENTRE

In the 2009/10 year the Council purchased a property in the Esplanade Mall (former Briscoes building) in Whakatāne for the development of an improved Library and Exhibition Centre (LEC). The Council decided to delay the building of the LEC by approximately six months in an effort to reduce the rating burden on the District.

In the 2010/11 year project plans were completed and building consent was obtained. Construction of the

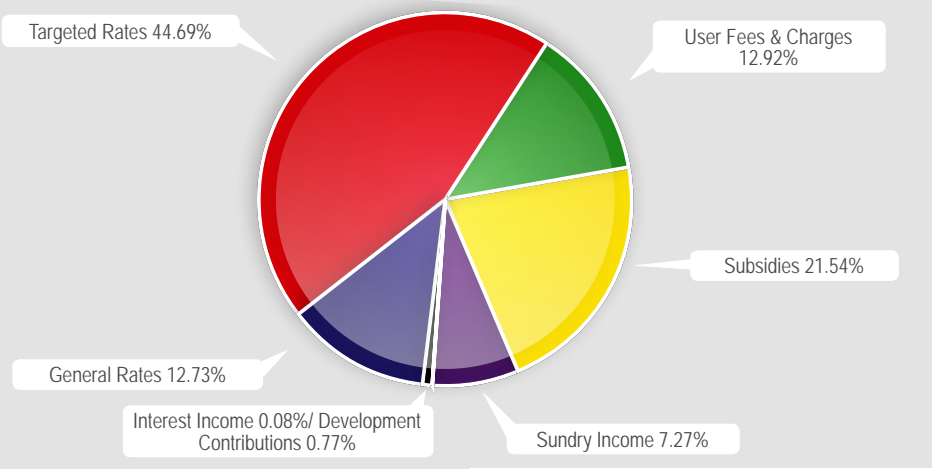


# FINANCIAL OVERVIEW

The Council's final operating result for the 2010/11 year is a net deficit of \$4.71M, compared with a budgeted surplus of \$8.88M, resulting in a \$13.59M variation from the budget. Further explanations for variances from the budget can be found on page 6 of this Summary.

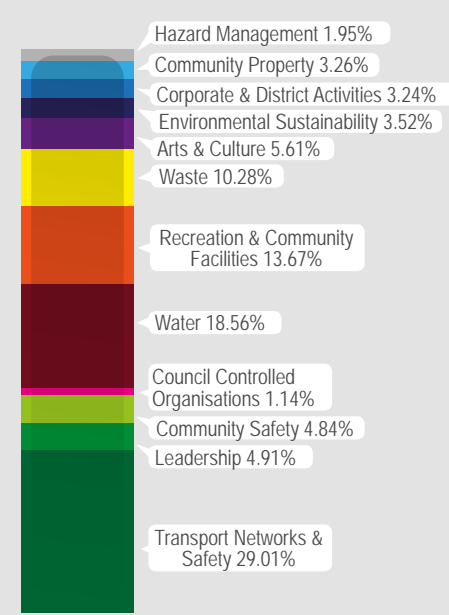
## WHERE OPERATING REVENUE CAME FROM

The total operating revenue (our day to day income) for the year ending 30 June 2011 was \$56.02M\* against a revised budget of \$59.63M. The following graph shows where operating revenue came from.



## HOW OPERATING EXPENDITURE WAS SPENT

The total operating expenditure (our day to day expenses) for the year was \$56.87M\* against a revised budget of \$50.75M. Core infrastructure such as transport and water related projects make up 47.6% of the total operating expenditure.



## DID WE COMPLETE THE PROJECTS WE SAID WE WOULD COMPLETE?

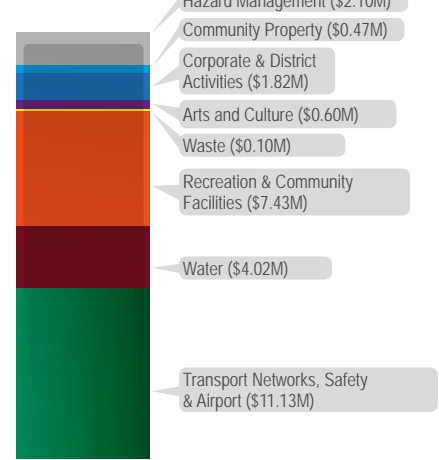
The Council progressed, or intended to progress 292 capital projects. Of those projects 71% were completed/ on schedule, 21% were deferred/ behind schedule and 8% were cancelled. There are numerous reasons why projects may have been delayed or did not start as intended.

In the 2010/11 year the six storm events had a major impact on the capital works programme. Also confirmation of subsidies from the Ministry of Health for water related projects and resource consent applications caused delays to some projects. In some cases where projects were delayed or did not start they will be carried forward to the 2011/12 financial year or will be incorporated into the next LTP 2012-22.

## WHERE CAPITAL EXPENDITURE WAS SPENT

During the year, the Council spent \$27.67M on capital works against a revised budget of \$55.0M. The revised budget is made up of the Annual Plan budget, projects carried forward from the 2009/10 financial year and budget adjustments adopted by Council over the course of the 2010/11 year. Over the past year, storm events have resulted in many revisions particularly in the transportation area.

The graph below shows where capital expenditure was invested at a group of activities level.



The main sources of funding for capital expenditure are: borrowings through loans raised, grants and subsidies, depreciation reserves and development contributions.

(\*The above operational expenditure and operational revenue are classified differently compared to the Statement of Comprehensive Income.)

More information on the financial performance of the Council is available in the full Annual Report 2010/11

# SUMMARY OF NON-FINANCIAL PERFORMANCE

The Long Term Council Community Plan 2009-19 (LTCCP) sets out the levels of service that the Council aims to provide to the community. For each of the Council's activities, performance is monitored against targets to show whether or not the intended levels of service have been achieved.

For the 2010/11 year, the Council achieved around 61% of its performance targets. This result is down from last year and may be attributed to the six flood/heavy rainfall events that the District has suffered during the year. The Council achieved a higher percentage of technical based performance measures (69%) than perception based measures (43%). Of note is that half of the 'not achieved' targets were within 5% of being achieved.

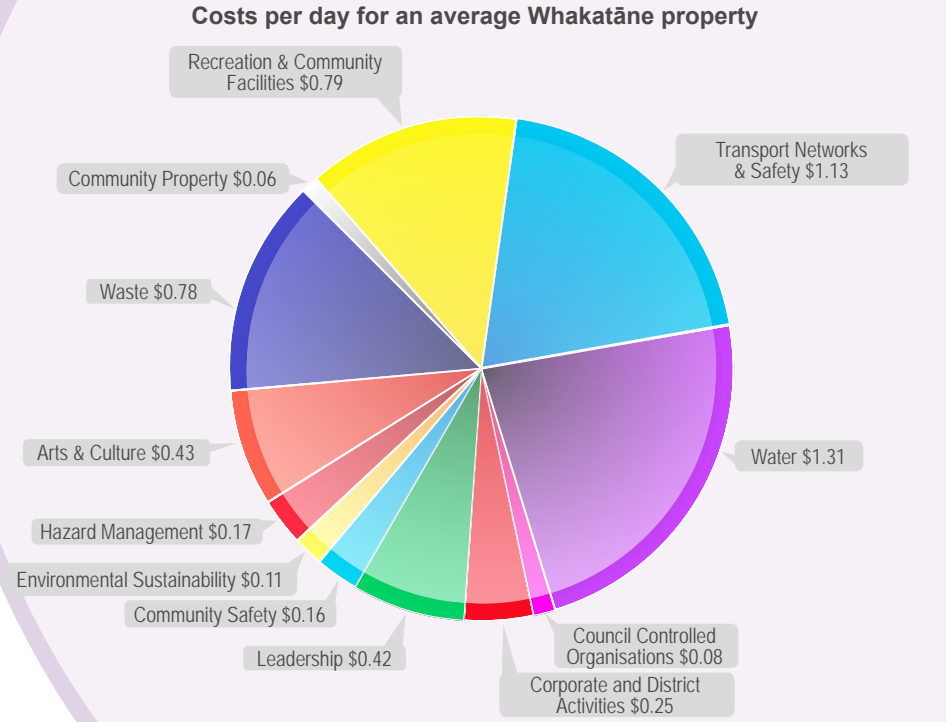
The Council is currently in the process of reviewing its levels of service through the development of the LTP 2012-22 and options will be included in the draft LTP for community consultation in early 2012.

The following list outlines how we performed against some of the key measures. Further information about specific targets for each activity can be found in the Groups of Activities chapter of the full Annual Report.

- ☒ The level of satisfaction with the overall service from Customer Service/Front Desk Staff improved from 75.2 to 78.0 (excellent service) (target achieved).
- ☒ The level of satisfaction with the Council's provision of information has increased slightly from the previous year (target achieved).
- ☒ The rolling 5 year average for road crashes which identify the road as a contributing factor is 13% (target not achieved).
- ☒ The Council complied with all transport related statutory and regulatory requirements according to NZTA's Procedural Audit (target achieved).
- ☒ 97% of the water supply system had adequate pressure to fill a 15 litre bucket in one minute (target achieved).
- ☒ The Council met all NZ drinking water standards to ensure the safety of our water supply but did not undertake a Ministry of Health water supply grading during the year (target not achieved).
- ☒ The Council received 66 complaints regarding taste and odour of water. The river turbidity was higher than normal due to the storms. This created water treatment issues (target not achieved).
- ☒ 87% of blockages relating to stormwater were responded to within 1 hour in Whakatāne and 3 hours in other urban areas. This result is lower than the previous years due to the number of storm events (targets not achieved).
- ☒ 93.6% of blockages and breakages relating to wastewater were responded to within 1 hour in Whakatāne and 3 hours in other urban areas (targets achieved).
- ☒ The Council has not received any infringement notices from the Regional Council in relation to wastewater discharge (target achieved).
- ☒ The proportion of waste to landfill in the 2010/11 year was 51%, which is an 11% improvement from last year (target achieved).
- ☒ Satisfaction with the resource consent process has also seen a significant improvement over the previous result. (target not achieved).
- ☒ The level of satisfaction with the Council's building consent processes improved by 30.4 points compared to the previous year (target achieved).
- ☒ The average working days for processing building consents was 9.37, which is well under the statutory timeframes (target achieved).

## WHERE YOUR RATES WENT

The pie graph shows where your rates went for the 2010/11 year at a group of activities level. On average \$2,078 of rates income per property (\$5.69 per day) was used to pay for the Council's activities including essential infrastructure, community services and facilities.



# SUMMARY OF OUR ACTIVITIES

## CORPORATE & DISTRICT ACTIVITIES\*

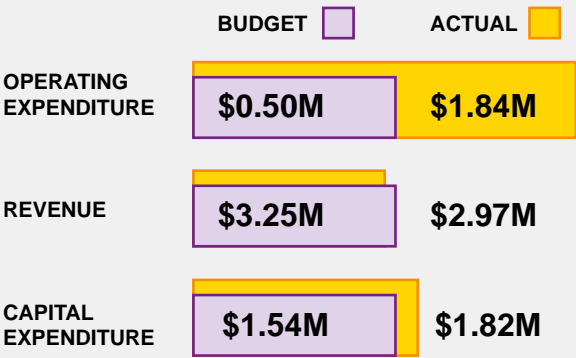
### WHAT WE DO

Communications, Finance, Customer Services, Corporate Information, Corporate Property, Human Resources, District Income and Expenditure.

### WHAT WE DELIVERED

- The implementation of KernMobile is substantially complete. This is a system which allows staff to manage their work electronically from the field.
- The Council was lead agency in a BOPLASS initiative to upgrade its Geographic Information Systems (GIS). This allows for cost savings through the sharing of resources and services across the Bay of Plenty Councils.
- The Council converted some wireless network links to fibre optic cabling providing a faster and more reliable network.
- Operating expenditure was over budget for the year due to additional unexpected costs for development contribution refunds, interest costs, and movements of derivatives.
- The Council achieved 5 out of 6 performance targets for the level of service we provide the community.

### WHAT IT COST



\*(The operational costs of Corporate and District Activities are generally funded by charging overheads to the other activities. The costs listed here capture those that are not charged as overheads.)

## COMMUNITY PROPERTY

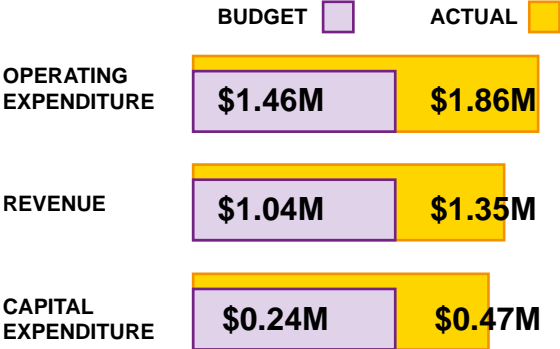
### WHAT WE DO

Pensioner Housing, Halls, Commercial Property.

### WHAT WE DELIVERED

- The Council has resolved not to proceed with the divestment of the pensioner housing portfolio to reflect the community’s desire to keep the units. It was expected that the sale may contribute \$3.5M towards retiring debt over a ten year period. The total impact of not retiring debt as intended will result in an increased rate requirement of 12.06% above what was planned in the LTCCP 2009-19.
- Repairs were completed on the flood damaged Ōhope Hall as a result of the heavy rainfall. Repairs included the installation of a new drainage system, a new floor and the lower walls relined.
- The Council achieved 2 out of 3 performance targets for the level of service we provide the community.

### WHAT IT COST



## RECREATION & COMMUNITY FACILITIES

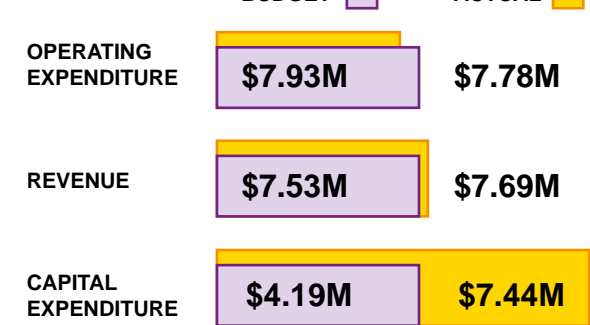
### WHAT WE DO

Parks and Reserves, Cemeteries and Crematorium, Public Conveniences, Aquatic Centres, Ports and Harbour, Visitor Information.

### WHAT WE DELIVERED

- At the Council’s “no frills” Pikowai camping ground, two large water storage tanks were installed to provide a buffer against demand in summer. In addition, an upgraded water treatment plant now provides potable water throughout the camp.
- In response to public demand and improved service, a sound and projector system was installed at the Crematorium Chapel.
- New ‘Novaloo’ public conveniences were installed at Eivers Road and are conveniently located to support recreational activity alongside the Whakatāne River and adjacent reserves.
- The majority of the physical works to repair the Whakatāne District Aquatic Centre were completed in time for the centre to be open to the public prior to Christmas 2010. However, these works resulted in an overspend in capital expenditure.
- During the 2010/11 year the Visitor Information Centre’s door count was 73,923. The Visitor Information Centre continues to be a popular source of information and services for tourists and the community.
- The Council achieved 7 out of 15 performance targets for the level of service we provide the community. The 8 targets which were not achieved were within 3.5% of being achieved.

### WHAT IT COST



## ENVIRONMENTAL SUSTAINABILITY

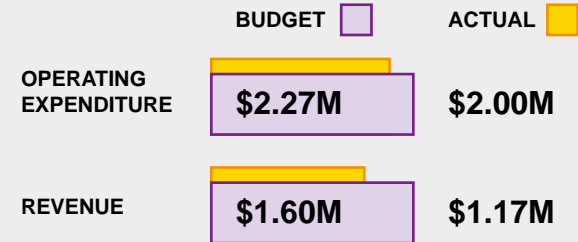
### WHAT WE DO

Resource Management - Consents, Resource Management - Policy.

### WHAT WE DELIVERED

- Resource consents were issued for a wide range of developments including: flood mitigation works around Edgecumbe township, additional hanger facilities at the Whakatāne Airport, redevelopment of the Whakatāne hospital site and many others.
- 2010/11 was the second year of the District Plan review. A Draft District Plan was released for public consultation to test preferred options with the community and seek their feedback prior to formal notification of the plan.
- A boundary adjustment between the Kawerau District and the Whakatāne District (Pūtauaki Industrial Zone) was made to provide more industrial land for the growth of Kawerau and the Eastern Bay of Plenty as a whole.
- The Council achieved 3 out of 5 performance targets for the level of service we provide to the community.

### WHAT IT COST



## WATER-RELATED SERVICES

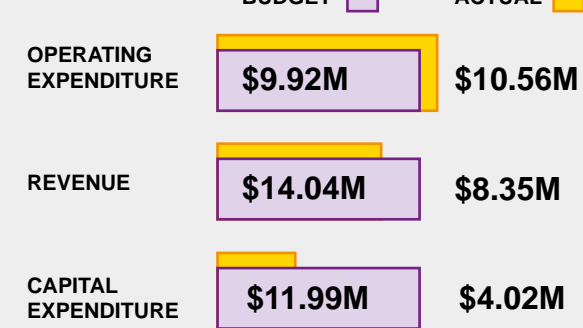
### WHAT WE DO

Water, Wastewater, Stormwater, Tradewaste.

### WHAT WE DELIVERED

- A number of water projects have been completed in Tāneatua, Matatā, Te Mahoe, and Waimana to improve water supply using subsidy funds from the Ministry of Health and Housing NZ Corporation.
- Some water and wastewater related projects in Edgecumbe, Matatā and Te Teko, which were reliant on subsidies, were not progressed during the year due to delays, reprioritisation and funding no longer being available. The Council is currently reviewing its water and sanitary services for the LTP 2012-22 and some of these projects will be included.
- Due to the high number of heavy rainfall events, the Council is investigating options to address flooding issues around the District. This will help inform the District Plan (under review) and also projects for the LTP 2012-22.
- The Council achieved 5 out of 13 performance targets for the level of service we provide the community. The high number of not achieved targets was mainly due to the numerous storm/heavy rainfall events.

### WHAT IT COST



## LEADERSHIP

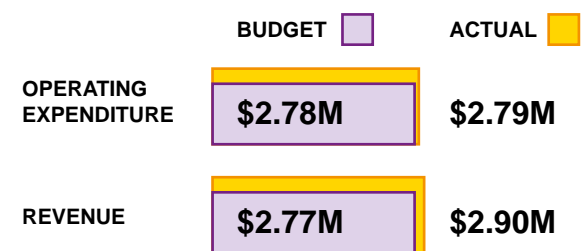
### WHAT WE DO

Governance, Community Support, Strategy and Policy.

### WHAT WE DELIVERED

- Local Body Elections were held in October 2010 with 56.3% of Whakatāne electors returning their voting documents.
- The allocation of grants to community organisations were completed during the year. Major recipients included: Whakatāne Citizens Advice Bureau, SPCA, Community Patrol, Surf Lifesaving and many others.
- The Council adopted a number of plans and policies during the year including: Annual Plan 2011/12, Acceptance of Late Submissions Policy, Community Funding Policy and Earthquake-prone Dangerous and Insanitary Buildings Policy. Preparation of the LTP 2012-22 began in the 2010/11 year.
- The Council achieved 5 out of 8 performance targets for the level of service we provide the community. A number of targets were not achieved mainly due to lower perception scores which may be a reflection of the effect of the Rangitāiki Ward reorganisation proposal.

### WHAT IT COST





TRANSPORT NETWORKS & SAFETY

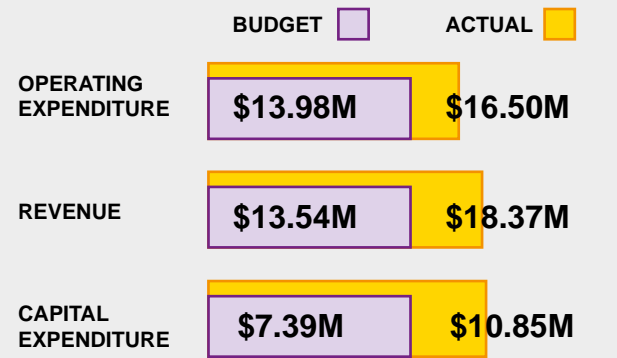
WHAT WE DO

Transport Networks, Road Safety, Parking Enforcement.

WHAT WE DELIVERED

- The Council’s planned road maintenance programme for the year was completed on time and to budget in spite of significant pressures placed on resources due to the numerous storm/heavy rainfall events.
- Storm events have required additional maintenance works to be undertaken. This resulted in an additional spend of \$6.7M, 72% of which is funded by NZTA. More storm related works are scheduled to be undertaken in the 2011/12 year.
- Over 40 different road safety and travel demand programmes were delivered throughout the year. These included: drink driving programmes, child restraint clinics and school cycle training programmes.
- The Council achieved 7 out of 12 performance targets for the level of service we provide the community. The higher number of not achieved targets was mainly due to the numerous storm/heavy rainfall events. These unforeseen events forced road closures and caused damage to the roading network.

WHAT IT COST



COMMUNITY SAFETY

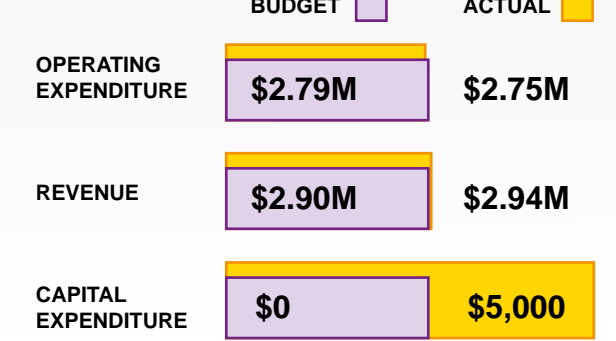
WHAT WE DO

Licensing (Liquor and Gambling), Environmental Health, Regulation Monitoring, Safer Communities, Building, Animal Control.

WHAT WE DELIVERED

- A total of 194 food premises were inspected by December 2010 in accordance with our annual inspections. Enforcement action was taken against 21% of those premises to upgrade the standard of hygiene.
- The Council reviewed its Public Places Bylaw and adopted the ability to issue infringements for various litter offences. The Bylaw includes a scale of fines depending on the quantity and content of illegally dumped rubbish.
- The Council adopted the Smokefree Council Open Spaces Policy. This is an educational based policy which discourages smoking around playgrounds and parks.
- The second year of implementation of the Council's Earthquake-prone Dangerous and Insanitary Building Policy saw 140 buildings in the CBD assessed. 66% of these buildings were identified as potentially earthquake-prone.
- The Council achieved 12 out of 13 performance targets for the level of service we provide the community.

WHAT IT COST



ARTS & CULTURE

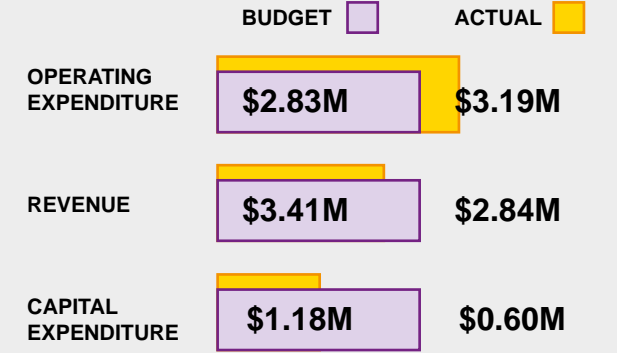
WHAT WE DO

Library, Museum and Gallery.

WHAT WE DELIVERED

- The Council decided to delay the building of the new LEC in an effort to reduce the rating burden on the District for the 2010/11 year. Construction commenced in July 2011.
- In the 2010/11 year, 9,097 books were added to the district library management system.
- 2,305 photographic images from collections were digitalised during the 2010/11 year. The project is the first stage in making the photographic collection available online.
- The Council achieved 3 out of 7 performance targets for the level of service we provide the community. The high number of not achieved targets was due to factors such as the percentage of the population who are members. The Council's decision to delay the building of the LEC also resulted in one target not being achieved.

WHAT IT COST



WASTE

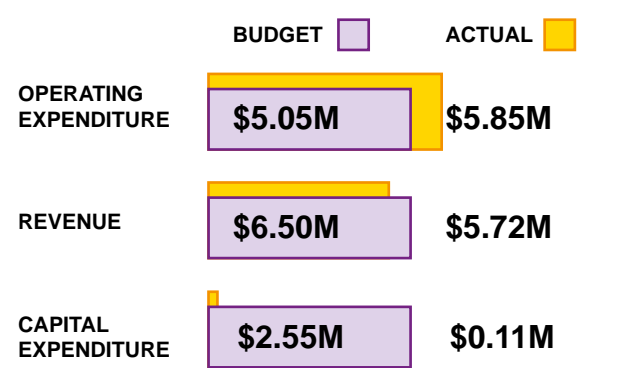
WHAT WE DO

Waste Reprocessing, Waste Recycling, Waste Disposal.

WHAT WE DELIVERED

- The Council has placed greater priority on the diverting and reprocessing of materials out of the waste stream for reuse. This is a more sustainable option for the Council and ratepayers.
- In 2010 the Council adopted a Waste Management and Minimisation Plan for the Whakatāne District. This plan implements changes to better manage waste in our District.
- The underspend in capital expenditure is the result of projects not being undertaken. The retirement of the Burma Road Landfill has been delayed due to extreme weather events, and is scheduled to be completed late 2011. Also the construction of the Organic Waste Composting Plant is awaiting completion of the resource consent process.
- The Council achieved 5 out of 6 performance targets for the level of service we provide the community.

WHAT IT COST



HAZARD MANAGEMENT

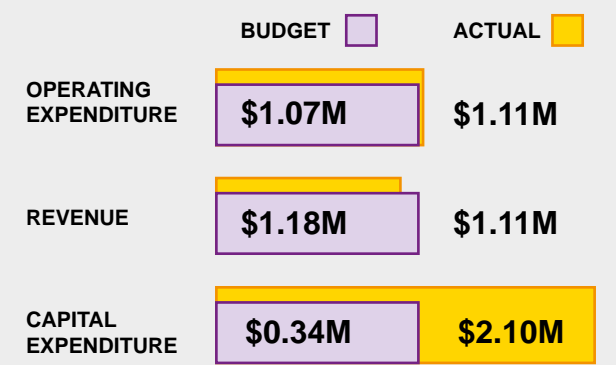
WHAT WE DO

Emergency Management, Disaster Mitigation.

WHAT WE DELIVERED

- The Whakatāne Emergency Response Team responded to 8 events during the year. This included 6 flood/heavy rain, a tsunami alert (Japan) and the Christchurch Earthquake.
- The Council participated in Exercise Tangaroa which was a national, multi-agency exercise that was held in October 2010 to test New Zealand’s arrangements for responding to a national tsunami warning. The scenario was a distant source tsunami originating from South America.
- Carried forward Disaster Mitigation works from 2009/10 in Matatā and Edgecumbe were largely completed during the year and overall the schemes have worked well. The Council also constructed stopbanks around the Edgecumbe sub station to provide increased protection. The stopbanks were funded by Transpower.
- The Council achieved 4 out of 7 performance targets for the level of service we provide the community. The high number of not achieved targets was due to delays in projects.

WHAT IT COST



COUNCIL CONTROLLED ORGANISATIONS (CCO’S)

OUR INVOLVEMENT

The Whakatāne District Council is a shareholder in three CCO’s: Whakatāne Airport, Eastern Bay of Plenty Regional Economic Development Agency (Toi EDA) and the Bay of Plenty Local Authority Shared Services Limited (BOPLASS).

WHAT THE CCO’S DELIVERED

Whakatāne Airport

- Security cameras and an entry gate were installed. This provides more security over the main carpark and also to aircrafts parked overnight.
- The runway resurfacing works programmed for the year were successfully completed on time and within budget.

Toi EDA

- As representatives on the Bay of Connections Toi EDA helped develop strategies in the areas of forestry, energy, aquaculture, transport and logistics.
- A number of new products and experiences were developed in the 2010/11 year including; Kiwi and Māori culture segment on an international travel show, Rugby World Cup packages, and Sunshine Ambassadors.

BOPLASS

- The 1Gbps fibre optic network linked the Whakatāne District Council with other councils of the Bay of Plenty region.
- The Council has been working with BOPLASS to establish Geographic Information as a shared service.

WHAT THE CCO’S COST OUR COUNCIL

Operating Expenditure: \$0.49M

Revenue: \$0.63M



# SUMMARY FINANCIAL STATEMENTS

Actual 2010 \$000	FINANCIAL SUMMARIES FOR 2010/11	Actual 2011 \$000	Budget 2011 \$000
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The Summary Statement of Comprehensive Income presents the financial performance of the Council over the last financial year. This statement summarises operating income and expenditure for the year.

COMPREHENSIVE INCOME			
30,305	Rates revenue	32,657	32,144
17,839	Other revenue	23,046	25,658
63	Finance income	46	90
685	Gains	168	1,735
48,892	Total Income	55,917	59,627
10,250	Personnel costs	10,562	10,344
13,460	Depreciation and amortisation	14,280	13,976
25,330	Other expenses	28,872	24,173
388	Revaluation Losses	4,763	-
1,409	Finance costs	2,146	2,252
50,837	Total Operating Expenditure	60,623	50,745
(1,945)	Surplus/(deficit) before tax	(4,706)	8,882
-	Income Tax Expense	-	-
(1,945)	Surplus/(deficit) after Tax	(4,706)	8,882
(7,125)	Gains/(Loss) on assets revaluation	(1,170)	18,855
(9,070)	Total Comprehensive Income for the year	(5,876)	27,737

The Summary Statement of Changes in Equity presents the equity movements of the Council over the past financial year that have impacted on the Council's net worth.

CHANGES IN EQUITY			
629,635	Balance as at 1 July	620,565	579,838
(1,945)	Surplus/(Deficit) for the year	(4,706)	8,882
(7,125)	Gain/(Loss) on asset revaluation	(1,170)	18,854
(9,070)	Total comprehensive income (expense)	(5,876)	27,736
620,565	Total Equity Balance as at 30 June	614,689	607,574

Actual 2010 \$000	FINANCIAL SUMMARIES FOR 2010/11	Actual 2011 \$000	Budget 2011 \$000
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The Summary Statement of Financial Position presents what assets we own and what liabilities we owe to other parties.

FINANCIAL POSITION			
5,955	Total Current Assets	8,174	7,975
654,830	Total Non-Current Assets	662,248	641,988
660,785	Total Assets	670,422	649,963
34,531	Total Current Liabilities	22,591	10,858
5,689	Total Non-Current Liabilities	33,142	31,531
40,220	Total Liabilities	55,733	42,389
620,565	Net Assets	614,689	607,574

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.

CASH FLOWS			
12,553	Net Cash Flows from Operating Activities	11,926	19,650
(22,163)	Net Cash Flows from Investing Activities	(26,002)	(29,061)
8,795	Net Cash Flows from Financing Activities	14,360	8,878
(815)	Net increase/(decrease) in cash held	284	(533)
1,341	Cash, cash equivalents and bank overdrafts at the beginning of the year	526	1,160
526	Cash, cash equivalents and bank overdrafts at the end of the year (Cash at bank)	810	627

## EXPLANATIONS FOR KEY VARIANCES FROM THE BUDGET

The Council's final operating result for the 2010/11 year is a net deficit of \$4.71M compared to a budgeted surplus of \$8.88M. This is a \$13.59M variation from what was budgeted for the year. \$2.31M of this can be attributed to other variances in the groups of activities, for example, development contribution refunds. The other key variances contributing to the final operating result are as follows:

### REVALUATIONS - \$5.50M UNFAVOURABLE

The Council's investment property and assets held for sale were revalued during 2010/11. The revaluation has resulted in a decrease in the fair value compared to a \$1.74M budgeted gain. The loss is recognised in the Statement of Comprehensive Income and represents \$5.50M variation in operating budget.

### GRANTS AND SUBSIDIES - \$1.52M UNFAVOURABLE

The Council receives a number of grants and subsidies from various organisations for projects undertaken. The Council budget for subsidies is based on projects expected to be completed each year. During 2010/11, \$1.52M of grants and subsidies were not received as a result of a number of projects being delayed.

### VESTED ASSETS - \$0.56M UNFAVOURABLE

The Council budgeted to have \$0.74M of vested assets for the year ended 30 June 2011. The Council only received for \$0.18M of vested assets, creating a \$0.56M unfavourable variance.

### DEVELOPMENT CONTRIBUTIONS \$0.49M UNFAVOURABLE

The Council budgets to receive contributions from developers each year. This contributes to the development of network infrastructure, community infrastructure and reserves to maintain acceptable levels of service as development increases in the district. The receipt of development contributions was \$0.49M less than that budgeted in the 2010/11 year, owing to the economic downturn, resulting in less building and development work proceeding.

### LAND TRANSPORT NEW ZEALAND (LTNZ) SUBSIDIES - \$1.26M UNFAVOURABLE

The Council over budgeted LTNZ Subsidies; less work has been performed than budgeted, so the subsidies received are also less.



### DEPRECIATION - \$0.30M UNFAVOURABLE

After budgets were set for 2010/11 a number of the Council's assets were revalued. This led to an increase in the amount of depreciation needed. While this is not funded by rates, it does represent a book cost for operating expenditure of \$0.30M.

The Statement of Cashflows demonstrates that a large number of variances from budget do not impact on the cashflow operational requirements of the Council. They are non-cash adjustments that are in the Statement of Comprehensive Income but do not impact on the immediate funding requirements of the Council.

Depreciation has been funded on the average of the next 25 years renewal requirement. The renewal profile over which it is averaged will be reviewed annually and the period will be increased as better Asset Management Plan information becomes available.

### DERIVATIVES - \$0.87M UNFAVOURABLE

Derivatives moved from last year's position from a loss of \$0.47M to a loss of \$1.34M, a net movement of \$0.87M. The budget did not provide for any movement in derivatives. The values for derivatives as at year end are assessed by ETOS Ltd and represent the current position of all swaps held by the Council.



# SUMMARY FINANCIAL NOTES

## REPORTING ENTITY

The Whakatāne District Council (the Council) is a territorial authority governed by the Local Government Act 2002. The principal accounting policies adopted in the preparation of this financial report are set out below. The financial report consists of the financial statements of Council and includes the Whakatāne Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport. There is also a 35/65 joint venture between the Council and P F Olsen Ltd, a forest management and harvesting company, regarding a forestry block at Onepu on land vested to the Council.

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 a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The full financial statements of the Council are for the year ended 30 June 2011. These were authorised for issue by the Council on 28 October 2011.

## COMPLIANCE

The Council and management of the Whakatāne District Council confirm that all the statutory requirements of section 98 of the Local Government Act 2002 have been complied with.

## STATEMENT OF COMMITMENTS

The Council has entered into capital commitments for work not commenced at a balance of \$7.56M. The Council has operating lease commitments of \$0.06M. Further detail can be found in Note 26 of the full Annual Report.

## BASIS OF PREPARATION

This Summary complies with FRS43 and this Standard does not include a requirement to comply with New Zealand GAAP or NZ IFRS. The full financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out have been applied consistently to all periods presented in these financial statements. The financial statements have been prepared on a historical basis, modified by the revaluation of land and buildings, certain infrastructural assets, financial instruments (including derivative instruments) investment property, and forestry assets.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Council is New Zealand dollars.

## CONTINGENT LIABILITIES

The Council's contingent liabilities for June 2011 totalled \$1.23M the largest of which is for Damage which has occurred to the Edgecumbe wastewater infrastructure, attributed to a persistent swarm of shallow and some larger earthquakes over the last few years. Further detail can be found in Note 27 of the full Annual Report.

## CONTINGENT ASSETS

The Council has made a claim against the architect for the Whakatāne Aquatic Centre. This claim is in relation to major deficiencies in the building design, construction and insulation of the centre and dates back to the time of original construction in 2001. The quantum of costs in relation to the claim are unknown at this stage but are understood to be significant. Contingent assets are detailed in Note 27 of the full Annual Report.

## RELATED PARTY TRANSACTIONS

During the 2010/11 year the Council has entered into a number of related party transactions.

The Council has a 1/8th share in BoPLASS Ltd., which fosters collaboration between councils in the Bay of Plenty in the delivery of back office or support services. In 2010/11 the Council contracted BoPLASS for services costing \$0.26M. Other transactions included administrative and maintenance services for the Whakatāne Airport at a cost of \$0.07M and transactions with Te Rūnanga O Ngāti Awa of \$0.15M.

Further minor transactions were entered into, the detail of which can be found in Note 28 of the full Annual Report.

## ABOUT THE AUDIT 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 received an unmodified Audit Report and was adopted by the Council on 28 October 2011. This Annual Report summary has also been audited by the Council's auditors for consistency with the Annual Report.

# INDEPENDENT AUDITOR'S REPORT



**To the readers of Whakatane District Council's summary of the annual report for the year ended 30 June 2011**

We have audited the summary of the annual report (the summary) as set out on pages 1 to 7, which was derived from the audited statements in the annual report of the Whakatane District Council (the District Council) for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 28 October 2011.

The summary comprises:

- the summary statement of financial position as at 30 June 2011, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the District Council's non financial performance information and summaries of other information contained in its annual report.

## OPINION

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

## BASIS OF OPINION

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 28 October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council.

## RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standards on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council.

**Clarence Susan,**  
Audit New Zealand

On behalf of the Auditor-General  
Tauranga, New Zealand  
21 November 2011





# A YEAR IN THE WHAKATĀNE DISTRICT



## JULY 2010

- Public farewell Moko the Dolphin in a public memorial service followed by the launch of the "In Love with Moko" book at the Whakatāne Library in February 2011
- The children's book "Hannah Bandanna's Hair" was launched in the Whakatāne District Library attended by the author Nikki Slade Robinson



## AUG 2010

- Warren Cole walkway receives the Golden Foot award for New Zealand's best walking facility
- Whakatāne Integrated Urban Growth Strategy adopted by Council
- US Consul General visits the Whakatāne Museum and Gallery to view the Molly Morpeth Canaday 3D Glass Awards

## SEPT 2010

- Whakatāne Museum and Gallery hosts 'Te Māori Lives on'. Te Māori is acknowledged widely among the museum sector as the pivotal point from which many museum began the long journey of acknowledging and understanding their role as guardians of taonga, in their care, alongside tangata whenua
- Community Development Advisor Peter Lander is named Keep New Zealand Beautiful's Volunteer of the Month for his work with the anti-graffiti vandalism project 'Tag Off'

## DEC 2010

- The repaired and renovated Whakatāne Aquatic Centre re-opens on Christmas Eve
- Whakatāne and the Eastern Bay's tourism and visitor information website has undergone a major functional and design upgrade that brings it on par with leading tourism websites in New Zealand and overseas
- The Nukuhou Saltmarsh Care Group's Nukuhou Restoration Project wins Best Community/Environmentally Minded Initiative at the Keep New Zealand Beautiful Best Towns and Cities Awards



## OCT 2010

- Tony Bonne is elected the Mayor of the Whakatāne District
- Virtual tsunami hits the Eastern Bay in a nationwide tsunami response exercise called 'Exercise Tangaroa'
- The Proposed Whakatāne District Plan is made operative

## NOV 2010

- The ribbon is cut at the opening of the new waste and recycling transfer station in Minginui
- District Plan open days and meetings with iwi and key stakeholders take place
- Mayor Tony Bonne hosts the annual mayoral morning tea for the over 80's with around 175 senior citizens attending



## JAN 2011

- Whakatāne named New Zealand's sunniest location in 2010 with 2561 sunshine hours
- The Whakatāne Summer Arts Festival 2011 begins with events and exhibitions such as the Molly Morpeth Canaday Art Award and Exhibition, Sculpture Symposium and Auction, Shakespeare in the Park

## FEB 2011

- Around 100 people attended Whakatāne's Annual Go By Bike Day free breakfast as part of Bikewise month
- Popular British TV series 'World's Greatest Motorcycle Rides' is filmed in Whakatāne which will screen globally on the Travel Channel from June 2011

## MARCH 2011

- Two minutes silence was observed in the Margaret Mahy Court to show respect for the victims of the Canterbury Earthquake
- Around 5000 people attended the Whakatāne Sunshine Street Fiesta for a fun filled day of entertainment
- The Rangitāiki River Festival takes place with events such as the waka ama races, kayak events and the world kina-eating championships

## APRIL 2011

- Whakatāne Museum and Gallery secure the Anne Frank Exhibition ahead of any other Bay of Plenty Venue
- Many hundreds of Eastern Bay of Plenty people gathered in the heavy rain to pay their respects at the Anzac Day dawn ceremony at the Whakatāne RSA
- Burma Road landfill is retired after 40 years

## MAY 2011

- The Council approves the Smoke-free Council Open Spaces Policy which is an educational policy that discourages smoking around playgrounds
- The Murupara Community Board wins the best community safety project at the New Zealand Community Boards Best Practice Awards for their work to reduce crime and improve safety in Murupara

## JUNE 2011

- New Zealand's seventh marae-based Youth Court is launched at Te Whare o Toroa Marae (Wairaka Marae)
- The Council adopts the Draft District Plan for public consultation





**Matters relating to the electronic presentation of the summary audited financial statements, non-financial performance information and the other requirements**

This audit report relates to the summary financial statements, non-financial performance information and the other requirements of Whakatane District Council for the year ended 30 June 2011 included on the Whakatane District Council's website. The Council is responsible for the maintenance and integrity of the Whakatane District Council's website. We have not been engaged to report on the integrity of the Whakatane District Council's website. We accept no responsibility for any changes that may have occurred to the summary financial statements, non-financial performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, non-financial performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements, non-financial performance information and the other requirements. 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 summary financial statements, non-financial performance information and the other requirements as well as the related audit report dated 21 November 2011 to confirm the information included in the audited summary financial statements, non-financial performance information and the other requirements presented on this website.

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