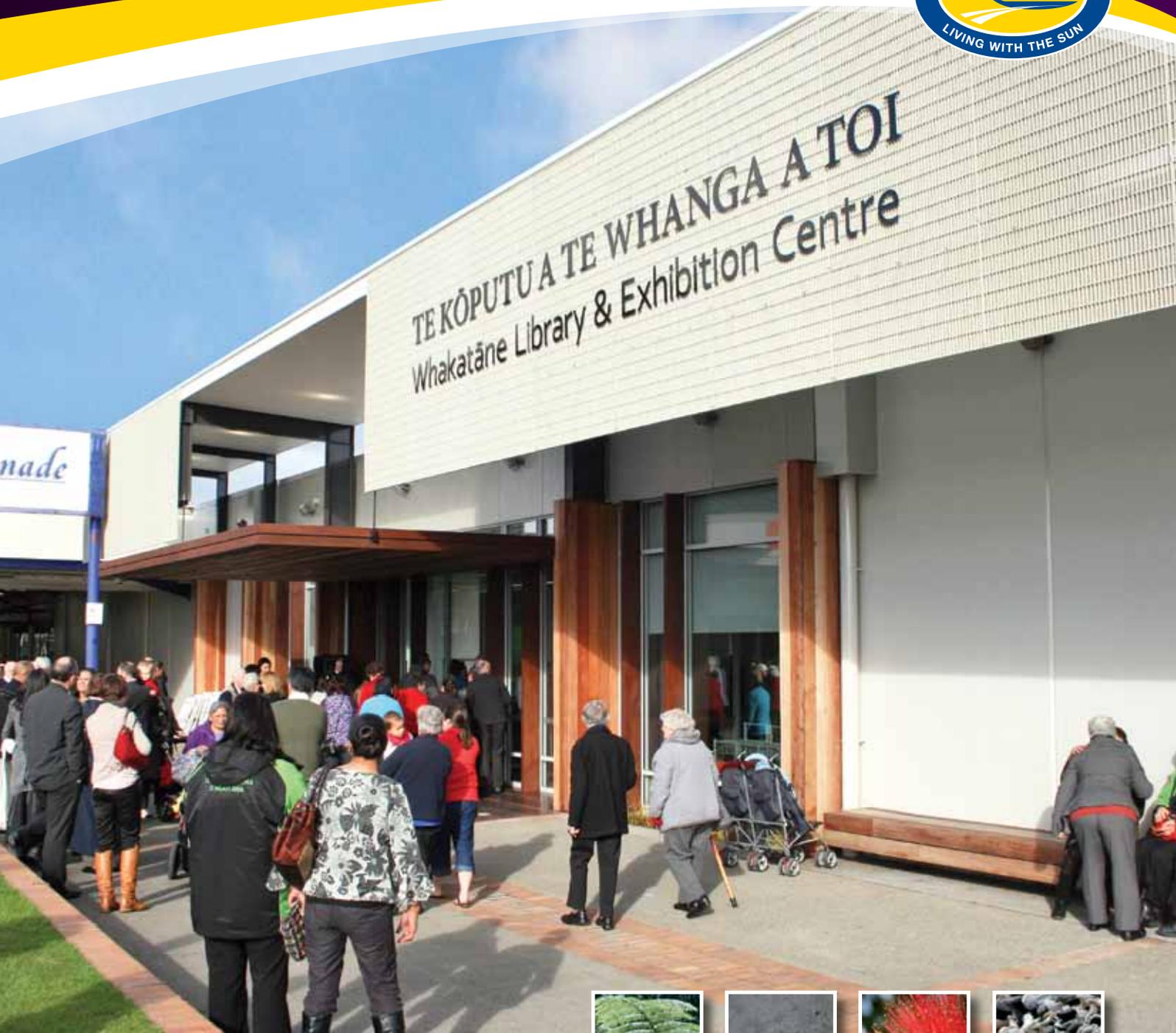


Whakatāne District Council Annual Report 2011/12

Rīpoata – ā – Tau



A year in Numbers

2	Vehicle mounted tsunami warning systems now ready for action in the District
4	The total number of hours that the Whakatane River bar had restricted access in the 2011-12 summer
5	The ranking of our website out of the 78 Councils throughout NZ
10	Video adverts created by our Youth Council for a responsible attitude towards alcohol with funding from Ministry of Youth Development
28	June opening date of the new library and exhibition centre Te Kōputu a Te Whanga a Toi
30	Programmes delivered for road safety and active transport
40	Percent of Council's income from sources other than rates
57	Fewer truckloads of waste to landfill because of increased reprocessing and recycling
86	Percent of non-financial performance targets either achieved or within 5%
166	Capital projects completed or progressed to improve or maintain the quality of service we deliver
584	Building consents issued during the 2011/12 year
903	Km of roading throughout the District, which remains our most expensive asset to maintain
4,000	The number of books issued in the first 5 days operation of the new library
12,300	Household and businesses supplied with water from a Council scheme
68,000	Customers visited the i-SITE visitor information centre during the year.
75,000	Phone calls received by the customer services team
225,000	The dollar amount of grants distributed to community groups and voluntary organisations
459,216	Whakatane Beacon photographic negatives generously donated to the Museum by the Spring Family
1,990,000	The year-end dollar surplus position achieved in spite of needing to accommodate unexpected costs
20,390,000	The dollar amount spent on capital projects during the past year
56,600,000	The dollar cost of delivering our many services over the past year
670,000,000	The 2012 dollar value of the assets that we manage on behalf of the community

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MESSAGE FROM THE MAYOR AND COUNCILLORS

Mihi

Nau mai, tomo mai. whakatau tau mai ra ki tēnei Te Ripoata-a-Tau 2011-2012. He mihi maioha, he mihi kōkōtangiwai ki ngā mahi nui, ki ngā mahi whāiti, kua tatū rawa i roto i te tau kua pahure ake nei. Ara, kua hāngai pū te otinga o ngā mahi whānui, tērā, kua rangona ngā painga o ngā ratonga.

Kua tutuki te Ara Poutama mo ngā tau tekau e tū mai. Kua whakatinanatia ngā reiti, kua puta ngā hua hei oranga mo te rohe o Whakatāne. Kua whakatuwheratia Te Kōputu a te whanga a Toi. Ka mihi ki nga roopu, kua pau nei i o rātau kaha kit e hiki ake i te mana o te rohe whānui ki te taumata. Kua rite ngā whekapaungā pūtea, kua horahia ngā ratonga ki te iwi.

Nā te mahi tahi kua e a tēnei tau.

Welcome to this Annual Report which informs us of the Councils performance and achievements for the past financial year. A warm greeting to all and a special acknowledgement to those involved in the projects and work that has been achieved over the year. The past year has been a successful one in terms of achieving objectives and outcomes and delivering quality services.

One of our major achievements has been developing the Long Term Plan for the next ten years. Together with our rating policy, this seeks to ensure that access to quality services and the costs of those services are distributed fairly across the District. We also celebrated the opening of the new Library and Exhibition Centre Te Kōputu a te whanga a Toi. The Council would like to express sincere gratitude to all organisations and groups that have also taken the lead this year to fulfil aspirations for their communities. We consider that the past year has been a successful one, both in terms of achieving the budgets, and in terms of the performance of our services.

Through working together as community our aspirations have been achieved.

Welcome to the Whakatāne District Council's Annual Report for 2011/12

The Annual Report is our score card, telling you how we performed in the past year. It is also an opportunity to celebrate the things the Council has achieved in partnership with the community.

Overall, we are pleased to report that our performance, both financial and non-financial, has improved markedly.

As a result of careful management of our operating and project spending, we finished the year in a positive financial position, achieving a total operating surplus of \$1.99 million. This was a particularly satisfying outcome because we faced a number of unanticipated costs which had to be accommodated within our available budget. These included the cost of storm damage to the roading network; and the need to write-off rates debts from previous years, which a change in legislation meant were no longer collectable. In the past year, we also recorded a rating surplus of close to \$800,000, which can be used to reduce future rate requirements.

In terms of our non-financial performance, 86% of our targets were either achieved, or within 5% of the outcomes sought. That compares to 80% for the previous year and indicates that we are moving in the right direction. We are committed to building on that improved performance in the coming years.

Our programme of capital work - projects undertaken to maintain and improve the services we deliver - is also tracking well. Compared to the previous year, a greater proportion of projects were completed or on schedule. This means fewer project budgets have had to be carried forward into the current (2012/13) year. We have also taken a fresh look at some 'big ticket' capital projects, including wastewater and stormwater projects in Matatā and stormwater improvements in Edgecumbe. Our focus is to ensure that every project we are planning will provide the most appropriate and affordable solution. Those reviews resulted in decisions not to proceed with several projects and to instead look for more affordable solutions.

We have renewed efforts to connect, communicate and build partnerships with our community. At both a political and operational level, we have been working hard to gain a better understanding of the issues which are of concern to communities throughout the District. In part, this is to help us deliver the services and projects that you need. It is also about looking for opportunities to work in partnership, acknowledging that the passion and knowledge people have about their communities can provide opportunities to deliver better or more efficient services.

Our key highlights

During the year, the Council delivered a wide range of services and projects. We would like to share some of our personal highlights.

The development of the 2012/22 Long Term Plan was a significant project in many ways. The plan sets out the Council's priorities and work programme for the next ten years and as part of the project, we developed a financial strategy that focuses on capping rates and debt.

We also undertook a major review of our rating system. That resulted in a change to a more balanced approach which considers rates affordability alongside our historical 'user-pays' approach.

We were all very proud to be involved in the opening of the new library and exhibition centre, Te Kōputu a te whanga a Toi, on 28 June 2012. The completion of this project follows many years of planning, fundraising and hard work.

We would also like to acknowledge the progress made on a number of community initiatives, including the CReW recycling shop, the Edgecumbe Bluelight Skatepark and EDIT Edgecumbe Town beautification projects. These are all great examples of community groups taking a leading role in projects which enhance the wellbeing of their towns.

A number of changes have been made to the organisation over the past year. The Council has taken over the management of number of functions which had previously been handled externally. In November 2011, the marketing and events management functions which had been undertaken by ToiEDA were transferred back to the Council - part of a process to develop an increased in-house economic development focus and capacity. The management of the Whakatāne Aquatic Centre has also returned to the Council from Total Leisure Concepts.

Since the appointment of Chief Executive Marty Grenfell in September 2011, a number of internal improvement initiatives have been undertaken. These have focused on improving the way the organisation interacts, communicates and acknowledges its challenges and successes, with aim of instilling a culture of superior performance.

Thank you to everyone for their hard work and contributions during the year. We are proud of our achievements during the year, not just the highlights, but also the continued delivery of the services that we all rely on every day. The District faces ongoing challenges, but we believe we are well placed to work with our community to find appropriate solutions and maintain our positive momentum.

We would like to take this opportunity to acknowledge former Chief Executive Diane Turner for her significant contribution to the District over the past 25 years including five years as Chief Executive.

Signed on behalf of Council elected members:



Tony Bonne
Mayor
31 October 2012

OUR VISION

To be known as the place of choice for people to live, work and play

In achieving our vision:

- our community will be safe and surrounded by people who are friendly and caring
- businesses will be thriving
- there will be respect for, and pride in our history
- we will be successful guardians of our natural environment

OUR PURPOSE

To lead the Whakatāne District to sustainable economic, social, environmental and cultural wellbeing

As a District Council we will achieve this through:

- good governance, leadership and advocacy
- integrated long term planning
- effective and reliable community infrastructure
- outstanding service delivery



Great Services, Excellent delivery

OUR ROLE

Delivering a range of essential services, lifestyle opportunities and experiences to our community

When you drive along Galatea road, park on the Strand, stroll down the Warren Cole walkway, visit Te Kōputu library and exhibition centre, use a boat ramp, playground or park, have your rubbish collected, turn on a tap or flush your toilet, you are probably using Council services. And that's just a snapshot of the activities the Council undertakes on the community's behalf.

In the last year, we have been involved in 34 different activities, ranging from governance to roading; stormwater and water supply systems to dealing with solid waste; handling resource and building consents to animal control and liquor licensing; museum and gallery operations to pensioner housing; providing sportsfields and public halls to visitor information services; and much more.

On behalf of the community we managed \$670 million worth of community assets and completed or made progress on 166 separate projects. Almost everything we do makes an important contribution to our lifestyles, providing not just the essential services we rely on every day, but opportunities for recreation and access to the experiences which make the Whakatāne District a great place to live, work and play.

We also provide community leadership. Good governance means listening and responding to community needs; dealing with the many issues that affect our District; planning for civil defence emergencies; and making plans and good long-term decisions to protect and enhance the future wellbeing of our District.

Many of the things we do are guided by legislation, but we do have a considerable degree of flexibility in deciding what activities we will undertake and how we will undertake them. Every local authority must respond to the particular issues which confront it and that is why there are considerable differences in the range of activities and services that different councils provide. Ours is a diverse District made up of relatively small communities which each have their own issues and priorities. That sometimes requires the Council to respond to issues at a local level, while at other times, our services are for the benefit of the District as a whole.

In meeting the needs of our communities, we endeavour to find effective solutions and deliver them in the most economical way possible. This Annual Report details the many services, activities and projects we have undertaken in the 2011/12 year and sets out what they have cost.

OUR DIRECTION

Our vision for the District is actioned through key strategies and plans

Our vision for the District is set out through our community outcomes. These are high level goals for the social, economic, environmental and cultural wellbeing of the District. The community outcomes that guided our decision-making, planning and priorities in the 2011/12 year are set out over the page. As noted, these have recently been reviewed and updated.

A number of key strategies and plans sit below the community outcomes. These outline the specific priorities and steps we are taking as we work towards achieving our goals.

These include:

- Long Term Plan
- District Plan
- Asset Management Plans
- Whakatāne Town Vision
- Urban Growth Strategy (Whakatāne and Ōhope)
- Community Strategy
- Sustainability Strategy
- Waste Management and Minimisation Plan

These, and other strategies and plans, are available from Council offices and on our website: www.whakatane.govt.nz

COMMUNITY OUTCOMES

as at 30 June 2012

The nine community outcomes which guided our decision making, planning and priorities in the 2011/12 year are set out on this page. These provide goals for the whole community. The Council is just one of many agencies, organisations and groups working towards their achievement.

Throughout this Annual Report you will see references to these community outcomes to provide an indication of how we are making a contribution towards them.

The 2011/12 year was the last year in which these specific community outcomes applied. This is because they have been reviewed as part of the development of our Long Term Plan 2012-22. The new community outcomes came into effect on 1 July 2012.

The Long Term Plan, which includes our new community outcomes, is available from Council offices and on our website.



CLEAN PROTECTED ENVIRONMENT

Goals

- The environment is clean and natural resources are protected and conserved
- The community is educated and involved in environmental care
- Natural and cultural heritage places are recognised and protected
- Waste is well managed.



ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT

Goals

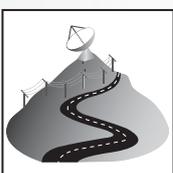
- Development is planned, managed and controlled sustainably
- Economic growth is balanced with cultural, social and environmental responsibility
- Environmental laws are actively enforced
- Sustainable energy use is encouraged
- There is a sense of pride and enjoyment about how attractive the district is.



PROSPEROUS ECONOMY

Goals

- The economy is prosperous in both urban and rural areas
- Business builds on the district's assets to support the economy
- Māori economic development is supported
- New businesses are attracted to the area and all businesses are encouraged
- Employment opportunities are available for all.



HIGH-QUALITY AFFORDABLE INFRASTRUCTURE

Goals

- High quality affordable infrastructure supports growth (e.g. transport, water, energy, waste)
- Transport links to the district are maintained and enhanced
- Roothing is safe, convenient, and appropriate to all users
- People, infrastructure and the environment are protected from natural disasters
- Improvements in communication technology are available throughout the district (e.g. Mobile coverage and fast internet access).



EDUCATION AND
TRAINING
OPPORTUNITIES FOR ALL

Goals

- Affordable quality education and training accessible to all
- Education and training supports economic growth
- Participation in education is encouraged and supported, especially for youth
- Education values and promotes cultural heritage.



STRONG,
TRANSPARENT AND
OPEN LEADERSHIP

Goals

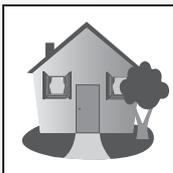
- Leaders are visible, strong, have a clear vision and listen to all sectors of the community
- Decision making processes are transparent, open and inclusive
- Council, the community and Māori work in partnership
- Council costs are appropriate for the services provided.



SAFE CARING
COMMUNITY

Goals

- Communities help themselves and care about each other
- Drug, alcohol and gambling abuse is diminished
- Homes and neighbourhoods are free from fear of violence or crime
- Youth development is supported and youth gain from and contribute to our community.



HEALTHY PEOPLE AND
QUALITY HOUSING

Goals

- Affordable, quality housing is available for all
- Initiatives are in place to encourage self sufficiency in housing
- Quality primary and secondary health care and facilities accessible to all
- Information and support for preventative health issues is made available to all
- Appropriate support is available for disadvantaged, disabled and those in need.



DIVERSE, CREATIVE AND
ACTIVE COMMUNITY

Goals

- Facilities and venues are in place to accommodate a wide range of activities for all
- Activities and events support and celebrate culture, creativity and recreation
- Parks, reserves and recreational facilities are enhanced and increased
- Māori culture is valued, celebrated, promoted and protected
- Diversity is valued and different cultures, genders and ages are respected
- All forms of art are catered for.

COUNCIL STRUCTURE

MAYOR AND COUNCILLORS

The Whakatāne District Council consists of the Mayor, elected by the District at large, and ten Councillors, elected from four wards. The wards include: Rangitāiki; Galatea-Murupara; Tāneatua-Waimana; and Whakatāne-Ōhope. The Mayor and Councillors have been elected to govern, make decisions and manage the interests of our District on behalf of everyone who lives here.

COMMUNITY BOARDS

Supporting our Council, we have five Community Boards covering the whole District. Each Board has six members elected from within the community and one appointed Councillor from the same area. Community Boards provide a link between the Council and the Community. Our Community Boards are: Rangitāiki; Tāneatua; Whakatāne; Ōhope Beach; and Murupara. A list of our Community Board members as at 30 June 2012 is available in the appendices at the end of this Annual Report.

COMMITTEES AND ADVISORY BOARDS

The Council has established committees and advisory boards to look at specific issues and areas of work. These committees and boards make recommendations for consideration and approval by full Council, but are also delegated the power to make some decisions. A list of the membership on committees and advisory boards as at 30 June 2012 is available in the appendices at the end of this Annual Report.

IWI LIAISON COMMITTEE

The Iwi Liaison Committee (ILC) consists of representatives from across the District. The Committee provides a Māori world view to decision-making with the following contexts: mana atua – spiritual dimension; mana tipuna – ancestral dimension; mana whenua – land dimension, landmarks of cultural and/or historical importance; mana tangata – community (social) input at waka, hapu and iwi levels. The relationship between the ILC and the Council is guided by a Tutohinga (Memorandum of Understanding) updated and signed in March 2011. The essence of this document is to formalise the commitment of both parties to work together in good faith and gain an understanding, acceptance and respect for one another's needs. A list of our Iwi Liaison Committee members as at 30 June 2012 is available in the appendices at the end of this Annual Report.

YOUTH COUNCIL

The Whakatāne District Youth Council currently consists of 21 young people aged from 12 to 24. Its role is to work on youth-related projects and provide the Council with a youth perspective. The Youth Council consists of members from across the District and includes a mix of age, ethnicity and gender. Members are appointed to the Youth Council each calendar year, to coincide with the school year. The current Youth Council was appointed early in 2012 from the 42 nominations received. A list of our Youth Council members for the 2011 and 2012 years is available in the appendices at the end of this Annual Report.

CHIEF EXECUTIVE AND STAFF

The Mayor and Councillors appoint a Chief Executive (CE) to lead the Council's administration and operations and to fulfil the direction set by Council. The CE is in turn responsible for the approximately 176 staff employed by the Whakatāne District Council. In the 2011/12 year the Council appointed new CE Marty Grenfell.

The wide range of services delivered by the Council means the organisation structure has five departments, each lead by a General Manager. These departments have reviewed during the year under the leadership of the new CE. The five new departments are:

- Strategy and Planning
- Infrastructure
- Community and Economic Development
- Finance
- Human Resources

More information about the structure of the organisation and employment policies, can be found in the appendices at the end of this Annual Report.

For more information about the Council organisation and structure over the past year, see the appendices at the end of this Annual Report

- Council Political Structure
- Membership of Community Boards
- Membership of Standing Committees
- Membership of the Youth Council
- Council Organisational Structure
- Employment Policies and Information

YOUR COUNCIL as at 30 June 2012



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COUNCILLOR

David Dowd

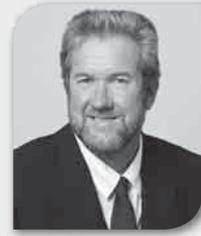
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Tāneatua-Waimana Ward

Galatea - Murupara Ward



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MAKING DECISIONS

WE ARE HERE TO LOOK AFTER YOUR INTERESTS

The Whakatāne District Council is your Council. We are here to look after your interests and try to develop a District in which we all want to live, work and play. Like you, we are ratepayers and members of this community and care about it's wellbeing.

A big part of our role is to make decisions on behalf of the community. Some decisions are minor - like agreeing to install a new drinking fountain - while others are more significant, like deciding to develop a new library and exhibition centre. Each year we make dozens of decisions that affect different people in different ways. Often when making these decisions, we have to consider and balance competing interests from different sectors of our community.

This can be a challenging process, but we work hard to make decisions that are in the best interests of the whole District.

WE HAVE MADE SOME IMPORTANT DECISIONS OVER THIS PAST YEAR

The Council, Committees and Advisory Boards meet regularly throughout the year to advise staff and make decisions. Examples of some key decisions that have been made through the year are:

- Deciding our priorities, work programme and budget for the next ten years as part of the Long Term Plan.
- Guiding the development of land-use provisions within the District Plan, such as areas for residential expansion, biodiversity and protecting our environment for future generations.
- Reviewing how we allocate rates and how the different services we provide are paid for. This has included a shift away from a strong user-pays philosophy towards a more balanced approach focussing on affordability.
- Reviewing the business case and justification for some of our planned major capital works resulting in the decision to discontinue a debris detention structure and a full sewerage reticulation system in Matatā.

If you are interested in following the decisions that our Council and Committees make, you are welcome to attend and observe meetings. Meeting agendas are publicly available before each meeting. You can get a copy from Council offices and libraries or from our website: www.whakatane.govt.nz.

A NUMBER OF RULES AND POLICIES INFORM OUR DECISION MAKING PROCESS

The Council makes many decisions over the course of the year and it is important that we follow the proper process and rules. All councils are guided by legislation when making decisions. This includes the Local Government Act (2002), the Local Government Official Information and Meetings Act (1987), the Resource Management Act (1991) and other Acts of Parliament. Some key guiding documents specific to our Council include:

Local Governance Statement: This is a collection of information about how the Council makes decisions, and how citizens can influence that process. It provides the public with an overview on how to engage in local democratic processes.

Significance Policy: This policy guides the Council in determining how significant a proposal or decision is likely to be. This helps us to direct the appropriate level of attention, consideration and consultation to matters, based on their level of importance to the District.

Consultation Policy: This provides guidance to the Council in terms of whether we will consult on a decision or proposal, how we will consult and to what extent.

Delegations Register: While many decisions are considered by the full Council, a number of other decision making responsibilities are delegated to the Committees, Advisory Boards, the Chief Executive and in some cases staff members. The Delegations Register outlines these responsibilities.

Copies of these documents are available from Council offices or on our website: www.whakatane.govt.nz.

WE SUPPORT AND ENCOURAGE MĀORI TO CONTRIBUTE TO DECISION MAKING

The Local Government Act 2002 requires us to outline the steps we take to foster the development of Māori capacity to contribute to decision-making.

We acknowledge the special place of Māori in the history of the Whakatāne District. Our committee structure and processes for decision-making include specific provisions for Māori to participate.

Input into Council Strategies, Plans and Policies

Over the 2011/12 year the Iwi Liaison Committee (ILC) met ten times for formal meetings and on other occasions for informal meetings and forums. The ILC continued to have input into Council policies, plans and strategies through this process.

As well as approaching the ILC for advice, we also consulted directly with Tangata Whenua on a number of issues. For example, a number of consultation hui were conducted with Tangata Whenua to seek feedback on District Plan issues such as papakainga housing, biodiversity protection and coastal protection provisions. Iwi were also approached and asked if they wanted specific Marae-based hui for the Long Term Plan consultation process.

Distribution of discretionary funds

The ILC Discretionary Fund provides financial assistance to support, promote, encourage and celebrate Māori culture and language in the Whakatāne District. Any community group or voluntary organisation based in the Whakatāne District can apply for a grant from the fund.

This year the ILC used this fund to support a number of Māori sporting events, attendance at Kapa Haka nationals and conference attendance.

Fostering the capacity of ILC

In August 2011, ILC took up the opportunity to attend a workshop on 'Effective Meetings for Iwi Committee's and Iwi Representatives'. The purpose of this workshop was to enhance the understanding of meeting processes, procedures and tactics, and to develop the skills, knowledge and confidence to make meetings more effective.

In June 2012, ILC representatives attended a joint hui with their equivalent committee representatives from Tauranga and the Western Bay of Plenty. This was the first of such hui and covered topics such as their respective committee structures, Te Reo translation services, levels of voting by Māori, and level of influence on Council decisions by the committee.

This successful meeting was seen as the beginning of a long-term relationship within this group. An invitation was extended to the group to meet at Whakatāne at some stage in the future.

Council meeting held on Marae

The Council held its November 2011 meeting in the Mātaatua Whareni Te Mānuka Tūtahi Marae. This was the first time that a Council meeting had been held on a marae. A pohiri was held and an explanation of the history of the Mātaatua Whareni was given before the meeting. The Council thanked Te Runanga o Ngāti Awa for their generosity in hosting the Council and complimented the Runanga on the magnificent restoration of the Whareni.

*Keeping in touch with you –
our residents and ratepayers*

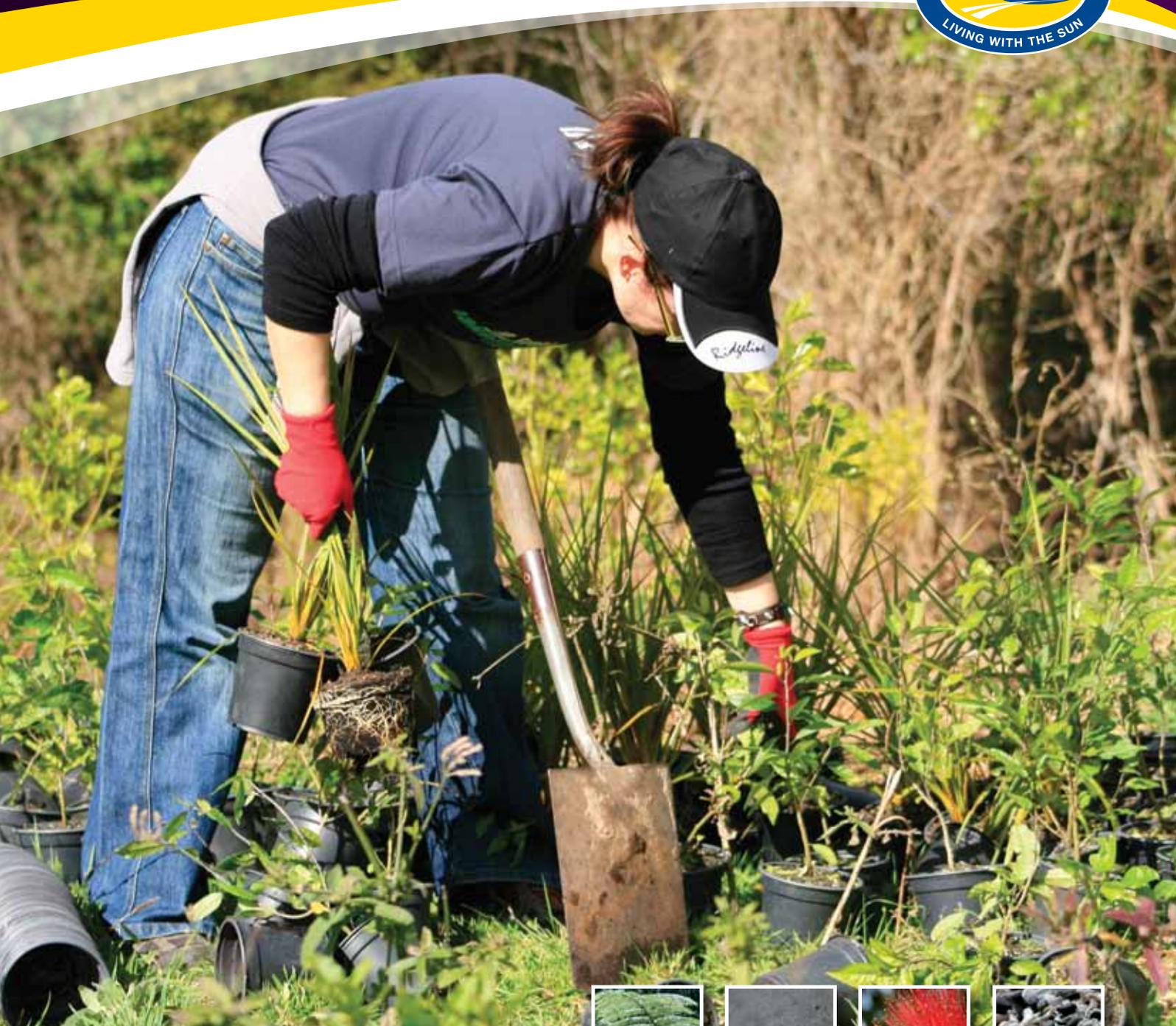
We take steps to keep you 'in the loop' about our projects, services and major decisions. You can find information on our website and facebook page or in our monthly newsletter "Ko Konei" which is published in the Bay Weekend on the first Saturday of each month.

You should also feel free to contact elected members or staff at the Council if you need more information.



A Year in Review

Te Arotake o te Tau



2011/12 A Year in Review

The following pages provide an overview of services and projects we delivered over the past year and what it cost to deliver them. More detailed information can be found in the “Our Work in Detail” chapter of this Annual Report.

Over the past year we have delivered a wide range of essential services, managed \$670 million worth of community assets and made progress on numerous improvement initiatives.

The work we have completed over the course of the past year has in part been about continuing to run the District as efficiently as possible, but it is also about moving our District forward to keep improving our lifestyle opportunities and the quality of life for our community.



WE FINISHED THE YEAR IN A POSITIVE FINANCIAL POSITION

We finished the 2011/12 financial year with an operating surplus. While we did not quite achieve the level of surplus budgeted, our year end result is particularly positive as a number of unplanned expenses had to be accommodated within existing budgets.

This included a debt write-off for statute-barred rates, which resulted from writing off multiple years of debt for rates which are no longer collectable (largely related to unoccupied Māori land). We also managed to accommodate the costs of storm damage to the roading network within our existing budget.

The Annual Plan anticipated that we would finish the year with an operating surplus - a measure of all cash and non-cash parameters, of \$3.105 million. We finished the year with an operating surplus of \$1.990 million. The graph below (figure 1) shows our year end financial position, compared to the result for the previous two financial years.

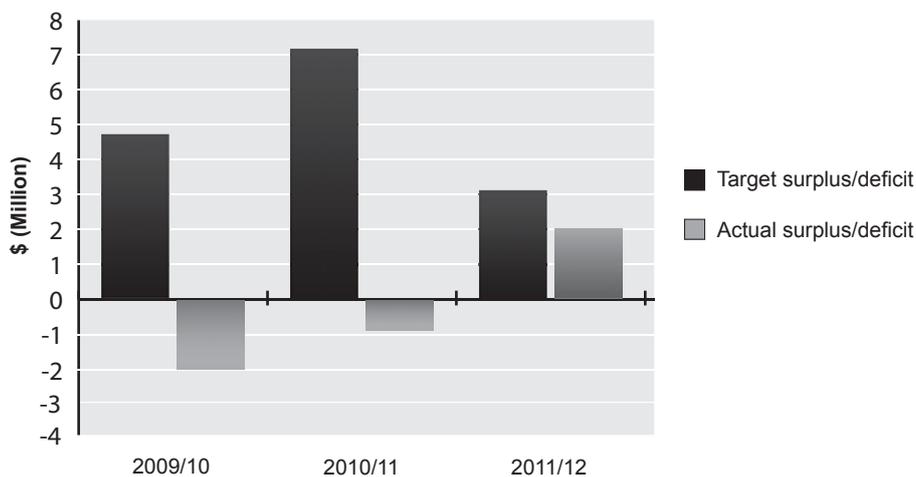
The table across the page (figure 2) shows our total financial performance for the year compared to budget.

WE ACHIEVED A RATING SURPLUS FOR THE YEAR

For the 2011/12 financial year, we reported a rating surplus of \$800,000. This has been achieved through careful management of spending during the financial year and re-prioritisation of projects to accommodate unanticipated costs that were incurred.

The rating surplus represents a turnaround from previous years where end of year funding deficit positions have been reported. This meant that additional rates were needed to be levied over the subsequent year (or years) to repay these deficits. The rating surplus will provide an opportunity to reduce potential rates increases in future years.

FIGURE 1: YEAR END SURPLUS OR DEFICIT POSITION 2009/10 - 2011/12



A NUMBER OF FACTORS CONTRIBUTED TO OUR OVERALL YEAR END RESULT

Compared to the Annual Plan, a number of costs reported either over or under budget, contributing to the overall financial result for the year. The major variances that contribute to our year end position are outlined below:

Subsidies: A favourable variance of \$671,000 against the Annual Plan. Additional subsidies were received from the New Zealand Transport Agency for storm damage related projects. This was offset by unrealised subsidies for Matatā and Edgcombe Wastewater projects, and for the Landfill project as these did not proceed.

Rates Income (excluding penalties and remissions): A favourable variance of \$496,000. Much of the gain related to additional revenue from metered water in the Whakatāne/Ōhope scheme, under the peak charge system. Peak charges have been discontinued from 1 July 2012.

Sundry Income: A favourable variance of \$1.10 million. A large portion of this variance relates to assets vested in the Council. A number of smaller variances included rates penalties and building inspection levies.

Overheads: A favourable variance of \$927,000 predominantly from cost savings on internal activities including Information Management, Finance and Executive Support.

Depreciation: A favourable variance of \$1.55 million predominantly from Transport Networks and Safety activities.

Direct Costs of delivering activities: An unfavourable variance of \$5.040 million against the Annual Plan. Information about our financial performance at an activity by activity level is available in the “Our Work in Detail” chapter of this Annual Report.

Development Contributions: An unfavourable variance of \$403,000, due to a lower than anticipated level of development during the year.

FIGURE 2: HIGH LEVEL FINANCIAL PERFORMANCE 2011/12

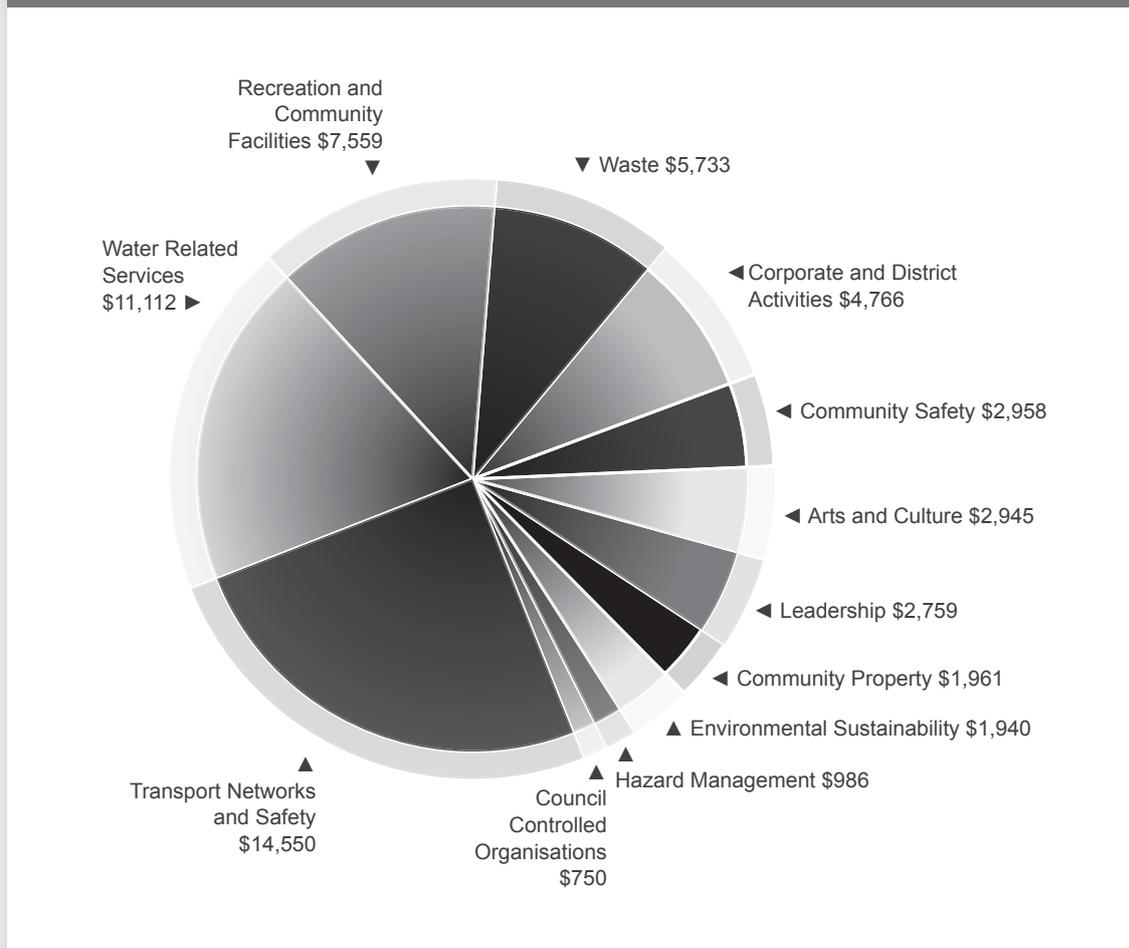
	Actual \$000	Budget \$000	Variance \$000
Total Revenue	60,009	56,301	3,708
Total Expenditure	58,020	53,196	(4,824)
Net cost: surplus / (deficit)	1,990	3,105	(1,114)
Capital Expenditure	\$20,390	\$20,640	(\$250)

* Revenue and expenditure in the table includes different reclassification from interdepartmental transfers compared to the Statement of Comprehensive Income

OUR BIGGEST AREAS OF EXPENDITURE CONTINUE TO BE TRANSPORT (ROADING) NETWORKS AND WATER, WASTEWATER AND STORMWATER SYSTEMS

The following graph (Figure 3) shows where operating expenditure was spent over the past year. This shows that the infrastructure based activities of Transport, Water, Wastewater and Stormwater continue to be our biggest area of expenditure. These activities made up just over 44% of our total operating expenditure during the past year. When we add Recreation and Community Facilities to this mix, this accounts for 57% of our operating expenditure. In fact, almost all the services that we deliver are identified within legislation as core services or are services that we are mandated to undertake by law.

FIGURE 3: OPERATIONAL EXPENDITURE BY ACTIVITY GROUP 2011/12



WE RECEIVED MORE INCOME FOR OUR ACTIVITIES THAN WE SPENT OPERATING OUR ACTIVITIES

Figure 4 below provides an overview of our operational expenditure and income at a group of activity level. To see what proportion of this income came from rates, refer to Figure 6 over the following page. More information about the performance of our specific activities can be found in the “Our Work in Detail” Chapter of this Annual Report.

FIGURE 4: FINANCIAL PERFORMANCE BY ACTIVITY GROUP 2011/12

Group of Activities	Actual Expenditure \$000*	Actual Revenue \$000*	Actual Net Cost / (Surplus) \$000	Budget Net Cost / (Surplus) \$000
Corporate and District Activities	4,766	5,639	(873)	(4,047)**
Leadership	2,759	3,048	(289)	(6)
Transport Networks and Safety	14,550	15,708	(1,158)	3,655
Water Related Services	11,112	9,067	2,045	(804)
Waste	5,733	6,321	(588)	(1,236)
Environmental Sustainability	1,940	1,577	363	562
Community Safety	2,958	3,277	(319)	(250)
Arts and Culture	2,945	3,962	(1,016)	(935)
Community Property	1,961	1,262	699	445
Recreation and Community Facilities	7,559	8,130	(572)	(563)
Hazard Management	986	1,421	(436)	(22)
Council Controlled Organisations***	750	595	156	97
Operational Cost/(Surplus) of Service Delivery	58,020	60,009	(1,990)	(3,104)
Gain on Asset Revaluation	0	1,874	(1,874)	(14,726)
Total Council Deficit/(Surplus)	58,020	61,883	(3,864)	(17,830)

* Revenue and expenditure in the table includes different reclassification from interdepartmental transfers (\$1.251 million) compared to the Statement of Comprehensive Income.

** Budget differs from Corporate & District Activity table as budget for vested assets & gain on investment property is not included in the activity table.

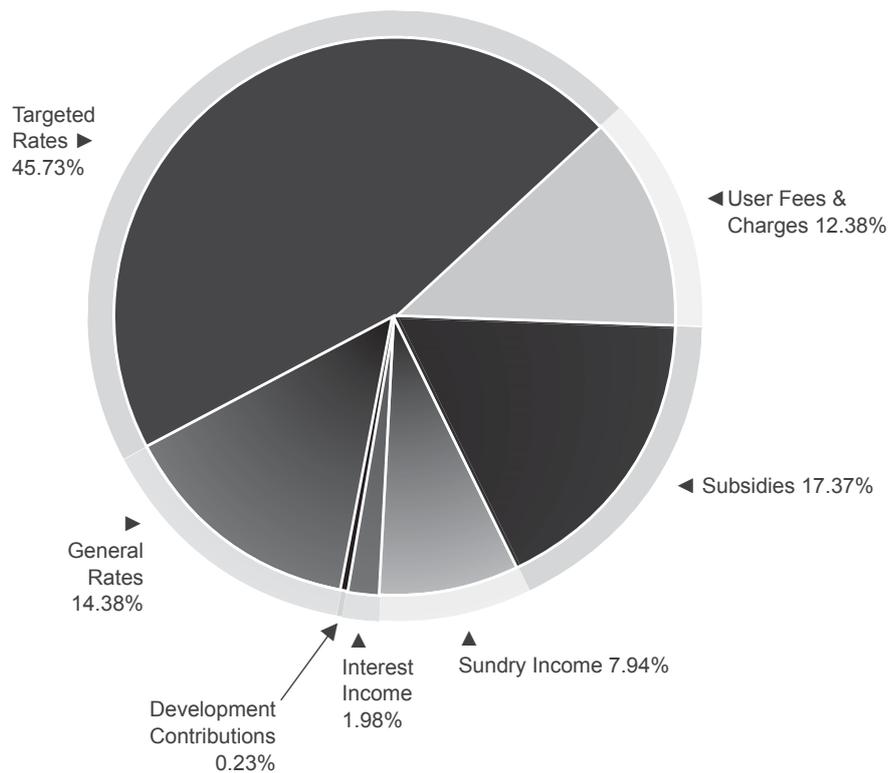
*** Figures for Council Controlled Organisations have been sourced from the entities' audited Financial Statements (Council share)

APPROXIMATELY 60% OF OUR INCOME CAME FROM RATES WITH 40% COMING FROM OTHER SOURCES

The graph below (Figure 5) shows where revenue came from in the 2011/12 year. This shows that rates formed 60% of the Council's income, making a major contribution towards the services and projects which keep our District running.

We work hard to secure funding from other places, but rates is our largest and most stable source of income. Examples of other major funding sources over the past year included fees and charges, the New Zealand Transport Agency subsidy for roading related projects, the Ministry of Health subsidy for water-related projects and the Lotteries Commission grant and local sponsorship for the Library and Exhibition Centre. Because of this external funding, for every \$10 that we received from ratepayers, we delivered \$16.40 worth of services in the 2011/12 year.

FIGURE 5: SOURCES OF OPERATING REVENUE 2011/12



THE AVERAGE HOUSEHOLD PAYS \$44 PER WEEK FOR COUNCIL SERVICES AND FACILITIES

The table below (Figure 6) shows the income from each of our Groups of Activities and the amount of this cost that was funded by rates. This shows that some of our activities are almost entirely funded by rates while others receive substantial funding from other sources.

FIGURE 6: RATES CONTRIBUTION TOWARDS OPERATIONAL EXPENDITURE 2011/12

Group of Activities	Actual Revenue (Total) \$000	Actual Revenue (Rates) \$000	Rate Income Per Average Property* \$	Rate Income Per Property Per Average Week* \$
Corporate and District Activities	5,639	1,081	69.16	1.33
Leadership	3,048	2,746	175.62	3.38
Transport Networks and Safety	15,708	6,863	438.95	8.44
Water Related Services	9,067	8,492	543.12	10.44
Waste	6,321	4,345	277.90	5.34
Environmental Sustainability	1,577	1,067	68.22	1.31
Community Safety	3,277	1,024	65.49	1.26
Arts and Culture	3,962	2,827	180.84	3.48
Community Property	1,262	426	27.26	0.52
Recreation and Community Facilities	8,130	5,147	329.19	6.33
Hazard Management	1,421	949	60.73	1.17
Council Controlled Organisations **	595	470	30.09	0.58
TOTAL	60,009	35,438	2,267	43.59

* Based on 15,635 rateable properties in the District as at 30 July 2012 and excluding penalties, write-offs and remissions.

** Figures for Council Controlled Organisations have been sourced from the entities' audited Financial Statements (Council share)

For every
\$10 we
received from
ratepayers
we delivered
over \$16
worth of
services

OUR CAPITAL EXPENDITURE PROGRAMME

While operating expenditure pays for the ongoing delivery of the services we provide every day, capital expenditure pays for buying or building new assets, renewing an existing asset, or improving an asset to deliver a better service. The following pages provide an overview of our capital expenditure programme for the 2011/12 year including how much we spent and whether we achieved what we set out to achieve.

It is important to remember that not all projects fit cleanly into one year. These pages report on a one year slice of our capital expenditure programme meaning we capture the portions of projects that fall into the 2011/12 financial year. Many of these projects span more than one year. The projects also vary in scale from a small project like installing some playground equipment through to an ongoing programme of road renewals worth more than two million dollars annually.

Detailed information on specific projects is available in the “Our work in detail” chapter of this Annual Report.

WE MADE PROGRESS ON 166 PROJECTS AT A COST OF \$20.39 MILLION

Our Annual Plan for the 2011/12 year included 140 capital projects that we intended to progress during the year with an expected total cost of \$20.64 million. The Annual Plan budgets are an indication only, made using the best information available at the time. Project costings and timing can change because of things like weather, the cost of materials or changes to the project following further investigations.

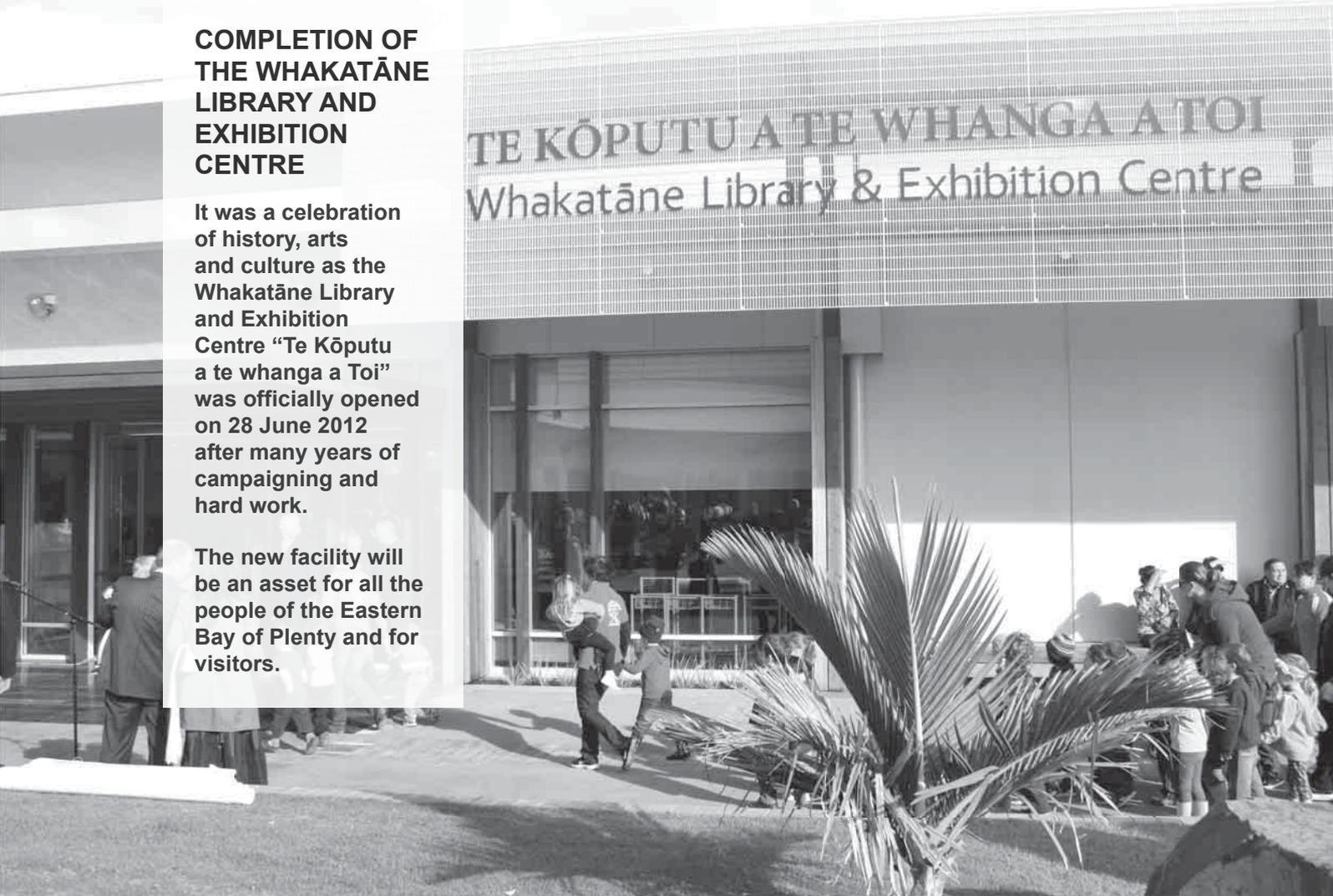
By the end of the 2011/12 year we made progress on 111 of the 140 projects planned for the year. We also made progress on a further 55 projects, including uncompleted projects that were carried forward from the previous year and some new projects that needed to be undertaken as a matter of urgency – for example road repairs caused by extreme weather events. Our total capital expenditure for the 2011/12 year was \$20.39 million.

COMPLETION OF THE WHAKATĀNE LIBRARY AND EXHIBITION CENTRE

It was a celebration of history, arts and culture as the Whakatāne Library and Exhibition Centre “Te Kōputu a te whanga a Toi” was officially opened on 28 June 2012 after many years of campaigning and hard work.

The new facility will be an asset for all the people of the Eastern Bay of Plenty and for visitors.

TE KŌPUTU A TE WHANGA A TOI
Whakatāne Library & Exhibition Centre



WE HAVE COMPLETED A NUMBER OF PROJECTS AND MADE GOOD PROGRESS ON OTHERS

Figure 7 below summarises the progress we have made on capital projects in 2011/12. Of the 140 scheduled in the Annual Plan for the 2011/12 year, 17 were cancelled as we found that they were no longer required. Of the remaining projects, 76% were either completed or on schedule (where they span multiple years) and 24% were either deferred to start at a later date or were behind schedule. Reasons for delays included adverse weather conditions and funding or resource consent delays. A number of the projects that were delayed, or did not start, will be carried forward to be progressed in the next financial year.

We also progressed an additional 55 projects that were not signalled in our Annual Plan including uncompleted projects that were carried forward from the previous year and some urgent new projects that arose during the year.

WE ARE TRACKING WELL AGAINST THE BUDGETS FOR OUR CAPITAL PROJECTS

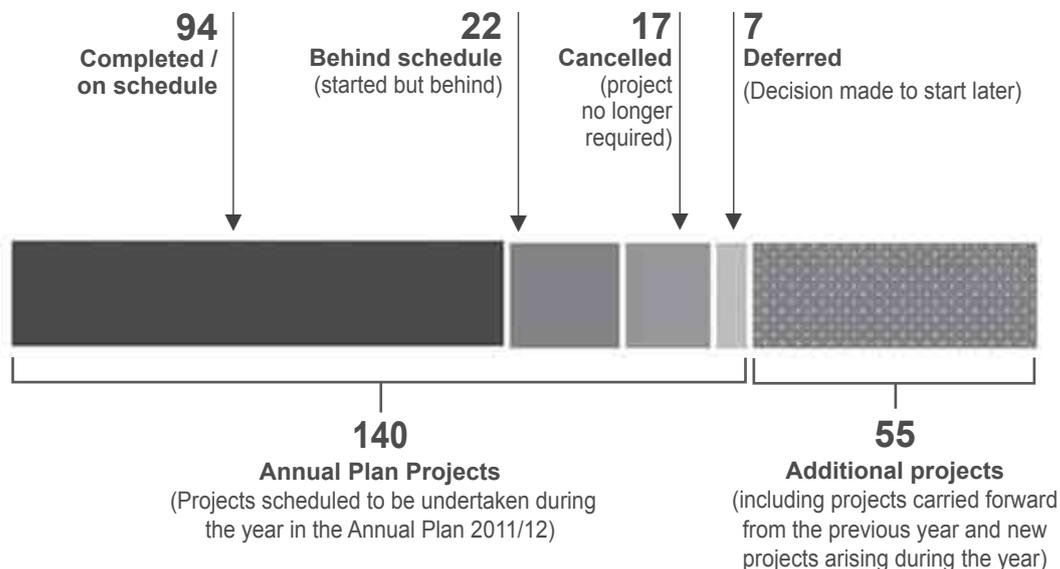
Of the 94 Annual Plan projects that were completed or on schedule, 86% finished the year either on or under budget. To consider a project on budget, it must perform within \$50,000 and 10% of its budget.

Of these 94 projects, 53% were completed under budget. A small number of these (5 projects) resulted from the scope of the project being reduced, however for the majority of projects this result related to cost savings compared to the budget.

Of the 14% of completed projects (13 of 94) which finished over budget, most were minor, but still meet the 10% overspent threshold. One of the larger cost overruns was the Library and Exhibition Centre project. This was completed at a cost of \$3.57 million against a budget of \$3.15 million. The additional costs that were incurred will be offset by some saving in other parts of the project and by expected sponsorship income.

All projects that did not make the expected level of progress during the year finished under budget. This is because those projects, or portions of the projects, were not entirely completed and therefore did not incur the full expected costs.

FIGURE 7: PROGRESS MADE ON CAPITAL PROJECTS 2011/12



SOME OF OUR CAPITAL EXPENDITURE IS FUNDED FROM LOANS

Much of our capital expenditure on new assets is funded from loans. This allows us to spread the costs over time, meaning that ratepayers of today and those in the future, are making a fair contribution towards the asset. The cost of repaying loans is included within the Council's operating expenditure. These costs are spread over the life of the asset. Council's total external borrowing as at 30 June 2012 was \$47.45 million compared to \$40.51 million in 2011. This is consistent with, or even favourable to many other Council's around New Zealand.

Another major funding source for capital expenditure is depreciation reserves. These reserves are built up for the purpose of renewing existing assets.

Wherever possible, we try to reduce the cost to ratepayers by securing subsidies, grants and sponsorship for projects before taking on any loans.

OUR BIGGEST AREAS OF CAPITAL EXPENDITURE CONTINUES TO BE TRANSPORT NETWORKS

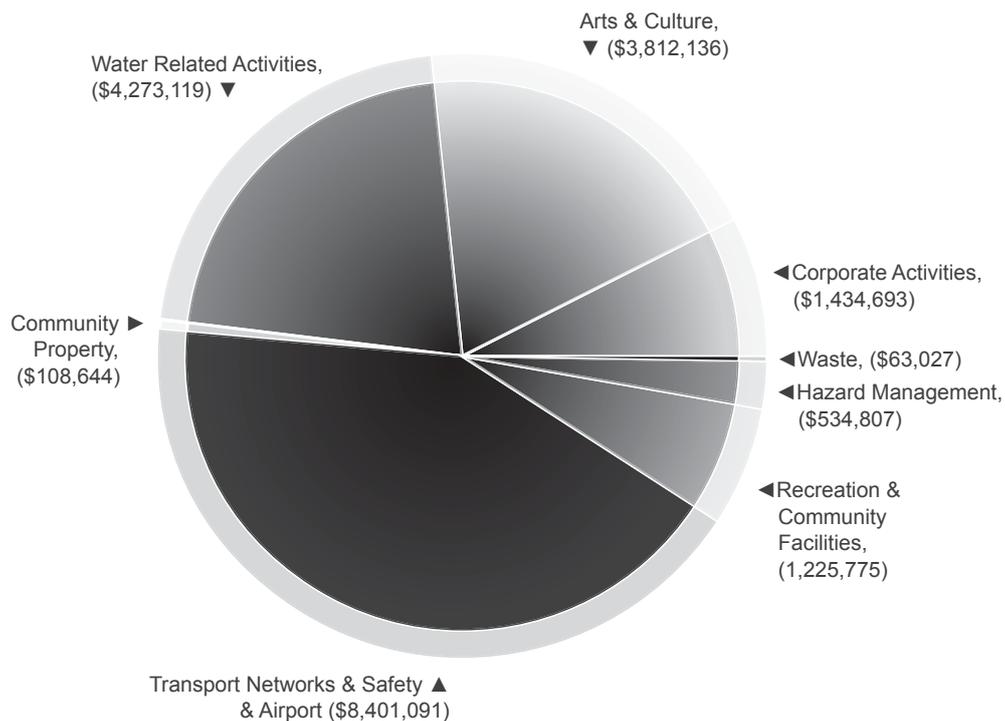
The following graph (figure 8) shows capital expenditure by group of activity over the past year. This shows that infrastructure continues to be our biggest area of expenditure.

Infrastructure includes the activities of Transport, Water, Wastewater and Stormwater Networks. Of the total \$20.39 million spent on capital projects in the 2011/12 year, these activities made up \$12.67 million or 62%.

The development of the new Library and Exhibition Centre within the Arts and Culture group of activities also comprised a notable portion of our total capital expenditure at \$3.57 million or 19%.

166 projects were completed or progressed at a cost of \$20.39 million

FIGURE 8: CAPITAL EXPENDITURE BY GROUP OF ACTIVITY 2011/12



BETTER PERFORMANCE, BUT THERE IS ROOM FOR IMPROVEMENT

FOR MOST OF OUR TARGETS WE ARE PERFORMING AT OR VERY NEAR TO THE LEVEL WE HAD INTENDED

Our performance framework outlines the level of service that we aim to provide to the community. This includes a series of performance targets for each service we deliver. Monitoring progress against these targets allows us to understand what we are doing well or where improvements are needed to our services.

We set out 97 performance targets for the 2011/12 year. Of these, five were no longer relevant or unable to be measured because the situation has changed from three years ago when the framework was set up. This leaves a total of 92 measurable targets.

The following graph (Figure 9) illustrates our performance against these targets. For most of our targets we are performing at or very near to the level that we had intended. Of the 92 measurable targets for the year, we achieved 67 (73%) and were within 5% of target for a further 12 (13%). This gives us confidence that we are doing what we said we would.

WE RECOGNISE THAT THERE ARE SOME AREAS THAT WE NEED TO IMPROVE

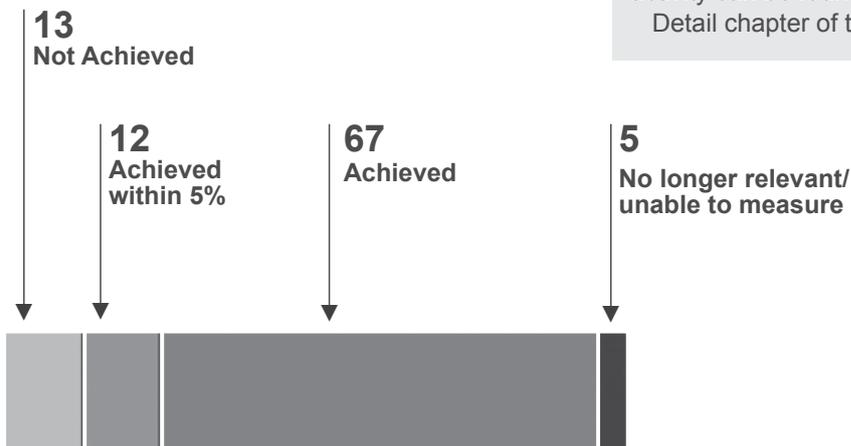
Our performance monitoring has identified 13 targets (14%) that were not achieved in the 2011/12 year. We have reviewed these targets and the services they involve to ensure we are still delivering a satisfactory service.

A number of the targets were not achieved due to one-off situations, which did not have a significant impact on the overall delivery of the services concerned. We will continue to monitor those services to ensure that future performance is maintained at the desired level.

Areas where we will try to provide an improved level of service include:

- Providing opportunities for Māori involvement in decision-making. We are planning to develop a Consultation with Māori Policy to specifically address this matter.
- The level of satisfaction with our stormwater systems has improved, but the community has indicated a desire for an increased level of protection. Projects have been included in our recent Long Term Plan to achieve this over the course of the next ten years.

FIGURE 9: PERFORMANCE AGAINST LEVEL OF SERVICE TARGETS 2011/12



More information about the specific performance targets and results for each activity can be found in the "Our Work in Detail" chapter of this Annual Report"

The level of satisfaction with the effectiveness of stormwater systems has improved hugely from the previous year

The average level of satisfaction with the building consent process increased from 62.0 to 75.3 out of 100

We increased our levels of waste reprocessing and recycling, meaning less waste to landfill by 1248 tonnes (around 57 truckloads)

We have made substantial improvements in the perception that Council makes **good long term decisions**

The percentage of people satisfied with the **quality of information** from the Visitor Information Centre was 89%

OUR PERFORMANCE TARGETS ARE BASED ON A RANGE OF TECHNICAL AND PERCEPTION-BASED MEASURES

Technical measures cover things like the proportion of waste that goes into the landfill (versus reprocessing or recycling) or the average working days for building consents.

Perceptions are measured by Council’s Residents Survey and are based on how satisfied people are with our services. This survey is undertaken annually so that we can get regular feedback on how our community rates our services and to identify any issues.

Survey respondents are asked to indicate their level of satisfaction with our services as a score out of 10. Figure 10 below illustrates this scale.

Results are compiled to illustrate the average level of satisfaction that survey respondents have given in response to each question. For example, the average score provided for satisfaction with the overall performance of Council was 6.66 out of 10 in 2012. Throughout this report these results are reported as scores out of 100 meaning the overall performance of Council scored 66.6. This compares to 65.4 in the previous year.

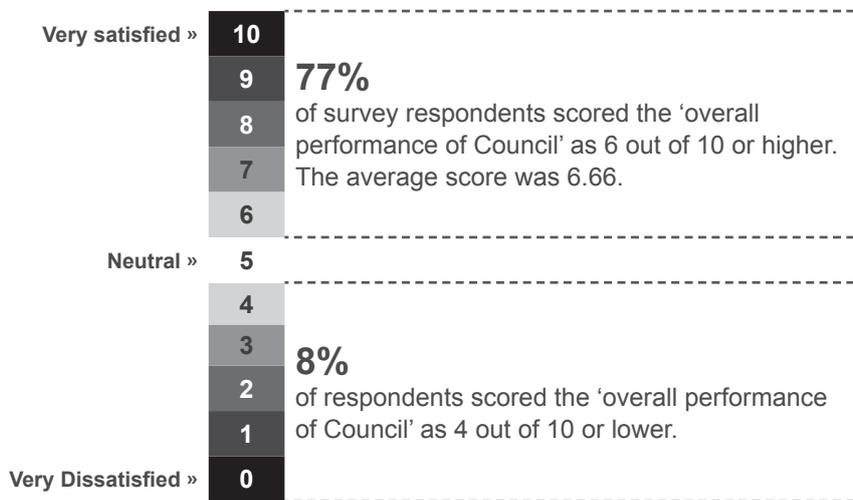
WE HAVE REVIEWED OUR PERFORMANCE FRAMEWORK - A NEW SET OF PERFORMANCE TARGETS ARE IN EFFECT FROM 1 JULY 2012

Our performance framework, including the targets we aim to achieve, is set every three years as part of the development of our Long Term Plan. The performance targets in this Annual Report were developed as part of the Long Term Council Community Plan 2009-19. This means the performance framework in this Annual Report is now three years old and a number of the measures are either no longer relevant, or no longer accurately reflect the service we intend to deliver to you.

Over the past year we have developed a new performance framework. Again this includes a mix of technical measures and perception based measures from our Residents Survey. This came into affect on 1 July 2012 as part of our Long Term Plan 2012-22. The new performance targets reflect the level/quality of service that we have agreed with the community through the Long Term Plan.

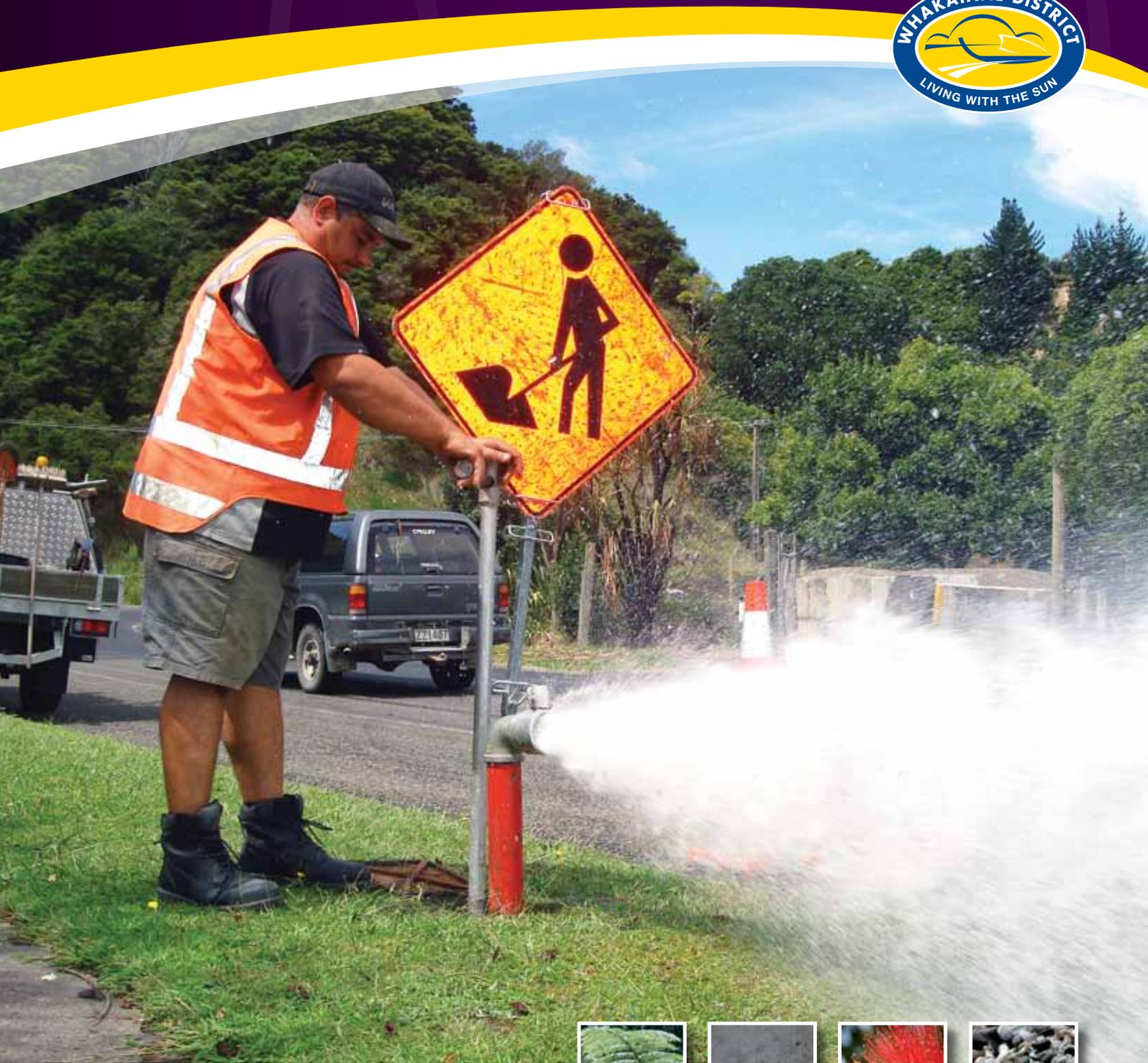
The Long Term Plan 2012-22, which sets out our new performance framework, is available from Council offices or on our website: www.whakatane.govt.nz

FIGURE 10: ANNUAL RESIDENTS SURVEY CUSTOMER SATISFACTION INDEX (CSI)



Our Work in Detail

Ngā mahinga whānui



GUIDE TO THE GROUPS OF ACTIVITIES

The 'Our Work in Detail' chapter of the Annual Report provides a detailed overview of the activities we undertook, or were involved in, during the 2011/12 year.

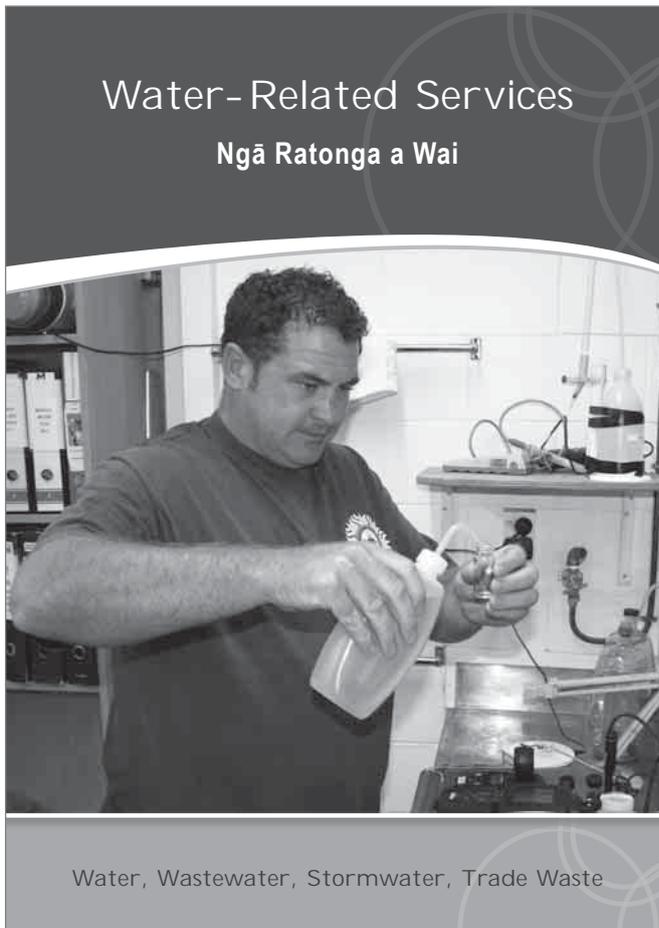
We deliver 34 external activities supported by internal (Corporate and District) activities. The Council is also a shareholder in three Council Controlled Organisations. These activities are organised into 12 groups, as listed to the right.

The following pages provide a guide to assist your understanding of the information in the 'Our Work in Detail' chapter.

Groups of Activities

- Corporate and District Activities
- Leadership
- Transport Networks and Safety
- Water related services
- Waste
- Environmental Sustainability
- Community Safety
- Arts and Culture
- Community Property
- Recreation and Community Facilities
- Hazard Management
- Council Controlled Organisations

GUIDE TO THE LAYOUT & CONTENT OF THE GROUPS OF ACTIVITIES



Group of Activities

This (cover) page for each Group of Activities indicates the activities that are undertaken within the Group.

What this group of activities includes

This provides a brief description of the types of functions that are undertaken within each group of activities.

Group of activity cost of service

This table outlines the cost of activities at a group level. The actual cost of the activities over the year is compared to the expected cost as set out in the Annual Plan for the 2011/12 year. A key to the categories used in the table can be found later in this guide.

A year in review

This provides an overview of what the activity involves including the service we have delivered to the community over the last year. Major achievements for the year are explained, including projects such as things we have built or programmes we have delivered.

OUR WORK IN DETAIL
Guide to the groups of activities

WHAT THIS GROUP OF ACTIVITIES INCLUDES

This group of activities is undertaken to provide and maintain efficient, reliable and safe water, wastewater, stormwater and trade waste services. The Council undertakes the activities in this group because of statutory obligations and public demand. Under section 130(2) of the Local Government Act 2002, the Council must continue to provide these water services to those communities that have been serviced.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific Activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	UIF
Expenditure	10,628	11,112	484	F
Revenue	11,431	9,067	2,364	F
Net Cost of Service (Surplus)	(804)	2,045	2,848	F
Transfer from (surplus)/deficit	(804)	2,045	2,848	F
Capex	8,429	4,273	(4,156)	F
Payments to Reserves	357	2,123	1,766	F
Loan Repayments	838	838	-	F
Less Depreciation not Funded *	(2,696)	(2,684)	12	F
Total Funding Requirement	6,125	6,594	470	F
FUNDED BY:				
Reserves	1,866	3,497	(1,631)	F
Loans Raised	4,258	3,097	1,161	F
Total Funding Applied	6,124	6,594	(470)	F

F = Favourable variance F = Unfavourable variance

* Non Funded Depreciation

The Council funded \$1.514 million of depreciation in 2011/12 against a budgeted amount of funded depreciation of \$1.514 million.

WATER-RELATED SERVICES

WATER

A YEAR IN REVIEW

During the past year we continued to operate and maintain 10 different water supply schemes, providing water to over 12,300 households and businesses throughout the District. We have also made good progress on investigations and projects that seek to improve the quality and consistency of supply for our water supply schemes.

Maintenance and upgrade projects completed:
We have completed a number of projects to maintain or provide improvements to our water supply schemes. Some of these are the continuation of annual programmes that we undertake every year. Some examples include replacing ageing and faulty pipes on all schemes where needed, installing backflow preventers on Plains water connections and replacing the roof of the Onope reservoir.

Water Conservation Strategy nearing completion:
A water conservation strategy was nearing finalisation at the time this report was written. It covers various solutions for the conservation of water, including education, monitoring and water storage capacity. We intend to trial the strategy for the Plains and if successful, expand it over the other water supply schemes.

Whakatāne water treatment upgrades completed:
We have completed the installation of a UV treatment system for the Whakatāne water treatment plant. This provides an additional barrier against contamination for these water supplies. We also started a project to replace the six filters at the treatment plant. These filters must be replaced one at a time so that the plant can continue to operate. This work is expected to be completed by November 2012.

Progress made on Plains Drinking Water Strategy:
Following the granting of a resource consent for the use of the Paul Road bore, we have been developing a Fifty Year Strategy for the use and allocation of this water source. To do this we are analysing eight different scenarios for future water supplies, including options for the coverage and the level of service to be delivered to the communities on the Plains. Alongside this strategy we also need to consider how this scheme will be funded and how the costs will be recovered. We intend to purchase the Paul Road Bore site however this can only happen once a subdivision process has been completed. We expect this will be finalised in the 2012/13 year.

A new UV treatment system has been installed at the Whakatāne Water Treatment Plant to provide an additional barrier against contamination

We aim to provide a continuous, safe, uninterrupted, and cost effective water system throughout the District's urban, residential and commercial areas that complies with drinking water and fire standards

Measure: Annual Residents Survey level of satisfaction with the overall quality and reliability of the mains water.
Target: Average satisfaction score of 73.7 out of 100 or higher
Result: Achieved - Average satisfaction score was 74.7 out of 100 (2010/11 result: 72.0).

Measure: Number of incidents leading to complaints regarding taste and odour of water.
Target: No more than 40 incidents leading to complaints.
Result: Achieved - 28 incidents recorded (2010/11 result: 66).

WATER-RELATED SERVICES

Community outcomes

The activities undertaken by the Council contribute towards the achievement of the nine community outcomes for the Whakatāne District. The community outcomes listed here are contributed to by this Activity, and will therefore effect the community wellbeings.

How did we perform against our targets?

This table outlines how the Council performed against the levels of service targets for the year and provides an explanation if they have not been met. The LTCCP 2009-19 outlined the levels of service that the Council aimed to achieve. It details the measures and targets used to show whether or not the levels of service are being achieved. These tables include both technical and perception based measures. Perception based measures rely on the Council's Residents Survey.

Cost of service

The Annual Plan for the 2011/12 financial year set a budget for each activity that the Council undertakes. This table compares the expected cost of the activities, as set out in the Annual Plan, with the actual cost of the activities over the year and any major variations are explained. A key to the categories used in the table can be found over the page.

Better understanding our critical assets: Over the last two years we have been undertaking a programme called AICAM (Asset Information Collection and Maintenance) to help ensure we have a better understanding of the age and condition of our critical assets for all of our water activities. This programme looks carefully at assets that are essential to maintain supply and which serve a high number of our population. By gaining a better understanding, we are able to provide more efficient and effective maintenance and repairs, as well as accurately identifying areas requiring upgrade or replacement. This up-to-date information will now be used to inform our future work programme as it leads into our asset databases and our next Asset Management Plan review.

Identifying adverse health or environmental impacts: Over the last year we have carried out an assessment of the water services (such as drinking water, sewerage/wastewater and stormwater) and sanitary services (including public toilets, cemeteries & crematoria and solid waste) in our communities. This assessment is a requirement of the Local Government Act 2002 and focuses on identifying adverse impacts on health and the environment, and programmes in place to mitigate these effects. The assessment updated the current situation, and was consulted on with the public before it was finalised.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	Major Variance Explanations
Expenditure	5,697	5,898	201	■ -
Revenue	4,827	5,390	(562)	□
Net Cost of Service (Surplus)	870	508	(362)	□
Capital Expenditure	2,261	1,963	(298)	□

□ = Favourable variance ■ = Unfavourable variance

See the Update on Major Capital Projects table on the following page

Measure: Percentage of water supply systems with adequate pressure to fill a 15 litre bucket in one minute.

Target: 95%.
Result: Achieved - 97% (2010/11 result: 97%). The Council measures water pressure at pressure loggers installed in various locations in the District. At present only a few locations are experiencing low pressure and only at certain times of the year.

Measure: Number and level of water supply gradings received according to the Ministry of Health monitoring framework

Target: The targets are shown in the table to the right. The Ministry of Health grades water quality between A-E for water treatment and a-e for water reticulation. A indicates the highest standard and E the lowest.

Result: Not achieved - As shown to the right, we have achieved most of the targets for water reticulation, but not for water treatment.

This does not suggest that our water supplies are of poor quality. Rather it reflects that we did not yet have a full year dataset to report back. Our water the water quality of each scheme including levels of turbidity, chlorine, pH and E.Coli. From the 2012/13 year onwards we will be able to fully report against this target.

OUR WORK IN DETAIL
Guide to the groups of activities

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Whakatāne Semi-rural Reticulation Upgrade	200	200	195	Completed	Achieved	On budget
Whakatāne Water Treatment Plant Filter Media Replacement	300	662*	405	Behind schedule - the project is expected to be completed by end 2012	On track	Under budget
Ōhope Water Reticulation Upgrade Stage 2	547	547	13	Behind schedule - pending further investigations during a dry season	On track	Under budget
Plains Reticulation Upgrades	188	341*	184	Completed	Achieved	Under budget - Under spent as a result of design change. Carry forward to 2012/13 for further investigations for future upgrades.
Plains Connection and Meter Replacements	50	50	71	Completed	Modified (increased)	Over budget - Due to replacement of additional connections

* Budget carried forward from 2010/11

Update on major capital projects

This table provides a commentary on the progress that was made against major capital projects. Performance is explained in terms of timing, quality and cost of the project. It outlines the reason for variances between the actual amount spent on the project for the year compared to what was budgeted, explaining any significant under or over spend. A key to the categories used in the table can be found over the page.

Scheme	Target:	Result:
Whakatāne	Aa	Ea
Ōhope	Aa	Ea
Edgecumbe	Db	Dc
Mataā	Ab	Da
Murupara	Ab	Dc
Tāneatua	Ab	Da
Rūātoki	Bb	Eb
Waipana	Ab	Da
Plains	Db	Db & Dc
Te Mahoe	Ab	Da

EXPLANATION OF CATEGORIES IN THE COST OF SERVICE TABLES

OPERATIONAL

Expenditure	The day to day running costs of this activity e.g. salaries and wages, materials and services, depreciation on assets and interest on borrowings.
Revenue	Income directly related to the activity e.g. user charges, targeted rates, subsidies.
Net cost of service (Surplus)	Expenditure less revenue = the total operational cost of running these activities.

NON OPERATIONAL

EXPENDITURE

Capital expenditure (Capex)	Expenditure on a new asset or extension of an existing asset to provide a greater service than previously provided.
Loan repayments	Repaying of loans raised for capital expenditure.
Payments to reserves	Transferring money into a reserve account held for special purpose. This includes transfers from development contributions revenue to development contribution reserves.
Non funded depreciation	The portion of depreciation that the Council does not intend to fund from revenue. The Council funds depreciation on the average of the next 25 years renewal requirements.
Total funding requirement	Net cost of operations plus capex, loan repayments and payments to reserves.

FUNDED BY

Reserves	Using funds from reserve accounts - e.g. Depreciation reserves, Development contribution reserves and Operational reserves.
Loans raised	Drawing down of loans.
Sale of assets	Revenue to be raised from the sale of assets belonging to this activity.
Total funding applied	The balance of funds required to operate this activity.

The following icons are used as an indication of the variance between the actual cost of each activity against what was budgeted for in the Annual Plan 2011/12:

 **Favourable Variance** - This activity **cost less** than budgeted or produced **more revenue** than budgeted

 **Unfavourable Variance** - This activity **cost more** than budgeted or received **less revenue** than budgeted

Where variances for an activity fall outside 10% and \$20,000 of the Annual Plan 2011/12 budgets, an explanation will be provided.

EXPLANATION OF CATEGORIES IN THE MAJOR CAPITAL PROJECTS TABLES

Annual Plan 2011/12 Budget		The budget set aside in the Annual Plan 2011/12 for the project.
Revised Budget		The budget set aside for the project in the Annual Plan 2011/12, plus budget carried forward from the 2010/11 year, plus any revisions to the budget adopted by Council during the year.
Actual Spend 2011/12		The amount actually spent on the project in the 2011/12 year.
Performance	Time	The purpose of this category is to identify whether the project is completed, on schedule, behind schedule, ahead of schedule, deferred or cancelled.
	Quality	<p>The purpose of this category is to capture if the output of the project has altered substantially. For example, a project may have been completed and on budget but at a reduced scope to the original project charter. It is assumed that to be "substantial" these changes would likely have been made by Council resolution.</p> <p>If a project has been delayed or deferred, but the Council still intends to deliver the quality as per the original project charter, this project would read as "unchanged" for quality as this is a 'time' variance rather than a "quality" variance.</p>
	Cost	<p>The purpose of this category is to identify if the cost of the project is on budget, over budget or under budget, against revised budget.</p> <p>Note:</p> <ul style="list-style-type: none"> • On Budget = Variance is within \$50,000 and 10% of budget • Over Budget = Variance is over budget by more than \$50,000 or 10% • Under Budget = Variance is under budget by more than \$50,000 or 10%
Explanations		Some significant variances and brief explanations as to the time, quality and costs are provided. Further explanations for some projects can also be found under the 'A Year in Review' section.



Corporate & District Activities

Ngā Mahinga Matakite a Rohe



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

WHAT ARE CORPORATE AND DISTRICT ACTIVITIES

Every organisation needs to develop, manage and maintain internal systems to provide effective and efficient external services. Corporate and District Activities are substantial functions of the Council and while they are not operational activities they do impact on their budgets. This group delivers internal services such as human resources, corporate information and corporate property, which provide the resources to allow our other functions to operate effectively. This group also provides services to the community on behalf of our other activities such as communications, financial services and customer services.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific Activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	U/F
Expenditure	494	4,766	4,273	\$
Revenue	2,491	5,639	(3,148)	\$
Net Cost of Service (Surplus)	(1,997)	(873)	1,124	\$
Transfer from (surplus)/deficit	(1,997)	(873)	1,124	\$
Capex	2,225	1,435	(790)	\$
Payments to Reserves	1,738	7,441	5,703	\$
Loan Repayments	673	673	0	\$
Less Depreciation not Funded	(383)	(745)	(362)	\$
Total Funding Requirement	2,255	7,931	5,676	\$
FUNDED BY:				
Reserves	1,175	7,148	(5,973)	\$
Loans Raised	1,080	750	330	\$
Sale of Assets		32	(32)	\$
Total Funding Applied	2,255	7,931	(5,676)	\$

\$ = Favourable variance \$ = Unfavourable variance

CORPORATE AND DISTRICT ACTIVITIES

A YEAR IN REVIEW

We continued to undertake a number of activities and services that support the effective and efficient running of our organisation. Corporate and District Activities are often referred to as our 'internal activities' and support the activities that we deliver to the community. Within this group we undertake Communications; Finance; Customer Services; Corporate Information; Corporate Property; Human Resources; and District Income and Expenditure.

Another busy year for our friendly customer

services team: Over the course of the 2011/12 year our customer services team handled just over 75,000 telephone calls and logged over 13,000 requests for service. Of the telephone calls that came in to the customer service team, 81% were answered within 30 seconds and 89.3% within 60 seconds.

We have set our financial pathway for the future:

As part of the development of our Long Term Plan, we undertook a major review of our approach to financial management of the Council. This included developing a Financial Strategy which outlines the major drivers of spending and includes limits for rates and borrowing. At the same time we undertook a major review of our rating philosophy and rating system. The new system has incorporated a stronger emphasis on rates affordability alongside the Council's user pays approach. Both the Financial Strategy and the Rates Review reflect the key principles of affordability, sustainability and responsibility that also underpin the whole Long Term Plan.

More people paying rates by direct debit: During the year we undertook a campaign to increase the number of people paying their rates by direct debit. Following this drive, there are now over 24% of ratepayers paying by weekly/monthly direct debit. Customer service staff have noted a reduced number of customers visiting the civic centre for the purpose of paying rates.

Council joins Facebook: We are continuing to look for better and more effective ways to share information and to communicate with you. In April 2011 we started a Facebook page, primarily to help us talk to the public about the Long Term Plan 2012-22. Following the completion of this project we are now using it to provide regular updates to our Facebook community, like special events, road closures or letting you know that we are looking for feedback on a project. The number of people linked to our Facebook page is growing and we welcome you to join us.

We have given the Council newsletter a facelift:

The Council newsletter will now be published on a monthly basis rather than only every quarter. This helps to make sure that the information we provide to you is more current. The newsletter has also been rebranded as 'Ko Konei' (Our Place). Look out for it in the Whakatāne Beacon and the Whakatāne News.

Our internet and intranet sites both received

recognition for high performance: Alongside other councils in NZ, we have our internet site audited annually to ensure we are maximising the potential of this information sharing resource. We were proud to have placed 5th out of 78 councils in NZ. During the year we also implemented a new intranet site - this helps staff to easily communicate and share information within the organisation. This won an award for 'Best use of Intranet' at a leading award ceremony for local government information management.

We aim to provide the community with up-to-date, factual information about Council's current and planned activities.

Measure: Satisfaction with Council's provision of information.

Target: Average satisfaction score of 64.2 out of 100 or higher

Result: Achieved - Average satisfaction score was 64.2 out of 100 (2010/11 result: 64.3). While we have achieved this target we are continuing to look for better and more effective ways to share information and are looking to improve our performance over the coming years.

Measure: Byways is produced and distributed quarterly to every household and non-resident ratepayer.

Target: Byways produced and released quarterly.

Result: Achieved - Byways (now Ko Konei) was produced and released six times in the 2011/12 year (2010/11 result: 4 issues). Note that Ko Konei will now be produced monthly.

New GIS system implemented: Through a joint Council initiative we have implemented a new Geographic Information System (GIS). The new system can more easily integrate with the systems of other councils, allowing for more efficient sharing of information. As part of this project we have implemented a very user friendly web based GIS system on our Intranet with access to a range of Council datasets including assets, property and rating information, as well as providing the ability to integrate with Council's document management system. This means staff can easily access geographic information and produce simple maps rather than relying exclusively on our GIS team.

A year of organisational change: The year saw some significant internal changes for the Council as we moved to improve service delivery and efficiency. Following the appointment of Chief Executive Marty Grenfell in September 2011, the senior leadership team was reorganised, with two new General Managers appointed, leading to some realignment of reporting structures. The Council has taken over the management of the Whakatāne Aquatic Centre, which has seen 28 staff now employed directly. The completion of the new Library and Exhibition Centre has also led to changes for Arts and Culture staff. The Human Resources team has worked closely with all of the departments involved to ensure a smooth transition and maintain staff morale.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure*	494	4,766	4,273	\$	Increased costs of provision for doubtful debts, paper loss on Council swaps, write-off of rate debts that are no longer collectable. Partially offset by savings in internal activities including Information Management, Finance, Executive Support.
Revenue*	2,491	5,639	(3,148)	\$	Increased revenue recognised from asset revaluations, disposal of assets, assets vested in Council, revenue from rate penalties, recovery of Aquatic Centre costs.
Net Cost of Service (Surplus)	(1,997)	(873)	1,124	\$	
Capital Expenditure	2,225	1,435	(790)	\$	Projects delayed including Archives Facility and Office Refurbishment

\$ = Favourable variance \$ = Unfavourable variance

* The operational costs associated with Corporate and District Activities are generally funded by charging overheads on other activities. The Cost of Service table above captures the costs that are not charged as overheads.

See the Update on Major Capital Projects table on the following page

We aim to provide the community and the Council with access to accurate and timely financial information.

Measure: Rates assessments are issued to ratepayers within a timely manner and contain accurate information.

Target: Ratepayers are given at least three weeks notice to pay a rates instalment.

Result: Achieved - All ratepayer notices were sent out at least three weeks prior to the instalment date (2010/11 result: achieved)

UPDATE ON MAJOR CAPITAL PROJECTS

Projects	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Refurbish Library to Offices at Civic Centre	352	352	1	Behind Schedule - due to library move to LEC delayed.	Modified (reduced)	Under budget - due to project not progressing on schedule.
Establish Archives Facility	500	500	0	Behind Schedule - due to library move to LEC delayed.	On track	Under budget - due to project not progressing on schedule.
Information Technology Hardware	200	200	200	Completed	Achieved	On budget
Electronic Content Management System	55	168*	105	Completed	Achieved	Under budget - version upgrade less than forecast.
Location Services Implementation & Investigation	65	65	47	Completed	Achieved	Under budget - due to lower than expected requests from BoPLASS
Intranet Development Implementation	75	75	38	Completed	Achieved	Under budget - due to refocused scope of project

* Budget carried forward from 2010/11

We aim to provide the community with access to Council's activities through fully competent and efficient Service Centres.

Measure: Satisfaction with overall service from Customer Service/Front Desk staff.

Target: Average satisfaction score of 75.2 out of 100 or higher

Result: Achieved - Average satisfaction score was 76.0 out of 100 (2010/11 result: 78.0).

Measure: Customer service efficiency is maximised through staff access to high quality information systems.

Target: 99% of users have access during business hours.

Result: Achieved - 99% access (2010/11 result: 99%)

Measure: Percentage of non direct dial telephone calls (calls to customer service) answered within 30 seconds.

Target: 85%.

Result: Within 5% - 81% of non direct dial telephone calls were answered within 30 seconds (2010/11 result: 81.9%). While we have not quite achieved the target, we were within close range. We are satisfied that this does not raise concern for the outcomes we seek to achieve through this activity. We will continue to monitor this activity to ensure that we continue to deliver an appropriate level of service.



Leadership

Te Poumanukura



Governance, Community Support,
Strategy and Policy

WHAT THIS GROUP OF ACTIVITIES INCLUDES

Within this group of activities, the Council provides leadership, community representation, advocacy, consultation, monitoring, planning, stewardship and accountability to the residents and ratepayers of the Whakatāne District. In addition, the Council is responsible for the provision and allocation of community grants. The Council also develops formal policies and the Long Term Plan.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	U/F
Expenditure	3,008	2,759	(249)	\$
Revenue	3,014	3,048	(34)	\$
Net Cost of Service (Surplus)	(6)	(289)	(284)	\$
Transfer from (surplus)/deficit	(6)	(289)	(284)	\$
Payments to Reserves	-	284	284	\$
Loan Repayments	6	6	-	\$
Total Funding Requirement	-	-	-	\$
FUNDED BY:				
Reserves	-	-	-	\$
Total Funding Applied	-	-	-	\$

\$ = Favourable variance \$ = Unfavourable variance

COMMUNITY OUTCOMES

STRONG, TRANSPARENT
AND OPEN LEADERSHIP

GOVERNANCE

A YEAR IN REVIEW

We have continued to facilitate Council, Committee and Community Board meetings. We have also ensured that agendas and minutes for these meetings are published and available to the public. This helps to support effective, responsible and accountable decision making processes and also ensures that the public have access to information about the decisions we make on their behalf.

Town Vision governance handed back to the Council: During the year the responsibility for governance over the Town Vision Plan was handed over to the Council from the Town Vision Advisory Board. This change follows a restructure of the Council's functions which includes a strengthening of in-house capacity and a focus on economic development. The Council thanked the Board Members for their strategic input and contribution to the Whakatāne Town Vision Plan including their work on the harbour property portfolio, the hotel feasibility study and their advice regarding the future of the Town CBD. The Council will continue to build on and progress the work undertaken by the Board.

Two new governance groups established: In the past year we have established two new project governance groups. The Library and Exhibition Centre Project Governance Group oversaw the later stages of the project which concluded with the opening of the Library and Exhibition Centre on 28 June 2012. The Matatā Projects Governance Group was set up in June 2012 to oversee the review of the Awatarariki Debris Detention Structure project and the review of the Matatā Wastewater Reticulation System project.

Iwi Liaison Committee and Community Boards allocate their discretionary funds: Each year the Iwi Liaison Committee and Community Boards make funding available to the community for a variety of purposes as set by the criteria for ILC and each Community Board. In total \$113,200 was distributed through these discretionary funds in 2011/12. The funds have been used for worthy community projects over the last year including; school holiday programmes, surf lifesaving, public art in the park, attendance at sports tournaments, sponsorship of the Library and Exhibition Centre and the Rangitāiki River Festival.

Rangitāiki community vision gains momentum: "Community Vision" meetings co-ordinated by the Rangitāiki Community Board were held across the Rangitāiki ward in 2011, with the aim to give each community an opportunity to put forward its views and ideas for their towns. The first steps taken to achieve Edgecumbe's overall vision has been the establishment of a resident's group who have officially named themselves Edgecumbe Development and Improvement Team ("EDIT"). They have released an Edgecumbe Community Plan and action is well underway for the projects identified in the first year of the plan including revitalising of the Edgecumbe township, clean up days and progressing the river walkway project from the Edgecumbe Squash Club to the Rugby Park.

We aim to make decisions in an open and transparent manner

Measure: Meetings are publicly notified and agendas of the Council, its committees and community boards are available.

Target: 100%

Result: Achieved - 100% (2010/11 result: 100%).

Measure: Annual Residents Survey level of satisfaction with the opportunities Council provides for community involvement in decision making

Target: Average satisfaction score of 58.5 out of 100, or higher

Result: Achieved - Average satisfaction score was 59.8 out of 100 (2010/11 result: 57.5).

We aim to conduct elections and representation reviews in accordance with the Local Electoral Act 2001 and encourage participation

Measure: Compliance with the Local Electoral Act 2001 for triennial elections and representation reviews.

Target: Any by-elections conducted in accordance with the Local Electoral Act.

Result: Achieved - a process was commenced in 2012 for an extraordinary vacancy on the Murupara Community Board (2010/11 result: achieved).

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	1,953	1,835	(118)	☐	-
Revenue	1,953	1,977	(24)	☐	-
Net Cost of Service (Surplus)	-	(142)	(142)	☐	

☐ = Favourable variance ☐ = Unfavourable variance



Council Meeting at Mataatua Whareni in November 2011 - Photo credit James Dowd

We aim to ensure that Māori have the capacity and the opportunity to contribute to Council decision making

Measure: Number of Iwi Liaison Committee (ILC) meetings held per year

Target: Eight or more meetings held.

Result: Achieved - The ILC met on 10 occasions during the 2011/12 year for formal meetings, workshops, and training days. (2010/11 result: achieved)

Measure: Annual Residents Survey level of satisfaction of Māori with the opportunities Council provides for community involvement in decision making.

Target: Average satisfaction score of 58.4 out of 100 or higher

Result: Not achieved - Average satisfaction score was 55.3 out of 100 (2010/11 result: 56.3).

COMMUNITY OUTCOMES



COMMUNITY SUPPORT

A YEAR IN REVIEW

Over the past year we have supported, promoted and enabled the work of many local community groups and organisations. Through their diverse range of activities, community groups and organisations make a major contribution to the social, environmental, cultural and economic well-being of our District. We have also held civic events such as Anzac day, citizenship ceremonies, young achievers awards and over 80's morning tea.

Council distributes funding to community groups:

The availability of community funding allows the Council to recognise and support the valuable contribution that community groups make in our community. The allocation of these funds to community organisations was completed early in the year. In the past year we distributed approximately \$112,000 to these groups and organisations. Major recipients included the Whakatāne Citizens Advice Bureau, Neighbourhood Support, SPCA, Community Patrol, Surf Lifesaving, Coastguard, Murupara Budget Advisory Services, Plunket Society and the Baptist Community Charitable Trust, amongst others.

Skatepark opens in Edgecumbe: A new Edgecumbe Skatepark opened in February 2012 with a ceremony boasting skateboarding and BMX demonstrations and a skate and scooter competition. The development of the Skatepark was an amazing community partnership led by the Edgecumbe Bluelight and with significant support from the Lion Foundation, The Southern Trust, the Rangitāiki Community Board, and the Whakatāne District Council.

Young Achievers receive recognition: The Young Achiever Awards are held in conjunction with the Whakatāne District Council and the Rotary Clubs of Whakatāne and Whakatāne West. They recognise students who have attained national or international recognition in their sporting or academic achievements, or have won an event while representing the Bay of Plenty during the year. 190 recipients received Young Achievers Awards at a ceremony at the Liberty Centre in October 2011.

We aim to support community groups, voluntary organisations and landowners in contributing to the social, environmental, cultural and economic wellbeing of the Whakatāne District

Measure: *Availability and distribution of community funding in accordance with Council policy.*

Target: Community funding distributed in accordance with Council policy including: Community Boards discretionary funds, Iwi Liaison Committee discretionary fund, Annual Grants, Multiple Year Funds, and Lease Subsidies.

Result: Achieved - The Council, Community Boards and Iwi Liaison Committee allocated \$225,000 to community groups and projects in

accordance with the Community Funding Policy (Note: part of these funds are budgeted through the Governance activity). (2010/11 result: achieved)

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	198	177	(21)	☐	-
Revenue	204	205	(1)	☐	-
Net Cost of Service (Surplus)	(6)	(27)	(22)	☐	

☐ = Favourable variance ☒ = Unfavourable variance



Opening of the Edgcumbe Skatepark in February 2012

COMMUNITY OUTCOMES



STRATEGY AND POLICY

A YEAR IN REVIEW

Under this activity, much of the past year has been dedicated to the development of our Long Term Plan. Alongside this project we have reviewed a number of policies and developed one or two new ones. We have also continued to monitor and report on our performance. This helps to ensure we are achieving the goals we have set.

Development of the Long Term Plan: Over the course of the last year we developed and adopted our Long Term Plan (LTP) covering the 2012- 2022 period. The LTP is the Council's main planning document setting out what we intend to deliver to our community over the next 10 years, why we plan to do it, how much it will cost, who will pay and how we will monitor our performance. The draft LTP was open for public consultation during March and April 2012 and received a total of 245 submissions. We considered and incorporated the community's feedback into the LTP before it was finalised and adopted on 27 June 2012.

Consultation Policy developed: A new Consultation Policy was adopted by the Council in June 2012. This provides guidance to the Council in terms of whether it will consult on a matter, how it will consult and to what extent. The purpose of this Policy is to ensure that the community has the opportunity for meaningful input into Council decision-making, and also that those engaging in consultation have a clear understanding about what they can reasonably be expected to influence. The policy helps to ensure a consistent and transparent approach to consultation across the Council.

Funding and financial policies reviewed: Over the past year we reviewed a number of our funding and financial policies. This process was undertaken alongside the development of the LTP because the policies underpin many of the budget decisions contained in that plan.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	856	746	(110)	☒	Savings achieved on Long Term Plan and Bylaws projects by reducing consultant input and completing in-house.
Revenue	856	866	(9)	☒	-
Net Cost of Service (Surplus)	-	(120)	(120)	☒	

☒ = Favourable variance ☒ = Unfavourable variance

We aim to develop and maintain strategies, policies and plans that support sustainable development and needs of the community

Measure: Annual Residents Survey level of satisfaction that the Council makes good long term decisions.

Target: Average satisfaction score of 47.4 out of 100 or higher

Result: Achieved - Average satisfaction score was 55.4 out of 100 (2010/11 result: 52.2). We have exceeded our target and have also improved over the previous year.

Measure: Status of the Council's policy framework.

Target: A third of policies reviewed in accordance with the Council's policy review schedule.

Result: Achieved - During the year we reviewed a third of our policies (18 out of 54) in accordance with our policy review schedule (2010/11 result: not achieved - 6 policies reviewed).



Transport Networks & Safety

Ngā Huarahi ara Rau



Transport Networks, Road Safety,
Parking Enforcement

WHAT THIS GROUP OF ACTIVITIES INCLUDES

Generally, this group of activities is provided by Council in response to needs and aspirations of the community to achieve transport services that will meet expectations of safety, sustainability and comfort, prudent use of resources, and where necessary, conform to national funding criteria.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	U/F
Expenditure	15,866	14,550	(1,316)*	\$
Revenue	12,211	15,708	(3,497)*	\$
Net Cost of Service (Surplus)	3,655	(1,158)	(4,813)	\$
Transfer from (surplus)/deficit	3,655	(1,158)	(4,813)	\$
Capex	4,088	8,401	4,313	\$
Payments to Reserves	545	2,302	1,757	\$
Loan Repayments	820	820	-	\$
Less Depreciation not Funded **	(6,744)	(4,690)	2,055	\$
Total Funding Requirement	2,364	5,675	3,311	\$
FUNDED BY:				
Reserves	1,344	3,157	(1,812)	\$
Loans Raised	1,020	2,518	(1,499)	\$
Sale of Assets	-	-	-	\$
Total Funding Applied	2,364	5675	(3,311)	\$

\$ = Favourable variance \$ = Unfavourable variance

* Substantial variation for Revenue

Substantial variations for Revenue are largely related to the Transport Networks activity. Additional subsidy income was received from NZTA related to storm-damage projects carried forward from the previous year.

** Non Funded Depreciation

Because the Council receives subsidies for a large portion of the renewals work in this Activity, it does not need to fully fund depreciation through rates revenue. The Council funded \$1.354 million of depreciation in 2011/12 against a budgeted amount of funded depreciation of \$1.354 million.

COMMUNITY OUTCOMES

HIGH-QUALITY
AFFORDABLE
INFRASTRUCTUREPROSPEROUS
ECONOMY

TRANSPORT NETWORKS

A YEAR IN REVIEW

Over the past year we have continued to provide roading, footpaths, parking facilities and public transport infrastructure. These contribute towards the sustainable, safe, convenient, comfortable and cost effective movement of people and goods throughout the District, as well as to destinations outside the District.

Over the past year we have spent \$13.84 million maintaining and operating our transport network:

The roading network consists of approximately 903 km of predominantly rural roads (86%). Over 78% of the network is sealed, which is well above the national average of 60%. Currently there are approximately 208 million vehicle kilometres travelled on the network each year. We also provide footpaths and car parking along with associated services such as street lighting, road markings, bridges and cycleways.

Recovery from flood damage has been a big focus:

Over the past year, we have completed a number of projects that were required as a result of flooding events during the 2010/11 financial year. Additional projects have also been undertaken as a result of the flooding on New Years Day in 2012. In total, storm damage during the last two years has resulted in extra costs of more than \$12 million, of which 75% is funded by the New Zealand Transport Agency (NZTA).

The work required as a result of the flood events has doubled the amount of works undertaken in the transport area. The January 2012 flood damage repairs were undertaken within existing budgets, requiring re-prioritisation and savings to be made in the second half of the year. Some of these savings have come from managing more of our roading contracts in-house, rather than through consultants.

Improvements to Arawa Street in Matatā fast-tracked:

During the year our monitoring found that Arawa Street in Matatā was in an advanced state of disrepair, requiring substantial attention. To complete this work without increasing budgets we transferred some funding from a project to renew Matahi Road in Manawahe. Matahi Road will now be treated through maintenance rather than a full renewal.

Route security initiatives gain momentum:

Historically there have been a number of occasions when access between Ōpōtiki and Whakatāne has been cut off due to flooding and slips on both the state highways and alternative detours. Over the past year the Bay of Plenty Regional Council have confirmed a \$1.50 million commitment towards improved route security for Wainui Road. We have worked with the Regional Council to identify what the priority areas are to improve the security of this road and works are programmed to be undertaken during the 2012/13 year.

Thornton Road improvement study completed:

By undertaking this study we have completed the first phase towards improving Thornton Road. This study looked at the deficiencies and potential projects to be undertaken over the next ten year period to improve the safety of Thornton Road. This includes the realignment of the road to reduce bends in the part of the road that has had many crashes over the last ten years, including some fatal crashes.

We aim to provide a reliable, safe and maintained transport network

Measure: Annual Residents Survey level of satisfaction with the surface of the roads being maintained

Target: Average satisfaction score of 68.0 out of 100 or higher

Result: Within 5% - Average satisfaction score was 66.5 out of 100 (2010/11 result: 61.5). While we have not quite achieved the target, we were within close range and have improved over the result for the previous year. We are satisfied that this result does not raise concern for the outcomes we seek to achieve through this activity. We will continue to monitor this activity to ensure that we continue to deliver an appropriate level of service.

Measure: Percentage of customer service requests responded to appropriately and within timeframes in maintenance contract.

Target: 95%.

Result: Not achieved - 75% (2010/11 result: 90%). A number of requests were not responded to within the timeframes. This resulted from procedural issues with the logging of requests which have now been resolved. All backlogged requests have subsequently been addressed.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	15,119	13,839	(1,279)	☒	Depreciation lower than budgeted.
Revenue	11,405	15,001	(3,596)	☒	Additional subsidy income from NZTA related to storm-damage projects carried forward from the previous year.
Net Cost of Service (Surplus)	3,714	(1,162)	(4,876)	☒	
Capital Expenditure	4,088	8,401	4,313	☒	Large number of projects carried forward from 2010/11 for storm-damage repairs

☒ = Favourable variance ☒ = Unfavourable variance

See the Update on Major Capital Projects table on the following page



Rehabilitation of Arawa street Matatā

Measure: Percentage of road crashes that identify the road as a contributing factor (Note: This does not imply that road factors were the main cause of the crash. This is measured as a 5 year average 2007-2012).

Target: Less than 10%.

Result: Achieved - 9% (2010/11 result: 13%) Some examples of road factors that contributed towards crashes included, the road being slippery from frost or ice, loose material on the seal, road surface being uneven, or visibility being limited by a curve.

Measure: The proportion (%) of vehicle kilometres travelled in a year that occurs on 'smooth' sealed roads according to NZTA testing (Note: The urban target is lower than the rural target because the measuring device is negatively affected by vehicle stopping at intersections).

Target: Rural roads 95%, urban roads 80%.

Result: Achieved - Rural roads 98%, urban roads 80% (2010/11 result Rural roads 99%, urban roads 81%).

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan			Performance		
	2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Time	Quality	Cost
Unsealed Road Metalling (27km)	535	535	486	Completed	Achieved	On Budget
Resurfacing Chip Seal (37km)	1,138	1,138	1,198	Completed	Achieved	On Budget
Storm Damage Projects Carried Forward from 2010/11	0	2,297*	2,517	Mostly Completed (multiple projects)	Achieved	On Budget
Storm Damage Projects from January 2012	0	0	248**	Completed	Achieved	On Budget (new project)
Renewal of Street Lights	129	129	123	Completed	Achieved	On Budget
Renewal of Signs	144	144	141	Completed	Achieved	On Budget
Rehabilitation of Arawa Street Matatā	0	0	752**	Completed	Achieved	On Budget (new project)
Emergency Work Ōhope Road Eastcut	0	692**	833	Completed	Achieved	Over Budget
Transportation Studies and Strategy	0	300*	185	Completed	Achieved	Under Budget - project cost savings
New Footpath Construction	42	42	36	Completed	Achieved	Under Budget

* Budget carried forward from 2010/11

** New project

We aim to provide a quality roading network compliant with all statutory and regulatory requirements

Measure: Compliance with transport related statutory and regulatory requirements according to procedural audits (3 yearly).

Target: 100% compliance.

Result: Achieved - 100% compliance at the most recent procedural audit in 2010/11. These audits are undertaken every three years with the next round due in 2013/14.

We aim to ensure that route security is maintained

Measure: Percentage of emergency road closure incidents where access is restored within timeframes in maintenance contract.

Target: 100%.

Result: Achieved - 100% (2010/11 result: 100%)

Measure: Number of bridges spanning the Whakatāne River providing access to Whakatāne urban area.

Target: 1 (2 by 2017).

Result: Achieved - 1 bridge currently provided. A second bridge is no longer programmed for construction in 2017. This follows a review of our budgets and priorities in our Long Term Plan 2012-22. However, while a second bridge is no longer planned within the next ten years, further investigations are continuing as part of a Route Security Project.

COMMUNITY OUTCOMES

HIGH-QUALITY
AFFORDABLE
INFRASTRUCTURESAFE CARING
COMMUNITY

ROAD SAFETY

A YEAR IN REVIEW

Over the past year we have delivered a number of programmes to help ensure the safety of our roads. There are four main cornerstones that we use to develop programmes. They are: safe roads and roadsides, safe speeds, safe road use, and safe vehicles - all of which come from Central Government's Safer Journeys 2020 Strategy. We have also encouraged active transport options including walking and cycling, and undertaken initiatives to promote a safe environment for these options.

We take a collaborative approach to delivering road safety outcomes: We are the lead agency in the Eastern Bay cluster for road safety education, advertising and co-ordination. This cluster also includes the Kawerau and Ōpōtiki District Councils. NZTA, ACC, Bay of Plenty Regional Council and the Police are key stakeholders along with local agencies who belong to the Eastern Bay of Plenty Road Safety Committee.

Programmes combat drink driving: Alcohol features as a causal factor in about 30% of the crashes in the Whakatāne District according to police statistics. During the year we continued to deliver education and awareness campaigns to combat drink driving. Major programmes included:

- Four Marae based Youth Drink Drive Prevention programmes, each over a two day period.
- Ten half-day repeat drink driver programmes. Working with referrals from Community Corrections who have two or more drink driving convictions (Over 27% of Drink Drivers caught in the Eastern Bay have previous drink driving offences).
- Two weekend events organised by both the Police Bluelight and Youth Justice team for youth who have come to notice through driving misdemeanours.

A common thread for all three programmes is Tamati Paul, who tells his story of 'Shattered Dreams'. Tamati attended our programmes and visited local secondary schools this past year. His courage, humility and humour help to provide a strong campaign against drink driving.

We aim to provide programmes that help reduce the incidence and severity of crashes in the District and help to reduce road travel demand

Measure: Annual Residents Survey level of satisfaction with the safety of our roads.

Target: Average satisfaction score of 68.4 out of 100 or higher

Result: Within 5% - Average satisfaction score was 66.9 out of 100 (2010/11 result: 66.3). While we have not quite achieved the target, we were within close range and are satisfied that this does not raise concern for the outcomes we seek to achieve through this activity. We will continue to monitor this result alongside other measures for road safety and tailor the delivery of programmes to target high risk areas.

Measure: Number of annual road safety and travel demand programmes delivered.

Target: 30 programmes.

Result: Achieved - Over 30 programmes delivered including 11 for alcohol, speed, fatigue, child restraints and motorcycle safety and over 20 for cycling and active transport both in the community and at a number of schools. (2010/11 result: over 40 programmes)

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	387	377	(10)	\$	-
Revenue	387	376	11	\$	-
Net Cost of Service (Surplus)	-	2	2	\$	

\$ = Favourable variance \$ = Unfavourable variance



Speed monitoring device informs drivers through Ōhope

COMMUNITY OUTCOMES

HIGH-QUALITY
AFFORDABLE
INFRASTRUCTUREPROSPEROUS
ECONOMY

PARKING ENFORCEMENT

A YEAR IN REVIEW

Over the past year we have provided parking enforcement services primarily in the Whakatāne town centre and Kopeopeo shopping area. This ensures that parking spaces in our busiest areas have an appropriate level of turnover and are available for shoppers and businesses. The wardens also checked vehicles for registrations and warrants of fitness to ensure that they are safe to be on the road.

Revenue from parking enforcement offsets costs that would otherwise need to be paid by ratepayers:

Approximately 4500 tickets were issued in the 2011/12 year, of which approximately a third were cancelled or waived. Of the revenue collected from infringements for unwarranted or unregistered vehicles, half (approximately \$23,000) went to Central Government. The remainder of any revenue collected through this activity is used for transport related activities in the area from where that revenue was collected.

This offsets some of the cost that would otherwise need to be passed on to ratepayers. For example, funds are used to meet the cost of operating, maintaining and renewing areas of parking or roading, and may contribute towards the set-up costs for pay and display areas, public carpark formation, street cleaning, or CCTV cameras to ensure that parked vehicles are safe.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	361	334	(27)	☐	-
Revenue	419	331	88	☒	Fewer fines issued as full patrols not undertaken during the year.
Net Cost of Service (Surplus)	(58)	2	61	☒	

☐ = Favourable variance ☒ = Unfavourable variance

We aim to maximise the availability of parking and ensure that vehicles are safe

Measure: Annual Residents Survey level of satisfaction with Council parking in Whakatāne.

Target: Average satisfaction score of 69.9 out of 100 or higher

Result: Achieved - Average satisfaction score was 71.6 out of 100 (2010/11 result: 73.8).

Measure: Number of regular patrols that are carried out in Whakatāne for parking and road worthiness.

Target: 3 patrols per day.

Result: Achieved - Regular patrols were carried out in the Whakatāne CBD as per the target (2010/11 result: achieved).

Measure: Number of regular patrols that are carried out in Kopeopeo for parking and road worthiness.

Target: 5 patrols per week.

Result: Not achieved - With a reduced staffing contingent for half of the year we were not able to deliver full services in Kopeopeo. The priority was to monitor the CBD (2010/11 result: 3 patrols per week).

Water-Related Services

Ngā Ratonga a Wai



Water, Wastewater, Stormwater, Trade Waste

WHAT THIS GROUP OF ACTIVITIES INCLUDES

This group of activities is undertaken to provide and maintain efficient, reliable and safe water, wastewater, stormwater and trade waste services. The Council undertakes the activities in this group because of statutory obligations and public demand. Under section 130(2) of the Local Government Act 2002, the Council must continue to provide these water services to those communities that have been serviced.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific Activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	U/F
Expenditure	10,628	11,112	484	\$
Revenue	11,431	9,067	2,364	\$
Net Cost of Service (Surplus)	(804)	2,045	2,848	\$
Transfer from (surplus)/deficit	(804)	2,045	2,848	\$
Capex	8,429	4,273	(4,156)	\$
Payments to Reserves	357	2,123	1,766	\$
Loan Repayments	838	838	-	\$
Less Depreciation not Funded *	(2,696)	(2,684)	12	\$
Total Funding Requirement	6,125	6,594	470	\$
FUNDED BY:				
Reserves	1,866	3,497	(1,631)	\$
Loans Raised	4,258	3,097	1,161	\$
Total Funding Applied	6,124	6594	(470)	\$

\$ = Favourable variance \$ = Unfavourable variance

* Non Funded Depreciation

The Council funded \$1.514 million of depreciation in 2011/12 against a budgeted amount of funded depreciation of \$1.514 million.

WATER

A YEAR IN REVIEW

During the past year we continued to operate and maintain 10 different water supply schemes, providing water to over 12,300 households and businesses throughout the District. We have also made good progress on investigations and projects that seek to improve the quality and consistency of supply for our water supply schemes.

Maintenance and upgrade projects completed:

We have completed a number of projects to maintain or provide improvements to our water supply schemes. Some of these are the continuation of annual programmes that we undertake every year. Some examples include replacing ageing and faulty pipes on all schemes where needed, installing backflow preventers on Plains water connections and replacing the roof of the Ōhope reservoir.

Water Conservation Strategy nearing completion:

A water conservation strategy was nearing finalisation at the time this report was written. It covers various solutions for the conservation of water, including education, monitoring and water storage capacity. We intend to trial the strategy for the Plains and if successful, expand it over the other water supply schemes.

Whakatāne water treatment upgrades completed:

We have completed the installation of a UV treatment system for the Whakatāne water treatment plant. This provides an additional barrier against contamination for these water supplies. We also started a project to replace the six filters at the treatment plant. These filters must be replaced one at a time so that the plant can continue to operate. This work is expected to be completed by November 2012.

Progress made on Plains Drinking Water Strategy:

Following the granting of a resource consent for the use of the Paul Road bore, we have been developing a Fifty Year Strategy for the use and allocation of this water source. To do this we are analysing eight different scenarios for future water supplies, including options for the coverage and the level of service to be delivered to the communities on the Plains. Alongside this strategy we also need to consider how this scheme will be funded and how the costs will be recovered. We intend to purchase the Paul Road Bore site however this can only happen once a subdivision process has been completed. We expect this will be finalised in the 2012/13 year.

COMMUNITY OUTCOMES



CLEAN PROTECTED ENVIRONMENT



ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT

A new UV treatment system has been installed at the Whakatāne Water Treatment Plant to provide an additional barrier against contamination

We aim to provide a continuous, safe, uninterrupted, and cost effective water system throughout the District's urban, residential and commercial areas that complies with drinking water and fire standards

Measure: Annual Residents Survey level of satisfaction with the overall quality and reliability of the mains water.

Target: Average satisfaction score of 73.7 out of 100 or higher

Result: Achieved - Average satisfaction score was 74.7 out of 100 (2010/11 result: 72.0).

Measure: Number of incidents leading to complaints regarding taste and odour of water.

Target: No more than 40 incidents leading to complaints.

Result: Achieved - 28 incidents recorded (2010/11 result: 66).

Better understanding our critical assets: Over the last two years we have been undertaking a programme called AICAM (Asset Information Collection and Maintenance) to help ensure we have a better understanding of the age and condition of our critical assets for all of our water activities. This programme looks carefully at assets that are essential to maintain supply and which serve a high number of our population. By gaining a better understanding, we are able to provide more efficient and effective maintenance and repairs, as well as accurately identifying areas requiring upgrade or replacement. This up-to-date information will now be used to inform our future work programme as it leads into our asset databases and our next Asset Management Plan review.

Identifying adverse health or environmental impacts: Over the last year we have carried out an assessment of the water services (such as drinking water, sewerage/wastewater and stormwater) and sanitary services (including public toilets, cemeteries & crematoria and solid waste) in our communities. This assessment is a requirement of the Local Government Act 2002 and focuses on identifying adverse impacts on health and the environment, and programmes in place to mitigate these effects. The assessment updated the current situation, and was consulted on with the public before it was finalised.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	5,697	5,898	201	\$	-
Revenue	4,827	5,390	(562)	\$	Additional subsidies received for rural capital projects and increased revenue received from water meter rates in Whakatāne and Ōhope.
Net Cost of Service (Surplus)	870	508	(362)	\$	
Capital Expenditure	2,261	1,963	(298)	\$	Predominantly related to delay of Ōhope Water Reticulation Upgrade.

\$ = Favourable variance \$ = Unfavourable variance

See the Update on Major Capital Projects table on the following page

Measure: Percentage of water supply systems with adequate pressure to fill a 15 litre bucket in one minute.

Target: 95%.

Result: Achieved - 97% (2010/11 result: 97%). The Council measures water pressure at pressure loggers installed in various locations in the District. At present only a few locations are experiencing low pressure and only at certain times of the year.

Measure: Number and level of water supply gradings received according to the Ministry of Health monitoring framework

Target: The targets are shown in the table to the right. The Ministry of Health grades water quality between A-E for water treatment and a-e for water reticulation. A indicates the highest standard and E the lowest.

Result: Not achieved - As shown to the right, we have achieved most of the targets for water reticulation, but not for water treatment.

This does not suggest that our water supplies are of poor quality. Rather it reflects that we did not yet have a full year dataset to report back. Our water is safe to drink and we regularly monitor the water quality of each scheme including levels of turbidity, chlorine, pH and E.Coli. From the 2012/13 year onwards we will be able to fully report against this target.

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Whakatāne Semi-rural Reticulation Upgrade	200	200	195	Completed	Achieved	On budget
Whakatāne Water Treatment Plant Filter Media Replacement	300	662*	405	Behind schedule - the project is expected to be completed by end 2012	On track	Under budget
Ōhope Water Reticulation Upgrade Stage 2	547	547	13	Behind schedule - pending further investigations during a dry season	On track	Under budget
Plains Reticulation Upgrades	188	341*	184	Completed	Achieved	Under budget - Under spent as a result of design change. Carry forward to 2012/13 for further investigations for future upgrades.
Plains Connection and Meter Replacements	50	50	71	Completed	Modified (increased)	Over budget - Due to replacement of additional connections

* Budget carried forward from 2010/11

Scheme	Target:	Result:
Whakatāne	Aa	Ea
Ōhope	Aa	Ea
Edgecumbe	Db	Dc
Matatā	Ab	Da
Murupara	Ab	Dc
Tāneatua	Ab	Da
Rūātoki	Bb	Eb
Waimana	Ab	Da
Plains	Db	Db & Dc
Te Mahoe	Ab	Da

COMMUNITY OUTCOMES



CLEAN PROTECTED ENVIRONMENT



ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT

WASTEWATER

A YEAR IN REVIEW

During the past year we continued to operate and maintain six different sewerage schemes. These service the urban areas of Whakatāne, Edgecumbe, Tāneatua, Ōhope, Te Mahoe and Murupara. As well as operating our six sewerage schemes, we have been looking at options for Matatā, which is currently not serviced by a reticulated system and Edgecumbe, which is prone to overflows.

Maintenance and upgrade projects completed:

We have completed a number of projects to maintain and/or improve our wastewater schemes. Some of these are the continuation of programmes that we undertake every year or projects that span multiple years. Examples include replacing or relining ageing pipes on all schemes where needed. A major part of this work programme over the past year has been the upgrade of pipes in McAlister Street. We have also completed some upgrades at the Ōhope treatment plant to improve its performance.

Matatā wastewater solution reviewed:

Late in the year we conducted a review of the proposed wastewater reticulation and treatment scheme in Matatā. This included updated health and environmental testing. The key finding of the review was that there is no compelling case for the introduction of a fully reticulated sewerage disposal system in Matatā on the basis of risks to human health. Some localised issues are apparent but these may be able to be resolved through another solution such as a managed septic tank system or partial reticulation. At the time of writing this Annual Report a course of action in light of these new findings had not yet been decided. However, we are working with the Regional Council on a number of actions, including supporting the Regional Council's proposal to make Matatā a Maintenance Zone.

Edgecumbe wastewater system update:

Over the past year we have undertaken investigations related to wastewater overflows in Edgecumbe. These have found that the main contributing factors for the overflows include excessive inflow (surface water ponding, illegal stormwater connections), excessive infiltration (ground water inflow through defective pipe joints and cracks), inadequate system capacity and poorly designed pump stations. At the time of writing this Annual Report a preferred solution was being considered but had not yet been decided.

Ōhope treatment options put to the community:

Over the past year we investigated alternative effluent treatment and disposal options for Ōhope. These investigations were required as part of our resource consent renewal for the Ōhope wastewater system. We found that two options for disposal were viable. One option is the disposal of effluent to sand dunes at Port Ōhope Reserve, at an estimated cost of \$4 million. The other option is to maintain the existing disposal of treated effluent to the ocean. At the time of writing this Annual Report we were seeking community feedback before proceeding with an option.

We aim to provide high quality, efficient and reliable wastewater systems that are affordable and meet the reasonable needs of the urban and commercial communities

Measure: Annual Residents Survey level of satisfaction with having a reliable disposal of wastewater and sewerage.

Target: Average satisfaction score of 77.0 out of 100 or higher

Result: Achieved - Average satisfaction score was 78.7 out of 100 (2010/11 result: 73.6).

Measure: Percentage of blockages and breakages affecting the system in Whakatāne are responded to within one hour (Note: Actual works required to remedy breakages and blockages will vary according to the extent of fault).

Target: 90%.

Result: Achieved - 97% (2010/11 result: 93.6%)

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	2,954	2,920	(34)	\$	-
Revenue	5,015	2,063	2,952	\$	Subsidy income from MoH not received for capital projects that did not proceed.
Net Cost of Service (Surplus)	(2,061)	857	2,918	\$	
Capital Expenditure	5,580	1,482	(4,098)	\$	Predominantly related to delay of Matatā and Ōhope wastewater projects (see below).

\$ = Favourable variance \$ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Whakatāne Sewer Reticulation Renewal	250	250	258	Completed	Achieved	On budget
Ōhope Wastewater Treatment Plant Upgrade	500	500	197	Behind schedule - Investigations have changed the scope of the project, further minor investigations still pending	Scope of project to be reduced pending outcome of review	Under budget
Development of Matatā Wastewater Treatment Plant and Reticulation	2,942	2,942	81	Behind schedule - Review of project scope underway	Scope of project to be reduced pending outcome of review	Under budget

Measure: Percentage of blockages and breakages affecting the system in other urban areas are responded to within three hours (Note: Actual works required to remedy breakages and blockages will vary according to the extent of fault).

Target: 90%.

Result: Achieved - 97% (2010/11 result: 93.6%)

Measure: High quality and effective reticulated wastewater systems are provided.

Target: In Whakatāne, Ōhope, Edgecumbe, Murupara, Tāneatua, Te Mahoe, and Matatā.

Result: Not achieved - With the Exception of Matatā, each of these community's is serviced by a wastewater system. Over past years Edgecumbe system has been prone to overflow at times of high stormwater. A solution for Edgecumbe and Matatā is being sought. (2010/11 result: not achieved due to heavy rain)

Measure: Number of wastewater related resource consent infringement and abatement notices received by the regional council.

Target: 0.

Result: Not achieved - One abatement notice was received for the Te Mahoe system following an overflow. New soakage trenches have been completed to resolve this issue (2010/11 result: 0).

COMMUNITY OUTCOMES



CLEAN PROTECTED ENVIRONMENT



ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT

STORMWATER

A YEAR IN REVIEW

Over the past year we have continued to manage stormwater systems in Whakatāne, Tāneatua, Otarawairere, Matatā, Te Mahoe, Edgcumbe, Te Teko, Ōhope, Murupara and Taiwhakaea. Each of these locations has its own issues and geographical challenges to ensure stormwater is effectively and efficiently managed and causes little disruption in the community. We have also continued to investigate and construct improvements to our stormwater systems over the past year to provide a higher level of protection.

Pumpstation maintenance and improvements completed: We have completed a number of projects to maintain and improve the McAlister Street and Awatapu pumpstations. This included upgrading electrical and telemetry systems and other minor replacements, and completing features to ensure the safety of both workers and the public.

Stormwater improvements for Maraetōtara being progressed: In the 2011/12 year we started a project to construct a sand sausage along the western side of the Maraetōtara stream to prevent further erosion and reduce risk to assets in the reserve. We also confirmed a number of further projects for the lower stretches of the stream as a solution to erosion and stream capacity issues. The projects will be undertaken during the next year.

Whakatāne and Ōhope stormwater catchment investigations making good progress: Over the past year we have undertaken a number of investigations that look to mitigate flooding by taking a whole of catchment approach. The upper catchment investigations is a joint project between us (Whakatāne District Council) and the Bay of Plenty Regional Council. Together, we have been investigating options for the Wainui Te Whare Stream including an upstream retention dam or increasing channel capacity downstream.

Urban stormwater study completed: Linked to the above investigations, we have completed an urban stormwater study for Whakatāne. This study includes mapping and 2D modelling to identify flood prone areas and illustrate overland flow paths. These studies have been used to prioritise a work programme for the next three years. Key features of this programme include flood mitigation works for high risk areas of Whakatāne township including Whakatāne North, Whakatāne West, Trident and Allandale. The programme includes flood mitigation works for the Wainui Te Whara Stream urban catchment. The next stage is to refine the findings and develop a longer term programme for stormwater management.

We aim to provide a quality, continuous, safe, uninterrupted, and cost effective urban stormwater system accessible throughout Whakatāne (including Otarawairere), Ōhope, Edgcumbe, Matatā, Murupara, Tāneatua, Te Mahoe and Te Teko

Measure: Annual Residents Survey level of satisfaction with the overall effectiveness of stormwater systems

Target: Average satisfaction score of 64.0 out of 100 or higher

Result: Not achieved - Average satisfaction score was 56.1 out of 100 (2010/11 result: 45.6). While we did not achieve this target, we note that it is a considerable improvement over the result for the previous year. The memory of flood events over the past two years is still strong in our community contributing to this result. We have a significant stormwater improvement programme scheduled over the next 10 years.

Measure: Percentage of blockages affecting the system in Whakatāne are responded to within one hour (Note: Actual works required to remedy blockages will vary according to the extent of fault).

Target: 100%.

Result: Achieved - 100% (2010/11 result: 87%)

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	1,849	2,163	314	\$	Unplanned maintenance costs related to January 2012 floods and desilting of Matatā Lagoon.
Revenue	1,462	1,450	11	\$	-
Net Cost of Service (Surplus)	388	713	325	\$	
Capital Expenditure	588	828	239	\$	Related to storm water projects carried forward from the previous year and increased costs of stormwater catchment investigations in Whakatāne and Ōhope.

\$ = Favourable variance \$ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Whakatāne Stormwater Catchment Investigations	120	223*	160	Behind schedule - investigations delayed due to ground conditions	On track	Under budget
McAlister Stormwater Pump Upgrade	163	163	170	Completed	Achieved	On budget
Whakatāne Stormwater Pump Station Electrical Improvements	160	160	161	Completed	Achieved	On budget
Ōhope Stormwater Catchment Investigations	55	170*	104	Completed	Modified (reduced)	Under budget - cost savings made
Ōhope Sand Sausage Maraetōtara Reserve	80	80	83	Completed	On track	On budget
Matatā Storm Response	0	124*	106	Completed	Achieved	Under budget

* Budget carried forward from 2010/11

Measure: Percentage of blockages affecting the system in all other urban areas are responded to within three hours (Note: Actual works required to remedy blockages will vary according to the extent of fault).

Target: 100%

Result: Achieved - 100% (2010/11 result: 87%)

Measure: Percentage of storm-water systems built to meet one in ten year rainfall event.

Target: 75%

Result: Achieved - 81% (2010/11 result: 81%). While we have exceeded this target, we have recently agreed to provide an increased level of protection to the community from storm events. We have increased our performance targets for the future and plan to undertake projects to achieve this.

TRADEWASTE

A YEAR IN REVIEW

Over the past year we continued to monitor and remove tradewaste from businesses. Tradewaste is the wastewater produced by commercial and industrial properties and it is often more contaminated than household sewage or comes in a greater quantity. Tradewaste is treated through the same sewerage system as household sewage but because of the differences in quality and quantity, we administer and charge for this service in a different way. This helps to recover the true cost of treating tradewaste.

Businesses covering the cost of their tradewaste: In 2011 we started to manage tradewaste internally, rather than through the use of consultants. This has led to extra monitoring and enabled us to better recover the actual cost of treating tradewaste. Changes to the Tradewaste Bylaw that came into effect in 2010/11 have now enabled us to more accurately recover the cost of tradewaste. As a result, the income for this activity has increased, meaning that those businesses that produce tradewaste are covering the true cost of managing it, rather than the cost being subsidised by other ratepayers.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	Major Variance Explanations
Expenditure	128	132	4	\$ -
Revenue	128	165	(37)	\$ Increased revenue from tradewaste charges related to an increased quantity of tradewaste produced by businesses and better monitoring.
Net Cost of Service (Surplus)	-	(33)	(33)	\$

\$ = Favourable variance \$ = Unfavourable variance

Waste Ngā Parapara



Waste Reprocessing, Waste Recycling,
Waste Disposal

WHAT THIS GROUP OF ACTIVITIES INCLUDES

Within this group of activities, the Council provides services for refuse collection, recycling and reprocessing of waste, and waste disposal. The Council undertakes the activities within this group in response to the needs and aspirations of the people of the District for aesthetic and health reasons. The activities undertaken within this group contribute towards the implementation of the Council's Zero Waste Policy.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific Activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	U/F
Expenditure	5,254	5,733	478	\$
Revenue	6,489	6,321	168	\$
Net Cost of Service (Surplus)	(1,235)	(588)	647	\$
Transfer from (surplus)/deficit	(1,235)	(588)	647	\$
Capex	2,180	63	(2,117)	\$
Payments to Reserves	143	931	788	\$
Loan Repayments	270	270	-	\$
Less Depreciation not Funded	(73)	(74)	(1)	\$
Total Funding Requirement	1,286	603	(683)	\$
FUNDED BY:				
Reserves	492	293	199	\$
Loans Raised	793	310	483	\$
Total Funding Applied	1,285	603	682	\$

\$ = Favourable variance \$ = Unfavourable variance

Community Outcomes



CLEAN PROTECTED ENVIRONMENT



ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT

WASTE REPROCESSING

A YEAR IN REVIEW

Over the past year we diverted substantial amounts of materials out of the waste stream to be reprocessed and reused. This helped to reduce waste, reduce reliance of fresh raw materials and reduce the dependence on landfills as a waste management option.

Record amounts of material removed from the wastestream for reprocessing: Over the past year, 33.5% of our waste stream has been removed and reprocessed for other uses thereby avoiding being disposed of in a landfill. This included 7617.90 tonnes of greenwaste, 621.86 tonnes of concrete and 124.72 tonnes of tyres. This is the highest proportion of materials that we have been able to divert from the waste stream since monitoring started in 2006. The green waste is reprocessed for use as compost while concrete is crushed and tyres shredded to be used as construction materials.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	Major Variance Explanations
Expenditure	873	1,003	130	\$ Increased amount of waste reprocessed than was budgeted for.
Revenue	873	877	(3)	-
Net Cost of Service (Surplus)	-	127	127	\$

\$ = Favourable variance \$ = Unfavourable variance

We aim to provide the community with access to kerbside collection, disposal and recycling facilities, including disposal of special waste (hazardous waste)

Measure: *The proportion of waste to landfill.*

Target: 55% or less of waste or less goes to landfill with 45% or more being reprocessed or recycled.

Result: Achieved - The proportion of waste to landfill in the 2011/12 year was 50%. This is substantially better than the target and an improvement over the previous year. (2010/11 result: 51%). The reprocessing activity accounted for 33.5% of our waste stream, with recycling accounting for the final 16.5%.

Community Outcomes



CLEAN PROTECTED ENVIRONMENT



ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT

WASTE RECYCLING

A YEAR IN REVIEW

We continued to provide kerbside recycling collection services, as well as taking recyclable materials free of charge at our transfer stations. The materials currently being recycled via the domestic crate service include paper, cardboard, plastics (grades 1 and 2), glass (clear, green, brown), tin cans and aluminium cans and plastic bags. Larger items such as household appliances, steel, cars, timber, and tyres etc. are also taken at our transfer stations or recycling centre.

Council supports CReW recycling shop initiative:

Community Reuse Whakatāne (CReW) is a not-for-profit community initiative providing an outlet for reusable materials that may otherwise be sent to the landfill at ratepayers' expense. Reusable materials are gathered from the transfer station and items are also donated directly to CReW at their Te Tahī Street facility. CReW was established and is operated by volunteers with support from the Ministry for the Environment, the Whakatāne District Council, Ngāti Awa, Pou Whakaaro and Energy Options. The centre was officially opened in March 2012 by mayor Tony Bonne at a ceremony attended by over 70 people.

Recycling Park improvements help to control

odour: In conjunction with Waste Management Limited, the Transfer Station operations contractor, we have made a number changes at the facility over the past year to reduce emissions. These include installing a misting system, introducing a Sunday collection (so that waste is taken away 7 days a week), carrying out bi-weekly waste audits, establishing an off-site offal pit and installing door disablers so only one door is open at any given time. We have also placed mesh wind barriers over the rear vents and installed a bird scarer. While these improvements have made a difference, we know that there is still an issue with odour emissions from time to time. We are continuing to work through proposals from odour experts in an effort to minimise any odour issues outside the immediate area of the Transfer Station.

We aim to provide the community with access to kerbside collection, disposal and recycling facilities, including disposal of special waste (hazardous waste)

Measure: Annual Residents Survey level of satisfaction with kerbside recyclable collection.

Target: Average satisfaction score of 81.2 out of 100 or higher

Result: Achieved - Average satisfaction score was 82.4 out of 100 (2010/11 result: 83.0).

Measure: Annual Residents Survey level of satisfaction with Council run recycling facilities in Whakatāne and Murupara.

Target: Average satisfaction score of 82.4 out of 100 or higher

Result: Within 5% - Average satisfaction score was 81.1 out of 100 (2010/11 result: 80.5). While we have not quite achieved the target, we were within close range and the score marks a very high achievement. We are satisfied that this does not raise concern for the outcomes we seek to achieve through this activity. We will continue to monitor this activity to ensure that we continue to deliver an appropriate level of service.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	1,418	1,362	(56)	Ⓢ	-
Revenue	1,562	1,575	(13)	Ⓢ	-
Net Cost of Service (Surplus)	(144)	(213)	(69)	Ⓢ	

Ⓢ = Favourable variance Ⓢ = Unfavourable variance



Community Reuse Whakatāne (CRew) Opening in March 2012

Community Outcomes



CLEAN PROTECTED ENVIRONMENT



ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT

WASTE DISPOSAL

A YEAR IN REVIEW

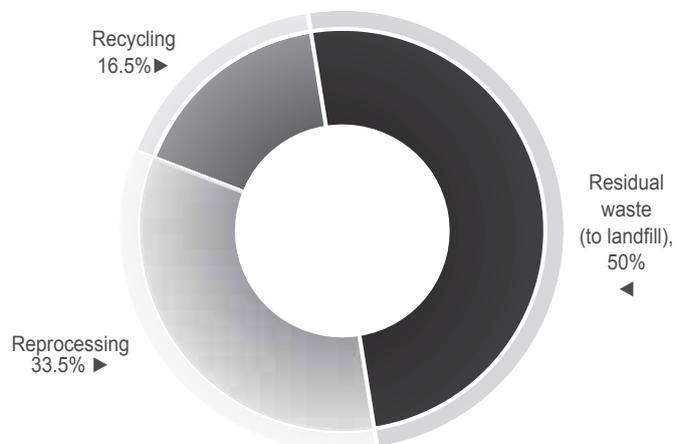
We continued to provide kerbside refuse collection services to approximately 12,700 households in the District and take waste materials at our transfer stations. With no operational landfill in our District, residual waste (non reusable or recyclable) was transported and disposed of at the Tirohia landfill in the Waikato.

Decision not to proceed with a new landfill: In August 2011 the Council decided not to proceed with the development of a new regional landfill. This decision was made following a conclusion that a new landfill is not a cost efficient option given the small amount of waste we produce as a District. This decision follows the adoption of a waste minimisation plan for the District in 2010, that includes ways to minimise the quantity of waste sent to landfill. The decision not to proceed with this project will avoid the Council having to spend \$11 million establishing the new landfill.

Landfill retirement programme on track: Over the past year we have completed a number of projects that manage the Murupara and Burma Road landfills following their closure. This included capping works at both landfill sites and gas collection at Burma Road. We also continued to undertake our ongoing monitoring programme of these closed landfills to ensure that any negative impacts are identified and taken care of.

Waste to landfill decreases compared to recycling and reprocessing: The total waste stream for the past year amounted to 24,960 tonnes. This is a reduction in volume over the previous year by almost 1000 tonnes. Of this waste, 12,476 tonnes (50%) was sent to landfill. Of the remaining waste 16.5% comprised of recycling, with reprocessing claiming the remaining 33.5%. Our target was to send no more than 55% of the waste stream to landfill, so the result of 50% marks a great achievement. The difference of 5% means that 1,248 tonnes or 57 truckloads of waste have been recycled or reprocessed instead of going to the Tirohia landfill in the Waikato.

What happened to the waste produced in our District in 2012?



We aim to provide the community with access to kerbside collection, disposal and recycling facilities, including disposal of special waste (hazardous waste)

Measure: Annual Residents Survey level of satisfaction with residential refuse collection.

Target: Average satisfaction score of 83.6 out of 100 or higher

Result: Within 5% - Average satisfaction score was 82.9 out of 100 (2010/11 result: 84.6). While we have not quite achieved the target, we were within close range and the score marks a very high achievement. We are satisfied that this does not raise concern for the outcomes we seek to achieve through this activity. We will continue to monitor this activity to ensure that we continue to deliver an appropriate level of service.

Measure: Number and location of transfer stations.

Target: Transfer stations are operating in Murupara, Whakatāne, Minginui and Ruatahuna..

Result: Achieved - 4 transfer stations are operating as per the target. The Ruatahuna facility is temporary and a long term solution is being progressed. (2010/11 result: 2 transfer stations provided as per the 2010/11 target)

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	2,962	3,368	405	\$	Cost increases in waste contracts. Burma Road Landfill retirement costs transferred back to operational expenditure rather than capital expenditure.
Revenue	4,054	3,870	185	\$	-
Net Cost of Service (Surplus)	(1,092)	(502)	590	\$	
Capital Expenditure	2,160	63	(2,097)	\$	Proposed Whakatāne Landfill project cancelled and Murupara Landfill Hardstand Capping not required.

\$ = Favourable variance \$ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Proposed Landfill - Resource Consent	1,750	1,750	0	Cancelled	Cancelled	Under budget
Murupara Landfill - Hardstand Capping	110	110	0	Cancelled Project - No longer required	Cancelled	Under budget
Organic Waste Composting Plant investigations	0	50*	42	Behind Schedule - Investigations continue	On track	Under budget

* Budget carried forward from 2010/11

Measure: Provision of a landfill in the District.

Target: No landfill (Closed from January 2010 with waste exported to a Tirohia landfill outside of the District).

Result: Achieved - All the residual waste is now exported to Tirohia landfill. (2010/11 result: 0)



Environmental Sustainability

Te Pūtaiao



Resource Management - Consents,
Resource Management - Policy

WHAT THIS GROUP OF ACTIVITIES INCLUDES

Within this group the Council processes resource consent applications to use, develop and subdivide land and monitors compliance with the conditions of consent. Within this group of activities the Council is also involved in resource management planning. This includes development and monitoring of the District Plan, associated strategies and policy, as well as assessing the state of the environment.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific Activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	U/F
Expenditure	2,301	1,940	(361)	\$
Revenue	1,740	1,577	163	\$
Net Cost of Service (Surplus)	561	363	(198)	\$
Transfer from (surplus)/deficit	561	363	(198)	\$
Capex	-	-	-	\$
Payments to Reserves	0	49	49	\$
Loan Repayments	90	90	-	\$
less Depreciation not Funded	0	-	-	\$
Total Funding Requirement	651	502	(149)	\$
FUNDED BY:				
Reserves	-	39	(39)	\$
Loans Raised	652	464	188	\$
Total Funding Applied	652	502	150	\$

\$ = Favourable variance \$ = Unfavourable variance

COMMUNITY OUTCOMES

ENVIRONMENTALLY
RESPONSIBLE
DEVELOPMENTPROSPEROUS
ECONOMY

RESOURCE MANAGEMENT - CONSENTS

A YEAR IN REVIEW

Over the past year we continued to receive and process resource consents. Any development, subdivision or other proposed use of a site must be assessed against the Council's District Plan. This contains rules about different types of activities in different parts of the District. Any activity not permitted by the District Plan requires a resource consent. We also continued to monitor compliance with the conditions of consents to ensure any negative effects on the environment are avoided, remedied or mitigated.

During the year we processed over 130 consents:

In the 2011/12 year we continued to provide resource consent services in accordance with obligations under the Resource Management Act 1991 (RMA). During the year we issued 49 landuse consents, 52 subdivision consents, seven certificates of compliance, one existing use certificate, five outline plan approvals, eight tree removals, nine variations to resource consents, one extension to a subdivision consent; one cross lease update, and one right of way approval. In addition, we monitored 58 landuse consents of which 46 were complying and 12 non-complying requiring further action. Two examples of granted consents were for a rock fall catch fence behind the apartments at Muriwai Drive and a significant extension to the Mary Shapley Retirement Village.

Our consent services perform well in Ministry for the Environment (MfE) survey:

The MfE released its biennial survey of local authorities' administration of the RMA during the year. The survey covers the period 1 July 2010 to 30 June 2011. Local authorities were grouped based on the number of consents issued. The Whakatāne District Council was in Group 2 which also included Taupo, Western Bay of Plenty, Hauraki, Horowhenua, Kapiti Coast, Napier, Porirua and Whangarei. The survey results confirmed that, on an average percentage basis, the Whakatāne District Council notified fewer consents, had a lower percentage of requests for additional information, and utilised the Section 37 provisions of the RMA to extend timeframes less than the Group 2 average.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	1,104	973	(131)	Ⓢ	Staff vacancies.
Revenue	1,104	934	170	Ⓢ	Reduced revenue from lower number of applications.
Net Cost of Service (Surplus)	-	39	39	Ⓢ	

Ⓢ = Favourable variance Ⓢ = Unfavourable variance

We aim to administer the Resource Management Act (RMA) to facilitate environmentally sustainable development within the Whakatāne District

Measure: Number of resource consent decisions overturned by the Environment Court.

Target: 0

Result: Achieved - 0 (2010/11 result: 0).

Measure: Annual Residents Survey level of satisfaction with Council's resource consent process.

Target: Average satisfaction score of 62.0 out of 100 or higher

Result: Achieved - Average satisfaction score was 64.8 out of 100 (2010/11 result: 54.6).

Measure: Average working days for processing subdivision resource consents.

Target: 20 days.

Result: Achieved - 19.75 days (2010/11 result: 17 days).

Measure: Average working days for processing landuse resource consents.

Target: 11.4 days.

Result: Not Achieved - 13.9 days (2010/11 result: 17 days). While we did not achieve this target it is a notable improvement over the previous year. We consider this to be a positive result which indicates that we are on track towards improving the level of service we provide.

COMMUNITY OUTCOMES



CLEAN PROTECTED ENVIRONMENT



ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT



PROSPEROUS ECONOMY

RESOURCE MANAGEMENT - POLICY

A YEAR IN REVIEW

Much of our work over the past year has been related to the review of our District Plan. The District Plan controls the way we use, subdivide and develop land in the District. It identifies where activities can take place, what land can be developed and which special features of our District should be protected.

Our District Plan is currently under review:

The review will help to update our District Plan to deal with new legislation and issues, such as renewable energy and urban growth. Some parts of our current Operative Plan are over 10 years old and some parts are missing altogether, for example it does not contain sections on indigenous biodiversity or financial contributions. A major focus of the District Plan review is to enable land use and development while protecting places valued by our community. Key themes running through the District Plan are:

- Growing our district
- Opportunities for business
- Retaining a strong rural base
- Ensuring safe and resilient communities
- Creating liveable spaces
- The special places that makes the District unique

Consultation on the Draft District Plan: While not required by legislation, we released our Draft Plan for public comment in July 2011. During the three month consultation period, we held open days, attended hui, hosted meetings, and contacted specific stakeholders and affected property owners. We also put factsheets out to all ratepayers and distributed information through the local media.

Over 100 people attended Council open days and staff dealt with nearly 130 counter enquiries and phone calls on the Draft Plan. A number of these calls resulted in site visits to review information contained in the Plan.

A total of 181 written comments were received with approximately half received from organisations, and half from individuals. A wide range of organisations were represented, including statutory agencies, the farming and forestry sector, and infrastructure providers. The Council is continuing to work through the 1200 points raised through comments to the Draft District Plan and working towards notification of a Proposed District Plan early in the 2012/13 financial year.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	1,198	967	(231)	☐	Costs associated with notifying the District Plan not incurred.
Revenue	636	643	(7)	☐	-
Net Cost of Service (Surplus)	562	324	(238)	☐	

☐ = Favourable variance ☒ = Unfavourable variance

We aim to make the proposed Whakatāne District Plan operative

Measure: Status of the Whakatāne District Plan.

Target: Second generation Whakatāne District Plan notified.

Result: Not Achieved - A second generation District Plan was not notified in the 2011/12 year. This is now expected to be notified in November 2012. (2010/11 result: Achieved - first generation District Plan made operative).

Community Safety

Te Whakamaru O Tū



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

WHAT THIS GROUP OF ACTIVITIES INCLUDES

The activities within this group are undertaken by the Council in response to various aspects of community safety and wellbeing. In most cases the Council is obligated by legislation to provide these services to the community. Within this group of activities the Council provides a variety of consents, licenses and certificates and also conducts monitoring and inspections to safeguard the community. The Council also provides information and complaints services under this group of activities.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific Activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	U/F
Expenditure	2,758	2,958	200	\$
Revenue	3,008	3,277	(269)	\$
Net Cost of Service (Surplus)	(250)	(319)	(69)	\$
Transfer from (surplus)/deficit	(250)	(319)	(69)	\$
Capex	100	109	9	\$
Payments to Reserves	150	535	385	\$
less Depreciation not Funded	-	(15)	(15)	\$
Total Funding Requirement	-	310	310	\$
FUNDED BY:				
Reserves	-	310	(310)	\$
Total Funding Applied	-	310	(310)	\$

\$ = Favourable variance \$ = Unfavourable variance

COMMUNITY OUTCOMES

SAFE CARING
COMMUNITYHEALTHY PEOPLE AND
QUALITY HOUSING

LICENSING (LIQUOR & GAMBLING)

A YEAR IN REVIEW

Over the past year we monitored and controlled alcohol and gaming venues in our District. This involved the processing and issuing of licenses relating to the sale of liquor and undertaking controlled purchase operations. We also continued to administer the Gambling Policy for gaming machine venues and TABs.

Controlled purchase operations conducted: During the 2011/12 year we undertook two controlled purchase operations in conjunction with the Police and Toi Te Ora Public Health. The first operation resulted in the sale of alcohol to a minor being observed. As a first offence the standard penalties were imposed including closing the premises for one day and the licensed manager being suspended for three weeks. The second operation was conducted in December and saw six premises inspected. All premises asked for identification from younger customers and there were no incidences of the sale of alcohol to minors.

Gambling Policy takes sinking lid approach: Our District currently has 207 gaming machines within 15 venues. This amounts to 7.8 machines per 1000 adults in our District compared to 5.1 machines per 1000 adults nationally. We have a Gambling Policy that seeks to reduce this number by using a sinking lid approach. This means that no new gaming machines will be permitted until the overall number has reduced to 6 machines per 1000 adults. A review of this policy was started in June 2012.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	120	113	(7)	\$	-
Revenue	120	125	(5)	\$	-
Net Cost of Service (Surplus)	-	(12)	(12)	\$	

\$ = Favourable variance \$ = Unfavourable variance

We aim to ensure that alcohol sales and gaming machines are available only at licensed premises managed by qualified people

Measure: Inspection of all licensed premises for compliance with the Sale of Liquor Act, at least once per annum, with enforcement action initiated against any non complying premises.

Target: 100%.

Result: Not achieved - 38.3% 33 of 81 licensed premises were inspected (2010/11 result: 100%). This target was not achieved due to staff turnover in this activity. A new Liquor Licensing Inspector started in July 2012.

Measure: Controlled purchase operations are undertaken in conjunction with the Police and Toi Te Ora Public Health with enforcement action initiated against non-complying premises.

Target: At least one operation annually.

Result: Achieved - Two controlled purchase operations were conducted during the year (2010/11 result: One operation conducted).

COMMUNITY OUTCOMES

SAFE CARING
COMMUNITYHEALTHY PEOPLE AND
QUALITY HOUSING

ENVIRONMENTAL HEALTH

A YEAR IN REVIEW

Over the past year we processed licenses for registered premises such as hairdressers, food premises and camp grounds and inspected those premises to ensure they meet required health and safety standards. We monitored the state of the environment including water supplies, environmental noise and contaminated land. We also responded to nuisance complaints such as noise, refuse and odour.

District Plan noise provisions reviewed: We have been reviewing our environmental noise provisions in the District Plan. This provides the noise limits that are considered acceptable in different zones (such as rural, commercial, residential and industrial) and for specific circumstances or events (such as bird scaring devices). The District Plan is due for notification in the 2012/13 financial year and this will provide an opportunity for feedback on the proposed noise limits.

Food safety courses well attended: We organised three NZQA food safety courses during the year attended by 33 food handlers. Provision of these courses complements our Food Safety Bylaw which has a requirement for annual registration of at least one qualified food handler per food premises. The objective of the Bylaw is to promote good food safety practices in commercial food premises.

Food bill, legislative change on the horizon:

Substantive amendments to the Health Act 1956 and Food Act 1981 are proposed by the Government. While these have not yet been finalised, we continued to promote a Voluntary Implementation Programme for Food Control Plans during the year. This work aims to lessen the transitional impact of legislative change proposed in the Food Bill. The Food Bill will introduce a new national food regulatory framework based on hazard recognition and food safety risk management systems.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	240	210	(30)	§	Small cost savings in consultants, contracts and salaries.
Revenue	240	244	(4)	§	-
Net Cost of Service (Surplus)	-	(34)	(34)	§	

§ = Favourable variance § = Unfavourable variance

We aim to ensure that the environmental health of the community is maintained or enhanced

Measure: Annual Residents Survey level of satisfaction that Environmental Health Services are making the environment a healthier place to live.

Target: Average satisfaction score of 69.6 out of 100 or higher

Result: Within 5% - Average satisfaction score was 67.9 out of 100 (2010/11 result: 66.8). While we have not quite achieved the target, we were within close range and the score marks an improvement over the previous year result. We are satisfied that this does not raise concern for the outcomes we seek to achieve through this activity. We will continue to monitor this activity to ensure that we continue to deliver an appropriate level of service.

We aim to ensure that food premises operating in the Whakatāne District comply with relevant regulations/legislation

Measure: Food premises are inspected at least once per annum and registrations are issued in accordance with regulations of relevant legislation. Enforcement action is initiated against non complying premises.

Target: 100%.

Result: Achieved - 100% (2010/11 result: 100%). In total, 153 food premises were inspected with enforcement taken against 25 premises.

COMMUNITY OUTCOMES

SAFE CARING
COMMUNITYCLEAN PROTECTED
ENVIRONMENT

REGULATION MONITORING

A YEAR IN REVIEW

During the year we continued to enforce our local bylaws. Some of the main functions included licensing street stalls, removing obstructions in public places such as overgrown trees, responding to complaints about long grass in urban areas, removing abandoned vehicles and responding to illegal dumping.

Keeping vehicles off our beaches: Over the past year we have been working with specific groups of beach users to educate them on our bylaw for vehicles on beaches. We have been pleased with how receptive these groups have been and with some of the results we have managed to achieve, particularly where fishing tournaments are concerned. We need to keep our efforts up as there still seems to be a lack of awareness or disregard for this bylaw. The bylaw restricts vehicle access on beaches as this can contribute to dune erosion, damage ecosystems and be a danger to other beach users. There are allowances for launching and retrieving vessels and for some limited other purposes. In most instances where access is permitted, there is a 20km per hour speed limit.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	80	64	(16)	☐	Small cost savings in salaries and contracts achieved through increased use of volunteers (PD workers).
Revenue	80	82	(2)	☐	-
Net Cost of Service (Surplus)	-	(18)	(18)	☐	

☐ = Favourable variance ☐ = Unfavourable variance

We aim to administer and enforce bylaws to deal with issues that create nuisance to the community

Measure: Response times to urgent complaints and infringements.

Target: 100% of urgent complaints and infringements responded to within 1 hour.

Result: Achieved - 100% (2010/11 result: 100%). Urgent complaints responded to include broken glass in playgrounds and chemical spills.

Measure: Response times to non-urgent complaints and infringements.

Target: 100% of non-urgent complaints and infringements responded to within 24 hours.

Result: Achieved - 100% (2010/11 result: 100%).



COMMUNITY DEVELOPMENT

A YEAR IN REVIEW

Under this activity we progressed a number of projects, strategies and policies that aimed at improving social well-being or reducing crime. We also coordinated and supported the Whakatāne District Youth Council to undertake a number of projects and provide input into Council proposals from a youth perspective.

Strategy aims to create better futures for our youth: In October 2011 we adopted a 'Strategy for Young People'. The Strategy recognises that the needs of young people are often different to the rest of the population. It identifies the particular needs of young people and how the Council will work towards addressing these. The framework for this Strategy is organised around the following four themes: places to go and things to do; celebrating success; support; and, getting involved in decision making.

Campaigns to combat crime and graffiti continue: For part of the year we continued to deliver the 'Crossroads' mentoring programme for young offenders. We also delivered the 'Tag-Off' programme for cleaning graffiti and 'I-Saw' which is an educational and media campaign to prevent tagging. Alongside these programmes we commissioned artist Marc Spijkerbosch to paint four public murals in the Whakatāne CBD, James Street Scout Hall, Ōhope and Edgecumbe. Murals are known to deter graffiti and help to beautify the town. While we have been fortunate to secure funding from the Ministry of Justice to deliver these programmes in the past, this funding arrangement has now come to an end. To continue these programmes we will need to source further external funding.

"I have a future" - Youth Council takes a stance for a responsible attitude towards alcohol: During the year the Youth Council undertook a video campaign to support a responsible approach towards alcohol consumption. A series of 10 social media style video adverts were created featuring members of the Youth Council with funding support from the Ministry of Youth Development. These played in the local movie cinema for almost two months during pre-movie advertisements and were also posted on You Tube.

CCTV phase one implemented: In November 2011 we completed phase one of a two stage process to improve our CCTV (Closed Circuit Television) system. This stage involved replacing existing CCTV cameras with higher quality equipment and improving supporting infrastructure. The upgraded system utilises the Council's new fibre optic cable network providing the Police with high quality footage that helps to prevent or solve crime. As part of this project, signage has been put up around the wharf on the Whakatāne River, the Whakatāne Information Centre, The Strand, Riverside Park, Pak'N Save and other CBD zones alerting the public that they are in Police crime prevention areas. The project was completed with substantial support from the Southern Trust and the Lion Foundation.

We aim to ensure that community safety is fostered through a range of subsidised programmes and coordinated projects

Measure: Safer communities programmes and projects are developed and implemented according to local needs.

Target: At least four programmes and projects delivered annually.

Result: Achieved - 10 programmes and projects delivered. (2010/11 result: 7 programmes and projects delivered).

Measure: Number of Whakatāne District Youth Council meetings per year.

Target: 4 or more meetings per year.

Result: Achieved - 6 formal Youth Council meetings held and many informal meetings and workshops to progress projects (2010/11 result: 8 formal Youth Council meetings held)

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	173	259	86	\$	Additional spend related to grant funded projects carried forward from previous year into 2011/12.
Revenue	273	319	(46)	\$	Grant funds unspent at end of previous financial year and carried forward to 2011/12, offset by reduction in subsidy revenue for CCTV project as this was not progressed.
Net Cost of Service (Surplus)	(100)	(59)	41	\$	
Capital Expenditure	100	109	9	\$	-

\$ = Favourable variance \$ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
CCTV Upgrade Phase Two	100	210*	109	Deferred - subject to external funding.	On track	Under Budget - The CCTV project anticipated \$100,000 in grants this financial year for phase two of the upgrade project. The project has been deferred with grant funding and expenditure now expected in 2012/13.

* Budget carried forward from 2010/11



Public mural beside Paper Plus created by artist Marc Spijkerbosch with assistance from the crossroads team

COMMUNITY OUTCOMES

SAFE CARING
COMMUNITYHEALTHY PEOPLE AND
QUALITY HOUSING

BUILDING

A YEAR IN REVIEW

Over the past year we have continued to receive, process and issue building consents. We also conducted inspections of buildings and building sites to ensure these are safe and meet the conditions of their consent. We stayed informed of changes that were made to the Building Act during the year and have adapted our processes where necessary.

During the year we issued 584 building consents:

In the 2011/12 year we continued to provide building consent services in accordance with the Building Act 2004. The constrained economic environment coupled with the extended scope of exempt building work (following changes to the Building Act) have resulted in fewer building consents being applied for during the year. During the year we issued a total of 584 building consents. This included 51 consents for new residential dwellings and 533 other consents for work such as fireplaces, garages or alterations to buildings. The average time for processing building consents was 11.4 working days.

Building consent cluster group recognised at

national level: We have continued our relationship with the Lakes Coast Cluster Group of building consent authorities. This is a group of eight Council's from the Bay of Plenty and Central Lakes areas who are working together to provide a more consistent and efficient approach to building consent processing. Recently the Group has developed consistent building consent forms that can be used at any of the member councils. This means that if you want to do building work on a property in these different districts, you will only need to use one standard building consent application form. The Group's achievements have been recognised at national level.

Amendments to the Building Act introduced during the year:

Amendments to the Building Act included extending the scope of building work not requiring a building consent, and the introduction of a legislative framework around risk-based consenting. Other provisions such as the restricted building work and licensed building practitioner programme have significantly increased the administrative workload associated with this activity. Although the framework around risk-based consenting has been introduced, implementation timeframes will not be defined until Central Government is confident that adequate capacity and capability exists within the sector.

We aim to provide high quality outcomes for building consent and code compliance applications in a timely and professional manner

Measure: Annual Residents Survey level of satisfaction with the Council's building consent process.

Target: Average satisfaction score of 62.0 out of 100 or higher.

Result: Achieved - Average satisfaction score was 75.3 out of 100 (2010/11 result: 57.3).

Measure: Average working days for processing building consents.

Target: 13.7 days.

Result: Achieved - 11.4 days (2010/11 result: 9.37 days).

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	1,546	1,717	171	\$	-
Revenue	1,696	1,838	(142)	\$	-
Net Cost of Service (Surplus)	(150)	(121)	29	\$	

\$ = Favourable variance \$ = Unfavourable variance



Final building inspection of a shed and carport on Tāneatua Road

We aim to ensure that new buildings and buildings with public access are healthy and safe

Measure: New buildings and buildings with public access comply with the building code or enforcement action is taken.

Target: 100% either comply or followed up with enforcement action.

Result: Achieved - 100%. All new building work that required a building consent was inspected at key points during construction. Any matters of non-compliance were identified and corrected. Complaints of illegal building work were followed up and escalated to enforcement action as appropriate (2010/11 result: 100%)



ANIMAL CONTROL

A YEAR IN REVIEW

During the year we delivered a number of services for the control of dogs and stock, primarily to protect public health and safety. Services included dog registration, educating the public on responsible animal ownership, and responding to complaints about wandering, threatening and attacking animals.

We responded to around 1,759 dog-related complaints: The number of complaints relating to dogs increased from 1,198 in 2010/11 to 1,759 in 2011/12. The majority of these incidents related to wandering or roaming dogs. Additionally, staff were also called out to deal with a limited number of wandering stock incidences - these can be a very real safety hazard on our roads. We have a 24 hour, 7 days a week response service for urgent complaints and ensure that one of our animal control staff attends to the situation as soon as is possible (bearing in mind the location of the incident and the travel time involved).

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	599	594	(5)	☐	-
Revenue	599	669	(70)	☐	Revenue from fees and fines has increased due to an urban drive for dog registrations and a zero tolerance policy.
Net Cost of Service (Surplus)	-	(75)	(75)	☐	

☐ = Favourable variance ☒ = Unfavourable variance

We aim to ensure that public safety and comfort is protected and the public are aware of their rights and responsibilities

Measure: Response times for animal complaints.

Target: Response initiated to aggressive dog complaints within 1 hour.

Result: Achieved - Any delay on urgent service requests involving aggressive dogs could result in serious injury (2010/11 result: Timeframes achieved).

Target: Response initiated to roaming stock complaints within 1/2 hour.

Result: Achieved - Stock on public roads is a risk to public safety (2010/11 result: Timeframes achieved).

Target: Response initiated to other (non-urgent) complaints within 24 hours.

Result: Achieved. (2010/11 result: Timeframes achieved).

Measure: Annual Residents Survey level of satisfaction with Council's dog control service.

Target: Average satisfaction score of 66.6 out of 100 or higher.

Result: Within 5% - Average satisfaction score was 66.2 out of 100 (2010/11 result: 67.5). While we have not quite achieved the target, we were within very close range. This does not raise concern for the outcomes we seek to achieve through this activity. We will continue to monitor this activity to ensure that we continue to deliver an appropriate level of service.

Arts & Culture

Ngā Mahi Toi Whakairo



Library (District Libraries),
Museum & Gallery

WHAT THIS GROUP OF ACTIVITIES INCLUDES

Within this group of activities, the Council provides libraries, located in Whakatāne, Murupara, Edgecumbe and Ōhope. The Whakatane Library is located within the new centre, Te Kōputu a te whanga a Toi, which also incorporates the District's Museum & Gallery. The Museum and Gallery are supported by a Research, Storage and Archives Facility.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific Activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	U/F
Expenditure	3,097	2,945	(152)	☐
Revenue	4,032	3,962	70	☑
Net Cost of Service (Surplus)	(935)	(1,016)	(82)	☐
Transfer from (surplus)/deficit	(935)	(1,016)	(82)	☐
Capex	1,352	3,812	2,460	☑
Payments to Reserves	18	260	242	☑
Loan Repayments	44	44	0	☐
less Depreciation not Funded	(70)	(94)	(24)	☐
Total Funding Requirement	410	3,006	2,596	☑
FUNDED BY:				
Reserves	158	433	(275)	☐
Loans Raised	252	2573	(2,321)	☐
Total Funding Applied	410	3,006	(2,596)	☐

☐ = Favourable variance ☑ = Unfavourable variance

LIBRARY

A YEAR IN REVIEW

The completion of the new Library and Exhibition Centre and the relocation of the Whakatāne Library into this new facility has been a massive achievement over this past year. We also continued to provide services from our three community libraries located in Edgecumbe, Ōhope and Murupara. The libraries provide access to print, audio and visual materials, online databases, and internet access, and are a social meeting place for many. Our total library collections include approximately 65,000 items available for issue.

New Library proving popular: After a decade of negotiation, campaigning, planning and fund raising the new Library & Exhibition Centre "Te Kōputu a te whanga a Toi" was officially opened by the Mayor, Tony Bonne on the 28th June 2012.

In the short time since opening, demand at the facility has been huge, with visitor numbers well up compared to the previous facility. In the first five days alone some 7,000 books were returned and a further 4,000 issued out. The library is now open 7 days a week and incorporates self check out facilities. We have also had a lot of positive comments about the comfortable reading and relaxing areas.

Relocation of the library to the new facility was a huge task, which involved nearly twelve months worth of planning, weeding (or the culling of older titles) from the collection and also looking at new ways to serve the needs of our customers. A book borrowing bonanza helped to significantly reduce the numbers of items on the shelves during the shift, with all of these books being returned during the first two weeks of opening.

E-audiobooks launched: In December 2011 we launched e-audiobooks, in partnership with InfoShare. An initial collection of 622 fiction, non-fiction, children's, young adults and adult titles are available. Audio books are popular across the community, as they allow people to participate in an activity while at the same time "experiencing" a book.

New issues and returns system for library collections: We have completed a project to install a Radio Frequency Identification Device (RFID) electronic tagging and gate system for the Library & Exhibition Centre. With the support of a number of volunteers, including Whakatāne Rotary Club, and Friends of the Library the staff began the process of tagging over 60,000 books, CD's and other items in the lead up to the opening of the new facility. Tagging of the collection has also helped to improve our electronic collection database, enabling us to provide the community with access to books stored off-site. Branch libraries were also tagged and a new issue and returns system is being introduced in the Murupara, Ōhope and Edgecumbe branches.

COMMUNITY OUTCOMES



DIVERSE, CREATIVE AND ACTIVE COMMUNITY



EDUCATION AND TRAINING OPPORTUNITIES FOR ALL

We aim to ensure that all members of the community have ready access to a wide range of resources for information, education, leisure and cultural enrichment

Measure: Annual Residents Survey level of satisfaction with the library.

Target: Average satisfaction score of 79.4 out of 100 or higher

Result: Achieved - Average satisfaction score was 80.4 out of 100 (2010/11 result: 80.0).

Measure: Percentage of population holding membership.

Target: 45% of population are registered users.

Result: Not achieved - 34% (2010/11 result: 35.6%),. While we did not achieve this target we now recognise that a single membership often serves a household of multiple library users. This means that proportion of our population using library services is likely to be higher than proportion holding membership. This measure has been modified to provide a more accurate basis for monitoring performance in the future.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	1,751	1,770	19	\$	-
Revenue	1,843	1,787	56	\$	-
Net Cost of Service (Surplus)	(93)	(17)	75	\$	
Capital Expenditure	457	1,301	844	\$	See update on major capital projects below

☐ = Favourable variance ☑ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Library Mixed Collection Renewal	118	118	91	Completed	On track	Under budget - Reduced purchase of new items for the collection. \$25,000 savings applied to new tagging system.
Library Exhibition Centre Project (Note: this project is funded under both the Museum and Gallery activity and Library activity)	1,147	3,153*	3,572	Completed	Achieved	Over Budget - Project \$419,000 overspent on approved budget, off-set by savings in other areas of the project, operational savings and savings in other areas of the organisation.

* Budget carried forward from 2010/11

Measure: Number of issues per capita.

Target: 8.5 or more issues per capita.

Result: Not achieved - 7.0 issues per capita (2010/11 result: 7.4 issues per capita). We did not achieve this target over the past year however this does represent a consistent and healthy level of demand for the library services, especially as the library was closed for the last month of the year. With the opening of the new library and exhibition centre we expect that the use of library services will increase notably.

Measure: Average age of lending collection.

Target: 57% of lending collection is aged 0-5 years.

Result: Not achieved - 45% (2010/11 result: 52%). The libraries have an ongoing review process for their collections and has purchased 6,199 new items for the collection during the year but did not achieve the target of 57%. With this being an ongoing annual programme we do not consider this result to be a risk to the outcomes we seek to achieve through this activity. We will continue to monitor, renew

and add to our collections over the coming years to ensure they are of good quality and that new material is available.

COMMUNITY OUTCOMES



DIVERSE, CREATIVE AND ACTIVE COMMUNITY



EDUCATION AND TRAINING OPPORTUNITIES FOR ALL

MUSEUM AND GALLERY

A YEAR IN REVIEW

The past year has very much been dominated by preparations for our new Library and Exhibition Centre (Te Kōputu a te whanga a Toi) which opened in June 2012. The Museum and Gallery facilities on Boon Street have been closed for much of the past year. This has been necessary to allow staff to complete project work for the new Library and Exhibition Centre. During the closure, public exhibitions were on hold but an interim museum display was installed in the foyer of the Civic Centre and access to the Photographic Collection was available at the Whakatāne Public Library.

Museum & Gallery dream realised: As part of our Library & Exhibition Centre "Te Kōputu a te whanga a Toi", a new museum and exhibition spaces opened on the 28th June 2012. The Centre's Museum offers a permanent display of engaging experiences, stories and taonga (treasures) of the Whakatāne District and the wider eastern Bay of Plenty region. The Galleries will feature a changing programme of dynamic and challenging exhibitions featuring works by local, national and international artists.

The new facility is a tribute to the hard work and kind donations of those that have made this dream a reality. The facility will fulfil a key role as the community's arts and culture hub for many years to come.

In the early days since opening, we have experienced unprecedented visitor numbers and have also noticed a lot of visitors carrying books, which shows that there is a positive synergy between the Library and gallery spaces.

Spring family donates Beacon photographic collection: Through the generous actions of the Spring family approximately 459,216 negatives from The Whakatāne Beacon, along with proof sheets, photographer's index books and printed images were donated to the Museum & Gallery. The photographs

date back to the early 1970's, and during the next couple of years volunteers will begin the process of indexing the photographer's books and scanning the proof sheets.

Beacon newspaper digitisation making good progress: Over the past year, issues of The Whakatāne Beacon newspaper from 21 April 1939 – 28 December 1945 were digitised and are now text searchable on Papers Past (a national database of historic newspapers and periodicals). This follows a microfilming project that was undertaken in the previous year which now means that all known issues of the newspaper from 1939 – 1997, with the exception of 1995 – 1996, are accessible either in digital or microfilm format.

1954 Melbourne Cup proudly features in our new Museum: In 1954 local identity Leicester R Spring ran Rising Fast in the Melbourne Cup and created an international sensation and a community full of pride. The win by Rising Fast along with the Caulfield Cup and Cox Plate meant that he achieved the Spring Grand Slam – a feat no horse has achieved since. The Estate of Leicester Spring presented the 1954 Melbourne Cup, bequeathed by Leicester Spring to the Museum & Gallery.

We aim to provide dynamic facilities and services that help create a strong sense of community pride and identity, reflecting the heritage and culture of our region

Measure: Number of Museum & Gallery admissions.

Target: Museum & Gallery admissions 10,316 or higher.

Result: No longer relevant - With the closure of the Museum and Gallery

for the majority of the year we did not measure these results. A new performance framework has been developed to monitor future performance of this activity. The new framework is included in our Long Term Plan 2012-22.

Measure: Annual Residents Survey level of satisfaction with the Museum and Gallery facility & amenities in Boon Street.

Target: Average satisfaction score of 71.0 out of 100 or higher

Result: No longer relevant - See above result.

Measure: Status of the heritage collections, archives and research facility and dedicated library facility.

Target: Retrofit and refurbishment of a building for the dedicated library.

Result: Achieved - This project was successfully completed with the opening of the new Library and Exhibition Centre (Te Kōputu a te whanga a Toi) in June 2012.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	1,347	1,175	(171)	☐	Reduced staff and depreciation costs partially offset by cost of expert consultants for LEC project.
Revenue	2,188	2,174	14	☐	-
Net Cost of Service (Surplus)	(842)	(999)	(157)	☐	
Capital Expenditure	895	2,512	1,617	☐	Overspend of Library and Exhibition Centre Project.

☐ = Favourable variance ☐ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Research, Storage & Archives Facility	87	187*	11	Behind Schedule	Project scope reviewed due to additional partners coming on board	Under budget Costs to be reviewed by Project Steering Group

Library Exhibition Centre Project (Note: this project is funded under both the Museum and Gallery activity and Library activity)

For an update on this project refer to the Library activity.

* Budget carried forward from 2010/11



The new Whakatane Arts and Culture Centre Te Kōputu a te whanga a Toi during construction

Community Property

Ngā Rawa o Te Hāpori



Pensioner Housing, Halls,
Commercial Property

WHAT THIS GROUP OF ACTIVITIES INCLUDES

Within this group of activities the Council is responsible for the prudent management of community property. Properties are held either for the delivery of services to the community, including halls and pensioner housing, or for strategic and investment purposes.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific Activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	U/F
Expenditure	1,681	1,961	280	\$
Revenue	1,236	1,262	(26)	\$
Net Cost of Service (Surplus)	444	699	254	\$
Transfer from (surplus)/deficit	444	699	254	\$
Capex	148	131	(17)	\$
Payments to Reserves	405	236	(169)	\$
Loan Repayments	43	43	0	\$
Less Depreciation not Funded	(385)	(566)	(181)	\$
Total Funding Requirement	656	543	(113)	\$
FUNDED BY:				
Reserves	307	543	(236)	\$
Loans Raised	-	-	-	\$
Sale of Assets	350	-	350	\$
Total Funding Applied	657	543	114	\$

\$ = Favourable variance \$ = Unfavourable variance

COMMUNITY OUTCOMES

DIVERSE, CREATIVE AND
ACTIVE COMMUNITYHEALTHY PEOPLE AND
QUALITY HOUSING

PENSIONER HOUSING

A YEAR IN REVIEW

Over the past year we continued to provide six housing complexes for the elderly. This includes four housing developments in Whakatāne, providing 72 rentable units, and two properties in Murupara providing a further seven rentable units. The units are rented at 20% below the market rate, meaning tenants pay slightly less than they would to a private housing provider, as provided by Council Policy.

We continued our programme of maintaining pensioner housing units: We spent almost \$70,000 over the past year on many small projects to maintain our pensioner housing units. This included replacing carpets and vinyl, renewing toilet suites and upgrading switch boards. Where possible these projects were undertaken during a tenancy transfer to avoid the disruption to tenants. We set funding aside each year for this maintenance programme and this is completely funded from the rental return from the units.

Occupancy rates remain high: Demand for our pensioner housing units remains high and when vacancies do arise these are filled very quickly. The occupancy rate over the past year was 98.4% (compared to 95.7% in the previous year).

We aim to Provide Affordable pensioner housing to people who meet the Whakatāne District Council eligibility criteria

Measure: Number of Council provided pensioner units.

Target: 51 units.

Result: No longer relevant - Following the reversal of Council's decision to sell pensioner housing, this target is no longer relevant. This target was developed in 2009 to reflect a reducing number of units being provided by the Council. This performance measure has been amended from July 2012 to reflect the continued provision of the pensioner housing at the current level. (2010/11 result: 79 units)

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	490	589	99	ⓧ	Depreciation and excess for construction following fire event.
Revenue	470	490	(20)	ⓧ	-
Net Cost of Service (Surplus)	20	99	79	ⓧ	
Capital Expenditure	83	69	(14)	ⓧ	-

ⓧ = Favourable variance ⓧ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Annual Refurbishment of Pensioner Housing Units	60	60	61	Completed	Achieved	On budget



Alice Stone Pensioner Flats in Whakatāne

COMMUNITY OUTCOMES

DIVERSE, CREATIVE AND
ACTIVE COMMUNITYHEALTHY PEOPLE AND
QUALITY HOUSING

HALLS

A YEAR IN REVIEW

Over the past year we continued to provide and maintain a number of urban and rural community halls in the Whakatāne District. In total we own eleven halls which are frequently used for sports, meetings, events and social occasions. These are located in Whakatāne, Edgecumbe, Murupara, Ōhope, Manawahe, Galatea, Te Teko, Waimana, Otakiri, Awakeri and Tāneatua.

Our programme of maintaining and upgrading community halls continues: The Whakatāne War Memorial Hall has received new tables and chairs to cater for up to 100 people. This replaces equipment that was nearing the end of its lifespan. One of the toilet facilities in this Hall was also renovated. The Murupara Municipal Hall received new front entrance doors during the year. A selection of other halls and pavilions had their fire doors upgraded.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	757	855	98	\$	Depreciation, maintenance and additional insurance costs.
Revenue	528	483	45	\$	Fees and charges and development contributions income lower than budgeted.
Net Cost of Service (Surplus)	228	372	143	\$	
Capital Expenditure	38	39	1	\$	-

\$ = Favourable variance \$ = Unfavourable variance

We aim to make high quality and affordable facilities available throughout the District to engender community spirit and encourage recreational and learning activities

Measure: Annual Residents Survey level of satisfaction with public halls.

Target: Average satisfaction score of 71.2 out of 100 or higher

Result: Within 5% - Average satisfaction score was 69.0 out of 100 (2010/11 result: 71.5). While we have not quite achieved the target, we were within close range and completed a number of projects during the year to improve our hall facilities. We are satisfied that this result does not raise concern for the outcomes we seek to achieve through this activity.

We will continue to monitor this activity to ensure that we continue to deliver an appropriate level of service.

Measure: Number of Council provided public halls.

Target: 5 halls provided, including 4 urban halls and 1 rural hall.

Result: No longer relevant - Following completion of a strategy for community halls this target is no longer relevant. This target was developed in 2009 on the basis of alternative ownership models for some halls was being pursued. The change in focus now towards increased community involvement in their management rather than community ownership. This performance measure has been amended to provide a more appropriate basis for measuring our level of service in the future. (2010/11 result: Not achieved)

COMMUNITY OUTCOMES



DIVERSE, CREATIVE AND ACTIVE COMMUNITY



PROSPEROUS ECONOMY

COMMERCIAL PROPERTY

A YEAR IN REVIEW

We continued to hold and manage a number of properties for strategic and/or investment purposes. These assets include rental housing, commercial tenancies, leasehold land and forestry holdings. Many of the commercial properties are held because they are in a strategic location and may have a potential value to the community or the Council in the future or because they provide a return to the Council.

We have sold a number of properties that we considered not to be of strategic value: We have a number of properties which are no longer of strategic value to the Council. This past year we have sold the Plant Nursery at Keepa Road and in the process of divesting a number of Murupara properties. Four properties are also currently for sale. These include the Braemar Woodlot, a property at Foxglove Drive and sections at Huia Cres, Te Teko and in Murupara.

Following consultation, we have retained property that we were considering selling: The property at 40 Te Tahi Street has been retained and the lease extended for another year due to the CREW project operating out of this facility. The Council has decided to sell 40 Te Tahi Street once this lease has expired.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	435	517	82	ⓧ	Depreciation higher than budgeted and additional costs related to subdivision of Keepa Road property. Sale of Keepa Road property will recover subdivision cost.
Revenue	238	289	(51)	ⓧ	Additional rental income received.
Net Cost of Service (Surplus)	197	228	31	ⓧ	
Capital Expenditure	27	24	3	ⓧ	-

ⓧ = Favourable variance ⓧ = Unfavourable variance

Recreation & Community Facilities

Te Whare Tapere o Tānerore me ngā
hua ka puta mā Te Hāpori



Parks and Reserves, Cemeteries & Crematorium,
Public Conveniences, Aquatic Centres, Ports and Harbour,
Recreation and Sports Fields, Visitor Information

WHAT THIS GROUP OF ACTIVITIES INCLUDES

Within this group of activities, the Council provides a range of public facilities, spaces and services, primarily in response to the recreational and social needs of the community. This includes parks and open spaces, harbour and port assets, cemeteries and crematorium, public conveniences and swimming pools.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	U/F
Expenditure	7,614	7,559	(56)	☐
Revenue	8,177	8,130	47	☑
Net Cost of Service (Surplus)	(563)	(572)	(9)	☐
Transfer from (surplus)/deficit	(563)	(572)	(9)	☐
Capex	1,819	1,413	(406)	☐
Payments to Reserves	2,215	2,254	(39)	☐
Loan Repayments	397	762	365	☑
less Depreciation not Funded	(749)	(711)	38	☑
Total Funding Requirement	3,119	3,146	27	☑
FUNDED BY:				
Reserves	2,865	3,000	(135)	☐
Loans Raised	254	146	107	☑
Total Funding Applied	3,119	3146	27	☑

☐ = Favourable variance ☑ = Unfavourable variance

PARKS AND RESERVES

A YEAR IN REVIEW

Over the past year we have continued to provide and maintain 1012 hectares of parks and reserve space. This includes community reserves, esplanades, conservation reserves, coastal reserves, local reserves, significant sites and utility and road reserves throughout the District. We also made improvements to some of these spaces and the facilities they provide to enhance the enjoyment of them by both locals and visitors.

Maraetōtara playground redeveloped: In December 2011 we completed a major redevelopment of Maraetōtara playground in Ōhope. The existing equipment like the pirate ship and the flying fox has had a spruce up and exciting new equipment has been installed. We also made minor upgrades to many of the other playgrounds in the District. This includes projects like painting, providing new edging, renewing or upgrading equipment and replacing the bark fill.

Three new drinking fountains installed: Over the past year we installed three new drinking fountains in the District, adding to the nine we already provide. The new fountains are located at Bluett Park in Ōhope, Rugby Park in Whakatāne and the Skate Park in Edgecumbe.

Works progressed alongside Whakatāne harbour: In conjunction with the Bay of Plenty Regional Council, we have extended and raised the flood walls at the southern end of Mataatua Reserve to meet the Regional Council flood protection levels. This also gave us the opportunity to make landscape improvements to the area. We have also extended the LED lighting along the Warren Cole walk and cycleway.

COMMUNITY OUTCOMES



CLEAN PROTECTED ENVIRONMENT



DIVERSE, CREATIVE AND ACTIVE COMMUNITY



ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT

We aim to provide parks and reserves to promote opportunities for education, maintain wildlife habitats and protect sacred sites for current and future residents and visitors to the District

Measure: Annual Residents Survey level of satisfaction with parks and reserves in the Whakatāne District.

Target: Average satisfaction score of 75.9 out of 100, or higher

Result: Achieved - Average satisfaction score was 77.9 out of 100 (2010/11 result: 74.9).

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	3,103	2,937	(166)	☐	-
Revenue	2,677	2,695	(18)	☐	-
Net Cost of Service (Surplus)	426	242	(184)	☐	
Capital Expenditure	955	794	(162)	☐	Half related to savings achieved on completed projects. Remaining half related to delay of Matatā Coastal Reserve Access and Landscaping of Pacific Park.

☐ = Favourable variance ☒ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Ōhope Playground Development	112	112	119	Complete	Achieved	On budget
Harbour Beautification	101	101	102	Complete	Achieved	On budget
Drinking Fountain Installation	9	9	8	Complete	Achieved	Under budget
Renewal of local and Community Reserves	321	345*	249	Complete (comprises of 11 separate projects)	Achieved	Under Budget - savings achieved for renewal projects in Whakatāne and Coastlands.
Matatā Coastal Reserve Access	28	28	0	Behind schedule - due to finalisation of MOU	On track	Under budget - due to being behind schedule
Pacific Park Landscaping	52	52	0	Behind schedule - project delayed as efficiencies can be achieved by aligning with another project	On track	Under budget - due to being behind schedule

* Budget carried forward from 2010/11

COMMUNITY OUTCOMES



CEMETERIES AND CREMATORIUM

A YEAR IN REVIEW

Over the past year we have continued provide cemetery and crematorium facilities for the community. We manage six cemeteries throughout the District, and a crematorium facility which opened and has been operating since October 2009.

Demand for services continues to shift: With the opening of a crematorium in the District in 2009 we are continuing to experience a shift in demand for more cremations and ash plots, compared to burial plots. In the 2011/12 year there were 59 full interments, 210 cremations and 44 ash interments. This compares to 83 full interments, 0 cremations and 32 ash interments for the 2008/09 year before the opening of the crematorium.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	Major Variance Explanations
Expenditure	346	318	(27)	\$ -
Revenue	339	298	41	\$ -
Net Cost of Service (Surplus)	7	20	14	\$
Capital Expenditure	11	13	2	\$ -

\$ = Favourable variance \$ = Unfavourable variance

We aim to ensure appropriate and sufficient cemetery and crematorium services are available to residents

Measure: Annual Residents Survey level of satisfaction with cemeteries.

Target: Average satisfaction score of 81.2 out of 100, or higher

Result: Achieved - Average satisfaction score was 83.1 out of 100 (2010/11 result: 83.7).

Measure: Provision/operation of a crematorium facility in the District.

Target: 1.

Result: Achieved - A crematorium facility opened and has been operating since 2009 (2010/11 result: 1).

COMMUNITY OUTCOMES



CLEAN PROTECTED ENVIRONMENT



HEALTHY PEOPLE AND QUALITY HOUSING

PUBLIC CONVENIENCES

A YEAR IN REVIEW

Over the past year we have maintained and operated 37 public conveniences for the use of the general community. These are located at various parks, reserves and popular recreational locations.

Higher standard for public conveniences:

Over the past year we have completed a number of renewal projects to improve the standard of our public conveniences. This includes repainting, resurfacing floors and installing flush sensors to reduce water consumption. We have also engaged a new contractor to maintain the public conveniences. Maintenance will be undertaken at the same standard but at a lower cost.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	590	536	(55)	\$	-
Revenue	685	673	12	\$	-
Net Cost of Service (Surplus)	(95)	(137)	(43)	\$	
Capital Expenditure	36	40	3	\$	-

\$ = Favourable variance \$ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Whakatāne Public Conveniences	36	59*	40	Completed	Achieved	Under budget - Savings achieved in maintenance work.

* Budget carried forward from 2010/11

We aim to provide adequate public conveniences where required by the community

Measure: Annual Residents Survey level of satisfaction with public toilets.

Target: Average satisfaction score of 69.2 out of 100, or higher

Result: Within 5% - Average satisfaction score was 68.2 out of 100 (2010/11 result: 68.3). While we have not quite achieved the target, we were within close range. This indicates that we are very close to delivering the level of service that we set out to achieve. We will continue to monitor this activity to ensure that we continue to deliver an appropriate level of service.

AQUATIC CENTRES

COMMUNITY OUTCOMES



CLEAN PROTECTED ENVIRONMENT



HEALTHY PEOPLE AND QUALITY HOUSING

A YEAR IN REVIEW

We continued to provide two aquatic centres in the District over the past year. This includes the Whakatāne Aquatic Centre and the Murupara Swimming Pool (also known as A H Lynd Memorial Baths). The Whakatāne Aquatic Centre has a number of different sized pools, including both indoor and outdoor, as well as a hydroslide and spa pools. The facilities in Murupara are open for the summer months and include a paddling pool and heated 33m swimming pool.

Whakatāne Aquatic Centre operations to be managed in-house: The Whakatāne District Council has taken over the management of the Whakatāne District Aquatic Centre, including the pool and gym operations, from 1 July 2012. Since it opened in late 2001, the pool complex has been run under an operational contract with Total Leisure Concepts. That contract expired in December 2011 and was extended until 1 July. The new arrangement will allow council to reduce the cost of operating the facility to the ratepayer and improve the quality and range of services offered at the Aquatic Centre. With this transition, many of the existing staff at the Aquatic Centre, have become employees of the Council.

Settlement reached with architects for the Aquatic Centre: During the year, litigation over defects at the Whakatāne District Aquatic Centre were settled out of court with an agreement to pay an undisclosed sum to the Whakatāne District Council. The content of the settlement is confidential to the parties to that agreement. The decision to settle with the Whakatāne District Council has been made, not on the basis of any acceptance of liability by any party to the agreement, but rather on the basis of the irrecoverable costs that would be incurred if the matter had progressed to trial.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	1,168	1,507	339	\$	Previous years project costs not able to be capitalised and increases in legal and insurance costs.
Revenue	1,204	1,202	2	\$	-
Net Cost of Service (Surplus)	(37)	304	341	\$	
Capital Expenditure	0	64	64	\$	Renewal of Aquatic Centre plant.

\$ = Favourable variance \$ = Unfavourable variance

We aim to provide high quality, affordable and safe aquatic facilities in Whakatāne and Murupara

Measure: Annual Residents Survey level of satisfaction with swimming pools.

Target: Average satisfaction score of 77.0 out of 100, or higher

Result: Within 5% - Average satisfaction score was 73.5 out of 100 (2010/11 result: 75.7). While we have not quite achieved the target, we were within close range. Towards the end of the financial year the contract for operating the aquatic centre came to an end. We have decided to take this service back in-house rather than contracting it out and will continue to monitor this activity under the new operational arrangements.

Measure: Council provided aquatic centres open to the public:

Target: Murupara Swimming Pool, Whakatāne District Aquatic Centre available.

Result: Achieved - The Murupara Swimming Pool was open during the summer months (from October to April) and the Whakatāne District Aquatic Centre was open for the entire year with the exception of Christmas day (2010/11 result: Murupara achieved, Whakatāne closed for part of the year for repairs).

COMMUNITY OUTCOMES



CLEAN PROTECTED ENVIRONMENT



HEALTHY PEOPLE AND QUALITY HOUSING

PORTS AND HARBOUR

A YEAR IN REVIEW

Over the past year we have continued to manage our ports and harbour infrastructure at Thornton, Whakatāne and Ōhiwa, providing commercial berthage and access to the sea for commercial and recreational activities. Ports and Harbour assets include: wharves, jetties, access ways, launching ramps, and navigational aids. We have also been progressing projects to improve our ports and harbour facilities

New harbour vessel launched: A new harbour vessel, the Port Whakatāne III was blessed and launched in December 2011. This replaces the Port Whakatāne II (The Portie) which was nearing the end of its lifespan after almost 30 years in service. The 8.5-metre aluminium monohull was custom-designed to cater for the specific needs of the Harbour Superintendent who uses it to depth-sound the Whakatāne bar, maintain moorings and beacons, move boats during flood situations and clear debris from boating channels and boat ramps.

Options narrowed down for Whakatāne River access improvements: Over the past year we investigated 11 options for improving the Whakatāne harbour entrance and navigation across the Whakatāne River bar. We consulted on these with Ngāti Awa and the Bay of Plenty Regional Council and narrowed this down to three options that can be modelled in the next stage. Issues with navigation through the Whakatāne River entrance date back to the 1970s and past efforts to find a long-term solution have been hampered by a lack of information to inform the consent process and limitations of the approaches adopted.



The new harbour vessel, the Port Whakatāne III

We aim to provide safe access to rivers and coastal water within the general vicinity of the Whakatāne CBD, Ōhiwa Harbour and Thornton domain

Measure: Annual Residents Survey level of satisfaction with harbour facilities in Whakatāne CBD including the port and surrounding environment scores.

Target: Average satisfaction score of 79.5 out of 100, or higher.

Result: Achieved - Average satisfaction score was 80.2 out of 100 (2010/11 result: 76.1).

Measure: Annual Residents Survey level of satisfaction with boat ramps in Whakatāne town.

Target: Average satisfaction score of 79.0 out of 100, or higher.

Result: Within 5% - Average satisfaction score was 78.9 out of 100 (2010/11 result: 77.4). While we have not quite achieved the target, we were within very close range. This indicates that we are very close to delivering the level of service that we set out to achieve. We will continue to monitor this activity to ensure that we continue to deliver an appropriate level of service.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	1,427	1,286	(141)	☒	Reduced costs in Town Vision and Harbour Entrance operational projects.
Revenue	2,274	2,291	(17)	☒	-
Net Cost of Service (Surplus)	(847)	(1,004)	(158)	☒	
Capital Expenditure	592	430	(162)	☒	Underspend due to Harbour Investigations project behind schedule, offset by completion of projects carried forward from previous year (such as replacement of vessel).

☒ = Favourable variance ☒ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
Replacement of Harbour Vessel	0	172*	164	Completed	Achieved	On budget
Harbour Investigations	500	500	7	Behind schedule - pending consultation on options	Modified (reduced)	Under budget - due to project being behind schedule
Harbour renewals Thornton and Whakatāne	73	73	46	Completed	Modified (reduced) - Project scope decrease	Under budget - Due to change in project scope
Refurbishment of Whakatane game wharf	-	578*	166	Behind schedule - project completed early in the 2012/13 financial year	On track	Under budget - due to project being behind schedule

* Budget carried forward from 2010/11

Measure: Annual Residents Survey level of satisfaction with boat ramp, playground, toilets and wharf facilities at Port Ōhope.

Target: Average satisfaction score of 76.1 out of 100, or higher.

Result: Within 5% - Average satisfaction score was 74.8 out of 100 (2010/11 result: 74.9). While we have not quite achieved the target, we were within very close range. This indicates that we are very close to delivering the level of service that we set out to achieve. We will continue to monitor this activity to ensure that we continue to deliver an appropriate level of service.

Measure: Annual Residents Survey level of satisfaction with facilities at Thornton domain.

Target: Average satisfaction score of 73.4 out of 100, or higher.

Result: Achieved - Average satisfaction score was 73.7 out of 100 (2010/11 result: 72.9).

COMMUNITY OUTCOMES



CLEAN PROTECTED ENVIRONMENT



HEALTHY PEOPLE AND QUALITY HOUSING

RECREATION AND SPORTS FIELDS

A YEAR IN REVIEW

Under this activity we have continued to provide and maintain active recreation spaces to a high standard. This includes undertaking our ongoing programme of managing turf grass to a certain specified level and also maintaining assets as and when needed. The provision of facilities throughout the District supports a wide range of organised sports but also allows for informal engagement in active sporting and recreational pursuits.

Maintaining our sportsfields: We completed a number of smaller projects to maintain our recreation spaces and sportsfields. Some examples include replacing and repairing sections of the boundary fence at Tāneatua Domain, repainting the boundary fence at Rugby Park, and installing a floodlight at the Murupara playground and netball courts.



Whakatāne Town AFC football match at Rex Morpeth Park Whakatāne

We aim to provide adequate sports fields/grounds to meet the needs of users and keep these to a high standard by regular mowing, herbicide applications and specialised turf grass treatments

Measure: Annual Residents Survey level of satisfaction with sports grounds.

Target: Average satisfaction score of 77.0 out of 100, or higher

Result: Within 5% - Average satisfaction score was 76.6 out of 100 (2010/11 result: 74.6). While we have not quite achieved the target, we were within very close range and have improved over the previous year. This indicates that we are very close to delivering the level of service that we set out to achieve. We will continue to monitor this activity to ensure that we continue to deliver an appropriate level of service.

Measure: Percentage compliance with contract specifications for sports fields within the Whakatāne District based on monthly audits.

Target: 100% compliance based on monthly audits.

Result: Achieved - 100% compliance was achieved for all monthly audits that were undertaken. However, it should be noted that audits were not undertaken for 2 out of 12 months due to staff turnover (2010/11 result: 96.7%).

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	494	506	13	\$	-
Revenue	512	483	29	\$	-
Net Cost of Service (Surplus)	(18)	24	42	\$	

Capital Expenditure	223	72	(151)	\$	Related to renewal of rugby park grandstand being behind schedule.
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\$ = Favourable variance \$ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Performance		
				Time	Quality	Cost
General Sport Grounds Renewal Project	47	47	26	Two of three project completed with the third delayed.	On track	Under budget - due to delayed project.
Renewal of Rugby Park Grandstand Roof	176	176	46	Behind schedule - Delayed due to park bookings	On track	Under budget - due to being behind schedule.

Measure: Percentage compliance with turf grass field recommendations provided by the New Zealand Turf Grass Institute through annual assessments.

Target: 91%.

Result: Achieved - 100% (2010/11 result: 100%) All works recommended by the Turf Grass Institute during the year were implemented.

COMMUNITY OUTCOMES



DIVERSE, CREATIVE AND ACTIVE COMMUNITY



PROSPEROUS ECONOMY

VISITOR INFORMATION

A YEAR IN REVIEW

We have continued to provide visitor information services as part of the nationwide i-SITE network. The Visitor Information Centre is located in Whakatāne and provides local and regional information as well as booking services for transport, tours, accommodation and activities. The Visitor Information activity represents and promotes tourism operators, and encourages tourism and business activity.

We received a near perfect tertiary Qualmark rating:

We attained a tertiary Qualmark rating of 97% which was a score of 485 out of 500. This is an increase on our previous assessment in 2009 of 88.8%. A Qualmark sign is evidence that you care enough to have your business formally assessed and rated and gives visitors confidence in your business. Qualmark licensees get top billing on New Zealand's official travel website, www.newzealand.com, which receives more than 1,200,000 visits a month. Latest figures show that Qualmark rated or endorsed businesses receive on average four times more direct visits from this site. Our next aim is to achieve an Enviro Award accreditation.

Visitor numbers down slightly from the previous year:

It has been another busy year for the Visitor Information Centre and staff. The Centre welcomed just over 68,000 customers through the doors in the 2011/12 year. This compares to 73,900 customers in the previous financial year. Customers are also continuing to access information online with 84,000 website visits to www.whakatane.com over the same year.

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	486	469	(18)	\$	-
Revenue	486	489	(3)	\$	-
Net Cost of Service (Surplus)	0	(20)	(20)	\$	-

\$ = Favourable variance \$ = Unfavourable variance

We aim to provide quality customer communication, consultation and service at the Visitor Information Centre

Measure: Annual Residents Survey proportion of people satisfied with the quality of information provided from the Information Centre

Target: 85%

Result: Achieved - 89% (2010/11 result: no prior results available, this is the first year this question has been included in the Survey)

Measure: The Visitor Information Centre is available when needed.

Target: Provide access to visitor information on 364 days of the year.

Result: Achieved - 364 days access provided (2010/11 result: Achieved 364 days)

Hazard Management

Te Haumaru o Rēhua



Emergency Management, Disaster Mitigation

WHAT THIS GROUP OF ACTIVITIES INCLUDES

Within this group of activities the Council undertakes projects to mitigate the effects of natural hazards and raise the level of protection from future hazard events. The Council also maintains preparedness for civil defence emergencies, responds to events, assists with the recovery and educates the community.

GROUP OF ACTIVITY COST OF SERVICE

The table below provides an overview of what this Group of Activities cost and how it was funded. Costs for specific Activities can be found on the following pages.

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	U/F
Expenditure	1,042	986	(56)	\$
Revenue	1,065	1,421	(357)	\$
Net Cost of Service (Surplus)	(23)	(436)	(412)	\$
Transfer from (surplus)/deficit	(23)	(436)	(412)	\$
Capex	39	535	496	\$
Payments to Reserves	-	60	60	\$
Loan Repayments	344	344	-	\$
Total Funding Requirement	359	503	144	\$
FUNDED BY:				
Reserves	360	241	120	\$
Loans Raised	0	263	(263)	\$
Total Funding Applied	360	503	(143)	\$

\$ = Favourable variance \$ = Unfavourable variance

COMMUNITY OUTCOMES

STRONG, TRANSPARENT
AND OPEN LEADERSHIP

EMERGENCY MANAGEMENT

A YEAR IN REVIEW

Over the course of the year we have ensured that our people, equipment and processes are ready and prepared to deal with a range of emergency situations. We take a lead role in civil defence emergencies and rural fires and a support role in dealing with hazardous substances. At a regional level the Bay of Plenty council's work together as part of the Civil Defence Emergency Management (CDEM) Group.

A Tsunami Response Plan for the Whakatāne District has been developed: Over the past 12 months we have worked to develop a Tsunami Response Plan for our district. This outlines procedures and actions to be taken by responding agencies in the event of a major tsunami occurring. The plan is due to be formally adopted before the end of 2012 following a public awareness campaign that will include production of material detailing evacuation routes, warning methods and personal preparedness.

We have supported community based emergency management planning: The Emergency Management Co-ordinator has assisted the Te Waimana Kaaku Tribal Executive to co-ordinate the development of a community response plan for the wider Waimana area over the past year. The plan covers the settlements of Waimana, Matahi and Nukuhou and the process has included bringing members of the community together to develop an effective response plan that can be used in the event of a major emergency in the area. The community has also been assisted with the placement of VHF radios for communication where cell phones are not available.

Encouraging uptake of the Readynet emergency preparedness tool: The Readynet community preparedness tool has been made available to organisations and businesses within the district over the past 12 months. The system assists with developing emergency plans and enables them to subscribe to warning text messages from Civil Defence. Over 100 organisations, including many schools, elderly care homes and early childhood centres, have subscribed to the system and have developed emergency response plans that are available to Civil Defence should they be needed during an emergency event. The Whakatāne District has seen the largest uptake of the system out of any of the districts in the Bay of Plenty. There are intentions to make this available to individuals and families over the next year.


the emergency preparedness network

We aim to effectively respond, manage and recover from, emergency management incidents

Measure: Maintenance of emergency management and rural fire plans.

Target: Local Civil Defence Emergency Management Plan is updated annually.

Result: Achieved - We undertook a substantial review of our Local Civil Defence Emergency Management Plan. This will be formally adopted once the regionwide civil defence plan is completed to ensure these remain consistent. (2010/11 result: Not Achieved due to vacancy in role).

Measure: Status of the tsunami warning system project being progressed by councils under the CDEM Group.

Target: Selection of appropriate tsunami warning system. Approval by CDEM group and individual territorial authorities.

Result: Achieved - Over the past year the CDEM Group purchased 8 mobile (vehicle mounted) alert systems of which two will be housed in the Whakatāne District. The Group is continuing to look into options for a fixed system. (2010/11 result: Achieved).

COST OF SERVICE

	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000		Major Variance Explanations
Expenditure	458	479	20	\$	-
Revenue	497	524	(27)	\$	-
Net Cost of Service (Surplus)	(39)	(45)	(6)	\$	
Capital Expenditure	39	-	(39)	\$	Tsunami warning system project ongoing.

\$ = Favourable variance \$ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan			Performance		
	2011/12 Budget \$000	Revised Budget \$000	Actual Spend \$000	Time	Quality	Cost
Tsunami Warning System	39	39	0	Behind schedule - mobile warning units purchased this year but funded by the CDEM Group rather than Council. Work continues to develop a fixed alert system.	Modified (reduced)	Under Budget - due to project being behind schedule

Measure: Regular and ongoing training is undertaken by the civil defence and rural fire team.

Target: Team training undertaken weekly with the focus alternating between civil defence and rural fire response.

Result: Achieved - weekly training undertaken as per target. (2010/11 result: Achieved).

Measure: Maintenance of civil defence and rural fire equipment.

Target: Civil defence and rural fire equipment is maintained on a fortnightly basis.

Result: Achieved - equipment maintained as per target. (2010/11 result: Achieved).

Measure: Participation in simulated events or training exercises.

Target: Participation in one or more simulated events or training exercises held each year.

Result: Achieved - A major training exercise was conducted during the year with 37 staff successfully completing the course. A simulated event was not undertaken during the year as there were a number real events including flooding and the Rena oil spill. (2010/11 result: Achieved).

COMMUNITY OUTCOMES



CLEAN PROTECTED ENVIRONMENT



STRONG, TRANSPARENT AND OPEN LEADERSHIP



SAFE CARING COMMUNITY

DISASTER MITIGATION

A YEAR IN REVIEW

Over the past year we have made some important decisions about the final disaster mitigation project in Matatā - the Awatarariki debris control structure. We are committed to finding a solution to this issue. With all other disaster mitigation works now completed, we have restructured how this activity is organised.

Proposal to construct Awatarariki debris control structure abandoned: We will no longer be going ahead with the planned debris control structure in the Awatarariki Stream catchment above Matatā. This decision was made following assessment that the structure might not work. The original cost estimates had more than doubled from the original \$2.4 million in 2008 to \$5.8 million by 2011. We remain committed to finding a solution to minimise the risk to people and property and are investigating whether there is a workable downstream solution. This could include debris channelling options and a debris detention basin. We are working closely with the community along every step of this project.

Disaster mitigation to become part of the stormwater activity: During the past year we restructured the way our disaster mitigation activity is organised and funded. From the start of the 2012/13 financial year it has become part of our Stormwater Drainage activity. This is because the assets we have constructed serve a similar purpose to those in the Stormwater Drainage activity, that is, to provide a certain level of protection from the effects of stormwater. The Disaster Mitigation activity was basically born from the 2004/05 floods that predominantly impacted the Matatā community. The majority of the regeneration projects that were required following these events have now been completed. The one outstanding project is to find a solution that manages the risk of debris flows in the Awatarariki Stream. If any new stormwater related disaster mitigation works are required in the future, they will be progressed under the Stormwater Drainage activity.

We aim to identify, consider and prioritise our response to natural hazards to reduce risk to public safety

Measure: *Natural hazards are identified, considered and prioritised through resource management policy.*

Target: Gather information to maximise the Council's understanding of natural hazards.

Result: Achieved - Work is underway to understand risks associated with natural hazards and to consider these in the current review of our District Plan. Some examples of hazards we are looking at include flooding, landslips and coastal erosion. (2010/11 result: Not achieved).

Measure: *Prioritised actions are undertaken to reduce risk to public safety.*

Target: All prioritised actions are undertaken with the specified timeframes, including Awatarariki catchment.

Result: Not achieved - The Council had proposed to construct the Awatarariki debris detention structure in the 2011/12 year however this was not found to be a workable solution and we are now looking at other options (see above for more details). (2010/11 result: Not achieved).

COST OF SERVICE

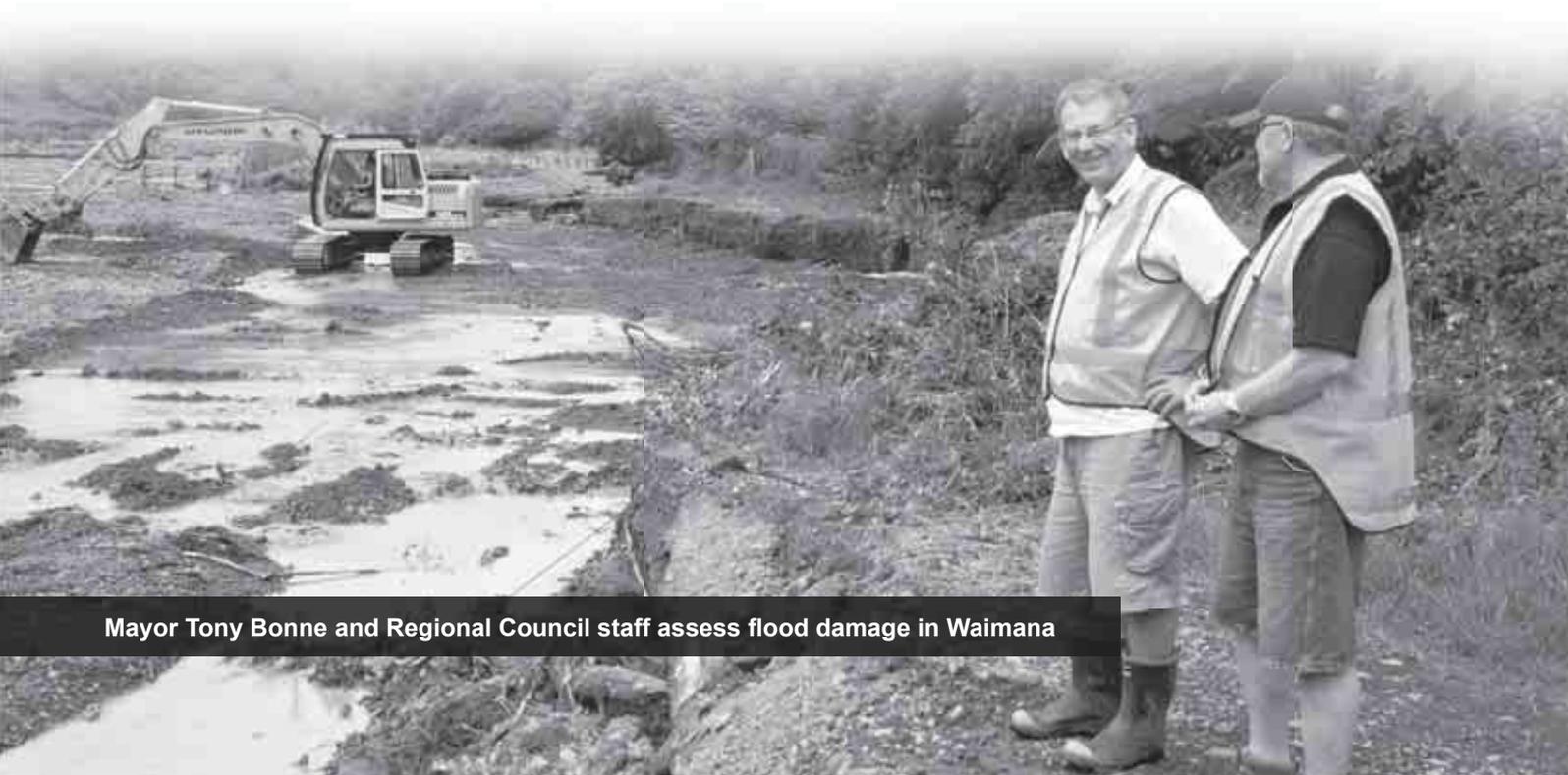
	Annual Plan 2011/12 \$000	Actual 2011/12 \$000	Annual Plan Variance \$000	Major Variance Explanations
Expenditure	584	507	(77)	☒ Interest saving due to reduced borrowing programme.
Revenue	567	897	(330)	☒ Subsidy received from Department of Internal Affairs to fund Edgecumbe capital works.
Net Cost of Service (Surplus)	17	(390)	(407)	☒
Capital Expenditure	-	535	535	☑ Expenditure on projects carried forward from 2010/11.

☒ = Favourable variance ☑ = Unfavourable variance

UPDATE ON MAJOR CAPITAL PROJECTS

Project	Annual Plan 2011/12		Actual Spend \$000	Performance		
	Budget \$000	Revised Budget \$000		Time	Quality	Cost
Matatā Flood Hazard Mitigation	0	1,387*	269	Behind Schedule - Costs and options being reviewed by Council prior to works progressing.	Scope of project pending outcome of review.	Under budget - Due to project being behind schedule.
Edgecumbe Flood Hazard Mitigation	0	414*	266	Behind Schedule - delayed due to required changes to design.	On track.	Under budget - Due to project being behind schedule.

* Budget carried forward from 2010/11



Mayor Tony Bonne and Regional Council staff assess flood damage in Waimana

Council Controlled Organisations

Ngā Roopu Mahi Tahī-ā-Te Kaunihera ō Whakatane



INTRODUCTION

During the 2011/12 year our Council was a shareholder in three Council Controlled Organisations (CCOs). A CCO is a company or organisation in which a Council or number of Councils hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers. The operation of CCOs allow us to deliver services in partnership with other organisations. This chapter of the Annual Report provides information about the following three CCOs:

- Whakatāne Airport,
- Toi Economic Development Agency (Toi EDA), and
- Bay of Plenty Local Authority Shared Services Limited (BOPLASS Ltd).

WHAKATĀNE AIRPORT

ABOUT THE WHAKATĀNE AIRPORT

The Whakatāne Airport is a Council-Controlled Organisation (CCO) under the Local Government Act 2002. It was formed as a CCO in 2006. The Airport is a valued community asset, which contributes to residents' quality of life and is crucial to the economic well-being of the District.

What does the Whakatāne Airport do

The primary objective of the Whakatāne Airport is to provide goods and services for the community. It makes a social contribution rather than a financial return. The Airport must operate in accordance with the terms of its aerodrome certificate, which defines standards and conditions laid down by the Civil Aviation Authority of New Zealand (CAA). The airport is maintained as a non-certified aerodrome in accordance with the Civil Aviation Authority Aerodrome design for aircraft at or below 5,700kg Maximum Combined Take Off Weight (MCTOW). As a non-certified aerodrome the Whakatāne Airport is limited to a maximum aeroplane seating capacity of 30 passengers for any regular flight services. Air New Zealand Link provides regular return services to and from Auckland.

The objectives of the Whakatāne Airport are outlined below:

- To promote a safe, accessible, affordable and reliable air transport system for the benefit of the economic and social development of the Eastern Bay of Plenty.
- To ensure the Airport facilities are maintained at their present level and increased wherever practicable and economic.
- To ensure that the Airport is administered efficiently and effectively to the benefit of scheduled flight operations.

How is the Whakatāne Airport managed

The airport is a joint venture operation between the New Zealand Government (Ministry of Transport) and the Whakatāne District Council (the Council), with each party owning a 50% share. The Whakatāne Airport Board (the Board) provides governance oversight of the Whakatāne Airport CCO. The primary activity of the Board is to operate the airport efficiently and on sound business principles, for the benefit of both commercial and non-commercial aviation users. The 4 members on the Board are:

- Tony de Farias (Chairperson)
- Mayor Tony Bonne
- Councillor Dave Sheaff
- Graeme Bell

Day-to-day operation and maintenance of the airport, including the delivery of projects, services and initiatives is managed by the Council.

More information is available in the Whakatāne Airport Annual Report

The Whakatāne Airport is a reportable CCO. As part of the requirements for a reportable CCO this means they must produce a separate Annual Report. This includes a greater level of information than available in this chapter. The Whakatāne Airport Annual Report is available from Council offices or on our website www.whakatane.govt.nz

Operate and maintain the airport's assets within an operational expenditure budget (excluding corporate overheads and depreciation)

Target: Whakatāne Airport total operating budget \$3,508 surplus

Result: Not achieved - \$63,032 deficit - This result is largely attributable to financial treatment of a project regarding future airport provisions in the District Plan. We had intended to capitalise this project to spread the cost over a number of years, but later found that this was not possible.

Target: Pavement resurfacing project \$204,000

Result: Achieved - The total resurfacing costs were \$179,120. Half is funded by the Crown in a net cost to Council of \$89,560, against the \$204,000 budgeted.

Target: Perimeter fence upgrade project \$61,000

Result: Achieved - \$40,366 spent in the 2011/12 year to upgrade and repair the boundary fence. The work is 90% completed at Year End with the remaining \$20,000 to be carried forward to 2012/13 to complete this work.

A YEAR IN REVIEW

Over the past year the Whakatāne Airport has continued to be the main provider of aviation services in the Eastern Bay of Plenty providing facilities for recreational and commercial operators. Airport operations and maintenance were carried out as planned and with minimal interruptions. A strategy was completed providing the framework for future growth and development of the Airport and a high level of interest continues to be expressed for the development of hangars.

Airport maintenance completed to schedule and budget: The Whakatāne Airport continued to be maintained as a non-certified aerodrome in accordance with the CAA aerodrome design for aircraft at or below 5,700kg Maximum Combined Take Off Weight (MCTOW). As a noncertified aerodrome the Whakatāne Airport is limited to a maximum airplane seating capacity of 30 passengers for any regular flight services. Major maintenance projects that were scheduled for 2012 included runway pavement resurfacing and upgrade of the perimeter fence. These projects were completed on schedule and on budget.

Draft 10 year business plan completed: During the 2012 year a draft 10 year Business Plan for the Whakatāne Airport was developed. This aims to provide a strategic framework for the Airport, identify opportunities for growth and development and outline a set of actions to support its future capacity. Once finalised, the business plan will inform considerations and provisions in other Council policy documents such as the District Plan which is currently being reviewed.

Scheduled passenger services to Auckland continue, Wellington service cancelled: During the past year a total of 37,083 passengers passed through the Airport, compared to 39,876 in the previous year. The majority of these passengers travelled the connection to or from Auckland. Good passenger loadings have been reported for this service with a slight increase in number from the previous year. Services between Whakatāne and Wellington were discontinued from February 2012 as these were considered by Eagle Airways to be uneconomic. Eagle Airways (a subsidiary of Air New Zealand) is the primary provider of passenger flight services to and from Whakatāne Airport.

Another hangar development completed: In the past year, a large 900m², privately owned hangar has been completed providing undercover aircraft storage, office space, meeting and training rooms and an observation deck. This is the second new hangar constructed over the past two years, with a new rotary wing hangar and training centre being completed the year before. There is also further interest to build new hangars being expressed with approval for a further hangar having been provided in June 2012.

Maintain the Airport in accordance with Civil Aviation Authority standards

Target: The airport is maintained as a non-certificated aerodrome in accordance with Civil Aviation Authority aerodrome design for aircraft at or below 5,700 kg Maximum Combined Take-Off Weight (MC TOW).

Result: Achieved - The Airport was maintained over the past year to CAA requirements for non-certificated aerodromes as per target.



EASTERN BAY OF PLENTY REGIONAL ECONOMIC DEVELOPMENT AGENCY (TOI-EDA)

ABOUT TOI EDA

Toi-EDA is the Economic Development Agency for the Eastern Bay of Plenty covering the Districts of Opotiki, Whakatāne and Kawerau. The activities undertaken by Toi-EDA contribute to the sustainable growth and development of the local economy. Its vision is to grow the Eastern Bay of Plenty to enhance the wealth and quality of life for its people: Tini o Toi – kia tipu, kia puawai (To create, grow and blossom the myriads of Toi).

Toi-EDA is an exempted Council Controlled Organisation (CCO) under the Local Government Act 2002. This means Toi-EDA does not have to meet the specific reporting requirements related to CCOs. Exemption from these requirements allows Toi-EDA to focus more of its limited resources on economic development. As an exempt CCO, the reporting requirements of Toi-EDA are similar to those of other Council activities.

What does this Toi EDA do

Toi-EDA has a strong focus on enhancing the Eastern Bay of Plenty's economic growth and wealth for its people. It also plays an important role in the Bay of Plenty regional partnership representing the Eastern Bay of Plenty. The focus is on projects relating to energy, forestry, aquaculture, transport and logistics, and marine industry. This includes projects, services

and initiatives to increase employment, income and investment in the Eastern Bay of Plenty Region. These activities aim to attract businesses and people to the area and to support the growth and development of existing businesses. Specific objectives of Toi-EDA are covered within its economic development strategy. At the time of writing this Annual Report, this strategy was being reviewed to align with the priorities of the Bay of Connections strategy.

How is Toi EDA managed

Toi-EDA is a partnership between the three territorial authorities (Kawerau, Ōpōtiki and Whakatāne) and the Bay of Plenty Regional Council, working together with local iwi. A trust board provides governance oversight and advice to Toi-EDA. The board operates under a trust deed and is made up of experienced local business people from the Eastern Bay of Plenty, who play a vital role in leading and guiding the organisation. At a higher level, Toi-EDA operates within a wider framework under the 'Bay of Connections' strategy. The 'Bay of Connections' strategy is the economic development strategy for the wider Bay of Plenty region including Tauranga, Western Bay of Plenty, Rotorua, the Eastern Bay of Plenty, and Taupo. The objective of this strategy is to deliver regional economic development for new and existing initiatives and industries by building on the region's collective strengths.

Measure: To attract more people to visit and live in the region by developing and implementing a co-ordinated marketing strategy.

Target: Expenditure budget \$55,000

Result: Actual \$58,204

- International and domestic tourism marketing campaigns
- Tourism website www.whakatane.com
- Supporting media visits
- Tourism collateral production and distribution

Measure: To identify, support and grow events that attract visitors and promote the Eastern Bay of Plenty.

Target: Expenditure budget \$45,000

Result: Actual \$26,687

- Event support
- Event bidding (securing events to come to the Eastern Bay of Plenty)
- Seed funding for new events
- Full budget not used as a contribution was made to the Rugby World Cup marketing campaign

Measure: To implement Toi EDA economic development strategy goals.

Target: Expenditure budget \$80,000

Result: Actual \$91,865 -

- Investigating investment partnerships for wood processing
- Investigating opportunities for development of freight logistics
- Support for aquaculture project

A YEAR IN REVIEW

Over the past year Toi EDA has continued its work at a local through to international level to make a positive difference to the Eastern Bay of Plenty economy. Marketing and event management functions have been transferred from Toi EDA back to each partnering Council with Toi EDA focussing its resources fully on economic development, particularly in the areas of Aquaculture, Wood Processing, Energy and Freight Logistics.

Events and marketing functions transferred back to the councils from February 2012: With these functions back in the hands of councils, Toi-EDA will now focus its activities fully toward economic development. This will include driving an economic development strategy for the Eastern Bay of Plenty region and representing the interests of partners (Whakatane, Opotiki and Kawerau District Councils) through the Bay of Connections forum. Toi-EDA's economic development activities are now strongly aligned with the sector-based Bay of Connections strategies in Aquaculture, Wood Processing, Energy and Freight Logistics. These strategies provide a powerful framework for increasing wealth and employment in the Eastern Bay, which is still heavily dependent on primary production and processing.

Whakatane Marketed at Rugby World Cup: While marketing was still a function of Toi-EDA, Sunshine Ambassadors visited Auckland, Hamilton and Rotorua during the Rugby World Cup to promote the Eastern Bay of Plenty. Travelling in a branded camper van, kindly provided by Coastal Motor Homes and Caravans, our ambassadors took to the Rugby World Cup trail handing out event brochures, golf deals, Catch n Cook fishing specials, beach touch fliers, retail discount vouchers and cans of sunshine to promote Whakatane as one of the sunniest places in the country.

Partnerships with Asia sought: During the past year Toi-EDA representatives visited furniture manufacturing industries in China to encourage investment in timber processing and drying in this region. Toi-EDA also been has been exploring linkages to export market, tourism and education opportunities with our Asian neighbours. Activities during the year included a regional visit by migrant investors based in New Zealand and a number of individual investor and trade linkages with local enterprises.

New board members appointed: During the year, Toi-EDA refreshed its governance with the appointment of new trustees Sir Michael Cullen and Rob Tait representing the constituent district councils, Beverley Hughes appointed by the Mataatua assembly and Bronwen Foxx appointed by Toi EDA. These new appointees join existing board members Anthony Olsen, Russell George and Tony de Farias (Chairperson). The three Council chief executives also attend trust meetings. Toi-EDA's board members or trustees are experienced businesspeople and community leaders who play a vital role in leading and guiding the organisation. They bring with them a wealth of experience and skills spanning commercial, finance, governance and business development, as well as entrepreneurial skills.

Measure: *To attract visitors to the Eastern Bay of Plenty during the Rugby World Cup.*

Target: Expenditure budget \$20,000

Result: Actual \$26,127

- Rugby World Cup marketing campaign (overspend offset by contribution from events budget)

*Tini o Toi –
kia tipu,
kia puawai*

(To create, grow and blossom
the myriads of Toi)



BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES LIMITED

ABOUT BOP LASS

Bay of Plenty Local Authority Shared Services Limited (BoP LASS) is a Council Controlled Organisation (CCO) under the Local Government Act 2002. This CCO was formed in 2007 to investigate, develop and deliver shared services, joint procurement and communications for the participating councils. It started with a chief executives (CEs) forum formed by a group of CEs who recognised the advantages of collaboration.

What does BoP LASS do

BoP LASS provides benefits to the Whakatāne District Council (and other participating councils) through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation. This delivers benefits in terms of cost savings and service improvements to the participating councils and ultimately to ratepayers and residents. This is achieved primarily through joint procurement and shared services.

Joint procurement includes procurement of services or products by two or more councils from an external provider. Examples that have led to cost savings for the Whakatāne District Council include procurement of office supplies, software and insurances.

Shared services includes the participation of two or more councils in the provision of a common service, which may be jointly or severally hosted. Examples that have led to improved levels of service include the provision of a fibre optic network and development of shared geographic information systems.

How is BoP LASS managed

The Whakatāne District Council holds a one ninth share in BoP LASS Limited along side the other eight councils that constitute the Bay of Plenty and Gisborne regions.

BoP LASS is governed by a board of nine directors appointed by its shareholders. Unless otherwise agreed by the board, each appointee is the current (or acting) chief executive of the council shareholder. In addition, the board may appoint up to three professional directors to supplement the directors'/chief executives' expertise.

The services, projects and initiatives of BoP LASS are delivered through a small team of staff based in Tauranga and through advisory groups made up of representatives of the different councils interested in a particular service. Each group is service specific; the participants initially decide the scope of the project and the desired outcomes and work collaboratively to achieve them.

More information is available in the BoP LASS Annual Report

BoP LASS is a reportable CCO. As part of the requirements for a reportable CCO this means they must produce a separate Annual Report. This includes a greater level of information than available in this chapter. The BoPLASS Annual Report is available from their website www.bopllass.co.nz

As reported in BoPLASS's Annual Report 2011/12

Target: Initiate at least one shared service each year and no less than two shared services successfully implemented within three years.

Result: Achieved - Three shared services initiated in the 2011/12 year.

Target: Investigate a minimum of four Joint Procurement initiatives per year for goods and services from sources offering best value, service, continuity of supply and or opportunities for integration

Result: Achieved - GIS Inception plan, Information Services Strategic Plan (ISSP), and video conferencing network established with external support and internal review processes.

Target: Facilitate Joint Procurement of goods and services from sources offering best value, service, and or continuity of supply.

Result: Achieved - 11 initiatives progressed for joint procurement of goods and services.

A YEAR IN REVIEW

Over the past year we have continued to benefit from our participation in BoP LASS. Alongside other Councils we have benefited through a number of new shared services and joint procurement initiatives delivered and through the continued implementation of those that have already been established.

Common web viewer technology implemented across Councils: Work in the Geospatial Information Systems area has seen the development and implementation of a common web viewer technology introduced to all councils. The implementation of this technology and the consistency of the information supporting it will provide further opportunities for collaboration among councils. The ground work dealing with data consistency and the initial implementation and internal use of web viewer technology was led by the Whakatane District Council. A project to develop a regional web viewer is being led by the Tauranga City Council with the ultimate intention to provide a publicly accessible viewing portal.

High resolution aerial photography delivered: The joint procurement of aerial photography services across the Bay of Plenty has been successful. High resolution imagery has been captured during the last year and delivery has begun to the councils. The recent purchase of the copyright for our imagery has allowed the distribution of data by councils under a common policy.

Joint procurement continues to result in savings:

Continued collaboration with insurance contracts has provided further financial savings for our Council as well as other BoP LASS partners. During the year BOPLASS council insurances were secured prior to renewal, despite the difficult period the New Zealand Insurance market has been experiencing. New back office joint procurement initiatives continue to be pursued, with Civil Works opportunities recently being explored.

Fibre optic network continues to be extended:

Since June 2010, the Whakatane District Council has been linked with other Councils in the Bay of Plenty Region through a highspeed (1GBps) fibre optic network. Over the past year this network was extended to provide a microwave connection to Opotiki and a new fibre link from Whakatane to Taupo.

Target: Communicate with each shareholding council at appropriate levels with at least one meeting with each Executive Leadership Team per year.

Result: Achieved - Meetings held with all partner Councils and/or management teams.

Target: Ensure sufficient income is available from activities to sustain a viable company.

Result: Achieved - Council contributions levied, activity groups levied, contributions received from activities producing savings.



Our Costs in Detail

Ngā whakapaunga pūtea me ōna whānuitanga



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

Actual 2011 \$000			Actual 2012 \$000	Budget 2012 \$000
	INCOME			
32,657	Rates Revenue	Note 2	35,735	34,700
23,046	Other Revenue	Note 3	21,432	20,216
46	Finance Income	Note 6	7	75
168	Gains	Note 7	1,584	1,310
55,917	Total Income		58,758	56,301
	EXPENDITURE			
10,562	Personnel Costs	Note 4	10,269	10,145
14,280	Depreciation and Amortisation	Note 5	15,156	16,727
28,872	Other Expenses	Note 5	26,945	24,128
4,763	Revaluation Losses	Note 5	1,879	-
2,146	Finance Costs	Note 6	2,519	2,196
60,623	Total Operating Expenditure		56,768	53,196
(4,706)	Surplus (Deficit) Before Tax		1,990	3,105
-	Income Tax Expense	Note 8	-	-
(4,706)	Surplus (Deficit) After Tax		1,990	3,105
	OTHER COMPREHENSIVE INCOME			
(1,170)	Gains (Loss) on Assets Revaluation	Note 14	1,874	14,726
(5,876)	Total Comprehensive Income for the Year		3,864	17,831

Explanations of significant variances against budget are included in Note 34.

The Notes and the Statement of Accounting Policies on pages 129 to 172 form part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

Actual 2011 \$000			Actual 2012 \$000	Budget 2012 \$000
620,565	Balance at 1 July		614,689	648,301
-	Prior Years Adjustments		(98)	-
(5,876)	Total Comprehensive Income		3,864	17,831
614,689	Balance at 30 June	Note 23	618,455	666,132

Explanations of significant variances against budget are included in Note 34.

The Notes and the Statement of Accounting Policies on pages 129 to 172 form part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2012

Actual 2011 \$000			Actual 2012 \$000	Budget 2012 \$000
	EQUITY			
426,111	Retained Earnings	Note 23	428,404	442,139
11,898	Restricted Equity	Note 23	12,560	12,563
176,680	Asset Revaluation Reserves	Note 23	177,491	211,430
614,689	TOTAL EQUITY		618,455	666,132
	ASSETS			
	Current Assets			
810	Cash and Cash Equivalents	Note 9	1,394	2,278
86	Inventories	Note 10	80	80
811	Goods and Services Tax		2,056	100
6,467	Trade and Other Receivables	Note 11	4,463	5,546
-	Derivatives Asset	Note 12	131	-
8,174	Total Current Assets		8,124	8,004
	Non-Current Assets			
79,225	Operational Assets	Note 14	82,343	82,452
492,917	Infrastructural Assets	Note 14	494,701	556,246
1,476	Intangible Assets	Note 14	1,350	2,142
344	Forestry Assets	Note 16	303	350
44,024	Investment Property	Note 17	44,587	36,210
39,958	Restricted Assets	Note 18	39,958	42,084
3,878	Work in Progress	Note 14	6,188	6,000
393	Assets Held for Sale	Note 17	558	560
33	Other Financial Assets	Note 13	51	50
662,248	Total Non-Current Assets		670,039	726,094
670,422	TOTAL ASSETS		678,163	734,098
	LIABILITIES			
	Current Liabilities			
10,805	Trade and Other Payables	Note 19	6,870	10,090
302	Provisions	Note 20	25	300
1,484	Employee Entitlements	Note 21	1,327	1,348
-	Goods and Services Tax		-	-
10,000	Borrowings	Note 22	24,000	4,000
22,591	Total Current Liabilities		32,222	15,738
	Non-Current Liabilities			
1,097	Provisions	Note 20	543	1,011
198	Employee Entitlements	Note 21	198	-
30,510	Borrowings	Note 22	23,445	51,217
1,337	Derivatives Liability	Note 12	3,300	-
33,142	Total Non-Current Liabilities		27,486	52,228
55,733	TOTAL LIABILITIES		59,708	67,966
614,689	NET ASSETS		618,455	666,132

Explanations of significant variances against budget are included in Note 34.

The Notes and the Statement of Accounting Policies on pages 129 to 172 form part of the Financial Statements

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2012

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
31,949	Receipts from Rates	36,161	40,603
11,416	Government Grants	11,102	9,540
(1,098)	GST (Net)	(1,245)	-
15,122	Receipts from Customers	10,093	9,936
46	Interest	7	75
(43,698)	Payments to Suppliers and Employees	(37,879)	(40,176)
238	Movement in Agency Accounts	(131)	-
(2,049)	Interest Paid	(2,555)	(2,196)
11,926	Net Cash Flows From Operating Activities	15,552	17,782
	Note 25		
CASH FLOWS FROM INVESTING ACTIVITIES			
18	Sale of Property, Plant and Equipment	1,142	350
(27,744)	Purchase of Property, Plant and Equipment	(20,702)	(20,645)
1,724	Change in Work in Progress	(2,310)	-
-	Purchase of Investments	(33)	-
(26,002)	Net Cash Flows from Investing Activities	(21,903)	(20,295)
CASH FLOWS FROM FINANCING ACTIVITIES			
42,600	Term Loans Raised	58,620	12,338
(28,240)	Term Loan Repayments	(51,685)	(7,537)
14,360	Net Cash Flows From Financing Activities	6,935	4,801
284	Net Increase (Decrease) in Cash Held	584	2,288
526	Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year	810	(9)
810	Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	1,394	2,279
Represented by:			
810	Cash at Bank	1,394	2,279

Explanations of significant variances against budget are included in Note 34.

The GST (net) amount of operating cost reflects net GST paid and received with the Inland Revenue Department.

The GST (net) has been presented on a basis net, as the gross amounts do not provide meaningful information for financial statement purposes.

The Notes and the Statement of Accounting Policies on pages 129 to 172 form part of the Financial Statements.

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Whakatāne District Council is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand. 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 Whakatāne District Council (the Council) and includes the Whakatāne Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport and 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 financial statements of the Council are for the year ended 30 June 2012. The financial statements were authorised for issue by the Council on 31 October 2012.

BASIS OF PREPARATION

The 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 below have been applied consistently to all periods presented in these financial statements.

These 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). Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data. The functional currency of the Council is New Zealand dollars.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Joint Ventures and Associates

For jointly controlled assets Council recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its share of liabilities and expenses incurred jointly, and income from the sale or use of its share of the output of the joint venture.

REVENUE RECOGNITION

Revenue is measured at fair value of the consideration received.

Rates

Rates are set annually by a resolution of the Council and relate to a financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised when payable.

Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as the Council is acting as an agent for BOPRC. Rates collected on behalf of the BOPRC are not included in the Statement of Financial Performance as it does not belong to the Council. However, it is included as a receipt and payment in the Statement of Cash Flows.

Revenue from water rates by meter is recognised on an accrual basis.

Licences and permits

Revenue derived from licences and permits is recognised on application.

Development contributions

Development contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise financial contributions are transferred to reserves until such time the Council provides, or is able to provide, the service.

Sales of goods

Revenue from sales of goods is recognised when a product is sold to the customer.

Provision of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Rental revenue

Rental revenue is recognised in the period that it relates to.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income.

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are paid.

Grants and subsidies

Grants and subsidies are recognised when the conditions of the grant or subsidy have been met.

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

Government grants are received from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

FINANCE COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred. The Council has not capitalised borrowing costs associated with funding capital works in progress which represents a departure from NZ IAS 23: Borrowing Costs. However it is in line with the decision of the Accounting Standards Review Board to indefinitely defer the adoption of NZ IAS 23 for public benefit entities.

INCOME TAX

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit or taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

LEASES

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether or not the title is eventually transferred.

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

TRADE AND OTHER RECEIVABLES

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

INVENTORIES

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost.

FINANCIAL ASSETS

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council and group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive income.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Held-to-maturity Investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date. The Council and group includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the statement of comprehensive income.

DERIVATIVE FINANCIAL INSTRUMENTS

The Council uses derivative financial instruments (interest rate swaps) to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date.

The associated gains or losses of these derivatives are recognised in the statement of comprehensive income.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the statement of comprehensive income. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consists of:

Operational assets

These include land, buildings, library books, plant and equipment, museum collection and motor vehicles.

Restricted assets

Restricted assets are parks, reserves and harbour assets owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructural assets

Infrastructural assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation

Land, buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are re-valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost.

On transition to NZ IFRS, Whakatāne District Council elected to use the fair value of land under roads as at 1 July 2006 as deemed cost. Land under roads is no longer revalued.

The Council assesses the carrying values of its re-valued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are re-valued.

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of comprehensive income. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of comprehensive income will be recognised first in the statement of comprehensive income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the statement of comprehensive income. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Depreciation is provided on a straight-line basis on all buildings, bridges and other structures and diminishing value for motor vehicles, plant and equipment, office equipment and furnishings. Land is non depreciable. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

The expected lives, in years, of major classes of fixed assets are as follows:

INFRASTRUCTURE ASSETS:		YEARS:	Stormwater:	
Roading:			Stormwater lines	80
Land – road reserve		N/A	Manholes	70-80
Road formation		N/A	Open drains and channels	50-90
Pavement Basecourse		22-90	Pump stations – structure	80-100
Sealed Pavement surface		2-20	Pump station – contents	12-40
Unsealed roads		2-7	Retention dams	80-90
Traffic control device		50	Floodgates	50
Road signs and markers		7-15	Sewer:	
Kerbs and channels and cesspits		40-60	Sewer lines and service lines	60-80
Surface water Channel		15-50	Manholes	70-80
Street Railings		10-20	Pump station – structure	60-70
Traffic Islands		50	Pump station – contents	12-25
Street lighting		10-50	Ponds – structure	60
Footpaths		20-50	Ponds – plant and equipment	15-25
Bridges – concrete		100	Refuse:	
Bridges – wooden		30	Whakatāne landfill	8.5
Car-parks		50	Murupara landfill	2
Water:			Solid Waste	25
Treatment plant – structure		70-90	OPERATIONAL ASSETS:	
Treatment plant – contents		15-50	YEARS:	
Pump stations – structure		80-100	Museum assets	N/A
Pump stations – contents		10-50	Land	N/A
Reservoirs – concrete and wooden		70-90	Buildings	40-100
Water lines and service lines		50-80	Vehicles	5
Valves and hydrants		30-65	Plant and machinery – heavy	8-12.5
Water meters		15-25	Plant and machinery – light	2-5
INFRASTRUCTURE ASSETS:		YEARS:	Furniture and fittings	10
Wharves:			Library books	7
Wharves (concrete)		50	Office equipment	4-5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Cost associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Easements

Easements are recognised at cost, being purchase price and any directly attributable costs in bringing the asset to its intended use. Easements have an indefinite useful life and consequently are not amortised, but are instead tested for impairment annually.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is de-recognised. The amortisation charge for each period is recognised in the statement of comprehensive income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	4 - 5 years	25% - 20%
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IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of comprehensive income.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the statement of comprehensive income.

The reversal of an impairment loss on a re-valued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in statement of comprehensive income, a reversal of the impairment loss is also recognised in the statement of comprehensive income.

For assets not carried at a re-valued amount the reversal of an impairment loss is recognised in the statement of comprehensive income.

INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of comprehensive income.

FOREST ASSETS

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions. Gains and losses arising on initial recognition of biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the statement of comprehensive income.

The costs to maintain forestry assets are included in the statements of comprehensive income.

CREDITORS AND OTHER PAYABLES

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

PROVISIONS

Provisions are recognised when: the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

EMPLOYEE BENEFITS

Short-term benefits

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Council anticipates it will be used by staff to cover those future absences.

Long-term benefits

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement,
- The likelihood that staff will reach the point of entitlement and contractual entitlement information; and,
- The present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation scheme

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit incurred.

PUBLIC EQUITY

Public Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. Reserves are a component of equity generally representing a particular use for which various parts of equity have been assigned. The components of equity are:

- Retained earnings;
- Restricted reserves;
- Asset revaluation reserve.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Asset revaluation reserve

This reserve relates to the revaluation of property, plant and equipment to fair value.

BUDGET FIGURES

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of the financial statements.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill aftercare provision

Note 20 presents an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example storm water, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth.
If useful lives do not reflect the actual consumption of the benefits of the assets,

then Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk Council's infrastructural assets useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines, published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Pensioner housing

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment.

GOODS AND SERVICES TAX

All items in the financial statements are stated exclusive of GST, except for receivables and creditors and other payables, which are presented inclusive of GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

NOTE 2 - RATES REVENUE

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
7,141	General Rates	8,422	8,319
	TARGETED RATES ATTRIBUTABLE TO ACTIVITIES		
1,460	Arts and Culture	1,706	1,693
645	District	55	59
661	Hazard Management	563	567
401	Leadership	414	415
3,505	Recreation and Community Facilities	4,082	4,092
274	Reportable CCO	390	385
6,397	Transport	6,863	6,840
4,338	Waste	4,225	4,190
7,390	Water	8,476	8,140
695	Penalties Charged	769	-
32,907		35,965	34,700
(250)	Less Remissions Given for the Year	(230)	-
32,657	Net Rate Revenue	35,735	34,700

RATES REMISSIONS

Rates revenue is shown net of rates remissions. Council's rates remission policy allows remission of rates on condition of a ratepayer's extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.

NON-RATEABLE LAND

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under Council's rates remission policy.

NOTE 3 - OTHER REVENUE

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
433	Development Contributions	133	536
1,044	Government Grants*	2,021	5,020
361	Infringement and Fines	306	377
11,283	Land Transport NZ Subsidies	8,328	4,658
596	Other Services	464	892
253	Petrol Tax	261	260
1,012	Provision Movement**	831	-
3,488	Regulatory Income	3,587	3,670
3,020	Rental Income	3,122	2,983
1,376	User Charges	1,690	1,080
180	Vested Assets	689	740
23,046	Total Other Revenue	21,432	20,216

* 2012 includes \$363,000 from the Lottery Grants Board towards the Library and Exhibition Centre project.

** Landfill aftercare provision, weather tightness provision, and forestry provision.

NOTE 4 - PERSONNEL COSTS

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
EMPLOYEE BENEFIT EXPENSES			
10,427	Salaries, Wages and Other Personnel Costs	10,623	10,145
135	Increase (Decrease) in Employee Entitlements	(354)	-
10,562	Total Personnel Costs	10,269	10,145

NOTE 5 - DEPRECIATION & OTHER EXPENSES

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
DEPRECIATION AND AMORTISATION			
2,786	Operational Assets	3,187	3,517
10,925	Infrastructural Assets	11,331	12,506
569	Intangible Assets	638	704
14,280	Total Depreciation and Amortisation	15,156	16,727
OTHER EXPENSES			
102	Audit Fees Paid to Audit NZ for audit of the Council's Financial Statements	136	220
1	Audit Fees Paid to Audit NZ for audit of Annual Plan / Long Term Plan	89	-
3	Audit Fees Paid to Audit NZ for audit of Council's Debenture Trust Deed	4	-
7	Audit Fees - Internal Audit	13	-
719	Development Contribution Refunds	24	-
333	Grants and Subsidies	316	345
358	Insurance Premiums	638	542
176	Investment Property Expenses	159	133
169	Loss on Sale of Assets	3	-
(114)	Movement in Doubtful Debt Impairment	315	-
165	Operating Leases	150	214
26,953	Other Operating Expenses	25,098	22,674
28,872	Total Other Expenses	26,945	24,128

REVALUATION LOSSES

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
871	Derivative Financial Instruments	1,832	-
3,884	Investment Property	-	-
-	Forestry	42	-
8	Other Financial Assets	5	-
4,763	Total Revaluation Losses	1,879	-

NOTE 6 - FINANCE INCOME & FINANCE COSTS

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
46	Interest Income	7	75
(2,146)	Interest on External Borrowings	(2,519)	(2,196)
(2,100)	Net Finance Income (Cost)	(2,512)	(2,121)

NOTE 7 - GAINS

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
24	Non Current Assets Held for Sale Revaluation	286	-
-	Investment Property Revaluation	531	1,310
131	Forestry Revaluation	-	-
13	Gain on Disposal of Assets	767	-
168	Total Gains	1,584	1,310

NOTE 8 - TAX DISCLOSURE

Actual 2011 \$000		Actual 2012 \$000
COMPONENTS OF TAX EXPENSE		
-	Current Tax Expenses	-
-	Adjustments to Current Tax in Prior Year	-
-	Deferred Tax Expenses	-
-	Income Tax Expense	-
RELATIONSHIP BETWEEN TAX AND ACCOUNTING PROFIT		
(4,706)	Surplus (Deficit) Before Tax	1,990
(1,412)	Tax @ 28% (2011: 30%)	557
1,197	Non-deductible Expenditure	-
-	Non-taxable Income	(573)
215	Tax Loss not Recognised	16
-	Prior Year Adjustment	-
-	Tax Expense	-

Additional Disclosures

A deferred tax asset has not been recognised in relation to deductible temporary differences of \$48,906 (2011: \$0).

A deferred tax asset has not been recognised in relation to unused tax losses of \$4,523,808 (2011: \$4,188,378).

A deferred tax asset has not been recognised in relation to unused tax losses of \$1,257,216 (2011: \$948,018) in relation to the Whakatāne Airport joint venture (50% share).

NOTE 9 - CASH AND CASH EQUIVALENTS

Actual 2011 \$000		Actual 2012 \$000
810	Cash at Bank and on Hand	1,394
810	Total Cash and Cash Equivalents	1,394

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

INTEREST RATES

The weighted average effective interest rates during the year on Cash and Cash Equivalents were:

2011		2012
2.14%	Cash and Cash Equivalents	1.45%

NOTE 10 - INVENTORIES

Actual 2011 \$000		Actual 2012 \$000
HELD FOR DISTRIBUTION:		
86	Water and Sewerage Spare Parts	80
86	Total Inventories	80

No inventories are pledged as security for liabilities (2011: \$ Nil). However some inventories are subject to retention of title clause. The carrying amount of inventories held for distribution that are measured at a current replacement cost as at 30 June 2012 amounted to \$Nil (2011: \$ Nil). The loss in service potential of inventories held for distribution is determined on the basis of obsolescence.

NOTE 11 - TRADE AND OTHER RECEIVABLES

Actual 2011 \$000		Actual 2012 \$000
3,850	Rates Receivables	3,509
732	Metered Water Receivables	847
4,283	General Receivables	2,863
8,865		7,219
(2,485)	Less Provision for Impairment of Receivables	(2,800)
6,380		4,419
87	Prepayments	44
6,467	Total Trade and Other Receivables	4,463

FAIR VALUE

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

IMPAIRMENT

Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

THE STATUS OF RECEIVABLES AS AT 30 JUNE 2012 AND 2011 ARE DETAILED BELOW:

	2012 Gross Impairment		2011 Gross Impairment	
	\$000 Receivables	\$000 Provision	\$000 Receivables	\$000 Provision
Current - Rates & Water	968		1,451	
Current - Others	1,775		2,641	
Past due > 120 days - Rates & Water	3,389	2,500	3,132	2,149
Past due > 120 days - Others	1,087	300	1,641	336
	7,219	2,800	8,865	2,485

MOVEMENT IN THE PROVISION FOR IMPAIRMENT OF RECEIVABLES IS AS FOLLOWS:

	2012 \$000	2011 \$000
At 1 July	2,485	2,600
Provision Adjustment Made During the Year	1,097	(61)
Receivables Written off During the Year	(782)	(54)
Balance at 30 June	2,800	2,485

NOTE 12 - DERIVATIVE FINANCIAL INSTRUMENTS

Actual 2011 \$000		Actual 2012 \$000
	CURRENT ASSETS PORTION	
-	Interest rate swaps	131
	NON-CURRENT LIABILITIES PORTION	
(1,337)	Interest Rate Swaps	(3,300)
(1,337)	Total Derivative Financial Instrument Assets	(3,169)

FAIR VALUE

The fair value of interest rate swaps have been determined using a discounted cash flows valuation technique based on quoted market prices. The valuation has been performed by ETOS independent valuers. No interest rate swaps were due to mature at 30 June 2012.

INTEREST RATE SWAPS

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$43.8 million (2011: \$43.8 million). At 30 June 2012 the fixed interest rates of cash flow hedge interest rate swaps were 5.325% (2011: 5.425%)

Unrealised gains and losses recognised on interest rate swap contracts as at 30 June 2012 are released to the Statement of Comprehensive Income as interest is paid on the underlying debt.

The following interest rate swaps are currently held:

Deal Number	Swap 1	Swap 2	Swap 3	Swap 4	Swap 5	Swap 6	Swap 7	Swap 8	Swap 9
Maturity Date	20/01/2015	22/06/2015	22/03/2019	22/12/2015	20/12/2013	23/06/2014	21/09/2012	20/04/2016	20/04/2015
Fixed Rate	3.8400%	4.5900%	5.9800%	4.9800%	4.0500%	4.2200%	7.8400%	5.1800%	5.0300%
Amount	\$2,000,000	\$1,000,000	\$5,500,000	\$3,000,000	\$2,000,000	\$3,000,000	\$4,000,000	\$2,500,000	\$2,500,000
Fair Value	(54,106)	(49,028)	(837,488)	(201,262)	(40,037)	(85,710)	130,833	(205,945)	(156,774)

Deal Number	Swap 10	Swap 11	Swap 12	Swap 13	Swap 14	Swap 15	Swap 16	Swap 17	Swap 18
Maturity Date	22/12/2015	31/08/2015	22/06/2018	30/09/2016	22/05/2017	22/09/2017	21/09/2017	22/11/2017	22/03/2018
Fixed Rate	4.6300%	5.0100%	4.7450%	5.2400%	4.7850%	6.8900%	5.8500%	4.8800%	6.0500%
Amount	\$1,000,000	\$2,000,000	\$3,000,000	\$2,000,000	\$3,000,000	\$1,700,000	\$1,600,000	\$3,000,000	\$1,000,000
Fair Value	(55,452)	(130,840)	(192,558)	(171,460)	(224,624)	(300,816)	(202,502)	(247,805)	(143,812)

FAIR VALUE TOTAL (3,169,386)

NOTE 13 - OTHER FINANCIAL ASSETS

Actual 2011 \$000		Actual 2012 \$000
32	Shares - NZ Local Government Insurance Corporation: 38,788 shares @ \$1.29	50
1	Shares - Bay of Plenty Local Authority Shared Services Ltd: 1 share @ \$1,000	1
33	Total Other Financial Assets	51

UNLISTED SHARES

The fair value of unlisted shares in NZ Local Government Insurance Corporation Ltd and Bay of Plenty Local Authority Shared Services have been determined using the net asset backing method.

The Whakatāne District is a shareholder in BoP LASS Ltd, a CCO owned by councils in the Bay of Plenty Region. It is a Joint venture with each of the eight councils in the region holding a 12.5% share. BoP LASS Limited has been established to foster collaboration between councils in the delivery of services particularly back office or support services.

IMPAIRMENT

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

NOTE 14 - OPERATIONAL, INFRASTRUCTURAL & INTANGIBLE ASSETS

2011	Accumulated Depreciation and Impairment \$000		Net Book Value June 2010 \$000	Additions Current Year \$000	Disposals Current Year \$000	Transfers Current Year \$000	Impairment Current Year \$000	Depreciation reversed on Disposal Current Year \$000	Depreciation Current Year \$000	Revaluation Current Year \$000	Cost/Revaluation 30 June 2011 \$000	Accumulated Depreciation and Impairment 30 June 2011 \$000	Net Book Value June 2011 \$000
	Cost/Revaluation 30 June 2010 \$000	Impairment 30 June 2010 \$000											
OPERATIONAL ASSETS													
Land	22,255	-	22,255	-	-	5,917	-	-	-	(5,402)	22,770	-	22,770
Buildings	38,997	1,964	37,033	6,902	104	-	3,746	4	1,611	5,922	49,753	5,353	44,400
Plant & Equipment	1,898	1,235	663	304	-	-	-	-	86	-	2,202	1,321	881
Furniture & Fittings	1,099	454	645	22	-	-	-	-	111	-	1,121	565	556
Office Equipment	6,855	4,825	2,030	990	-	-	-	-	707	-	7,845	5,532	2,313
Motor Vehicles	1,688	1,028	660	264	59	-	-	56	184	-	1,893	1,156	737
Harbour Vessels	133	99	34	-	-	-	-	-	8	-	133	107	26
Museum Collection	5,860	-	5,860	14	-	-	-	-	-	846	6,720	-	6,720
Library Books	1,169	623	546	146	-	-	-	-	79	209	901	79	822
Total Operational Assets	79,954	10,228	69,726	8,642	163	5,917	3,746	60	2,786	1,575	93,338	14,113	79,225
INFRASTRUCTURAL ASSETS													
Land Roading	91,363	-	91,363	-	-	-	-	-	-	-	91,363	-	91,363
Roading	231,495	5,876	225,619	10,267	70	-	22	2	5,873	2,908	238,702	5,871	232,831
Water	64,226	3,400	60,826	2,497	10	-	-	10	1,844	3,181	66,493	1,834	64,659
Sewage	42,161	2,226	39,935	2,448	3	-	-	3	1,203	2,963	45,343	1,200	44,143
Land Drainage	47,806	1,624	46,182	2,447	-	-	-	-	854	(5,374)	43,255	854	42,401
Harbour	5,522	1,840	3,682	456	-	-	-	-	286	1,781	5,919	286	5,633
Parks	9,367	2,237	7,130	1,354	-	-	-	-	824	3,333	11,817	824	10,993
Refuse	6,828	6,046	782	153	-	-	-	-	41	-	6,981	6,087	894
Total Infrastructural Assets	498,768	23,249	475,519	19,622	83	-	22	15	10,925	8,792	509,873	16,956	492,917
INTANGIBLE ASSETS													
Computer Software	3,242	1,436	1,806	239	-	-	-	-	569	-	3,481	2,005	1,476

Work in progress in the course of construction total \$3,878,000 (2010 \$5,602,000) No property, plant and equipment is pledged as security. Restricted assets see note 18. Council has easements giving right to access to private property where infrastructural assets are located. It has not been feasible to value these at this stage and when valued are not expected to be material. There are no restrictions over the title of Councils intangible assets, nor are there any intangible assets pledged as security for liabilities.

NOTES TO THE
FINANCIAL STATEMENTS

2012	Accumulated Depreciation and Impairment		Net Book Value 30 June 2011 \$'000	Additions Current Year \$'000	Disposals Current Year \$'000	Transfers Current Year \$'000	Impairment Current Year \$'000	Depreciation reversed on Disposal Current Year \$'000	Depreciation Current Year \$'000	Revaluation Current Year \$'000	Cost/Revaluation 30 June 2012 \$'000	Accumulated Depreciation and Impairment		Net Book Value 30 June 2012 \$'000
	Cost/Revaluation 30 June 2011 \$'000	Impairment 30 June 2011 \$'000										30 June 2012 \$'000	30 June 2012 \$'000	
OPERATIONAL ASSETS														
Land	22,770	-	22,770	-	-	(251)	-	-	-	-	22,519	-	-	22,519
Buildings	49,753	5,353	44,400	3,605	-	-	-	1,649	-	-	53,358	7,002	-	46,356
Plant & Equipment	2,202	1,321	881	255	-	-	-	121	-	-	2,457	1,442	-	1,015
Furniture & Fittings	1,121	565	556	473	-	-	-	127	-	-	1,594	692	-	902
Office Equipment	7,845	5,532	2,313	1,096	-	-	-	828	-	-	8,941	6,360	-	2,581
Motor Vehicles	1,893	1,156	737	350	87	-	-	207	-	-	2,156	1,305	-	851
Harbour Vessels	133	107	26	164	28	-	-	27	-	-	269	106	-	163
Museum Collection	6,720	-	6,720	551	-	-	-	-	-	-	7,271	-	-	7,271
Library Books	901	79	822	91	-	-	-	228	-	-	992	307	-	685
Total Operational Assets	93,338	14,113	79,225	6,585	115	(251)	-	86	3,187	-	99,557	17,214	-	82,343
INFRASTRUCTURAL ASSETS														
Land Roading	91,363	-	91,363	-	-	-	-	-	-	-	91,363	-	-	91,363
Roading	238,702	5,871	232,831	8,015	33	-	-	33	6,024	-	246,684	11,862	-	234,822
Water	66,493	1,834	64,659	1,299	128	-	-	128	1,955	1,550	67,508	1,955	-	65,553
Sewage	45,343	1,200	44,143	454	34	-	-	34	1,248	78	44,675	1,248	-	43,427
Land Drainage	43,255	854	42,401	581	-	-	-	-	934	246	43,228	934	-	42,294
Harbour	5,919	286	5,633	46	-	-	-	-	285	-	5,965	571	-	5,394
Parks	11,817	824	10,993	825	-	-	-	-	840	-	12,642	1,664	-	10,978
Refuse	6,981	6,087	894	21	-	-	-	-	45	-	7,002	6,132	-	870
Total Infrastructural Assets	509,873	16,956	492,917	11,241	195	-	-	195	11,331	1,874	519,067	24,366	-	494,701
INTANGIBLE ASSETS														
Computer Software	3,481	2,005	1,476	512	-	-	-	-	638	-	3,993	2,643	-	1,350

Work in progress in the course of construction total \$6,189,000 (2011: \$3,878,000). No property, plant and equipment is pledged as security. Restricted assets see note 18. Council has easements giving right to access to private property where infrastructural assets are located. It has not been feasible to value these at this stage and when valued are not expected to be material. There are no restrictions over the title of Councils intangible assets, nor are there any intangible assets pledged as security for liabilities.

NOTE 15 - VALUATION

OPERATIONAL AND RESTRICTED LAND AND BUILDINGS

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by SPM Ltd and the valuation is effective as at 1 July 2010.

INFRASTRUCTURAL ASSET CLASSES

LAND

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by SPM Ltd and the valuation is effective as at 1 July 2010.

LAND UNDER ROADS

The road reserve land for formed roads only has been valued as at 1 July 2006. Road reserves have been valued on the average land valued by urban rating areas and rural ward, reduced by a factor of 30% to account for the restricted use of the land. Land under roads is no longer revalued.

WASTEWATER AND STORMWATER

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Opus International Consultants Ltd and the valuation is effective as at 1 July 2011.

WATER

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Opus International Consultants Ltd and the valuation is effective as at 1 July 2011.

ROADING

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Opus International Consultants Ltd, and the valuation is effective as at 1 July 2010.

VESTED INFRASTRUCTURAL ASSETS

Valued based on the actual quantities of infrastructural components vested and the current in-ground cost of providing identical services. Assets vested to Whakatāne District Council are recognised in the Statement of Financial Performance as revenue and in the Statement of Financial Position as property, plant and equipment.

LIBRARY COLLECTIONS

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ in May 2002. Library stock has been valued effective 1 July 2010 by Jane Gilbert, RLIANZA.

WORK IN PROGRESS

The total amount of property, plant and equipment in the course of construction is \$6,189,000 (2011: \$3,878,000).

IMPAIRMENT

The Aquatic Centre has been impaired by \$ Nil (2011: \$3,746,000). The roading has been impaired by \$ Nil (2011: \$23,000).

HARBOUR ASSETS

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by SPM Ltd and the valuation is effective as at 1 July 2010.

MUSEUM

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by R.J.Watt & Associates and the valuation is effective as at 1 July 2010.

PARKS

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by SPM Ltd and the valuation is effective as at 1 July 2010.

NOTE 16 - FORESTRY ASSETS

Actual 2011 \$000		Actual 2012 \$000
213	Balance at 1 July	344
131	Gains (Losses) Arising from Changes in Fair Value on Valuation	(42)
344	Total Forestry Assets	302

Council owns 67.6 hectares of Pinus Radiata. No forests have been harvested during the period (2011: Nil). Plantation forests have been valued by P.F. Olsen and Co, independent valuers, on the basis of arms length market transaction of current market evidence as at 30 June 2011.

NOTE 17 - INVESTMENT PROPERTY & NON CURRENT ASSETS HELD FOR SALE

Actual 2011 \$000		Actual 2012 \$000
INVESTMENT PROPERTY		
33,725	Balance at 1 July	44,024
183	Additions	10
(3,884)	Fair Value Gains (Losses) on Valuation	531
-	Transfer to Restricted Assets	-
14,000	Transfer from Non-current Assets Held for Sale	127
-	Transfer to Non-current Assets Held for Sale	(350)
-	Transfer from Operational Land	245
44,024	Total Investment Property	44,587

All investment properties held by Council were valued at fair value by registered valuers Reid and Reynolds Ltd as at 30 June 2011.

Restricted land within the investment category: \$0 (2011: \$0).

Actual 2011 \$000		Actual 2012 \$000
NON CURRENT ASSETS HELD FOR SALE		
14,040	Balance at 1 July (Land)	393
-	Sales	(350)
24	Fair Value Gains (Losses) on Valuation	286
(14,000)	Transfer to Investment Property	(127)
220	Transfer from Operational Land	6
109	Transfer from Recreational Reserves	-
-	Transfer from Investment Property	350
393	Total Non Current Assets Held for Sale	558

The assets held for sale relate to property currently held but on the market.

NOTE 18 - RESTRICTED ASSETS

2011	Cost/ Revaluation 1 July 2010 \$000	Additions Current Year \$000	Transfer to Operating Land \$000	Transfer from Recreational Reserves \$000	Transfer to Harbour Land \$000	Transfer to Assets held for Sale \$000	Revaluation Current Year \$000	Cost/ Revaluation 30 June 2011 \$000
Harbour Land (Not leased)	12,570		(300)	2,063	-	-	(3,590)	10,743
Recreational Reserves	41,586		(5,837)	-	(2,063)	(109)	(4,362)	29,215
Total	54,156		(6,137)	2,063	(2,063)	(109)	(7,952)	39,958
2012	Cost/ Revaluation 1 July 2011 \$000	Additions Current Year \$000	Transfer to Operating Land \$000	Transfer from Recreational Reserves \$000	Transfer to Harbour Land \$000	Transfer to Assets held for Sale \$000	Revaluation Current Year \$000	Cost/ Revaluation 30 June 2012 \$000
Harbour Land (Not leased)	10,743		-	-	-	-	-	10,743
Recreational Reserves	29,215		-	-	-	-	-	29,215
Total	39,958		-	-	-	-	-	39,958

Refer to note 15 for revaluation details.

NOTE 19 - TRADE AND OTHER PAYABLES

Actual 2011 \$000		Actual 2012 \$000
9,060	Trade Payables	6,087
995	Accrued Expenses	160
88	Regional Council Rates	-
167	Income Received in Advance	161
495	Deposits	462
10,805	Total Trade and Other Payables	6,870

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

NOTE 20 - PROVISIONS

Actual 2011 \$000		Actual 2012 \$000
PROVISIONS ARE REPRESENTED BY:		
LANDFILL AFTERCARE PROVISION		
2,016	Opening Balance	1,004
(1,012)	Increase (Decrease) in Net Present Value	(702)
1,004	Closing Balance	302
264	Current Portion	25
740	Non-Current Portion	277
1,004		302
FORESTRY PROVISION		
45	Opening Balance	38
(7)	Increase (Decrease) in Provision	(38)
38	Closing Balance	-
38	Current Portion	-
-	Non-current Portion	-
38		-
WEATHERTIGHTNESS PROVISION		
319	Opening Balance	357
38	Increase (Decrease) in Provision	(91)
357	Closing Balance	266
-	Current Portion	-
357	Non-current Portion	266
357	Closing Balance	266
DEVELOPMENT CONTRIBUTION REFUNDS		
1,173	Opening Balance	-
(1,173)	New Provision (Provision Utilised)	-
-	Closing Balance	-
-	Current Portion	-
-	Non-current Portion	-
-	Closing Balance	-
SUMMARY OF PROVISIONS		
302	Current Provisions	25
1,097	Non-current Provisions	543
1,399		568

LANDFILL AFTERCARE COSTS

Councils responsibilities include:

- Closure costs;
- Final cover application and investigation;
- Incremental drainage control features;
- Facilities for leachate collection and monitoring;
- Facilities for water quality monitoring.

Post closure costs include;

- Treatment and monitoring of leachate;
- Groundwater surface monitoring.

FORESTRY PROVISION

The 2011 provision for forestry rates refunds related to valuation objections that were outstanding on certain forestry properties. These objections related to valuations that Council has rated since 1 July 2002 and in the event of the objections being upheld the Council were required to refund a portion of the rates charged on those properties since 1 July 2002. The objections were upheld and refunds were paid out in 2012. Therefore no further provision is required.

WEATHERTIGHTNESS CLAIMS PROVISION

Claims have been lodged with the Weathertight Homes Resolution Service, for buildings located within the Whakatāne District. Six outstanding claims were registered as at 30 June 2012 and are being dealt with on a case by case basis. Currently Council's liability in relation to these claims has not been firmly established and it is not possible to determine the likely outcome of the claims at this stage. A Government initiative to share costs that, if taken up by claimants, will limit the liability of Local Authorities to 25% of the total remedial costs has been accepted by Council. A potential liability has been provided in the 2011/2012 financial statements of \$265,582 based on the expected outcome of negotiations on known claims with six of the affected parties – a decrease of \$91,558 to the provision as at 30 June 2011.

DEVELOPMENT CONTRIBUTION REFUNDS

Following Council's decision to refund Development Contributions paid to Council but now deemed not due, a provision has been set up as at 30 June 2010 for the cost of refunds due for the years included in the 2006 -2016 Long Term Council Community Plan (\$621,000) and the years prior to the 2006-2016 Long Term Council Community Plan (\$552,000). At 30 June 2011, all refunds have been made so there is no need to maintain a provision.

The refunds arise from infrastructural projects that would have attracted a development contribution having been cancelled or amended.

NOTE 21 - EMPLOYEE ENTITLEMENTS

Actual 2011 \$000		Actual 2012 \$000
580	Accrued Payroll	410
1,090	Annual and Long Service Leave	1,103
12	Sick Leave	12
1,682	Total Employee Entitlements	1,525
	Comprising:	
1,484	Current	1,327
198	Non-current	198
1,682	Total Employee Entitlements	1,525

NOTE 22 - BORROWINGS

Actual 2011 \$000		Actual 2012 \$000
	Current	
10,000	Secured loans	24,000
	Non-Current	
30,510	Secured loans	23,445
40,510	Total Borrowings	47,445
	The fair values of borrowings including current portion equate to their carrying values.	
	Maturity Profile	
10,000	Maturing in under one year	24,000*
4,000	Maturing in 1 - 2 years	5
3,510	Maturing in 2 - 3 years	23,440
23,000	Maturing in 3 - 4 years	-
-	Maturing in 4 - 5 years	-
-	Maturing in 5 years +	-
40,510		47,445

Interest rates range from 3.08% to 7.95% (2011: 3.14% to 7.95%) with a weighted average rate of 3.89% (2011: 4.22%).

The public debt is secured over future rating income.

Interest expense for 2012 was \$2,520,000 (2011: \$2,146,000).

* \$10 million of borrowings maturing in under one year will rollover to the Local Government Funding Agency

NOTE 23 - EQUITY

Actual 2011 \$000		Actual 2012 \$000	Budget 2012 \$000
	Equity		
426,111	Retained Earnings	428,404	442,139
11,898	Restricted Equity	12,560	12,563
176,680	Asset Revaluation Reserves	177,491	211,430
614,689	Total Closing Public Equity	618,455	666,132
	Retained Earnings		
421,860	Opening Balance 1 July	418,394	432,034
-	Other Reserve Movements	965	-
(4,706)	Net Surplus (Deficit)	1,990	3,105
	Less Appropriation		
(9,793)	To Council Created Reserves	(13,135)	-
(1,704)	To Restricted Reserves	(4,200)	-
	Funds Applied from		
8,986	Council Created Reserves	10,997	-
3,751	Restricted Reserves	3,563	-
418,394	Closing Balance 30 June	418,574	435,139
	Council Created Reserves (Incl. Depreciation Reserves)		
6,910	Opening Balance 1 July	7,717	7,000
-	Adjusting Categories of Equity	(25)	-
9,793	Add: Appropriation	13,135	-
(8,986)	Less: Application of Funds	(10,997)	-
7,717	Closing Balance 30 June	9,830	7,000
426,111	Total Retained Earnings	428,404	442,139
	Restricted Equity		
13,945	Opening Balance 1 July	11,898	12,563
-	Adjusting Categories of Equity	25	-
1,704	Add Appropriation	4,200	-
(3,751)	Less Application of Funds	(3,563)	-
11,898	Closing Balance 30 June	12,560	12,563
	Asset Revaluation Reserve		
177,850	Opening Balance 1 July	176,680	196,704
-	Other Reserve Movements	(1,063)	-
8,393	Revaluation of Operational Assets	-	-
(7,816)	Revaluation of Restricted Assets	-	14,726
2,885	Revaluation of Roding	-	-
3,181	Revaluation of Water	1,550	-
2,963	Revaluation of Sewerage	78	-
(5,374)	Revaluation of Land Drainage	246	-
(5,402)	Revaluation of Land	-	-
176,680	Closing Balance 30 June	177,491	211,430

NOTE 24 - JOINT VENTURES

The audited results of the Whakatāne Airport have been proportionately consolidated into these Financial statements.

Whakatāne Airport is a 50:50 joint equity venture between the Whakatāne District Council and the Ministry of Transport (Air Transport Division).

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

Actual 2011 \$000		Actual 2012 \$000
46	Current Assets	58
528	Non-Current Assets	620
75	Current Liabilities	141
99	Income	104
124	Expenses	178

Whakatāne District Council has a joint venture with P F Olsen Ltd on one of the forestry blocks.

The Council bears no share of expenses for the block but will share in 35% of the revenue from the forestry block when the trees are harvested, in return for supplying the land. The value of the forestry block is \$226,000 (2011: \$239,000).

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

There are no contingent liabilities or capital commitments arising from the Joint Ventures.

NOTE 25 - RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

Actual 2011 \$000		Actual 2012 \$000
(4,706)	Net Surplus/(Deficit)	1,990
	Plus (Less) Non Cash Items	
14,280	Depreciation	15,156
(180)	Vested Assets Income	(689)
155	Net Loss (Gain) on Disposal of Assets	(764)
4,608	Net Loss (Gain) on Revaluation	1,062
(131)	Revaluation Gains Property/Shares	(531)
4,739	Revaluation Losses in Investment Assets and Non Current Assets Held for Sale	1,593
(2,018)	Increase of Provisions (Write Down)	(988)
(114)	Movement in Doubtful Debt Impairment	315
51	Bad Debts	816
	Add (less) Movements in other Working Capital items	
(1,135)	Decrease (Increase) in Debtors	1,646
-	Decrease (Increase) in Inventory	6
11	Decrease (Increase) Prepayments	43
3,154	Increase (Decrease) in Creditors	(3,935)
(1,098)	Increase (Decrease) in GST Liability	(1,245)
	Less Cash Inflow from Investing Activities	
238	Less Movement in Regional Council Rates	(131)
(1,320)	Increase in Creditors for Fixed Asset Purchases	2,270
11,926	Net Cash from Operations	15,552

NOTE 26 - COMMITMENTS

This statement shows the extent to which the Whakatāne District Council is committed to spend in future. Contracts have been entered into for the following capital projects.

Capital Commitments

Actual 2011 \$000		Actual 2012 \$000
2,833	Arts & Culture	-
473	Port	368
2,453	Roading	842
168	Stormwater	-
13	Town Vision	-
-	Parks and Reserves	56
-	Location Services	36
586	Wastewater	222
1,031	Water	257
7,557	Total Commitments	1,781

Non Cancellable Operating Leases as Lessee

Actual 2011 \$000		Actual 2012 \$000
59	Not Later than One Year	51
1	Later than One Year and Not Later than Five Years	-
60		51

NOTE 27 - CONTINGENCIES

CONTINGENT LIABILITIES

Actual 2011 \$000		Actual 2012 \$000
1,230	Other Claims	1,600
1,230	Total Contingencies	1,600

CONTINGENT LIABILITIES

Edgecumbe Sewerage Infrastructure Damage

Damage has occurred to the Edgecumbe wastewater infrastructure, attributed to a persistent swarm of shallow and some larger earthquakes over the last few years.

Engineering consultants engaged by Council have concluded that the damage to the wastewater infrastructure can be directly linked to these earthquakes and tectonic deformation. The estimated cost of repairs to the earthquake damaged pipes is \$1.23 million.

The Council is insured through the Local Authority Protection Programme Fund (LAPP), which has assessed that the maximum claim for the repair of earthquake damaged pipes available from this fund is \$168,604. The Council has received confirmation from LAPP that if the project is continued as scoped it will receive this funding. However, the LAPP fund has been exhausted as a result of the Christchurch earthquakes and any additional funding may not be available.

Employment Dispute

There are three employment disputes at 30 June 2012 (2011: two). The quantum is currently unknown.

Weathertightness Claims

See note 20. The council has included a provision in the accounts for the potential liability in relation to building weathertightness claims. The calculation is based on the number of homes currently registered with the Weathertight Homes Resolution Service. From 1 July 2009, our Public Liability insurance does not cover Weathertight claims.

The Council is also exposed to potential future claims which have not yet been advised until the statutory limitation period expires. The amount of potential future claims are not able to be reliably measured and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services (WHRS) Act 2006, but other statutory limitation periods could also affect claims.

Muriwai Drive Slip

During the period August 2010 to June 2011 a slip event occurred over land owned by the Council and land controlled and managed by the Council on behalf of the Crown. The slip threatens several private homes, the adjacent road and to a lesser extent, council playground and toilet assets on a near reserve. On site mitigation measures are being developed to minimise any future risk to property and assets. The Council may be required to contribute to these engineering solutions. The quantum of any contribution is currently unknown.

CONTINGENT ASSETS

Resource Consent Appeal

Whakatāne District Council has been awarded compensation by the Environment Court for unnecessary costs in respect of a resource consent appeal. However, because the claimant has appealed to the High Court, the orders requesting payment of the costs are held in abeyance until the High Court appeal has been determined or withdrawn.

NOTE 28 - RELATED PARTY TRANSACTIONS

Whakatāne District Council has a 50:50 joint equity venture with the Ministry of Transport (Air transport Division) in the Whakatāne Airport and both entities are considered to be a related parties.

The following transactions were carried out with related parties:

AIRPORT

Actual 2011 \$		Actual 2012 \$
66,806	Administrative and Maintenance Services	61,807
(93,995)	Funds Held by Council on Behalf of the Airport	229,884

OTHER RELATED PARTY DISCLOSURES

During the year the Council was involved in minor transactions with Sportsworld Whakatāne of which Mayor Bonne is the sole director. These services cost \$1,060 (2011: \$1,822) and were supplied on normal commercial terms. The council was also involved in minor transactions with Radio Bay of Plenty of which Mayor Bonne became a director in March 2012. The services cost \$8,667.18

The Council has an 1/8th share in BoP LASS Limited. BoP LASS Limited has been established to foster collaboration between councils in the delivery of services particularly back office or support services. Whakatāne District Council's Chief Executive, Marty Grenfell, is a director of BoP LASS Limited. During the year the Council contracted BoP LASS Limited for services costing \$132,141.53 (2011: \$256,973).

The Council granted \$1,725 to the Eastern Bay of Plenty Life Education Trust, of which Councillor Turner is involved. The Council granted \$10,000 to the Pride Whakatāne District Committee of which Councillor Iles is the Chairman. During the year, the Council was involved in transactions for \$9,065 (2011: \$149,818), with Te Runanga O Ngāti Awa of which Councillor Ngaropo is the Director. The council paid \$1,039.60 to Sister Cities NZ INC, of which Councillor Iles is Chairman.

No provision has been required for doubtful debts relating to outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

KEY MANAGEMENT PERSONNEL

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

Except for items of a minor nature, no other councillors or senior management have entered into related party transactions with Council.

SALARIES & OTHER SHORT TERM BENEFITS

Actual 2011 \$000		Actual 2012 \$000
1,238	Salaries & other short term benefits	1,330
108	Termination Benefits	81
1,346	Total	1,411

Key management personnel include the Mayor, Councillors, Chief Executive and senior management personnel.

The detailed salaries & other short term benefits paid to Councillors is presented in Note 29.

NOTE 29 - REMUNERATION

CHIEF EXECUTIVE

In 2012 the current Chief Executive of the Whakatane District Council, appointed under section 42(1) of the Local Government Act 2002 received a salary of \$161,538 and a benefit of \$9,392 for a car. The outgoing Chief Executive received a salary of \$154,270 and a benefit of \$3,938 for a car.

In 2011 the outgoing Chief Executive received a salary of \$223,836 and a benefit of \$15,750 for a car.

ELECTED REPRESENTATIVES

ACTUAL 2011 \$				ACTUAL 2012 \$		
Salaries	Hearings*	Allowances & Expenses Reimbursements		Salaries	Hearings*	Allowances & Expenses Reimbursements
MAYOR AND COUNCILLORS						
9,103	-	571	Bonne, Tony	-	-	-
60,267	-	3,088	Bonne, Tony (Mayor)	89,619	-	4,904
22,391	-	874	Holmes, Colin (Mayor)	-	-	-
9,103	-	569	Byrne Rachael	-	-	-
23,100	4,281	872	Chambers, Christine	32,910	1,060	1,351
9,103	2,006	1,427	Clark, William	-	-	-
12,503	-	51	Dowd, David	26,301	-	1,501
11,868	-	571	Hanlen, Graeme	-	-	-
10,806	-	1,791	Iles, Andrew	27,967	-	3,593
21,522	-	983	Jarrett, Scott	26,301	-	1,337
21,522	-	1,549	Johnston, George	26,301	-	2,146
12,668	-	28	Ngaropo, Pouroto	26,301	-	1,218
21,522	3,834	1,868	Orr, Russell	32,910	1,325	3,160
12,473	-	282	Sheaff, Dave	26,301	-	1,218
9,103	-	912	Shearer, Ian	-	-	-
10,469	-	1,824	Te Kurapa, Jacob	-	-	-
12,473	1,258	-	Turner, Judy	32,910	1,060	1,218
12,473	-	415	Van Beek, Gerard	26,301	-	1,218

* User fees are paid by the applicant - not rate funded.

NOTE 29 - REMUNERATION (CONTINUED)

ACTUAL 2011 \$				ACTUAL 2012 \$		
Salaries	Hearings*	Allowances & Expenses Reimbursements		Salaries	Hearings*	Allowances & Expenses Reimbursements
COMMUNITY BOARD MEMBERS						
Edgecumbe - Tarawera						
1,413	-	-	Barr Viv	2,636	-	519
2,289	-	114	Bourk, Graeme	8,369	-	629
1,413	-	-	Byrne, Kris	2,636	-	519
2,289	-	114	Dennis, Gavin	2,636	-	519
2,289	-	352	Harvey, Evan	2,636	-	613
875	-	264	Major, Paul	-	-	-
875	-	114	McIndoe, Clive	-	-	-
1,413	-	-	Richards, Vicki	2,636	-	519
2,165	-	114	Smeaton, Graham	-	-	-
Taneatua						
2,096	-	254	Chater, Geoffrey	2,625	-	694
928	-	142	Keepa, Rehina	-	-	-
1,372	-	-	Knowles, Les	2,625	-	560
2,300	-	114	Kora, Monty	2,625	-	762
3,667	-	208	Kyle, David	7,042	-	590
2,300	-	114	Ruiterman, Luke	2,625	-	643
2,300	-	114	Yalden, Diane	3,419	-	512
Whakatane						
2,300	-	114	Chambers, George	2,625	-	1,148
3,667	-	250	Delahunty, Neville	8,237	-	512
2,300	-	114	Hall, Tony	2,625	-	512
2,300	-	114	Lander, Peter	2,625	-	512
2,300	-	114	Lynch, Kenneth	2,625	-	512
1,372	-	-	Naude, Mike	2,625	-	512
928	-	114	Searle, Ian	-	-	-
Ohope Beach						
1,066	-	131	Bluett, Andrew	-	-	-
928	-	114	Bowering, Christine	-	-	-
2,300	-	247	Casey, Gerard	2,625	-	512
3,667	-	577	Dohrman, Chris	8,304	-	992
2,300	-	114	Howe, Josephine	2,625	-	625
1,372	-	-	King, Mike	2,625	-	512
2,300	-	114	Lovelock, Hugh	2,625	-	512
1,372	-	-	Poppe, Sabine	2,625	-	512
Murupara						

NOTE 29 - REMUNERATION (CONTINUED)

ACTUAL 2011 \$				ACTUAL 2012 \$		
Salaries	Hearings*	Allowances & Expenses Reimbursements		Salaries	Hearings*	Allowances & Expenses Reimbursements
875	-	114	Adam, Arthur	-	-	-
1,413	-	-	Ammunson Patricia	2,636	-	519
2,289	-	114	Chapman, Awhina	2,636	-	519
875	-	114	Hynes, Ormond	-	-	-
875	-	114	Reedy, Keriana	-	-	-
1,413	-	291	Skeet, Charlotte	2,636	-	763
2,289	-	114	Tanirau, Arleen	2,583	-	519
-	-	-	Te Kurapa, Jacob	8,289	-	519
1,413	-	81	Tuhua, Honey	2,636	-	519
875	-	114	Tulloch-Tupe, Helen	-	-	-
IWI LIASON						
-	-	1,157	Carlson, James	-	-	934
-	-	517	Hunia, Paroa	-	-	-
-	-	1,027	Jenner, Robert	-	-	3,411
-	-	2,330	Kalan, Joshua	-	-	4,933
-	-	-	Kohiti, Kohiti	-	-	305
-	-	1,459	Mason, Hohepa	-	-	1,640
-	-	-	Pacey, Huia	-	-	3,907
-	-	1,285	Pryor, Henare	-	-	1,072
-	-	873	Sisley, Mihipeka	-	-	2,681
-	-	1,092	Te Pou, Colin	-	-	3,164
-	-	1,127	TeMara, Te Makarini	-	-	1,845
-	-	-	Thrupp, John	-	-	159

NOTE 30 - SEVERANCE PAYMENTS

For the year ended 30 June 2012 Whakatane District Council made four severance payments to employees (\$8,700, \$59,692, \$5,000, \$3,500 respectively).

(2011: four payments of \$30,000, \$5,000, \$23,000, \$85,000 respectively).

NOTE 31 - EVENTS AFTER BALANCE SHEET DATE

There were no significant events after balance date.

NOTE 32 - FINANCIAL INSTRUMENTS

NOTE 32A - FINANCIAL INSTRUMENT CATEGORIES

The accounting policies for financial instruments have been applied to the line items below:

Actual 2011 \$000		Actual 2012 \$000
FINANCIAL ASSETS		
Derivative Financial Instruments that are not Hedge Accounted		
-	Fair Value through Profit and Loss	-
Financial Instruments		
-	Financial Instruments	131
Loans and Receivables		
810	Cash and Cash Equivalents	1,394
6,467	Trade and Other Receivables	4,463
7,277	Total Loans and Receivables	5,857
Fair Value through Equity		
<i>Other Financial Assets:</i>		
32	NZ Local Government Insurance Council Limited	50
1	BoP LASS	1
33	Total Fair Value through Equity	51
FINANCIAL LIABILITIES		
Derivative Financial Instruments that are not Hedge Accounted		
-	Fair Value through Profit and Loss	-
Financial liabilities at amortised cost		
10,805	Trade and other Payables	6,870
1,337	Financial Derivatives	3,300
<i>Borrowings:</i>		
40,510	Secured Loans	47,445
52,652	Total Financial Liabilities at Amortised Cost	57,615

32B FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

	Valuation technique			
	Total \$000	Quoted market price \$000	Observable inputs \$000	Significant non-observable inputs \$000
FINANCIAL ASSETS				
Local Authority Stock	1	-	1	-
Shares	50	-	50	-
Derivatives	131	-	131	-
FINANCIAL LIABILITIES				
Derivatives	3,300	-	3,300	-

NOTE 32C - FINANCIAL INSTRUMENT RISKS

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is exposed to equity securities price risk on its investments. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in Council's Investment policy.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. Council's Liability Management policy is to maintain approximately 50% of its borrowings in fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where Council has borrowed at fixed rates in excess of the 50% target above.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Generally, Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, Council invests surplus cash into term deposits and local authority stock which gives rise to credit risk.

Council's Investment policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the group only invests funds with entities that have a Standard and Poor's or Moody's credit rating of A- or above for long-term investments.

Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

MAXIMUM EXPOSURE TO CREDIT RISK

Council's maximum credit exposure for each class of financial instrument is as follows:

Actual 2011 \$000		Actual 2012 \$000
810	Cash at Bank and Term Deposits	1,394
6,467	Trade and Other Receivables	4,463
-	Derivative Financial Instrument Assets	131
33	Local Authority and Government Stock	51
(1,337)	Derivative Financial Instrument Liabilities	(3,300)
5,973	Total Credit Risk	2,739

CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

Actual 2011 \$000		Actual 2012 \$000
COUNTERPARTIES		
810	Cash at Bank and Term deposits:	1,394
810	Total Cash at Bank and Term Deposits	1,394
32	NZ Local Government Insurance Council Limited	50
32	Total NZ Local Government Insurance Council Limited	50
-	Financial Instrument Assets	-
-	Total Derivative Financial Instrument Assets	-
COUNTERPARTIES WITHOUT CREDIT RATINGS		
-	Existing Counterparty with no Defaults in the Past	-
-	Total Community and Related Party Loans	-

Debtors and other receivables mainly arise from Council's statutory functions. Therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to debtors and other receivable, as it has a large number of credit customers, mainly ratepayers. The Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

LIQUIDITY RISK

Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy. These policies have been adopted as part of the Council's Long-Term Council Community Plan.

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$000	Contractual Cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2012						
Trade and Other Payables	6,870	6,870	6,870	-	-	-
Secured Loans	47,445	43,451	23,894	-	19,557	-
Financial Derivatives	3,300	3,300	-	40	1,636	1,624
Total	57,615	53,621	30,764	40	21,193	1,624
Council 2011						
Trade and Other Payables	10,805	10,805	10,805	-	-	-
Secured Loans	40,510	40,480	9,854	-	30,626	-
Financial Derivatives	1,337	1,337	-	(240)	637	940
Total	52,652	52,622	20,659	(240)	31,263	940

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 yrs \$000
Council 2012						
Cash and Cash Equivalents	1,394	1,394	1,394	-	-	-
Trade and Other Receivables	4,463	4,463	4,463	-	-	-
Net Settled Derivative Assets	131	131	131	-	-	-
Net Settled Financial Instruments	-	-	-	-	-	-
Other Financial Assets:						
Local Authority and Government Stock	50	50	-	-	-	50
Total	6,038	6,038	5,988	-	-	50
Council 2011						
Cash and Cash Equivalents	810	810	810	-	-	-
Trade and Other Receivables	6,526	6,526	6,526	-	-	-
Net Settled Derivative Assets	-	-	-	-	-	-
Net Settled Financial Instruments	-	-	-	-	-	-
Other financial assets:						
Local Authority and Government Stock	32	32	-	-	-	32
Total	7,368	7,368	7,336	-	-	32

SENSITIVITY ANALYSIS

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at the balance date.

Interest Rate Risk	2012 \$000				2011 \$000			
	Profit	-100bps Other Equity	Profit	+100bps Other Equity	Profit	-100bps Other Equity	Profit	+100bps Other Equity
Financial Assets								
Cash and Cash Equivalents	-	-	-	-	-	-	-	-
Derivatives - Interest Rate Swaps	(4,707)	-	(1,713)	-	(2,931)	-	159	-
Financial Instruments	-	-	-	-	-	-	-	-
<i>Other Financial Assets:</i>								
- Local Authority Stock	-	-	-	-	-	-	-	-
Financial liabilities								
<i>Borrowings:</i>								
- Bank Overdraft	-	-	-	-	-	-	-	-
- Debt	(234)	-	-	-	(265)	-	-	-
Total Sensitivity to Interest Rate Risk	(4,941)	-	(1,713)	-	(3,196)	-	159	-

EXPLANATION OF SENSITIVITY ANALYSIS

DERIVATIVES

Financial Liability

Derivative financial liabilities not hedge accounted includes interest rate swaps with a fair value totalling -\$3,169,386 (2011: - \$1,336,707 financial asset). A movement in interest rates of plus or minus 1.0% has an effect on the swap value of minus \$1,713,526 (2011: \$159,326) and minus \$4,707,675 (2011: \$2,931,201).

Local authority stock

A total of \$50,000 (2011: \$32,000) of investments in local authority stock are classified at fair value through equity. A movement in interest rates of plus or minus 1.0% has an effect of \$500 (2011: \$320) on the fair value through equity reserve.

Secured loans (Floating)

The Council has floating rate debt with a principal amount totalling \$23.4 million (2011: \$26.5 million). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$234,000 (2011: \$265,000).

A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

Creditors and other payables

Trade payables do not include any foreign currency denominated payables in relation to plant and equipment purchases. Therefore there is no currency price risk and no movement under sensitivity analysis.

NOTE 33 - CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayer's funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investment, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity require today's ratepayers to meet the costs of

utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the council has in place asset management plans for major classes of assets detailing renew and maintenance programmes to ensure ratepayer in future generations are required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

NOTE 34 - VARIANCES FROM BUDGET

Explanations for major variations from the Council's estimated figures in the 2011/2012 Annual Plan are as follows:

Statement of Comprehensive Income

There is a variance of \$1.115 million between the budgeted surplus in the Annual Plan of \$3.105 million and the current surplus of \$1.990 million (before other comprehensive income). Total operating income was \$2.457 million higher than budget in respect of rates income (\$1.035 million), user charges (\$610,000) and transport subsidies (\$3.670 million). These increases were offset by decreases in other categories of income, including development contributions (owing to economic down turn) and government grants (owing to capital expenditure projects being delayed).

Total operating expenditure was \$3.572 million higher than budget. The majority of the variance is owing to \$1.879 million fair value revaluation losses on derivative financial instruments and forestry blocks, which must be recognised in the Council's Statement of Comprehensive Income. Statute-barred rates write-offs of \$656,000 and an adjustment for doubtful debts of \$315,000 also contributed to the variance. The remainder of the variance was attributable to other operating expenses, including insurance, rates paid and finance costs all being higher than budgeted.

Statement of Changes in Equity

The Council's equity has been increased by the current year net surplus and revaluation of water related assets.

Statement of Financial Position

Current assets are higher than budgeted, owing to cash and trade receivables being less than anticipated, offset by GST receivable being higher than budgeted.

Non-current assets are less than budgeted mainly due to capital expenditure projects being delayed.

Current liabilities are higher than budgeted, owing to \$20 million short-term debt being budgeted as long-term debt. Accordingly non-current liabilities are less than budget.

Statement of Cashflows

There was a variation of cash held, compared to budget, of negative \$885,000. This resulted from spending \$1.608 million more than budgeted on investing activities, drawing down \$2.134 million more in loan funding than budgeted, and net cash flows from operating activities being \$2.230 less than budgeted. The \$2.230 million operating cashflow variation arose from operating outflows being \$1.807 less than budgeted, offset by operating inflows being \$4,037 less than budgeted.

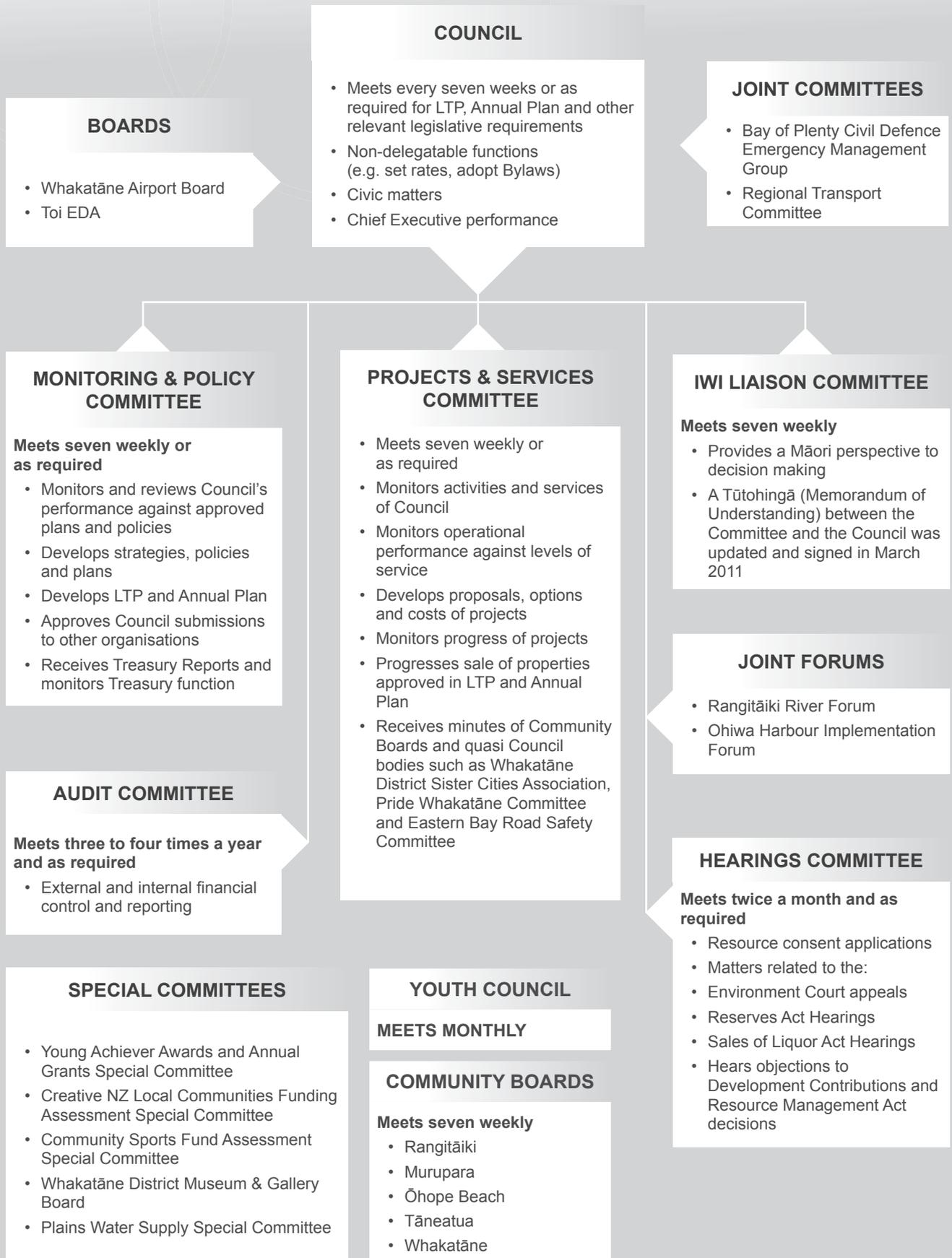


Appendicies

Ngā Tāpiritanga



COUNCIL POLITICAL STRUCTURE AS AT 30 JUNE 2012



MEMBERSHIP ON THE COMMUNITY BOARDS AS AT 30 JUNE 2012

The Council has five community boards covering the entire District. Each board has six members elected from within the community board areas and one appointed councillor from the same area.

Community boards provide a link between the Council and the community. If you have issues in your local community, have a question about a Council process or service, looking for more information or advice, or have an idea to enhance your community, then you might like to contact your local community board representative. Alternatively, community boards meet every seven weeks in an open meeting that you are welcome to attend. Contact information for your community board representatives and more details on meeting dates and venues are available on our website: www.whakatane.govt.nz



MURUPARA
Community Board

Jacob Te Kurapa - Chair
Arleen Tanirau - Deputy Chair
Pourotu Ngaropo - Councillor
Charlotte Skeet
Trish Ammunson
Awhina Chapman
Honey Tuhua



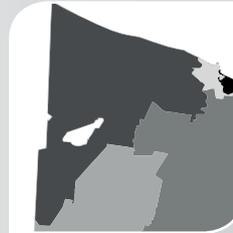
OHOPE BEACH
Community Board

Chris Dohrman - Chair
Gerard Casey - Deputy Chair
Judy Turner - Councillor
Jose Howe
Mike King
Hugh Lovelock
Sabine Poppe



Rangitaiki
Community Board

Graeme Bourk - Chair
Gavin Dennis - Deputy Chair
Gerard Van Beek - Councillor
Viv Barr
Kris Byrne
Evan Harvey
Vicky Richards



TANEATUA
Community Board

Dave Kyle - Chair
Diane Yalden - Deputy Chair
Andrew Iles - Councillor
Geoff Chater
Les Knowles
Monty Kora
Luke Ruiterman



WHAKATANE
Community Board

Neville Delahunty - Chair
Mike Naude - Deputy Chair
Scott Jarrett - Councillor
George Chambers
Tony Hall
Peter Lander
Ken Lynch



MEMBERSHIP OF STANDING COMMITTEES AS AT 30 JUNE 2012

The following committee structure was established in October 2010 following Council elections and is likely to be in place until the end of the triennium (October 2013). The Mayor is “ex officio” a member of all Committees and specifically appointed to the Hearings Committee.

MONITORING AND POLICY COMMITTEE

Mayor A A Bonne (Chairperson)
 Councillor D R Dowd (Deputy Chairperson)
 Deputy Mayor J Turner
 Councillor C Chambers
 Councillor A Iles
 Councillor S Jarrett
 Councillor G V Johnston
 Councillor P N H Ngaropo
 Councillor R N Orr
 Councillor D W Sheaff
 Councillor G van Beek

PROJECTS AND SERVICES COMMITTEE

Councillor C Chambers (Chairperson)
 Councillor A Iles (Deputy Chairperson)
 Mayor A A Bonne
 Deputy Mayor J Turner
 Councillor D R Dowd
 Councillor S Jarrett
 Councillor G V Johnston
 Councillor P N H Ngaropo
 Councillor R N Orr
 Councillor D W Sheaff
 Councillor G van Beek

HEARINGS COMMITTEE

Councillor R N Orr (Chairperson)
 Councillor C Chambers (Deputy Chairperson)
 Mayor A A Bonne
 Deputy Mayor J Turner
 Councillor P N H Ngaropo
 Councillor D W Sheaff (from 7 March 2012)

AUDIT COMMITTEE

Mayor A A Bonne (Chairperson)
 Councillor R N Orr
 Councillor D R Dowd
 Councillor D W Sheaff
 Mr K Iles
 Mr S Lawrie

IWI LIAISON COMMITTEE

J Kalan (Tūhoe West) (Chairperson)
 M Sisley (Ngāti Awa ki Rangitāiki) (Deputy Chairperson)
 Mayor A A Bonne
 Councillor G V Johnston
 Councillor P N H Ngaropo
 H Pryor (Ngāti Rangitihī)
 M Manuel / T Te Rupe (Upokorehe)
 R Jenner (Ngāti Manawa)
 J Carlson (Ngāti Whare)
 P Hunia/ H Pacey (Tūwharetoa ki Oniao/TOHU Trust)
 J Mason (Ngāti Awa ki Whakatāne)
 P Te Pou (Tūhoe East)
 T M Temara (Tūhoe ki Manawaru)
 Vacant (Ngāti Awa ki Matatā)



MEMBERSHIP ON THE YOUTH COUNCIL

The Whakatāne District Youth Council consists of 22 young people aged 12 – 24. The team has been appointed to work on youth related projects and provide the Council with a youth perspective. Members consist of a mixture of ethnicity, age, gender, experience and from different geographic locations around the District. More information about our Youth Council can be found on our website www.whakatane.govt.nz.

Members are appointed to the Youth Council for the calendar / school year rather than the financial year. Members of the Youth Council for the 2011 year and the current 2012 year are:

Youth Council 2011

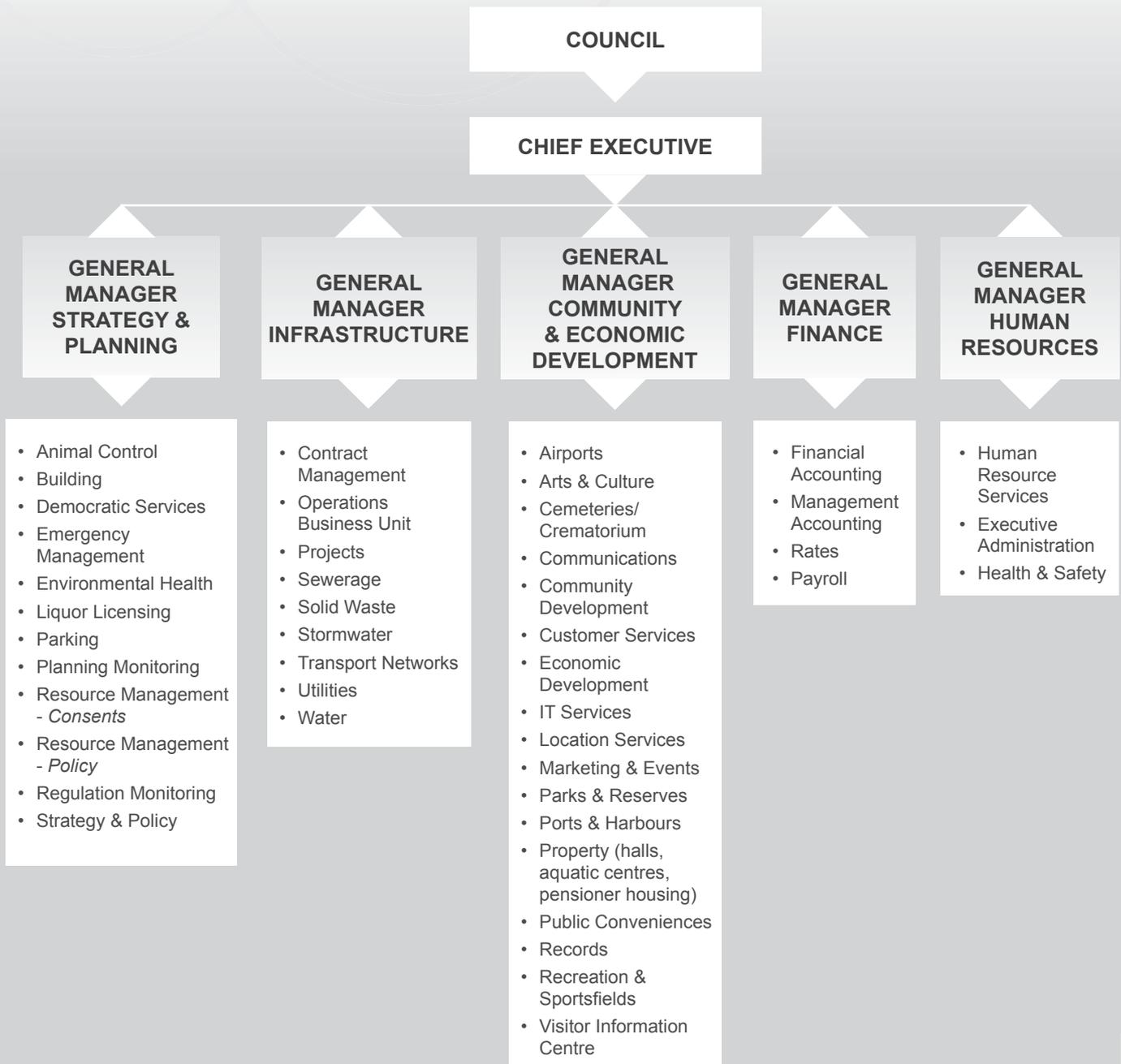
Michaela Meiring (Chairperson)
 Amy Campbell
 Amy Williamson
 Anna McAllister
 Avalon Adams
 Bailey West
 Ellise Robinson
 Giulia Butler
 Hannah Bakker
 Jack Alison
 Johanna von Sicard
 Joseph Alison
 Kelsi Parker
 Maria Sadlier
 Michael Kanare
 Nicole Jackson
 Renee Matekuare
 Stephanie Hutching
 Tayla Poloai
 Te Orohi Guthrie

Youth Council 2012

Jack Alison (Chairperson)
 Anna McAllister
 Alex Whyte
 Bailey West
 Brendan Jelley
 Brodie Kemara
 Ellise Robinson
 Erin Hickey
 Frank Lewis
 Jack Bewley
 Jessica Tagg
 Kelsi Parker
 Matarena Waiari
 Meketu Mahauriki
 Nitish Lobo
 Oliver Missen
 Shayden Bell
 Sophie Baird
 Takerei Peck
 Tori Robinson
 Whitiaua Te Taite Ropitini

COUNCIL ORGANISATIONAL STRUCTURE AS AT 30 JUNE 2012

The Whakatāne District Council employs staff through the Chief Executive (CE). During the year a new CE was appointed and the departments of the Council restructured. The new organisational structure of the Whakatāne District Council is as follows:.



EMPLOYMENT POLICIES AND INFORMATION



Running the District is an enormously varied task

The Whakatane District Council is one of the largest employers in the District. To deliver our many activities we employ planners, engineers, library assistants, arborists, accountants, plant operators, parking wardens, service personnel and many more.

As at 30 June 2012 our organisation included 150.9 full time equivalent (FTE) staff with a further 19.9 FTE vacancies at the time. FTE staff numbers (including vacancies) over the last three years are compared below:

Year	FTE staff numbers as at 30 June
2010	176.4
2011	168.7
2012	170.8

We are responsible to the community and must maintain our integrity and impartiality

Our organisation has a Code of Conduct that outlines the policies in respect of staff and their employment at the Council. The policies outline the behaviour expected of employees and also ensures that employees are treated fairly and equitably. As part of this policy, staff must observe the principal of political neutrality and avoid conflicts of interest in their work.

We support an equal opportunities workplace

Our organisation is committed to the principles of Equal Employment Opportunities and have continued to maintain the related policies and programmes over the past year. These seek to eliminate discrimination and ensure its continued absence in the workplace as well as promote equal opportunity in all aspects of employment including recruitment, selection and appointment, education, training and development, career-path-planning and promotions.

We promote a safety conscious work culture

We are an accredited employer under the ACC Work Safety Management Practices scheme. This means that we have injury prevention systems and processes in place that meet 'secondary level' requirements under a national audited safety framework. In the 2011/12 year we had no serious harm health and safety incidences.

STATEMENT OF COMPLIANCE

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.



Tony Bonne
MAYOR
31 October 2012



Marty Grenfell
CHIEF EXECUTIVE
31 October 2012

AUDIT INFORMATION

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Whakatāne District Council's annual report for the year ended 30 June 2012

The Auditor-General is the auditor of Whakatāne District Council (the District Council). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, groups of activities information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council on her behalf.

We have audited:

- the financial statements of the District Council on pages 125 to 171, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the groups of activities information of the District Council on pages 12, 33 to 123 and 179 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, groups of activities information and other information

In our opinion:

- The financial statements of the District Council on pages 125 to 171:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.
- The groups of activities information of the District Council on pages 33 to 123:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service for the year ended 30 June 2012, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and

- the reasons for any significant variances between the actual service and the expected service.
- The other information of the District Council contained in the financial statements and the groups of activities information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 31 October 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, groups of activities information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, groups of activities information and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, groups of activities information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, groups of activities information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council's financial statements, groups of activities information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, groups of activities information and other information;
- determining the appropriateness of the reported groups of activities information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, groups of activities information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, groups of activities information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and groups of activities information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast; and
 - other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, groups of activity information and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, groups of activity information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and carrying out the audit of the long term plan, we have no relationship with or interests in the District Council.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

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

This audit report relates to the financial statements, non-financial performance information and the other requirements of Whakatāne District Council for the year ended 30 June 2012 included on Whakatāne District Council's website. The Council is responsible for the maintenance and integrity of Whakatāne District Council's website. We have not been engaged to report on the integrity of Whakatāne District Council's website. We accept no responsibility for any changes that may have occurred to the 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 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 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 financial statements, non-financial performance information and the other requirements as well as the related audit report dated 31 October 2012 to confirm the information included in the audited 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.



LIKE US
ON FACEBOOK

Whakatāne District Council

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Email: information@whakatane.govt.nz Website: www.whakatane.govt.nz
Phone 07 306 0500 Fax 07 307 0718

Service Centre Murupara

Pine Drive, Murupara
Phone 07 366 5896 Fax 07 366 5897

