



WHAKATĀNE DISTRICT COUNCIL

» Annual Report Summary « Rīpoata-Whakarāpopoto-ā-tau

Message from the Mayor -
Tony Bonne

Nau piki mai ki te taumatatanga o ngā mahi whakapaunga pūtea kua tūtuki nei e Te Kaunihera i houanga kua tahuri ake nei. Tērā mō tēnei houanga kake ake ki te mutunga iho o te marama o Pipiri 2018.

Ko te tikanga o tēnei kohikohinga kōrero whakarāpototanga hei whakaatu atu i ngā painga me ngā werohanga me ngā whakatikatikahanga e pā ana ki ngā whakapaunga pūtea i oti ai i runga i ngā kaupapa whānui me ngā kaupapa whaiti hei oranga mō ngā iwi katoa tae atu ki te Hapori e noho mai nei ki roto i te takiwa o Whakatāne huri noa. I whakamatautauria ki runga i ngā ara e arataki nei te whakapaunga kopaki o Te Kaunihera mai i te tau 2017 tae noa ki te tau 2018. E hāngai pu ana ki te Te Rautaki-amua mō ngā tau 2015 tae atu ki te tau 2025.

Hoea te waka, aratakina te waka, ākina te wero, mahi tahi ai kia tae tō tatau waka ki uta hei oranga mō te rohe whānui o Whakatāne.

Welcome to this summary of the Whakatāne District Council Annual Report 2017/18. This document provides an overview of the year, including the Council’s performance against the budgets, project goals, and performance measures set for 2017/18 in the Long Term Plan 2015-25.

The flooding events of April 2017 had far-reaching impacts on our people, and particularly on communities such as Edgcumbe, Poroporo, Rūātoki and Tāneatua. These events also had significant impacts on many Council activities. Our rural community was hard-hit, and many of our more remote communities were left completely isolated as a result of road damage. I’d like to acknowledge the hard work and dedication of all those who participated in the Whakatāne District Recovery Project – Kia Manawanui, and thank them for their tireless efforts on behalf of our flood-affected communities.

There was significant discussion around Māori representation on the Council, culminating in a voter poll on the introduction of Māori Wards. Ultimately, the community voted narrowly against that option. While the result was disappointing for many, the close result was heartening. This represented a significant shift from the previous referendum on Māori wards, and I hope the momentum for change continues.

This year, Council-owned land at Opihi was sold to developers who will undertake a residential and lifestyle development subdivision, bringing us a step closer to a possible lifestyle retirement village. The Opihi Whanaungakore Urupa lies to the east of the subdivision and we have been working closely with the Trustees to create a management plan for a protective buffer zone, which will ensure that the cultural values of the urupa are respected.

The Wairaka Centennial Park redevelopment was officially opened this year at the Whakatāne Heads, and has been a hugely-popular family destination. The new Minginui playground was also opened. This joint initiative with the Minginui community has since been enjoyed by many local children.

We advanced a number of important stormwater projects, including the commissioning of the McAlister Street pump station, and the flood protection works on the Wainui Te Whara Stream. These major works help minimise the flooding risk to people and property, and are part of our continuing response to climate-related, extreme weather events.

We are all kaitiaki - guardians - of our environment, and it is our duty to protect this area for future generations. I look forward to continuing to care for our wonderful District together.

Nāku noa, nā

Tony Bonne
Mayor, Whakatāne District

Our priorities for the 2017/18 year

Ngā kaupapa matua mō te tau

In the Long-Term Plan 2015-25, we set Council's four key focus areas for those ten years. In 2017/18, we continued to deliver projects and services and make decisions in line with those four priorities. More information about each of the projects on the next four pages is available in the 'Our Work in Detail' section of the full Annual Report 2017/18.

1. Delivering quality core services *Ngā Kaupapa Matua*

One of our key priorities is to maintain and improve our assets so that we can continue to provide quality services in an affordable and sustainable way. Relevant examples during 2017/18 are as follows:

- Completing the new Otumahi water treatment plant and the refurbishing the Tahuna Road water treatment plant, which are now the main sources of water for Edgecumbe and Te Teko;
- Upgrading the Ōhope wastewater treatment plant, including installation of wetlands in the treatment ponds to help treat and dispose of wastewater in a way that is clean, safe, and environmentally responsible;
- Continuing to repair major damage to roading infrastructure caused by the April 2017 floods, such as the Manawahe Road and Te Mahoe Road underslips;
- Upgrading the McAlister stormwater pump station to improve drainage from the Apanui catchment. This plays a key role in reducing the risk of flooding in the catchment;
- Commencing work on a comprehensive stormwater plan for a stronger and more resilient stormwater system, and exploring best practice treatment options and techniques;
- Introducing Tableau, a new widget tool, to the water, wastewater and stormwater teams. Among other things, Tableau records water pressure to help identify problems like leaks or blockages in the water system.

2. Working together to meet the needs of our communities

Mahi tahi oranga tahi

Balancing the things that the community wants from our services and facilities against the cost of delivering improvements is not always easy. The challenge for Council is about finding ways to do things better, smarter and more efficiently.

Working in partnership with our community, stakeholder groups, Iwi, central Government departments, neighbouring councils and others presents significant opportunities to deliver better outcomes for our District. Relevant examples include:

- Working alongside Civil Defence Bay of Plenty and other Councils including Bay of Plenty Regional, Tauranga City, Western Bay, Kaikoura and Christchurch, to develop a Disaster Waste Management Planning Tool that can be applied in all Civil Defence emergencies;
- Continuing our partnership with Department of Corrections Probation Services to provide community work gangs to respond to litter complaints;
- Providing ongoing support for the Whakatāne Ki Mua initiative, in partnership with the community and organisations such as Bike Whakatāne, Inclusion Whakatāne, Green Print and Waste Zero Whakatāne, and the Whakatāne Homelessness Action Team, to progress identified priorities;
 - Delivering and supporting projects and events as part of the Eastern Bay Road Safety Programme, a combined effort of the Bay of Plenty Regional Council, the Kawerau, Ōpōtiki and Whakatāne District Councils, Police and NZTA;
- Continuing our partnership with Ngāti Manawa to deliver dog control services in Murupara and the surrounding area, which has seen a positive improvement in service delivery; and exploring other similar partnership opportunities;
- Supporting the delivery of alcohol and drug programmes for Eastern Bay offenders convicted of drug or alcohol driving convictions, in collaboration with Ngāti Awa Social and Health Services, Corrections, Police Road Safety, Police Māori Liaison, Willetts Funeral Services and Tamati Paul;
- Working together with Bay of Plenty Regional Council and central Government representatives to identify options and potential funding sources for a managed retreat from the Awatarariki Fanhead.



3. Encouraging communities and businesses to thrive

Whaia te ara hei whakapakari i ngā pākihi

Our residents and regular visitors know what our District has to offer, and increasingly this is being recognised by others. The Whakatāne District offers some considerable opportunities for economic development and growth.

In 2017/18, in partnership with community and other stakeholders, Council has continued its commitment to help create an environment where people, communities and businesses thrive. Activities include:

- Establishing a Regional Growth Leadership Group, sponsored by Hon Kiri Allan, Member of Parliament, and in collaboration with the Mayors of the three Eastern Bay of Plenty Councils, the Mayor of the Western Bay District Council, the Chair of the Bay of Plenty Regional Council and the Chair of Toi Economic Development Agency, to support regional economic development and growth;
- Completion of the Toi Moana Regional Growth Study – Visitor Economy Strategy for the Eastern Bay of Plenty, identifying focus areas to support existing visitation and enable further growth;
- Establishing the Wharf Redevelopment Governance Group, a partnership between Te Rūnanga o Ngāti Awa, Ngāti Awa Group Holdings Limited and the Council. The group will oversee the redevelopment proposal, and potentially, and projects that flow from it.
- Harnessing the tourist potential of Whakaari/White Island to attract visitors by promoting our District as the ‘Gateway to White Island’, and encouraging visitors to stay longer by creating more of a connection between the township and the volcano;
- Running successful marketing campaigns to attract domestic travellers to our District, including the ‘Nothing and Everything’, and ‘Our endless summer’ campaigns;
- Finalising the sale of land at 77 Bunyan Road, to be used for residential and lifestyle retirement development.

4. Keeping rates affordable

Taupoki Raiti

Rates contribute towards the cost of many essential services and community facilities. While Council services must be managed in a sustainable and financially prudent way, rates must also be affordable and debt kept within sensible limits.

Rates decisions in 2017/18 were:

- \$50,000 from Edgcombe’s stormwater operating reserves was utilised to reduce rates costs for all urban properties in the township;
- Part of the Harbour Fund’s 2017/18 operating surplus was used to part-fund the cost of activities on harbour-owned land, including the Library and Exhibition Centre; Visitor Information Centre; and parks, reserves and gardens. This allowed the overall rating requirement to be reduced;
- The portion of total rates funded through the Uniform Annual General Charge (UAGC) was increased from 28% to 30% (the maximum allowed), to partially offset the disproportionate impact of property value increases on rates for high value rural properties.

Whakatāne District Council finished the 2017/18 financial year with a rating deficit of \$181,000.

A rating surplus or deficit is affected by Council activities finishing either over or under budget.

Council estimated that we would need to collect \$42.65 million from rates in 2017/18. This year, the Council recorded a rating deficit of \$181,000, which is equivalent to about 0.4% of our annual budget. This means the funds we collected through rates did not quite cover all of our costs, with the deficit involved having to be recovered through rates in future years.

Factors influencing that outcome included:

- Council had planned to sell its land at Piripai, and therefore had budgeted to receive \$300,000 of interest earnings on that money. That income, which would have been used to offset the rating deficit, was not received. The land sale proceeds are being paid in instalments over a number of years, meaning the investment interest generated will also be spread across a number of years.
- Savings were made in the Roads and Footpaths activity, but these were offset by unbudgeted repairs, non-planned maintenance and emergency works in other activities. This work included securing the Rūātoki water supply against river erosion and addressing odour issues at the Whakatāne wastewater treatment ponds.
- The Aquatics Centres had additional costs associated with short-term staff changes and maintenance. These costs are partly offset by income from increasing customer numbers.
- Salary costs have increased for the Library activity. This increase is reflective of changes in library employment nationally.

Whakatāne District Recovery Project

– *Kia Manawanui*

On 6 April 2017, the Whakatāne District experienced widespread damage to homes, property, businesses, farms, the natural environment and infrastructure as a result of extreme weather events generated by ex-Tropical Cyclone Debbie and ex-Tropical Cyclone Cook. A local state of emergency for the Whakatāne District was declared on 6 April 2017. 1,600 people were evacuated from Edgecumbe township and 320 homeowners throughout the District were displaced because their homes were either destroyed, or sustained significant water damage.

The principles of the Whakatāne District Recovery Project, Kia Manawanui were:

- Reconnect: *Tūhononga* – Communities that have been adversely affected by flooding are restored to what they were previously, and where possible, enhanced.
- Restore: *Whakahou* – The natural environment is restored and enhanced, where possible, and the primary sector community returns to normal.
- Rebuild: *Waihanga* – Housing, infrastructure, facilities and services are repaired.
- Regenerate: *Whakatipu* – Sustainable business activity is re-established, and where possible, enhanced.
- Partnership: *Mahi Kotahi* – Working with Iwi to identify and prioritise opportunities.

As at 30 June 2018, 87% of people were back in their homes, or their situation had been otherwise ‘resolved’. Resolved may mean a property is for sale, has been demolished or removed, or something else.

2017/18 was a year of recovery. There were many achievements and milestones during the recovery effort - more than can fit on these pages. However, some key achievements are as follows.



Navigator, Rural Facilitators, and Residential Advisory Services

These services were introduced to assist residents to access a wide range of services to support their recovery. The Navigators, Rural Facilitators and Residential Advisory Services offered a personalised service, including providing information, connections to other relevant agencies, access to specialist services and other social and health services. The support services were well received by the community. The support services have also been commended at a national level, recognising that this innovative approach to community support should be implemented as early as possible when significant events occur in the future.

Liveable Homes and insulation support

The Liveable Homes project saw the Recovery Team working with a range of different funding agencies, the construction industry, Te Rūnanga o Ngāti Awa and other volunteer and partner organisations, to support those who did not have the means to repair their flood-damaged homes. The project had wide-reaching community benefits, significantly reducing the number of potentially abandoned homes and the resulting negative effect on community wellbeing and overall property prices. In total, over \$1.4 million was raised from community funding partners, including a free home insulation programme funded by the Eastern Bay Energy Trust, which allowed over 200 families and individuals in affected communities across the District to return to warmer, safer, healthier homes.



Draft Edgumbe Community Plan 2018-2021

Throughout 2017/18, a draft Community Action Plan was developed for Edgumbe. The plan has a vision 'to see Edgumbe reinstated to its former glory, a vibrant and prosperous town'. The Action Plan was drafted after seeking feedback from the Edgumbe community, which included a workshop led by Peter Kenyon. The draft Action Plan has taken this feedback and developed five desired outcomes, which the community will work towards. It seeks to lay out a vision and provide direction for action in Edgumbe which will restore community confidence, connections, pride and economic vitality.

Civil Defence and Emergency Management Innovation Award 2018

The Recovery Project Team received an Innovation Award at the 2018 Civil Defence and Emergency Management Awards held in May 2018. The award recognised the Liveable Homes Project, and the wider Whakatāne District Recovery project – Kia Manawanui, citing the "strong team of diversely skilled people, driven by the common purpose of efficiently and effectively restoring damaged lives, homes and infrastructure; ever mindful of seizing the opportunities to 'build back better' across all the recovery environments". This is a great achievement for a team focused on integration, collaboration and partnership as the way to rebuild the community.

Kotahitanga - Unity from adversity

Held on 6 April 2018, to mark the one year anniversary of the storm and flood events that severely impacted Edgumbe and other parts of our District, Kotahitanga was a whānau affair, with bouncy castles, face painting, music, stalls, a foam pit, and finished with a movie on a big outdoor screen.



Supporting and encouraging Māori to contribute to Council decision making

Tautoko me te akiaki i a Ngāi Māori hei āwhina i ngā whakataunga

The Council recognises Te Tiriti o Waitangi as the founding document binding Māori and the Crown, and recognises Māori as tangata whenua of our District. We are continuously seeking to improve and further develop meaningful and open relationships with all Iwi in the District, at all levels.

Our decision-making processes include specific provisions for Māori participation and over 2017/18, we have worked in collaboration with Iwi, hapū, and other groups on several projects and proposals, some of which are outlined below.

IWI CHAIRS FORUM

The Iwi Chairs forum is comprised of the Chairpersons of Iwi in the Whakatāne District, and the Mayor of the Whakatāne District Council. They are supported by the Executive Officers of Iwi in the Whakatāne District, and the Chief Executive of the Council. The Iwi Chairs Forum meets regularly to:

- Enable strategic issues of mutual interest to be raised and discussed
- Explore opportunities to integrate and coordinate strategic planning
- Advocate to central government for the collective benefit of the Whakatāne community
- Better understand our differences, and recognise and respect each other's positions.

A strong and positive relationship between Iwi and Council will build a foundation for future partnerships and prosperity. This year, our Iwi partners continued to provide specialist knowledge and insight regarding local projects and strategic planning. The Iwi Chairs Forum also presented a submission to the Council on the Māori Wards representation decision in December 2017.

MĀORI WARDS REFERENDUM

The 2017/18 year saw significant interest in a Council decision regarding Māori representation on the Council. In December 2017, by majority vote, the Council elected to introduce Māori Wards for the 2019 and 2022

elections. In response to a public petition, a referendum was required to determine whether or not Māori Wards would go ahead.

In May 2018, a poll of electors on whether to introduce Māori Wards in the Whakatāne District saw a majority vote against the proposal. Of those who voted, 44% were for the establishment of Māori Wards, with 56% against. A similar poll in 2007 saw 70% of voters vote against Māori Wards.

The Māori Wards referendum opened a dialogue regarding Māori representation in the District. Throughout the voting period, members of the community ran various awareness campaigns, including a hiko along The Strand to the Council Civic Centre.

RANGITĀIKI RIVER FORUM

The purpose of the Forum is the protection and enhancement of the environmental, cultural, and spiritual health and wellbeing of the Rangitāiki River and its resources, for the benefit of present and future generations. Working collaboratively, the Forum gathers and distributes information, works to influence central government agencies, and takes action to protect and enhance the river. The Forum is a partnership made up of representatives from Ngāti Whare, Ngāti Manawa, Ngāti Awa, Hineuru and Ngāti Tūwharetoa (Bay of Plenty), as well as elected members from Bay of Plenty Regional Council, Taupō District Council and Whakatāne District Council. Throughout 2017/18, the forum has continued to provide oversight and specialist input and knowledge.

ŌHIWA HARBOUR IMPLEMENTATION FORUM

Ōhiwa Harbour is a traditional māhinga mātaimai (food gathering place) and is therefore a very significant taonga. The Ōhiwa Harbour Strategy covers the Ōhiwa Harbour and the land catchment area surrounding it, and seeks to maintain and enhance its health and natural qualities. In partnership, this forum implements the Ōhiwa Harbour Strategy. Made up of representatives from Ūpokorehe, Whakatōhea, Ngāti Awa, Tūhoe, Bay of Plenty Regional Council, Ōpōtiki District Council and Whakatāne District Council, the forum works to maintain effective planning and kaitiakitanga of the harbour.

In March 2018, the forum endorsed a new Ōhiwa Harbour Recreation Strategy. The Recreation Strategy seeks to provide sustainable recreational opportunities, while ensuring a pristine harbour. It guides the management of current and future recreation in a way that enables opportunities, while balancing the expectations of Iwi, the local community and visitors, and ensuring that the harbour's values are not compromised. The forum also requested that both Ōpōtiki and Whakatāne District Councils consider the Recreation Strategy when undertaking bylaw review processes.

LIFTING THE VISIBILITY OF TE REO MĀORI

Council has committed to working with Te Whare Wānanga o Awanuiārangi to increase the use and visibility of Te Reo Māori in Whakatāne township. Te Whare Wānanga o Awanuiārangi is leading the project, developing innovative activities that support Whakatāne as a bilingual town, and garnering support stakeholders such as hapū, Iwi and marae.

Te Whare Wānanga o Awanuiārangi will provide resources where possible, and work with the Council to explore resource and funding opportunities. Council will consider options for promoting the use and visibility of Te Reo and will provide support for project funding applications to external agencies.

WHAKATĀNE HARBOUR AND COMMERCIAL WHARF DEVELOPMENT

Te Rūnanga o Ngāti Awa, Ngāti Awa Group Holdings Limited and the Council have agreed to a collaborative approach to redeveloping the Whakatāne commercial wharf and its facilities. All three organisations are represented on a governance group that will oversee the redevelopment proposal, and, potentially

any projects that flow from it. The combined approach recognises the parties' significant interests in the Whakatāne waterfront area and the need to consider cultural, historic and commercial imperatives in any development plans. The proposed development will recognise the cultural significance of historical sites, events and practices of the Ngāti Awa people with regard to the Whakatāne River, and the Statutory Acknowledgement in Schedule 10 of the Ngāti Awa settlement legislation.

COLLABORATION WITH NGĀI TAIWHAKAEA

Representatives of Ngāi Taiwhakaea hapū have been working positively with Council on a range of matters relating to the Ngāi Taiwhakaea rohe. Council will provide support to Ngāi Taiwhakaea as research is undertaken to establish the history of the land. It is intended that this process will achieve a better understanding of issues of importance to the hapū. Discussions are also underway regarding maintenance works that could be undertaken to improve the amenity and appropriate use of the roadway between Airport Road and the coast.

NATURE'S ROAD/ TE UREWERA ROAD

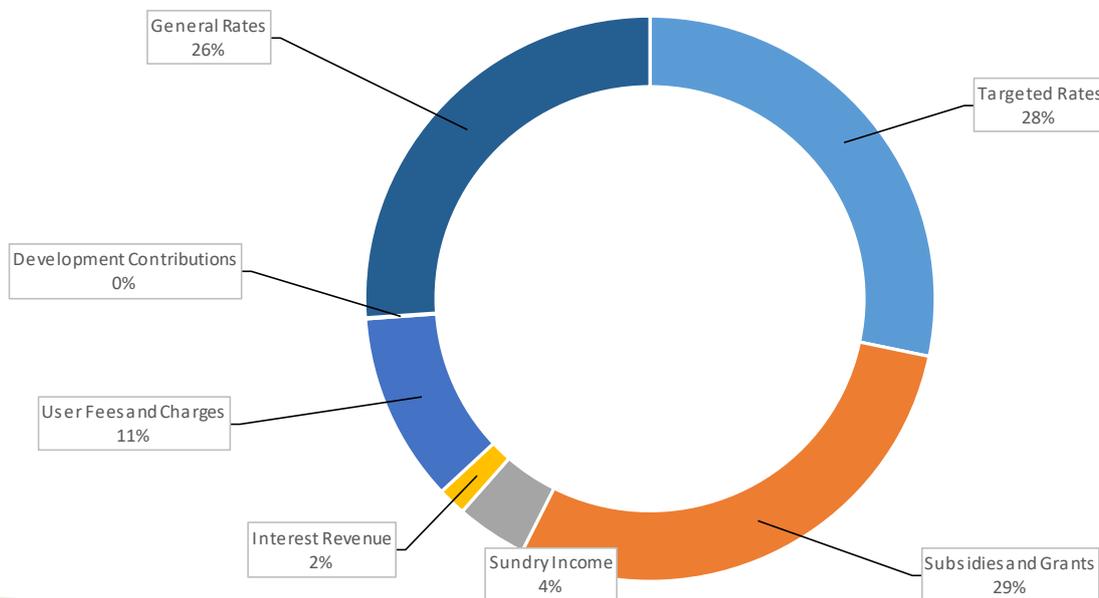
Tūhoe Te Uru Taumatua, Te Urewera Board and the Wairoa and Whakatāne District Councils, with support from NZTA, have been working collaboratively to explore the future form and function of Te Urewera Road. The former State Highway 38 is recognised as one of the country's most scenic routes, and provides the only road access to Lake Waikaremoana and remote communities in Te Urewera. Slips, fallen trees and flooding frequently affect the 64 kilometres of steep and winding gravel road. These conditions and the physical distance to urban centres mean the communities in Te Urewera are often isolated, without an alternative access route. A business case is being collaboratively developed to provide support for an NZTA funding application to look at options for improving the route. The future form and function of Te Urewera Road is being explored as an enabler to social, cultural, economic and environmental objectives for Tūhoe tangata whenua, manuhiri (visitors) and Te Urewera herself. This includes looking at the form and function of the road from an environmental sustainability and Tūhoe world view perspective. The outcomes from this process will guide the final form of any improvements to the route.

46% of our revenue came from sources other than rates

Affordability is a major focus in our planning. Wherever possible, we aim to secure funding from sources other than rates, to help make Council services and facilities affordable.

In the 2017/18 year, rates made up 54% of our revenue, with 46% coming from other sources, including subsidies and grants, local sponsorship, and user fees and charges.

Figure 1: Where operating revenue came from in 2017/18

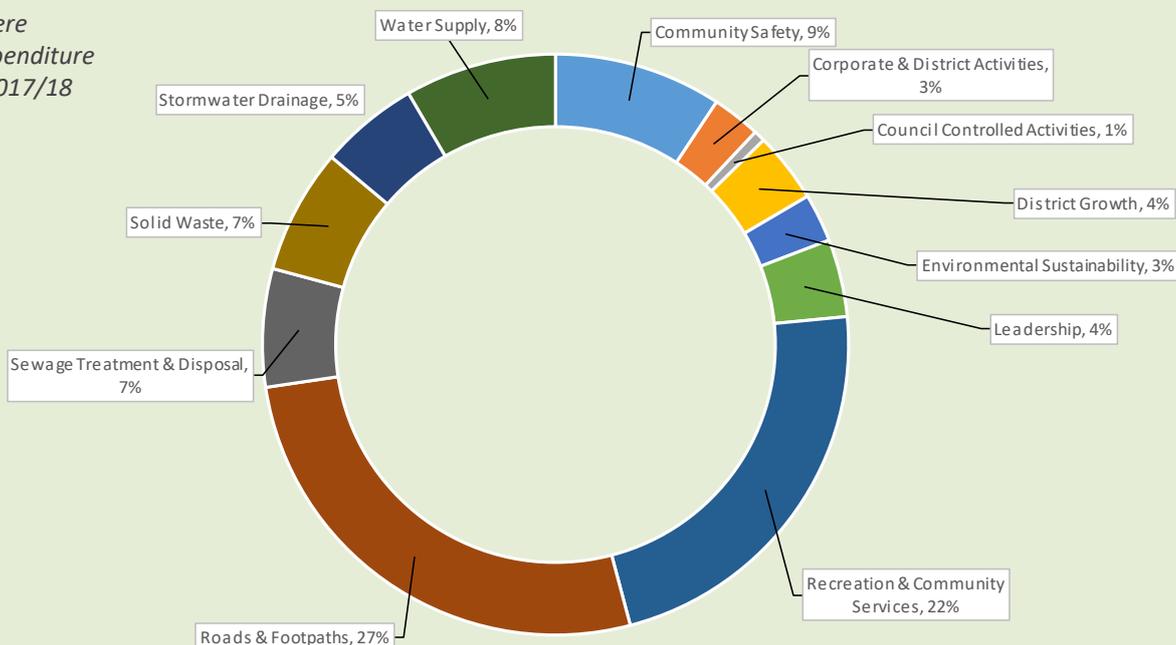


54% of our operating expenditure was on core services

Operating expenditure funds the day-to-day costs of delivering our services, maintaining existing assets, or other expenditure that does not buy or build a new asset.

The Council's total operating expenditure for the 2017/18 financial year was \$73 million. Our 'core services' (water supply, sewage treatment and disposal, stormwater, roads and footpaths, and waste) accounted for the biggest spend, making up around 54% of total operating expenditure for the year.

Figure 2: Where operating expenditure occurred in 2017/18



Our capital expenditure was **\$31.9** million

Capital expenditure is the cost of buying or building a new asset, renewing an existing asset, or improving an asset to deliver a better service. We refer to these projects as 'capital projects'.

Over the 2017/18 financial year, \$31.9 million was spent on 171 different capital projects, compared with a budget of \$34.1 million.

Most capital expenditure is committed to maintaining or improving Council's core infrastructure (for water supply, sewage treatment and disposal, stormwater, and roads and footpaths). In 2017/18, 61% of our capital expenditure was spent on core infrastructure, including \$2.5 million on repairs to our storm-damaged road network.

Further information is provided for each activity in the 'Our Costs in Detail' section of the full Annual Report 2017/18.

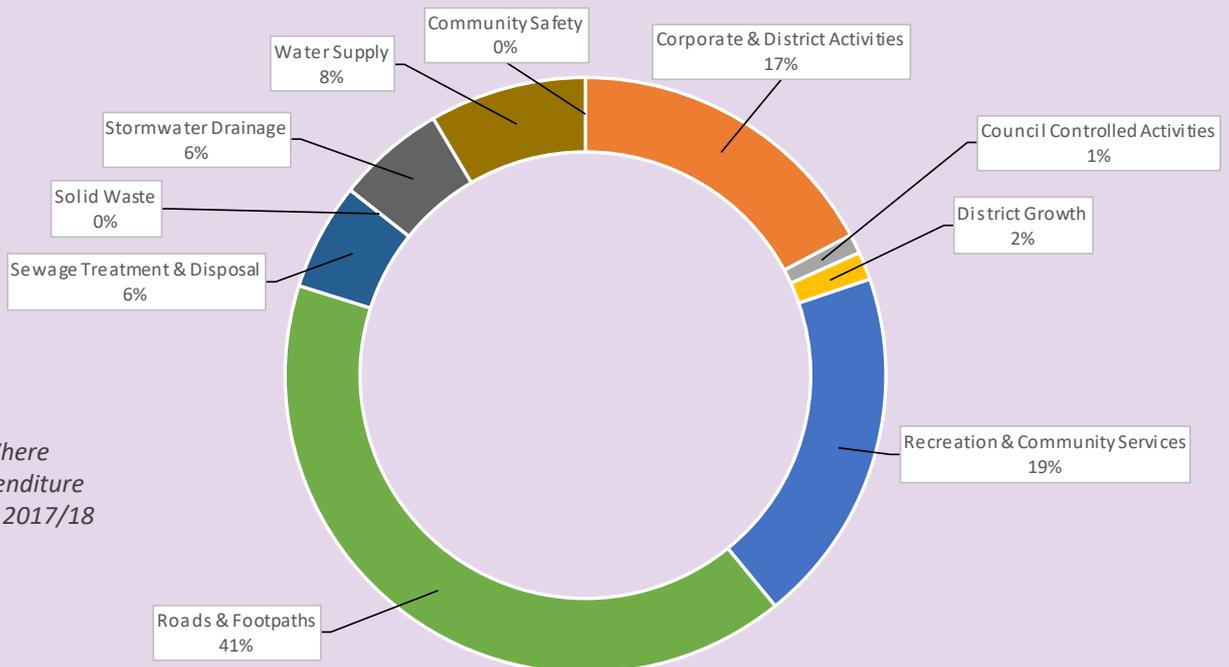


Figure 3: Where capital expenditure occurred in 2017/18

We achieved **68%** of our performance targets

Our performance framework outlines the level of service that we aim to provide. This includes a series of non-financial performance measures.

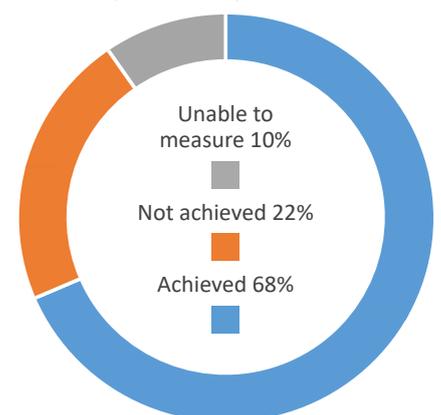
Some measures are technical (like the number of days taken to process a building consent), and others are perception-based measures monitored through surveys.

For the 2017/18 year, we set out 92 non-financial performance targets. We achieved 68% of the targets (63 out of 92 targets). 20 targets were not achieved.

Of the 20 targets that were not achieved, 11 out of 20, or 56%, were within 5% of the target. Weather issues outside of Council's control, including some work remaining from the April 2017 severe weather events, impacted many of our performance measure results. The prioritisation of urgent requests for service, over other requests received at the same time, also impacted on our performance measure results.

We were unable to report on nine of our performance measures for the 2017/18 year. Seven of these performance measures were mandatory or material, leading to Council receiving a Qualified Audit Opinion for this part of the full Annual Report 2017/18. This was mainly due to 'teething issues' with two new IT systems that resulted in unreliable data recording. We are working to improve our systems to ensure more robust reporting in the future. Further information is provided for each activity in the 'Our Costs in Detail' section of the full Annual Report 2017/18.

Figure 4: Performance against level of service targets in 2017/18



Overall, **78.7%** of people are fairly or very satisfied with our services and facilities

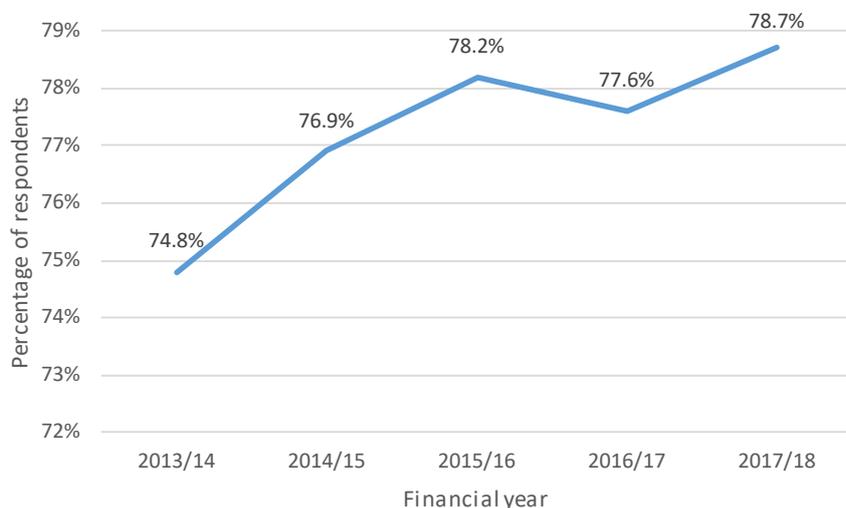
Each year, we survey a random sample of 300 residents from across the District to help gauge how satisfied people are with our services. This survey, called Communitrak, is conducted on our behalf by an independent survey provider.

In 2017/18, the Communitrak survey measured perception across 29 of the services and facilities we deliver. The results showed an improvement across 10 of these, a decrease in 14, and five remained the same as in 2016/17. On average, across the services and facilities measured, 78.7% of respondents were very or fairly satisfied. As the below table shows, this is an increase compared to last year's result. The 2017/18 result was also higher than that for 2015/16, the previous benchmark result.

In 2017/18, more than 90% of respondents said that they were 'fairly' or 'very' satisfied with a range of Council services and facilities. This included the Whakatāne Crematorium facility (95% of users very/fairly satisfied), libraries in the District overall (94%), kerbside waste collection services (93%), and parks, reserves, sportsfields and cemeteries overall (all 92%).

The survey continues to indicate that the community considers economic development-related outcomes and services to be a spending priority for the Council. For the fifth year in a row, when asked whether Council should spend 'more,' 'about the same,' or 'less' on various services and facilities, 'business promotion' was the area that had the highest 'spend more' response. The full results of the Communitrak survey are available on our website (whakatane.govt.nz).

Figure 5: Percentage of respondents very or fairly satisfied across services and facilities



Summary Financial Statements and Notes

Summary Statement of Comprehensive Revenue and Expense For the Year Ended 30 June 2018

This table presents the financial performance of the Council for the 2017/18 financial year. It summarises operating revenue and expense, and other comprehensive revenue and expense.

ACTUAL 2017 \$000		ACTUAL 2018	BUDGET 2018
		\$000	
	REVENUE		
40,760	Rates	42,533	42,653
13,227	Subsidies and Grants	23,043	10,092
(2)	Development and Financial Contributions	50	94
5,437	Fees and Charges	6,958	5,572
35	Interest Revenue	33	46
7,849	Other Revenue	1,539	5,808
3,722	Gains	1,235	500
71,028	Total Revenue	75,391	64,765
	EXPENSES		
15,181	Personnel Costs	17,114	14,961
14,090	Depreciation and Amortisation Expense	12,548	15,979
1,903	Finance Costs	2,537	2,520
35,838	Other Expenses	36,775	27,376
-	Revaluation Losses	299	-
67,012	Total Expenses	69,273	60,836
4,016	Surplus (Deficit) Before Tax	6,118	3,929
(25)	Income Tax Expense (Benefit)	(25)	-
4,041	Surplus (Deficit) After Tax	6,143	3,929
	OTHER COMPREHENSIVE REVENUE AND EXPENSE		
14,410	Gains (Loss) on Property, Plant and Equipment Revaluations	36,451	(1,000)
-	Tax on Revaluation Surplus	-	-
18,451	Total Comprehensive Revenue and Expense	42,594	2,929

The final operating result for 2017/18 was a surplus of \$6.143 million compared to a budgeted surplus of \$3.929 million.

MAJOR VARIANCES EXPLAINED

Revenue \$10.6 million (16%) above budget

The largest contributing factor to this variance was receiving \$12.9 million more than budget in subsidies and grants. This was due to unbudgeted grants for works relating to the April 2017 flood. \$9.8 million of this was in roading.

Other variances included:

- Other Revenue \$4 million less than budget due to insurance proceeds not being received
- Fees and Charges \$1.4 million more than budget - \$.5 million of this in flood related recoveries

Expenditure \$8.4 million (14%) higher than budget

Other expenses was above budget by \$9.2 million. This was predominantly due to flood costs with roading having the most significant variance of \$5.6 million. Depreciation was \$3.4 million under budget mainly due to a roading revaluation and the recommended depreciation that went with it. Personnel was \$2 million higher than budget with a combination of factors including restructuring in the building and three waters activities, flood recovery team costs, additional staff for the holiday park and movement of salaries to align with market value assessments.

Other comprehensive revenue and expenditure

Gains on property plant and equipment were \$37 million above budget due to:

- \$15 million was due to roading revaluation
- \$22 million was due to three waters revaluation

Summary Statement of Changes in Net Assets and Equity

This table presents the equity movements over 2017/18 that have impacted on the Council's net worth.

ACTUAL 2017 \$000		ACTUAL 2018	BUDGET 2018
		\$000	
586,085	Balance at 1 July	601,472	443,197
18,451	Total Comprehensive Revenue and Expense for the Year	42,594	2,929
(3,064)	Other Adjustment	611	153,300
601,472	Balance at 30 June	644,677	599,426

REPRESENTED BY:			
ACTUAL 2017 \$000		ACTUAL 2018	BUDGET 2018
		\$000	
411,791	Accumulated Funds	420,808	428,347
20,277	Restricted Equity	18,336	17,779
169,403	Asset Revaluation Reserves	205,533	153,300
601,471	Total Public Equity	644,677	599,426

MAJOR VARIANCES EXPLAINED

The Council's equity has been adjusted by the current year total comprehensive revenue and expense, a surplus of \$42.2 million, which is the net surplus after tax of \$6.1 million and a net gain on revaluation of \$36 million. The remaining movement of \$900,000 is result of movements in council created reserves, restricted reserves and airport equity adjustments.

Summary Statement of Financial Position

This table presents the assets Council owns and the liabilities Council owes to other parties.

ACTUAL 2017 \$000		ACTUAL 2018	BUDGET 2018
		\$000	
601,471	TOTAL EQUITY	644,679	599,426
26,549	Total Current Assets	20,052	7,910
646,153	Total Non-Current Assets	709,676	659,930
672,702	TOTAL ASSETS	729,728	667,840
25,739	Total Current Liabilities	36,767	21,696
45,492	Total Non-Current Liabilities	48,282	46,719
71,231	TOTAL LIABILITIES	85,049	68,415
601,471	NET ASSETS (Assets minus Liabilities)	644,679	599,425

The Net Assets variance to budget was 8% (\$45 million) more than budget. Total Assets were over budget by 9% (\$62 million) and Total Liabilities were over budget by 24% (\$17 million). The largest single category variance was in Non Current Assets largely due to revaluations of infrastructure.

MAJOR VARIANCES EXPLAINED

Total Assets : \$62 million (9%) above budget due to :

- \$34 million variance above budget within Infrastructural Assets due to gains on revaluations
- \$9 million variance above budget in Work In Progress due to some big projects not being complete at Balance Date
- \$7 million variance above budget mainly due to the total sale of Piripai had being factored into the budget
- \$7 million variance above budget with a rise of \$0.5 million in rates debtors. However, this was a decrease of \$3 million from last year due to flood insurance proceeds

Total Liabilities : \$17 million (24%) above budget due to :

- \$14 million variance above budget on borrowings predominantly due to not receiving flood proceeds and taking out short term borrowing to support cashflow at balance date

Summary Statement of Cashflows

This table shows how Council generated and used cash. The overall net increase or decrease represents the change in our cash and cash equivalents arising from operating, investing and financing activities.

ACTUAL 2017 \$000		ACTUAL 2018	BUDGET 2018
		\$000	
15,834	Net Cash Flow from Operating Activities	16,657	19,171
(23,128)	Net Cash Flows from Investing Activities	(31,069)	(19,971)
8,200	Net Cash Flow from Financing Activities	17,500	-
906	Net Increase (Decrease) in Cash, Cash Equivalents and Bank Overdrafts	3,088	(800)
1,651	Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year	2,557	1,646
2,557	Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	5,645	846

There was a positive variance (\$4.8 million) of cash compared to budget.

MAJOR VARIANCES EXPLAINED

- Net cashflows from operating activities were \$2.5 million less than budget spending \$13 million more than budget and receiving \$11 million more in revenue. Both the income and expenditure overruns reflect the extra income and expenditure incurred post the April 2017 floods. The cost categories that contributed to this were \$10.6 million more in subsidies and grants (much of this in roading) and \$14 million more in payments to suppliers and employees.
- Net cashflows from investing exceeded budget by \$11 million. Purchase of property plant and equipment contributed \$6 million to this reflecting the extra capital expenditure incurred mainly from the floods. Receipts from sale of property plant and equipment were below budget by \$4 million because the budget was based on the entire sale of the Piripai subdivision happening in the the 2018 year, not spread over several years as per the eventual agreement.
- Net cashflows from financing exceeded budget by \$17.5 million. The variance was due to not having received insurance proceeds and incurring short term debt to assist cashflow around Balance Date. It also reflects the overruns in property plant and equipment.

Summary Financial Notes

The Summary Financial Statements presented on these pages are for the Whakatāne District Council (the Council) for the year ended 30 June 2018. Summary information has been extracted from the full financial report (Annual Report 2017/18) adopted by Council on 31 October 2018

Significant Commitments

The Council has entered into capital commitments of \$3.15 million for work not commenced and has operating lease commitments of \$459,000. For more information, see Note 26 of the Council's full Annual Report 2017/18

Contingent Liabilities

The Council has contingent liabilities for indemnity claims, but most are related to weathertightness and a provision has been made in the financial statements to anticipate this liability. Carter Holt Harvey have indicated potential legal action but at present there is insufficient information to conclude on potential liability and claim quantum. Council is also currently in the process of seeking partial funding from Central government and Local Government organisations for a potential "retreat from hazard" payment to owners of property subject to a high loss-of-life-risk in the Awatarariki Stream debris flow fanhead at Matatā. This liability is unquantified until agreement has been reached between the parties.

Riskpool (a mutual fund of which the Council is a member) have indicated that they will make a call of \$60,000 in the 2019 year and a possible future call of approximately \$30,000 in the 2023 year. This is to cover claims made under the professional indemnity and public liability cover.

Contingent Asset

The Council is still following up the estimated insurance payment due of \$3.85 million to be recovered from insurers and MCDEM. Council is unable to estimate exactly how much or when this recovery might happen.

Related Party Transactions

Related Party Transactions totalling \$126,098 were carried out during the year in relation to the Whakatāne Airport joint equity venture. For more information on this and other related party transactions, see Note 24 and Note 28 of the Council's full Annual Report 2017/18

Reporting Entity

Whakatāne District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled in New Zealand and operates in New Zealand. The relevant legislation governing the council's operations includes the LGA and the Local Government Rating Act 2002. The financial statements have been prepared for the Council and include the Whakatāne Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself as a public benefit entity (PBE) for financial reporting purposes. The financial statements are for the year ended 30 June 2018 and were authorised for issue by Council on 31 October 2018.

Basis of Preparation

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. The full financial statements comply with PBE standards. The summary financial statements comply with PBE standards as they relate to summary financial statements.

Figures are presented in New Zealand dollars and values rounded to the nearest thousand dollars (\$000). Some rounding variances may occur in the summary financial statements and cannot be expected to provide as complete an understanding as is provided by the full financial statements. The full financial statements can be found in the Annual Report 2017/18, which is available on the Council's website, whakatane.govt.nz, or from libraries and service centres.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

Critical accounting estimates and assumptions

During the 2018 year, independent valuations were carried out on roading, three waters infrastructure, forestry, investment property and property held for sale. All assets have been valued on the fair value assumption.

Events after Balance Date

There were no significant events after balance date.

Independent Auditor's Report

It is a legal requirement that our Annual Report is audited. This is to ensure that we are complying with accepted accounting practices and legal requirements and that our Annual Report is a fair and accurate reflection of the past year.

The full Annual Report received an unmodified (clear) Audit Report from Audit New Zealand on the audited information, excluding the statement of service provision. The statement of service provision received a qualified opinion as the Council is unable to report on its performance for certain performance measures.

Independent Auditor's Report

To the readers of Whakatāne District Council's summary of the annual report for the year ended 30 June 2018

The summary of the annual report was derived from the annual report of the Whakatāne District Council (the District Council) for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on pages 11 and 13 to 15:

- the summary of the statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets and equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision referred to as "We achieved 68% of our performance targets".

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed a qualified audit opinion on the District Council's full statement of service provision and an unmodified audit opinion on the District Council's full audited financial statements and other audited information in our audit report dated 31 October 2018. The basis for this qualified audit opinion on the full statement of service provision is explained below.

Important performance measures in the District Council's full statement of service provision is the response times to attend and resolve water supply and sewerage call outs, and the processing times of building consent applications. This is important information because response times and processing times are indicative of the levels of service received by ratepayers. In addition, these response times are mandatory measures under the Non-Financial Performance Measures Rules 2013.

The District Council was unable to report against these performance measures in its full statement of service provision because the data in its reporting systems was not reliable. As a result, the District Council has not reported its performance against these material performance measures. Therefore, we consider the full statement of service performance does not present fairly the Council's performance for these activities. Information about this matter is also disclosed on page 11 of the summary annual report.

This matter does not affect our opinion on the District Council's summary annual report.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report, which includes preparing summary statements, in accordance with PBE FRS 43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to reporting on the summary of the annual report and the full annual report, we have carried out an audit of the District Council's Long-Term Plan 2018-28, and performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council.



B H Halford,
Audit New Zealand
On behalf of the Auditor General
Tauranga, New Zealand
28 November 2018

Want to know more?

For more detailed information about our performance over the past year, refer to the full Annual Report which is available on our website, or from service centres and libraries. If you would like to contact the Council about the information contained in this Annual Report Summary, or for any other reason, we encourage you to do so.

WHAKATĀNE DISTRICT COUNCIL

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Whakatane District Council

