



WHAKATĀNE DISTRICT COUNCIL

» Annual Report Summary «

Rīpoata-Whakarāpopoto-ā-tau

2016/17

Message from the Mayor - Tony Bonne

Nau mai, haere mai; Ko tēnei te Ripoata-Whakarāpopoto-ā-tau 2016/2017 o te Kaunihera o Whakatāne. He tirohanga whānui tēnei o te tau, me te mahi o te Kaunihera i ngā mahere pūtea, ngā waitara mahi, me ngā arotake mō te wā 2016/17 i whakarite i te Mahere Roanga 2015-25.

Welcome to this Summary of the Whakatāne District Council Annual Report 2016/17. This document provides an overview of the year, including Council's performance against the budgets, project plans and performance measures set for 2016/17 in the Long Term Plan 2015-25 (LTP).

In October 2016, the local government election saw a new Council sworn in for the 2016-19 triennium, the combining of the Whakatāne and Ōhope Community Boards, and new Community Board members elected across the District's four wards. I would like to recognise the hard work and commitment of all of our elected members over the year, and to thank our previous elected members for their service to our District.

I would also like to specially acknowledge the many people in our community who were affected by the flooding events in April 2017, and those who have been involved in the ongoing recovery effort. These events had a huge effect on Council's operations and budgets for 2016/17, which are outlined in this summary document, and in the full Annual Report 2016/17.

As well as managing the effects of April's extreme weather events, in 2016/17 Council continued to deliver 36 different services and facilities across the District. We spent \$23.1 million on capital projects, and finished the year with an operating surplus of \$4.04 million. In total, 44% of our revenue came from sources other than rates.

This year we also began to develop the Long Term Plan 2018-28, which will set out our plans and priorities for the next ten years. In the coming months, we will be asking you to have your say on the Long Term Plan, and I hope you will take up that opportunity. As a partner in the Whakatāne Ki Mua Community Vision, we have heard from thousands of people who have shared what they love about their community and their ideas for the future. We will certainly be keeping this information front-of-mind as we develop the Long Term Plan and look towards a shared vision for the future of our District.

Nāku noa, nā

*Tony Bonne
Mayor, Whakatāne District Council*

Our priorities for the 2016/17 year

Aro mātua ā mātou mō te tau 2016/17

In the Long Term Plan 2015-25 (LTP), we set Council's four key focus areas for those ten years. In 2016/17, 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 2016/17, which is available on our website (whakatane.govt.nz).

1. Delivering quality core services

Hikawekawe i ngā kōunga whakarato

One of our key priorities is to maintain – and where necessary improve – our assets so that we can continue to provide quality services in an affordable and sustainable way.

HIGHLIGHTS FOR 2016/17 INCLUDE:

- Assessing and repairing major damage to roading infrastructure; and damage to water, wastewater, and stormwater assets caused by the flood events in April 2017.
- Replacing the Asset Management System used to manage water supply, wastewater, and stormwater assets, with staff now concentrating on updating asset registers, increasing reporting, and integrating with our other corporate systems for improved workflow and efficiency.
- Participating as a Foundation Council in 'CouncilMARK', a new Local Government New Zealand initiative which aims to improve the value councils provide by assessing qualitative and quantitative indicators across leadership, finance, service delivery and community engagement.
- Improving water availability and pressure issues related to the Awakeri water scheme.
- Improvements to the District's wastewater assets, with wastewater inspections undertaken by Bay of Plenty Regional Council staff at Ōhope, Murupara, Edgumbe and Tāneatua. All of the treatment systems inspected met the standards required.
- Conducting site assessments of assets to determine the health of the infrastructure for water, wastewater and stormwater.
- Exploring the use of new technologies, including implementing *residual chlorine monitoring*, to maintain and improve the District's 12 water supplies.
- Installing water meters at 674 properties in Edgumbe and 211 in Whakatāne, as part of a project to provide water meter readings or improve reading accuracy.

2. Working together to meet the needs of our communities

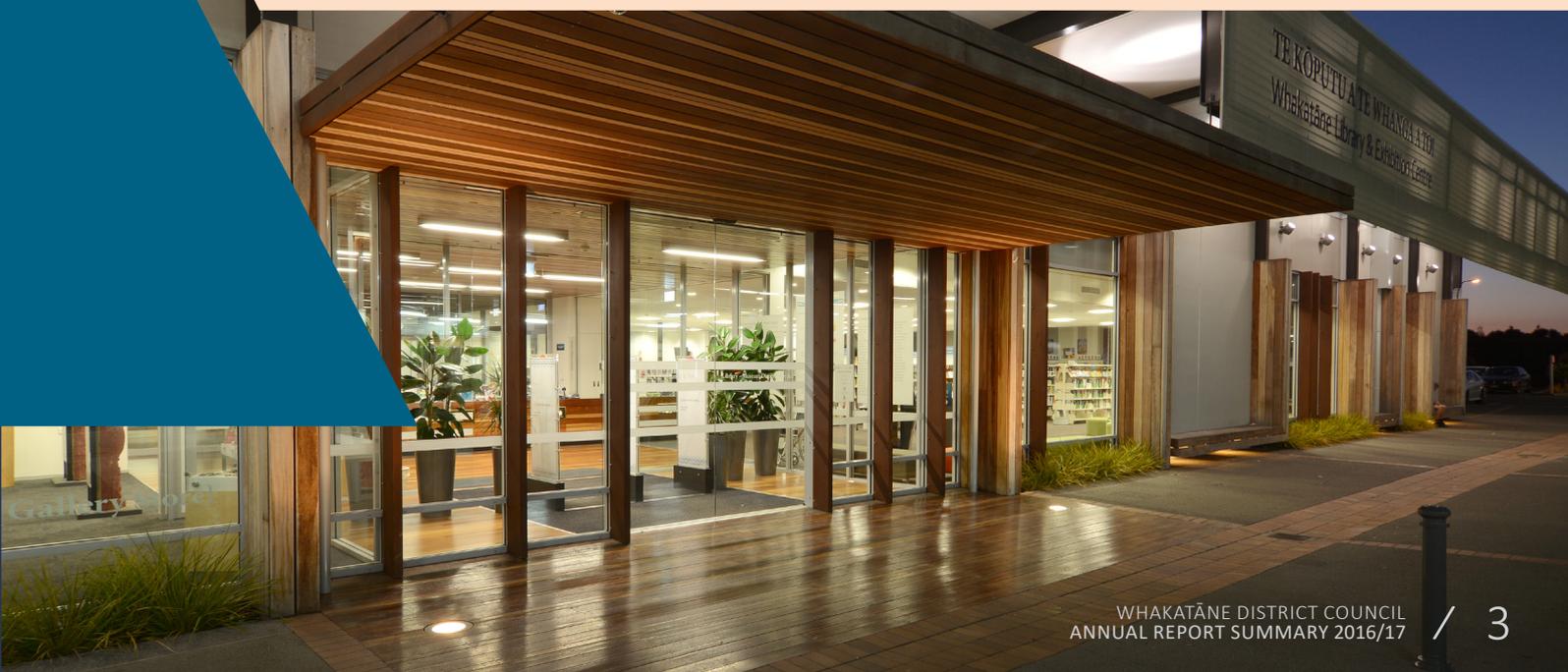
Mahi tahi ki te whakatutuki i ngā uaratanga mo o tātou hapori

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.

HIGHLIGHTS FOR 2016/17 INCLUDE:

- Working alongside a wide range of agencies and groups to support the Whakatāne District Recovery Project, set up after the April 2017 flood events. This includes partnering with the Ministry of Business, Innovation and Employment to procure temporary accommodation options, and with community funding agencies, the construction industry, NAVA and other partners to bring together 'Liveable Homes,' a project to assist people who do not have the means required to repair flood-damaged properties.
- The establishment of a Water Advisory Board made up of representatives from Whakatāne District Council and Bay of Plenty Regional Council. One of the board's key tasks is to provide the monitoring required to identify, eliminate or significantly reduce potential risks to the District's 12 water supplies.
- Partnering with over 100 other groups and organisations in Whakatāne Ki Mua, a project that aims to encourage collaboration and citizen action to ensure our District continues to be a great place to live.
- Offering free beginners computer skills classes at Te Kōputu a te whanga a Toi – the Whakatāne Library and Exhibition Centre – as part of a cooperative partnership between the Whakatāne District Libraries, Eastbay Rural Education Activities Programme (REAP) and the 2020 Communications Trust.
- Delivering and supporting projects as part of the Eastern Bay Road Safety Programme, a combined effort of the Bay of Plenty Regional Council and the Kawerau, Opotiki, and Whakatāne District Councils.
- Working with the Ministry of Social Development and the Rural Support Trust on 'Task Force Green', which saw crews make crucial progress cleaning up damage on rural properties after the April 2017 weather events.
- Endorsing a partnership arrangement with Ngāti Manawa which saw the Iwi take over day-to-day animal control and other regulatory activities in Murupara and the surrounding area.



3. Encouraging communities and businesses to thrive

Akiaki i ngā hapori me ngā pākiri e puawai ana

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 2016/17, in partnership with the community and other stakeholders, Council has continued its commitment to help create an environment where people, communities and businesses thrive.

HIGHLIGHTS FOR 2016/17 INCLUDE:

- Finalising the planning provisions and taking Council's property at 77 Bunyan Road to market for eventual development, to open up a lifestyle retirement village for older Whakatāne residents, and an attractive living environment for future generations.
- Inviting all Council venue users and event organisers to a workshop on the new Health and Safety Act 2015, to ensure local events are safe for the public, volunteers, contractors and event staff.
- Driving economic development through successful events, and focusing on encouraging events in off-peak months, when the District has spare accommodation capacity.
- Working towards areas of potential development set out in the Toi-Moana Regional Growth Strategy.
 - Developing a draft Leasehold Land Freeholding Policy, which could allow the freeholding of some Whakatāne District Council commercial and industrial leasehold land, where there are compelling reasons.
- Attending key expos and events to promote our District, including New Zealand Agricultural Fieldays, Explore Central North Island, the New Zealand Experience Travel Expo, the New Zealand Motor Home Caravan and Leisure Show, and the Beacon Business & Leisure Show.
- Producing monthly newsletters to businesses, tourism operators and the Chamber of Commerce, keeping people informed about projects and events.
- Facilitating quarterly Tourism Cluster Group meetings, and annual Cruise Ready and Export Ready workshops for the Tourism/Accommodation sector.
- Maintaining tourism growth by working closely with Tourism Bay of Plenty to increase awareness of the District's attractions with Tourism New Zealand and offshore tourism markets. This includes initiating a destination marketing project with a specific focus on Whakaari/White Island.





4. Keeping rates affordable

Ka tāea te utu o ngā reiti

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 IN 2016/17:

- Refinements and additions to the budget set out for 2016/17 in the LTP were carefully assessed for their impact on overall rates and debt before being incorporated into the budget for the year.
- The average rates increase for 2016/17 was 2.8%, lower than the 3.84% proposed in the LTP.
- To reduce the impact on rates, a number of capital projects, for example the Whakatāne Dog Park, the Museum and Research Centre redevelopment, and the Wairaka Centennial Park redevelopment, were only progressed once contributions from funding partners were secured.
- From 1 October 2016, mowing and vegetation control services were brought in-house to be delivered by Council staff, with annual savings offered representing more than 0.5% of the Council's 2016 rates revenue.
- In May 2017, Council approved a rates postponement and remission process extending rates postponements and remissions to all properties which were uninhabitable or unusable as a result of flood damage sustained in the April 2017 weather events. Rates invoices marked as 'postponed' were issued for 269 properties, and payment will not be required until homes are repaired to a standard where they can be safely reoccupied. A rates remission application will then need to be lodged by April 2018, so that all rates for the period concerned can be remitted.

Ex-Cyclones Debbie and Cook

On 6 April 2017, the Whakatāne District experienced widespread damage to homes, property, businesses, farms and infrastructure as a result of extreme weather generated by ex-Cyclone Debbie and ex-Cyclone Cook.

A local state of emergency for the Whakatāne District was declared on 6 April 2017 in response to ex-Cyclone Debbie.

The table below provides a brief summary of the wide-ranging impacts of the events. More information about how Council's infrastructure, services, and facilities were affected by the ex-cyclones can be found throughout this summary and the full Annual Report 2016/17, which are available on our website.

Ex-cyclones Debbie and Cook - the picture at a glance*



Stopbank breaches in Edgecumbe and Poroporo caused widespread flooding causing 1,900 people to be evacuated from their homes.



Over 550 properties were assessed for flood damage, most of those in Edgecumbe.



15 homes were severely damaged and deemed unsafe and over 300 homes need repair to be habitable again.



4,086 COWS TRUCKED OUT
4,086 cows were trucked out of the area in the first 48 hours after the stopbank breach in Edgecumbe.



More than 2,500 tonnes of sediment has been taken to landfill from EQC section-clearing operations.



Over 18 tonnes of whiteware and steel have been recycled.



The Ministry of Social Development has provided assistance to over 3,200 people.



5.9k TONNES OF WASTE
More than 5,900 tonnes of waste has been sent to landfill from clean-up in Edgecumbe, equal to the volume the whole Whakatāne District would normally produce in 6 months.



1.5k+ VOLUNTEERS
Some 1,500 registered volunteers contributed more than 6,800 hours of work to the NAVA clean-up.



1,400 hectares of farm land was under water for 10-14 days.



Significant roading damage isolated some rural communities for over a week.



River bank erosion
1 hectare of river bank erosion deposited 24,000 cubic metres of soil into the Waimana river – a volume that would fill the Aquatic Centre's pools 43 times.

*Figures correct at 30 June 2017.

Going forward

The Whakatāne District Recovery Project - Kia manawanui, was set up after a Notice of Transition to Recovery relating to the weather events was declared on 21 April 2017. Recovery is a very complex process, typically lasts much longer than the emergency response phase, and involves a far greater level of planning and management.

The Whakatāne District Recovery Project has developed a Recovery Programme, which is available on Council's website (whakatane.govt.nz) along with more information and the latest updates about the recovery process. It is important to note that the recovery process is ongoing, and that information changes often.

The five main focus areas of the Whakatāne District Recovery Project are:

RECONNECTING OUR COMMUNITY



Reconnect
Tūhononga

Communities that have been adversely affected by flooding are restored to what they were previously, and where possible, enhanced.

Welfare and Wellbeing Essential needs of individuals and whānau are met, and community health & wellbeing are supported.

Community Community spirit, pride and resilience are strengthened.

Home by Christmas Families / whānau have moved back into their homes by Christmas 2017.

RESTORING THE NATURAL AND RURAL ENVIRONMENT



Restore
Whakahou

The natural environment is restored and enhanced, where possible, and the primary sector community returns to a new normal.

Primary Sector Support The primary sector is fully supported and functioning within a new normal.

Environmental Effects The impact of the flood and its recovery does not leave lasting negative environmental effects on our land and in our water.

REPAIRING OUR HOMES AND RESTORING OUR COMMUNITIES



Rebuild
Waihanga

Housing, infrastructure, facilities and services are repaired.

Housing There is adequate housing supply and damaged homes are repaired to a liveable standard.

Infrastructure Infrastructure and services are restored and stop-bank repairs provide protection for the community.

REGENERATING THE ECONOMY



Regenerate
Whakatipu

Sustainable business activity is re-established, and where possible, enhanced.

Business Continuity Support is targeted to help restore businesses and to provide certainty around business and employment continuity.

PARTNERSHIP



Partnership
Mahi Kotahi

Working with Iwi to identify and prioritise opportunities that may include:

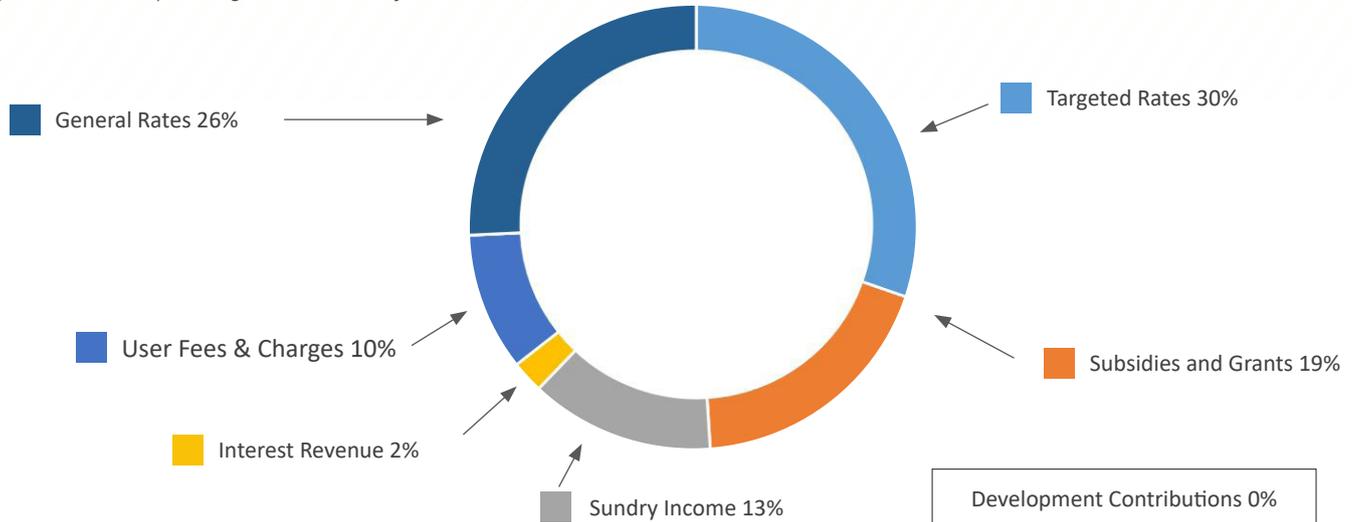
- Giving effect to Iwi values through collaborative engagement
- Recognising natural, cultural and historical heritage
- Enabling partnership approaches to projects that are aligned to the recovery phase and beyond.

44% 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 2016/17 year rates made up 56% of our revenue, with 44% coming from other sources, including subsidies and grants, local sponsorship, and user fees and charges for Council facilities and services.

Figure 1: Where operating revenue came from in 2016/17

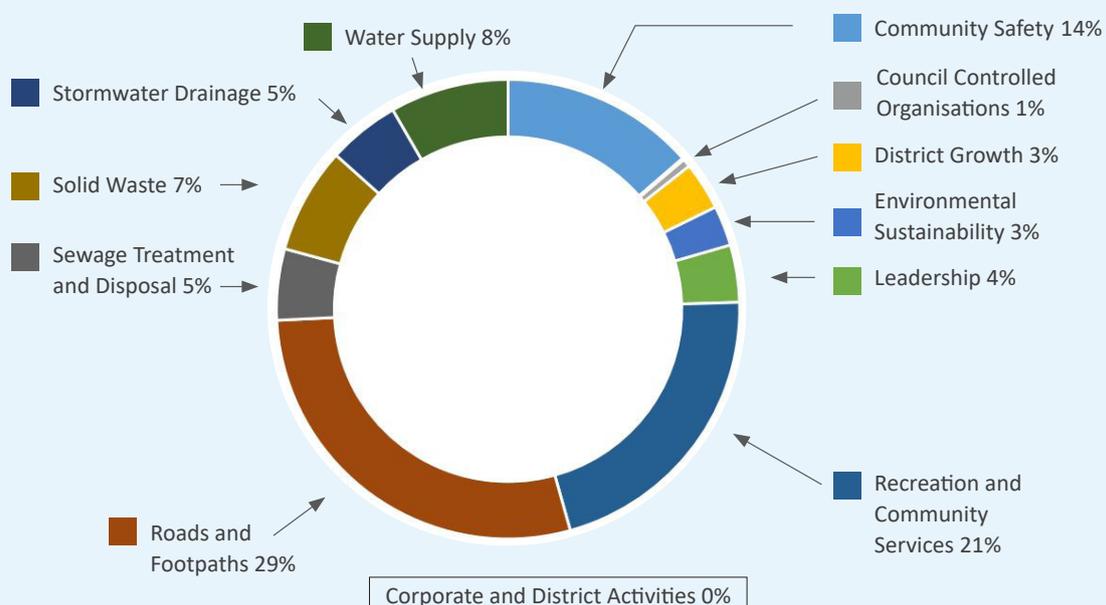


55% of our operating expenditure was on core services

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 2016/17 financial year was \$68.8 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 2016/17



Our capital expenditure was **\$23.1** million

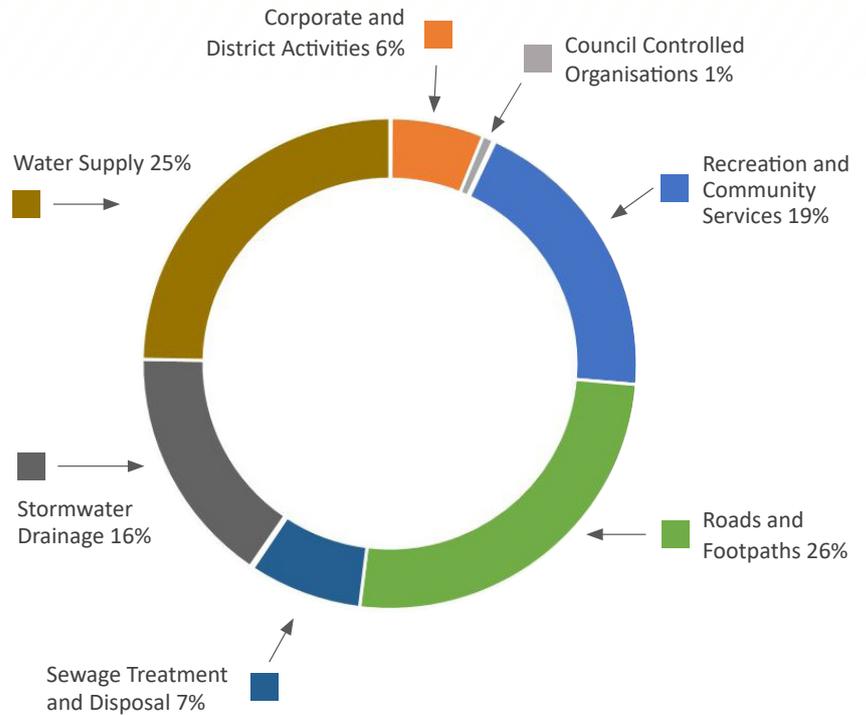
Capital expenditure is the cost of buying or building a new asset, renewing an existing asset, or improving an asset to deliver a better service.

Over 2016/17, \$23.1 million was spent on 183 capital expenditure projects, compared with a budget of \$34.5 million. 74% of our capital expenditure was spent on maintaining or improving core infrastructure (for water supply, sewage treatment and disposal, stormwater, and roads and footpaths).

The April 2017 weather events had a significant impact on our planned capital expenditure for 2016/17, especially in the roads and footpaths area. Just over one-third of the roads and footpaths projects planned for the year were delayed, accounting for about 40% of the total capital expenditure underspend for 2016/17.

Community Safety 0%
District Growth 0%
Solid Waste 0%

Figure 3: Where capital expenditure occurred in 2016/17



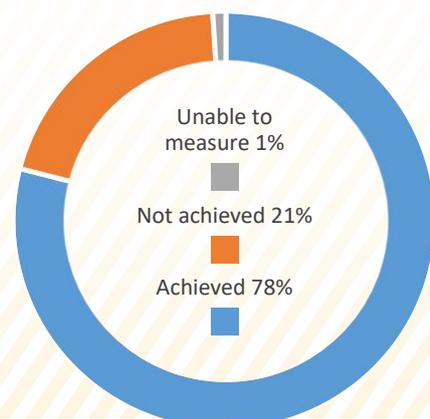
We achieved **78%** of our performance targets

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

For the 2016/17 year we set out 92 non-financial performance targets. We achieved 78% of the targets (72 out of 92 targets). 19 targets were not achieved, and one result (in the water supply activity) was unable to be reported for the 2016/17 year.

Many of our results were heavily impacted by the April 2017 weather events, including results for several targets that we did not achieve. The impacts on our performance measures were largely related to extremely high numbers of water supply, wastewater, stormwater and roading infrastructure call-outs during the events, and the redeployment of staff from throughout the organisation to the Emergency Operating Centre and the Whakatāne District Recovery Project – Kia manawanui.

Figure 4: Performance against level of service targets in 2016/17



Overall, **77.6%** of people are fairly or very satisfied with our services and facilities

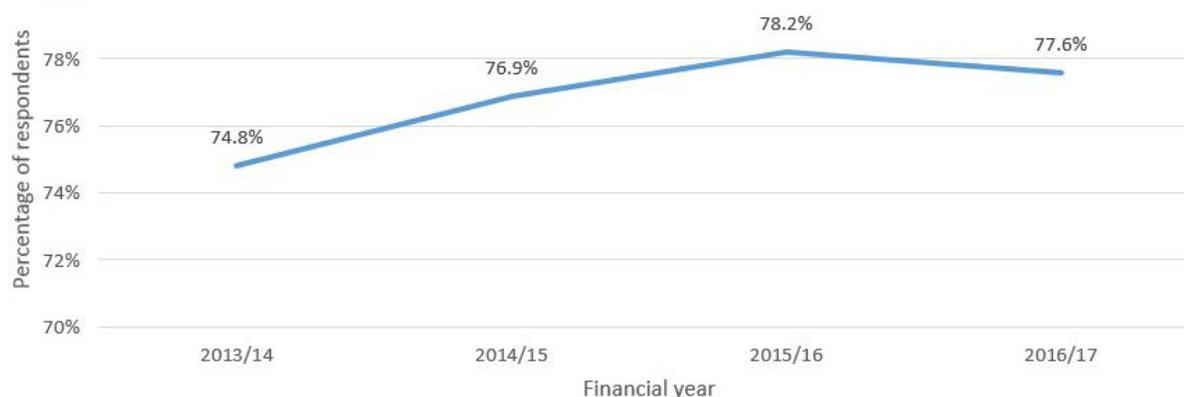
Each year, we survey of a random sample of 300 residents from across the District to help gauge how satisfied people are with our services. This survey (called 'Communitrak') is conducted on our behalf by an independent survey provider.

In 2016/17, the Communitrak survey measured perception across 38 of the services and facilities we deliver. The results showed an improvement across 18 of these, a decrease in 18, and two remained the same as in 2015/16. On average, across the services and facilities measured, 77.6% of respondents were very or fairly satisfied. As the below table shows, this is a slight drop compared to last year's result. While this year's result is higher than that for 2013/14 and 2014/15, and is not a large enough shift from 2015/16 to be statistically significant, it is the first negative shift following growth over the past three surveys.

In 2016/17, more than 90% of respondents said that they were 'fairly' or 'very' satisfied with a range of Council services and facilities. This included cemeteries (97% of users very/fairly satisfied), 'front desk customer service' (95% of visitors very/fairly satisfied), libraries in the District (95% of users very/fairly satisfied), and kerbside waste collection services (93% very/fairly satisfied).

The survey continues to indicate that the community considers economic development-related outcomes and services to be a priority for the Council. For the fourth 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

This table presents the financial performance of the Council for the 2016/17 financial year. It summarises operating revenue and expense, and other comprehensive revenue and expense.

| ACTUAL 2016 \$000 | | ACTUAL 2017 | BUDGET 2017 |
|-------------------------|---|----------------|----------------|
| | | \$000 | |
| | REVENUE | | |
| 40,052 | Rates | 40,760 | 41,654 |
| 7,235 | Subsidies and Grants | 13,227 | 13,485 |
| (166) | Development and Financial Contributions | (2) | 94 |
| 5,085 | Fees and Charges | 5,437 | 6,000 |
| 49 | Interest Revenue | 35 | 50 |
| 3,987 | Other Revenue | 7,849 | 3,804 |
| 691 | Gains | 3,722 | 448 |
| 56,933 | Total Revenue | 71,028 | 65,535 |
| | EXPENSES | | |
| 13,789 | Personnel Costs | 15,181 | 13,664 |
| 14,533 | Depreciation and Amortisation Expense | 14,090 | 15,120 |
| 2,082 | Finance Costs | 1,903 | 2,920 |
| 28,955 | Other Expenses | 35,838 | 27,417 |
| 1,981 | Revaluation Losses | - | - |
| 61,340 | Total Expenses | 67,012 | 59,121 |
| (4,407) | Surplus (Deficit) Before Tax | 4,016 | 6,414 |
| 2 | Income Tax Expense (Benefit) | (25) | - |
| (4,409) | Surplus (Deficit) After Tax | 4,041 | 6,414 |
| | OTHER COMPREHENSIVE REVENUE AND EXPENSE | | |
| (500) | Gains (Loss) on Property, Plant and Equipment Revaluation | 14,410 | 6,307 |
| - | Tax on Revaluation Surplus | - | - |
| (4,909) | Total Comprehensive Revenue and Expense | 18,451 | 12,721 |

The final operating result for 2016/17 was a surplus of \$4.04 million, compared to a budgeted surplus of \$6.4 million.

MAJOR VARIANCES EXPLAINED:

Expenditure: \$7.9 million (13%) above budget

The largest contributing factor towards the variance between the budgeted and actual operating surplus was an overspend of \$8.4 million in "other expenses." This was largely due to costs resulting from the April 2017 flood events - particularly for waste management. A large proportion of the waste management cost is expected to be recovered from The Earthquake Commission, the Ministry of Civil Defence and Emergency Management, and Council's insurance providers. These recoveries will be confirmed in 2017/18.

Other reasons for the variance were:

- Personnel costs were \$1.5 million above budget due to bringing mowing and vegetation services in-house, and staff employed for flood recovery.
- Depreciation was \$1 million below budget due to less capital projects being completed, capitalised and depreciated.
- Finance costs were \$1 million below budget owing to external borrowing being \$3.2 million lower than forecast. This related to less capital expenditure being completed than was forecast.

Revenue: \$5.5 million (8.4%) above budget

\$5.5 million more revenue was received than budgeted. Much of this surplus was related to expected insurance proceeds and government grants for flood recovery, which have been included in the revenue figure. While claims are still being finalised, negotiations with central government and Council's insurance providers to recover funding are ongoing.

Other reasons for the variance were:

- 'Other revenue' was \$3.46 million above budget mainly due to accrued flood recoveries.
- Gains were \$3.28 million above budget due to Financial Derivatives liability decreasing by \$1.6 million (following a valuation), revaluations on Investment property of \$1.89 million, and a gain on disposal of assets of \$249,000
- Fees and charges revenue was \$563,000 below budget.
- Rates revenue was \$894,000 below budget, with \$229,000 more remissions granted than budgeted.

Summary Statement of Changes in Net Assets and Equity

This table presents the equity movements over 2016/17 that have impacted on the Council's net worth.

| ACTUAL 2016 \$000 | | ACTUAL 2017 | BUDGET 2017 |
|-------------------------|--|----------------|----------------|
| | | \$000 | |
| 590,531 | Balance at 1 July | 586,085 | 586,085 |
| (4,909) | Total Comprehensive Revenue and Expense for the Year | 18,451 | 12,721 |
| 463 | Other Adjustment | (3,064) | 8,932 |
| 586,085 | Balance at 30 June | 601,471 | 607,738 |

| REPRESENTED BY: | | | |
|-------------------------|----------------------------|----------------|----------------|
| ACTUAL 2016 \$000 | | ACTUAL 2017 | BUDGET 2017 |
| | | \$000 | |
| 412,054 | Accumulated Funds | 411,791 | 429,632 |
| 19,038 | Restricted Reserves | 20,277 | 13,445 |
| 154,993 | Asset Revaluation Reserves | 169,403 | 164,661 |
| 586,085 | Total Public Equity | 601,471 | 607,738 |

MAJOR VARIANCES EXPLAINED:

The Council's equity has been adjusted by the current year total comprehensive revenue and expense, a surplus of \$17.4 million, which is the net of the surplus after tax of \$4.04 million and a net gain on revaluation of \$13.36 million. The remaining movement of \$2 million is a result of decreases in restricted reserves and council created reserves.

Summary Statement of Financial Position

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

| ACTUAL 2016 \$000 | | ACTUAL 2017 | BUDGET 2017 |
|-------------------------|--|----------------|----------------|
| | | \$000 | |
| 586,085 | TOTAL EQUITY | 601,471 | 607,738 |
| 19,813 | Total Current Assets | 26,549 | 10,809 |
| 624,613 | Total Non-Current Assets | 646,153 | 656,909 |
| 644,426 | TOTAL ASSETS | 672,702 | 667,718 |
| 15,554 | Total Current Liabilities | 25,739 | 27,953 |
| 42,787 | Total Non-Current Liabilities | 45,492 | 32,027 |
| 58,341 | TOTAL LIABILITIES | 71,231 | 59,980 |
| 586,085 | NET ASSETS (Assets minus Liabilities) | 601,471 | 607,738 |

MAJOR VARIANCES EXPLAINED:

Total Assets: \$5 million (0.7%) above budget

- Receivables exceeded budget by \$4.4 million. In the main, this was reflecting income accrued on flood funding expected from both central government and insurance.
- Non-current assets held for sale were \$9.7 million over budget, but this was mostly offset by an under budget variance (9.1 million) in investment property. There was also a \$1.9 million gain on revaluation in these asset categories.
- Infrastructural Assets were \$17 million below budget due to delays in completing projects. Some of this delay can be attributed to flood work taking priority from April 2017 onwards.
- Property, plant and equipment was 2% over budget, with a variance of \$1.7 million. The main contributor to this variance was a comprehensive revaluation of all operational land and buildings that resulted in a \$2.6 million revaluation gain.

Total Liabilities: \$11.2 million (18.8%) above budget

- Payables exceeded budget by \$8 million. This reflects the ongoing increased costs associated with the April 2017 flood event. The variance also includes \$1.4 million income in advance for the Museum Redevelopment Project.
- External borrowings were \$3.2 million above budget owing to financing flood costs until claims could be settled with central government and insurance companies.
- Financial Derivatives was up \$338,000 on budget despite decreasing by \$1.6 million from the previous year. The unpredictability of interest rates has affected the accurate forecasting of this.

The Net Assets variance to budget was 1% (\$6.3 million) less than budgeted. However, within that variance were liabilities \$11.3 million above budget with an offset \$5 million higher than budget assets.

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 2016 \$000 | | ACTUAL 2017 | BUDGET 2017 |
|-------------------------|---|----------------|----------------|
| | | \$000 | |
| 15,026 | Net Cash Flows from Operating Activities | 15,834 | 22,661 |
| (13,678) | Net Cash Flows from Investing Activities | (23,128) | (24,165) |
| (700) | Net Cash Flows from Financing Activities | 8,200 | 2,650 |
| 648 | Net Increase (Decrease) in Cash, Cash Equivalents and Bank Overdrafts | 906 | 1,146 |
| 1,003 | Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year | 1,651 | 500 |
| 1,651 | Cash, Cash Equivalents and Bank Overdrafts at the End of the Year | 2,557 | 1,646 |

MAJOR VARIANCES EXPLAINED:

- Net Cashflows from operating activities were \$6.8 million less than budget, spending more (\$1.2 million) and receiving less income (\$5.6 million). This reflects some of the extra expenditure incurred due to the flood event and that much of the funding and grants (income) was accrued but not received at balance date.
- Receipts from rates revenue was under budget by \$3.9 million. Part of the budget set for rates is expected to be generated by council activities to offset rates (District Funds Applied). For the 2017 year, this amounted to \$1.4 million. Contributors to the variance were also postponed rates for flood stricken ratepayers (approximately \$229,000), water leak remissions of \$270,000 and an increase in aged ratepayer debtors which added \$422,000 to doubtful debts.
- Payments to suppliers and employers was over budget by \$4.7 million due to extra operational expenditure incurred with the flood event.
- Net cashflows from investing activities were \$1 million less than budget with capital purchase cashflows under by \$0.28 million and sales over by \$0.86 million.
- Financing activities were \$5.6 million over budget, reflecting the extra loans raised to cover the increased costs from the flooding until central government and insurance claims were finalised.

There was a positive variance (\$911,000) of cash held compared to budget.

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 2017. Summary information has been extracted from the full financial report (Annual Report 2016/17) adopted by Council on 31 October 2017.

Significant Commitments

The Council has entered into capital commitments of \$3.55 million for work not commenced and has operating lease commitments of \$551,000. For more information, see Note 26 of the Council's full Annual Report 2016/17.

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 also indicated potential legal action but at present there is insufficient information to conclude on potential liability and claim quantum, if any. For more information, see Note 27 of the Council's full Annual Report 2016/17.

Related Party Transactions

Related Party Transactions totalling \$140,099 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 2016/17.

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 2017, and were authorised for issue by Council on 31 October 2017.

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 due to the use of decimal places in the underlying financial data. 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 is provided by the full financial statements.

The full financial statements can be found in the Annual Report 2016/17, which is available on the Council's website, www.whakatane.govt.nz, or from libraries and service centres.

Critical accounting estimates and assumptions

The 'Other Revenue' category of the Statement of Comprehensive Revenue and Expense includes an accrual of \$3.4 million. This relates to the recovery of flood costs from the Ministry of Civil Defence and Emergency Management, the Earthquake Commission, and insurance companies. This accrual is also stated separately in Note 3 of the full Annual Report 2016/17. As at 30 June 2017, negotiations were still ongoing but there is an assumption that these costs are recoverable.

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 behalf of the Auditor-General. This Summary has also been audited to ensure it is consistent with our full Annual Report.

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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Website 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



Whakatane District Council

Independent Auditor's Report

To the readers of Whakatāne District Council's summary of the annual report for the year ended 30 June 2017

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 2017.

The summary of the annual report comprises the following summary statements on pages 1 to 13:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary 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 an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 31 October 2017.

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.

Other than in our capacity as auditor, 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 2017