Draft Financial Information 2024-34

Te tuhinga hukihuki Pārongo Ahumoni 2024-34

Long Term Plan 2024-34 - Consultation

Te Mahere Pae Tawhiti 2024-34 - He Uiuinga

WHAKATĀNE District Council
Kia Whakatāne au i ahau

OUR FINANCES IN DETAIL
Ngā taipitopito utu

This section of the Whakatāne District Council [‘Council’] Long Term Plan 2024-34 [‘Long Term Plan’] Consultation Draft Supporting Documents – Our Finances - provides a breakdown of some of our finances in more detail, and further information about our costs, how they are distributed, and how they are funded. This information is a culmination of information provided in support of the Consultation Document. These prospective financial statements are draft and will be subject to decisions made during deliberations and the subsequent audit prior to adoption of the final Long Term Plan expected in June 2024.

Prospective financial statements

These statements provide an overview of the Council’s draft prospective (forecasted) financial position for the next 10 years to 30 June 2034. This information should be read alongside the financial information contained in the ‘Our Groups of Activities’ section of supporting information.

The prospective statements include:

- Statement of comprehensive income and expense
- Statement of changes in net equity
- Statement of financial position
- Statement of cash flows

Notes to the financial statements

These notes to the financial statements include summaries on the reporting entity, the basis of reporting and a summary of the significant accounting policies against which we have prepared our financial Statements within the Long Term Plan. These policies have been applied to all 10 years of this plan, unless specifically stated.

Financial prudence benchmarks

These statements provide the Council’s prospective financial performance against various benchmarks in relation to revenue, expenses, assets, liabilities and general financial dealings.

Capital projects

This table outlines the key capital projects (or in some cases programmes of capital works) that we plan to undertake over the course of this Long Term Plan. It breaks down the amount of capital expenditure that the Council plans to spend to: meet additional demand; improve level of service; replace existing assets costs of capital works by year. The information also identifies the associated activity group and where applicable the funding sources that will be used.

Funding impact statement – Whole of Council

This Funding Impact Statement provides an overview of what it costs to provide Council services and activities and how they will be funded.

The Funding Impact Statement breaks down costs and funds at ‘operational’ and ‘capital’ levels. Operational costs include the ongoing maintenance and delivery of our services, while capital costs relate to constructing new assets or extending or renewing existing assets. Capital expenditure is generally ‘one-off’ in nature, whereas operational costs are ongoing.

The Funding Impact Statement shows how much will be received, how much will be spent, and whether we will have a surplus or deficit at the end of the year.

The Funding Impact Statement should be read in conjunction with the Draft Revenue and Financing Policy 2024 which can be obtained from our web site.

Funding impact statement - rating information

This section includes information about the distribution and payment of rates in our district. Where the revenue stream is rates an indicative level of rate, the mechanism used to assess the rate, and the activities that the rate funds, is described.

These indicative figures support the calculations in the rate sample models and are included to provide an indication of the level of rates Council are likely to assess on a sample rating unit in the coming year. So long as we set the rates in accordance with the system described in this statement, the amounts may change.

This section provides indicative information including:

- Information about the number of rateable properties in our district
- Due dates for payment of rates and water invoices in 2024/25
- Funding Impact Statement (Rating) to show how the rating system will look as dollar figures applied across the district
- Indicative rating examples for 2024/25 to model what rates will look like for example properties.

Fees and charges

Council’s user fees and charges are updated each year. Updates reflect changing circumstances, Consumer Price Index (CPI) adjustments, new or removed fee requirements, or benchmarking with other Councils. The proposed fees and charges reflect the outcome of this review process.

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The following Prospective Financial Statements are provided to give an indication of our predicted financial position during the period of this Long Term Plan. We develop an Annual Plan on an annual basis to update our proposals with the latest information.

Uncertainty and risk

The information in the Prospective Financial Statements is uncertain and its preparation requires the exercise of judgement. Actual financial results are likely to vary from the information presented and the variations may be material.

Events and circumstances may not occur as expected or assumed, and may or may not have been predicted, or the Council may subsequently take actions that differ from the proposed course of action on which the prospective financial statements are based.

Prospective statement of comprehensive revenue and expense

This provides information on the surplus or deficit arising throughout the Long Term Plan impacting on the past and future comprehensive revenue and expense. This aids the reader to differentiate between components of financial performance according to frequency, potential for gain and loss predictability. This statement presents a comprehensive measure of revenue.

Prospective statement of financial position

Also known as net worth, equity is measured as the difference between the total value of assets and total liabilities. Accumulated equity represents the communities' investment in publicly owned assets resulting from past surpluses. This statement presents information about the economic resources controlled by the Council. This information is useful in assessing the Council's ability to generate cash, provide services and for assessing future borrowing needs.

Prospective statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments the Council invests in as part of its day-to-day cash management. It provides information about cash generation through Council activities, to repay debt or to reinvest to maintain operating capacity.

Auditing of information

On 13 February 2024 the current government took the Water Services Acts Repeal Bill through its third reading in parliament and it has been passed for royal assent to be enacted.

As provided in the bill Whakatāne District Council has elected not to have its long-term plan consultation document, including supporting documents, audited. Council will still have its Long Term Plan 2034 audited prior to adoption to ensure it meets legislative requirements and provides a reasonable basis for long-term, integrated decision-making and coordination of the Council's resources and its accountability to the community.

A number of other sections within the Bill affect the timing of adoption of the long-term plan. At present we have elected not to utilise the provisions within these sections, and are currently intending to have our Long Term Plan 2034 adopted by 30 June 2024.

Statement concerning balancing the budget

The LGA requires Council to budget each year for operating revenue at a level sufficient to meet operating expenses budgeted for that year. This is known as the 'balanced budget' requirement *Local Government (Financial Reporting and Prudence) Regulations 2014 S.19*. The LGA allows councils to budget for a deficit, if it resolves that it is financially prudent to do so.

This 10-year plan projects that we will achieve the balanced budget target in 2028-29 and delivering a net surplus across the 10 years of $111m. The main reasons for the surplus are grants and subsidies that are recognised as revenue in the year received, while expenditure is spread over the useful life of the asset.

In the context of our long-term plan, this assessment highlights the impact of market forces beyond the scope considered in our 2021-31 projections as identified in the introduction to our Financial Strategy as a supporting document within the LTP.

These forces include addressing the rising demands of policies and legislation; and managing substantial inflation and interest cost increases over the last three years, far surpassing the assumptions allowed for in our previous LTP and which have not been adequately addressed through rating or third-party income increases to offset the additional costs over the same period, as a result our starting position is now in deficit.

We acknowledge that we run deficits from a balanced budget perspective in years 1-3 of this Long Term Plan, mainly due to revenues not covering the full cost of depreciation rather than day to day operating costs. Council will use the following financial levers to move progressively towards achieving a balanced budget: fees and charges, rating for depreciation, development and financial contributions, efficiencies, debt repayment and rates setting.

Recognising that inflationary pressures have lead us to our current position, we need to move towards a sustainable position, balancing the budget over the medium term. The capital investment programme and cost pressures from the last and current 10-year plan, together with limitations on revenue, particularly due to affordability issues of rates, makes this very challenging.

Council has recognised that in some aspects, the statutory definition of the balanced budget can include anomalies due to the inclusion of all capital subsidies. In addition to the legislative balanced budget position modified to exclude from the definition of revenue 'capital improvement subsidies' primarily related to NZ Transport Agency Waka Kotahi's capital improvement subsidies supporting road transportation improvements, and capital improvement grants and subsidies assumed for the Rex Morpeth Redevelopment project. The performance against this measure is reflected in our financial strategy.

Under this more conservative measure Council identifies that it also returns to a balanced budget in 2028-29. Council believes this balanced budget position is a pragmatic balance between managing the pressures on current ratepayers and ensuring the Council remains financially sustainable into the future, whereby the actions of today do not significantly impact unfairly on ratepayers in the future.

Prospective statement of comprehensive revenue and expense

AP 2024	($000) for the years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
	Revenue										
60,260	Rates	72,571	81,325	89,661	97,069	105,218	112,275	115,093	118,839	122,339	125,020
33,613	Subsidies and grants	18,465	20,085	17,857	22,302	58,965	44,559	20,082	23,515	24,004	21,929
426	Development and financial contributions	1,423	1,453	1,486	1,517	1,549	1,579	1,610	1,639	1,669	1,699
9,290	Fees and charges	11,349	11,614	11,863	12,093	12,308	12,539	12,766	12,855	13,084	13,300
47	Interest revenue	60	61	62	64	65	66	67	68	70	71
3,773	Other revenue	2,429	2,479	2,533	2,592	2,644	2,696	2,753	2,796	2,848	2,899
5,544	Gains	1,398	1,315	1,559	879	897	865	883	848	866	884
112,953	Total revenue	107,694	118,331	125,022	136,517	181,646	174,580	153,253	160,562	164,880	165,801
	Expense										
26,207	Personnel costs	29,310	31,498	32,717	33,612	34,307	34,871	35,448	36,035	36,601	37,178
27,896	Depreciation and amortization expense	26,531	27,175	28,107	28,770	30,618	33,395	34,829	35,146	35,691	36,054
8,281	Finance costs	7,774	8,802	10,021	11,666	14,134	15,770	16,668	17,253	17,769	18,014
41,910	Other expenses	52,366	49,628	52,277	53,010	54,225	56,469	57,420	59,924	61,956	63,324
888	Future loss on sale- investment property	-	-	-	-	-	-	-	-	-	-
-	Revaluation Losses	-	-	-	480	286	874	653	-	-	-
105,182	Total expense	115,981	117,103	123,123	127,539	133,570	141,379	145,017	148,358	152,018	154,571
(450)	Gains (losses) on share of joint venture / associates equity	(461)	(470)	(480)	(490)	(499)	(509)	(518)	(527)	(537)	(546)
7,321	Surplus (deficit) before tax	(8,747)	758	1,419	8,489	47,577	32,692	7,718	11,677	12,326	10,685
-	Income tax expense (benefit)	-	-	-	-	-	-	-	-	-	-
7,321	Surplus (deficit) after tax	(8,747)	758	1,419	8,489	47,577	32,692	7,718	11,677	12,326	10,685
	Other comprehensive revenue and expense										
-	Other comprehensive revenue (expense) of joint ventures / associates	(230)	(235)	(240)	(245)	(250)	(254)	(259)	(264)	(268)	(273)
59,862	Gains (losses on property plant and equipment revaluations	29,039	24,760	27,364	25,648	26,833	26,284	27,715	27,393	27,973	28,698
-	Deferred tax on revaluations	-	-	-	-	-	-	-	-	-	-
59,862	Total other comprehensive revenue and expense	28,808	24,524	27,124	25,403	26,584	26,029	27,456	27,129	27,705	28,425
67,183	Total comprehensive revenue and expense	20,061	25,282	28,543	33,892	74,161	58,722	35,174	38,806	40,031	39,110

Prospective statement of changes in net equity

AP 2024	($000) for the years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
1,247,854	**Equity at the beginning of the year**	1,259,019	1,279,080	1,304,362	1,332,905	1,366,797	1,440,957	1,499,679	1,534,853	1,573,659	1,613,690
67,183	Total comprehensive revenue and expense	20,061	25,282	28,543	33,892	74,161	58,722	35,174	38,806	40,031	39,110
-	Other adjustments	-	-	-	-	-	-	-	-	-	-
1,315,037	Equity at the end of the year	1,279,080	1,304,362	1,332,905	1,366,797	1,440,957	1,499,679	1,534,853	1,573,659	1,613,690	1,652,799
	REPRESENTED BY:										
	Accumulated funds										
474,483	Opening balance	458,899	450,589	448,204	449,199	460,057	509,072	534,882	541,002	556,287	563,560
7,321	Net surplus (deficit) after tax	(8,747)	758	1,419	8,489	47,577	32,692	7,718	11,677	12,326	10,685
9,059	Other adjustments	437	(3,144)	(424)	2,370	1,438	(6,883)	(1,598)	3,608	(5,053)	274
490,863	Closing balance of accumulated funds	450,589	448,204	449,199	460,057	509,072	534,882	541,002	556,287	563,560	574,519
	Operating Reserves incl. depreciation renewal reserves										
3,695	Opening balance	317	(3,616)	(610)	(1,185)	(4,677)	(5,729)	1,497	2,320	(1,005)	3,944
22,896	Transfers into accumulated funds	22,551	28,385	25,900	24,705	25,250	26,402	24,859	24,309	27,934	23,495
(28,275)	Transfers from accumulated funds	(26,484)	(25,379)	(26,474)	(28,198)	(26,302)	(19,176)	(24,036)	(27,635)	(22,984)	(24,258)
(1,684)	Closing balance of operating reserves	(3,616)	(610)	(1,185)	(4,677)	(5,729)	1,497	2,320	(1,005)	3,944	3,181
	Restricted reserves										
13,779	Opening balance	11,394	14,660	14,562	15,321	16,198	15,563	14,965	15,481	14,935	14,770
3,080	Transfers into restricted reserve funds	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
(6,760)	Transfers from restricted reserve funds	266	(3,097)	(2,241)	(2,122)	(3,636)	(3,597)	(2,484)	(3,546)	(3,165)	(2,784)
10,099	Closing balance of restricted reserves	14,660	14,562	15,321	16,198	15,563	14,965	15,481	14,935	14,770	14,985
	Asset revaluation reserves										
755,897	Opening balance	788,408	817,447	842,206	869,570	895,218	922,051	948,335	976,050	1,003,443	1,031,416
59,862	Changes in asset value	29,039	24,760	27,364	25,648	26,833	26,284	27,715	27,393	27,973	28,698
-	Valuation gains (losses) taken to equity	-	-	-	-	-	-	-	-	-	-
815,759	Closing balance of asset revaluation reserves	817,447	842,206	869,570	895,218	922,051	948,335	976,050	1,003,443	1,031,416	1,060,114
1,315,037	Total equity	1,279,080	1,304,362	1,332,905	1,366,797	1,440,957	1,499,679	1,534,853	1,573,659	1,613,690	1,652,799

To ensure consistency of double entry accounting, opening equity balances at 1 June 2024 are based on management forecast closing equity balances at 30 June 2024, rather than 30 June 2024 annual plan report balances

Prospective statement of financial position

AP 2024	($000) as at the years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
	Equity										
490,863	Accumulated funds	450,589	448,204	449,199	460,057	509,072	534,882	541,002	556,287	563,560	574,519
(1,684)	Operating reserves	(3,616)	(610)	(1,185)	(4,677)	(5,729)	1,497	2,320	(1,005)	3,944	3,181
10,099	Restricted equity	14,660	14,562	15,321	16,198	15,563	14,965	15,481	14,935	14,770	14,985
815,759	Asset revaluation reserves	817,447	842,206	869,570	895,218	922,051	948,335	976,050	1,003,443	1,031,416	1,060,114
1,315,037	Total equity	1,279,080	1,304,362	1,332,905	1,366,797	1,440,957	1,499,679	1,534,853	1,573,659	1,613,690	1,652,799
	Current assets										
4,812	Cash and cash equivalents	2,105	1,961	2,574	2,373	2,052	2,521	2,620	2,421	3,016	3,175
16,216	Trade and other receivables	26,671	25,913	26,112	24,615	23,346	21,505	19,799	19,260	18,476	17,645
-	Current assets held for sale	-	-	-	-	-	-	-	-	-	-
296	Other current assets	617	623	630	637	643	650	656	663	669	676
21,324	Total current assets	29,392	28,497	29,315	27,625	26,041	24,675	23,075	22,344	22,161	21,495
	Non-current assets										
49,583	Investment property	50,808	51,778	52,902	53,900	54,939	55,973	57,072	58,154	59,273	60,415
1,316,707	Property plant and equipment	1,298,682	1,368,460	1,426,866	1,484,749	1,576,482	1,658,950	1,701,964	1,743,206	1,781,622	1,818,435
2,549	Intangible assets	4,483	4,806	5,133	5,411	5,850	6,105	6,356	6,616	6,821	7,033
53,136	Restricted assets	54,573	55,788	57,091	58,287	59,505	60,675	61,866	63,005	64,163	65,339
35,667	Assets under construction (work in progress)	25,788	15,657	14,755	15,648	27,103	21,392	10,223	13,622	11,534	11,543
16,696	Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-
21,469	Investments in joint ventures or associates	22,425	23,598	24,650	25,507	26,472	27,100	27,181	27,495	27,586	27,704
1,652	Other non-assets	2,255	2,690	3,252	3,747	4,145	4,610	4,902	4,865	4,970	4,940
1,497,459	Total non-current assets	1,459,013	1,522,777	1,584,649	1,647,249	1,754,496	1,834,805	1,869,564	1,916,963	1,955,969	1,995,409
1,518,783	Total assets	1,488,405	1,551,274	1,613,964	1,674,874	1,780,536	1,859,480	1,892,639	1,939,306	1,978,130	2,016,904
	Current liabilities										
18,903	Trade and other payables	21,358	21,270	22,259	22,628	22,984	23,574	23,930	24,658	25,317	25,850
1,031	Short term employee entitlements	3,111	3,143	3,161	3,174	3,184	3,193	3,201	3,210	3,218	3,227
18,300	Borrowings - current	32,000	32,500	37,000	26,000	29,000	35,000	33,000	24,500	30,000	19,500
705	Other current liabilities	-	-	-	-	-	-	-	-	-	-
38,939	Total current liabilities	56,469	56,914	62,420	51,802	55,169	61,767	60,131	52,368	58,536	48,577
	Non-current liabilities										
527	Long term employee entitlements	637	682	707	725	739	750	762	774	785	797
1,780	Provisions	4,919	5,017	5,132	5,250	5,371	5,484	5,594	5,706	5,820	5,930
162,500	Borrowings – non current	147,300	184,300	212,800	250,300	278,300	291,800	291,300	306,800	299,300	308,800
164,807	Total non-current assets	152,856	189,999	218,639	256,275	284,410	298,034	297,656	313,280	305,905	315,527
203,746	Total liabilities	209,325	246,912	281,059	308,077	339,579	359,801	357,787	365,648	364,441	364,104
1,315,037	Net assets (assets minus liabilities)	1,279,080	1,304,362	1,332,905	1,366,797	1,440,957	1,499,679	1,534,853	1,573,659	1,613,690	1,652,799

Prospective statement of cash flows

AP 2024	($000) as at the years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
	Cashflows from operating activities										
	Cash will be provided from:										
60,260	Receipts from rates revenue	69,959	78,514	86,661	93,895	101,857	108,748	111,484	115,129	118,532	121,132
35,630	Subsidies and grants received	19,220	20,626	18,411	22,869	59,530	45,135	20,670	24,115	24,606	22,542
8,826	Fees and charges received	10,616	10,837	11,074	11,293	11,499	11,714	11,928	12,026	12,220	12,426
48	Interest received	51	52	53	54	55	56	57	58	59	60
-	Other operating receipts	4,147	4,237	4,328	4,422	4,508	4,595	4,686	4,764	4,851	4,935
104,764	Total operating cash provided	103,993	114,266	120,526	132,534	177,449	170,248	148,825	156,092	160,268	161,095
	Cash will be applied to:										
63,349	Payments to suppliers and employees	74,002	80,536	84,083	85,442	86,636	88,750	90,089	92,803	95,315	97,348
-	Payments to agencies	-	-	-	-	-	-	-	-	-	-
8,281	Interest paid	7,774	8,802	10,021	11,666	14,134	15,770	16,668	17,253	17,769	18,014
-	Other operating payments	-	-	-	-	-	-	-	-	-	-
71,630	Total operating cash applied	81,777	89,338	94,105	97,108	100,770	104,520	106,757	110,056	113,083	115,363
33,134	Net cash flows from operating activities	22,216	24,928	26,421	35,426	76,679	65,728	42,068	46,036	47,185	45,732
	Cashflows from investing activities										
	Cash will be provided from:										
500	Proceeds from sale of property plant and equipment	1,015	1,065	1,118	1,174	1,233	1,295	1,360	1,428	1,499	1,574
-	Other investment receipts	-	0	0	0	0	0	0	0	0	0
500	Total investing cash provided	1,015	1,065	1,118	1,174	1,233	1,295	1,360	1,428	1,499	1,574
	Cash will be applied to:										
81,505	Purchase of property plant and equipment	52,256	62,628	59,021	62,594	108,413	85,567	40,890	54,488	46,138	46,172
5,815	Purchase of investments	797	1,010	906	708	820	488	(63)	175	(50)	(25)
87,320	Total investing cash applied	53,053	63,637	59,927	63,301	109,233	86,055	40,828	54,663	46,088	46,147
(86,820)	Net cash flows from investing activities	(52,039)	(62,572)	(58,809)	(62,127)	(108,000)	(84,760)	(39,468)	(53,235)	(44,589)	(44,574)
	Cashflows from financing activities										
	Cash will be provided from:										
63,500	Proceeds from borrowings	45,000	69,500	65,500	63,500	57,000	48,500	35,000	40,000	24,500	30,000
63,500	Total financing cash provided	45,000	69,500	65,500	63,500	57,000	48,500	35,000	40,000	24,500	30,000
	Cash will be applied to:										
10,000	Repayment of borrowings	16,000	32,000	32,500	37,000	26,000	29,000	37,500	33,000	26,500	31,000
10,000	Total financing cash applied	16,000	32,000	32,500	37,000	26,000	29,000	37,500	33,000	26,500	31,000
53,500	Net cash flows from financing activities	29,000	37,500	33,000	26,500	31,000	19,500	(2,500)	7,000	(2,000)	(1,000)
(186)	Net increase (decrease) in cash held	(823)	(144)	613	(201)	(320)	469	100	(199)	596	159
5,000	Plus opening cash balance	2,927	2,105	1,961	2,574	2,373	2,052	2,521	2,620	2,421	3,016
4,814	Closing cash position	2,105	1,961	2,574	2,373	2,052	2,521	2,620	2,421	3,016	3,175

Notes to the prospective financial statements

REPORTING ENTITY

Whakatāne District Council (the 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 Council provides local infrastructure, local public services, and performs regulatory functions for 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 prospective financial statements are for Whakatāne District Council as a separate legal entity. Investments in joint ventures are accounted for in the prospective financial statements using the equity method of accounting.

BASIS OF PREPARATION

The reporting period for these prospective financial statements is for the 10 years ending 30 June 2034. The draft prospective financial statements, subject to modification following the public consultation process are anticipated to be authorised for issue by Council on 27 June 2024.

The prospective financial statements have been prepared on a 'going concern' basis. The Council believes the assumptions underlying these prospective financial statements are appropriate. The Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

No actual results have been included within the prospective financial statements. There is no intention to update the prospective financial information after the finalisation of this Long Term Plan.

Statement of compliance

The prospective 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).

The prospective financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity.

The accounting policies set out below have been applied consistently to all periods presented here.

The purpose of the prospective financial information is to support our planning.

Measurement base

The basis for measurement applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction.

For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate.

The inflation rates used are from the latest relevant BERL forecasts and the discount rate is our forecast long-term cost of borrowing.

Presentation currency and rounding

The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand dollars ($000), unless otherwise stated. Some rounding variances may occur in the prospective financial statements due to the use of decimal places in the underlying financial data.

Judgements and estimations

The preparation of prospective financial statements using PBE standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

Statements issued and not yet effective and early adopted

Standards and amendments, issued but not yet effective that have been early adopted, and are relevant to the Council are:

PBE IPSAS 41 Financial Instruments
Applies for annual periods beginning on or after 1 January 2022. The main changes are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

- Revised hedge accounting requirements to better reflect the management of risks.

The Council has applied this standard in preparing the 10 years ended 30 June 2034 prospective financial statements. Management believe the changes do not have a material impact.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to Council and the revenue can be reliably measured, regardless of when payment is being made.

Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue is disclosed as either exchange or non-exchange transactions. Exchange transactions are transactions in which Council receives resources (obtains assets or services, or has liabilities extinguished) and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to the other party for the transaction. Non-exchange transactions are transactions in which Council receives resources and provides nil or nominal consideration directly in return.

The specific recognition criteria described must also be met before revenue is recognised. The specific accounting policies for significant revenue items are explained below:

Exchange transactions
Exchange transactions are transactions where we receive assets (primarily cash) or services, or have liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions
Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, we either receive value from or give value to another entity without directly giving or receiving approximately equal value in exchange.

Rates revenue
General rates, targeted rates (excluding water-by-meter) are recognised at the start of the financial year to which the rates resolution relates. They are recognised as the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.

Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remission Policy.

In accordance with Local Government (Financial Reporting and Prudence) Regulations 2014 Part 1 Section 5 (5) specify the amount of income received or to be received from targeted rates for metered water supply for the 10 years of the Long Term Plan as being $5.1m.

(4) The notes to a local authority's financial statements must specify, in relation to each group of activities, the combined depreciation and amortisation expense for assets used directly in providing the group of activities.

Government grants, subsidies and funding subsidies
The Council receives funding assistance from the Waka Kotahi NZ Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions related to eligible expenditure have been fulfilled.

Other grants received
Other grants are recognised as revenue when they become receivable, unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Development and financial contributions
Development and financial contributions are recognised as revenue when the Council provides or is able to provide the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Building and resource consent revenue
Fees and charges for building and resource consent services are recognised on a percentage completion basis, with reference to the recoverable costs incurred at balance date.

Entrance fees
Entrance fees are fees charged to users of the Council's local facilities, such as pools, museum and gallery. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees
Fees for disposing of waste at the Council's landfill are recognised as waste disposed by users.

Provision of commercially based services
Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date.

Rendering of services
Revenue derived through rendering of services is recognised when the service is provided to the customer.

Sales of goods
Revenue from sales of goods is recognised when a product is sold to the customer.

Infringement fees and fines
Infringement fees and fines mostly relate to animal control, traffic and parking infringements, and are recognised when tickets are paid.

Vested or donated physical assets
For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer. For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council

immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets
Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

Interest and dividends
Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

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 approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

Foreign currency transactions

Foreign currency transactions are translated into NZ$ (the functional currency) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

Income tax

Income tax expense includes components relating to both current tax and deferred tax.

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. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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 statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. 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 nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly 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 start 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 surplus or deficit over the lease period 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 banks, 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 in the statement of financial position.

Receivables

Receivables are recorded at their face value, less an allowance for expected credit losses (ECL).

The Council applies the simplified ECL model of recognising lifetime ECL for receivables. In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are 'written-off':

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from the Council operational activities and interest rate risks arising from the Council's financing activities. In accordance with its treasury policies, 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 to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses on derivatives that are not hedge accounted are recognised in surplus or deficit. The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Hedge accounting

The Council designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedge).

The Council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in surplus or deficit. Fair value hedge accounting is applied only for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the surplus or deficit over the period to maturity.

Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in surplus or deficit as part of 'finance costs'.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expense are reclassified into surplus or deficit in the same period or periods during which the asset acquired, or liability assumed affects surplus or deficit.

However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a nonfinancial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised in other comprehensive revenue and expense will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs.

When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from equity to surplus or deficit.

Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value.

They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); or
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding, and is held within a management model where the objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model where the objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council does not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council designates into this category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Instruments in this category include the Council's investment fund portfolio (comprising of listed shares, bonds and units in investment funds) and LGFA borrower notes.

Expected credit loss allowance (ECL)

The Council recognises an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and including forward-looking information.

The Council considers a financial asset to be in default when the financial asset is more than 90 days past due. The Council may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

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 re-measurement 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 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 expense. The loans are subsequently measured at amortised cost using the effective interest method.

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 revenue and expense

Financial assets at fair value through other comprehensive revenue and expense 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, or realise, the investment within 12 months of balance date. The Council 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 revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables, and held-to-maturity investments

Impairment is established when there is 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 indicators that the asset 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.

For debtors and other receivables, 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. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired. If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit. If in a subsequent period the fair value of a debt instrument increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventory

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the First In First Out (FIFO) method) and adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value. The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property, or property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

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 surplus or deficit. 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, furniture and fittings, library books, plant and equipment, the museum collection and motor vehicles.

Restricted assets

Restricted assets are mainly parks and reserves owned by the Council that 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 the 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. Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land, buildings (operational and restricted), museum, 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.

The Council assesses the carrying values of its revalued 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. Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

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.

Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction, 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 surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs
Costs incurred subsequent to initial acquisition are capitalised only when 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.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation
Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Roading is valued on a regular basis and each asset is assigned a base life (estimate of total useful life), which is converted to a preliminary estimate of physical life by adjusting for age. An initial assessment of remaining life is then calculated as the difference between expected life and age of asset. Where information is available, further adjustments are made to the useful life estimate to take into account condition and use of the asset.

The three water assets are regularly valued with the economic life of an asset being the period of time it is economically worthwhile to replace, rather than to continue to repair or maintain. The economic life varies for each asset. Assets lives are modified if local knowledge and experience suggests this is appropriate.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Infrastructural assets (approx. average over all assets in that category)	Years
Transportation connections	
Land - road reserve	Not depreciated
Road formation	Not depreciated
Sealed pavement	67
Sealed pavement surface	16
Unsealed pavement	Not depreciated
Unsealed wearing course	4
Bridge railings	10
Signs	16
Drainage (incl headwalls)	49
Large culverts	50
Retaining walls	74
Surface water channel	54
Railings	22
Traffic islands	50
Street lighting	26
Footpaths	47
Bridges	92
Car parks	50
Water supply	
Treatment plant / headworks	13
Pump stations	11
Reservoirs	38
Trunk main	41
Main	49
Service line	33
Stormwater	
Gravity main	45
Rising main	46
Pump station	20
Wastewater	
Service line	25

Infrastructural assets (approx. average over all assets in that category)	Years
Gravity main	40
Rising main	57
Pump station	12
Treatment plant	47
Outfall	28
Harbour assets	
Harbour assets	15-30
Parks	
Land	Not depreciated
Park assets	17.5
Operation assets	
Museum assets	Not depreciated
Land	Not depreciated
Buildings	8-55
Vehicles	5-8
Plant and equipment	4-33
Furniture and fittings	5-10
Library books	3-4
Office equipment	5-10

The assets' residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

In accordance with Local Government (Financial Reporting and Prudence) Regulations 2014 Part 1 Section 5 (4) we specify, in relation to each group of activities, the combined depreciation and amortisation expense for assets used directly in providing the group of activities (over the 10 years of the annual plan), as follows:

Activity Group	Combined depreciation and amortisation (2024-34 $000)
Economic Development	9,111
Democracy	-
Arts and Culture	5,344
District Partnerships	51
Aquatic Centres	3,980
Events and Tourism	536
Climate Change and Resilience	446
Stormwater	20,448

Activity Group	Combined depreciation and amortisation (2024-34 $000)
Wastewater	34,794
Water Supply	57,367
Ports and Harbours	4,679
Parks and Reserves	18,133
Holiday Park	1,195
Transportation Connections	122,237
Building and Resource Management	-
Waste Management	1,170
Community Regulation	18
Community Facilities	16,924
Corporate Services	19,889

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. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Software as a service (SaaS)
Two IFRIC (IFRS Interpretations Committee) agenda decisions were released in 2019 and 2021. The 2019 agenda decision dealt with whether fees paid in exchange for access to the supplier's application software in a SaaS arrangement gives rise to an intangible asset or is a service contract.

The 2021 agenda decision dealt with the accounting treatment of the costs an entity incurs in customising or configuring the supplier's application software in a SaaS arrangement.

While the decisions of the committee do not directly impact PBE standards, which are mainly based on IPSAS1, given that NZIAS 38 Intangible Assets and PBE IPSAS 31 are similar, IFRIC's conclusions are authoritative support and may be considered under GAAP. As a result, the agenda decisions have been applied in Council's accounting policy and were effective from the reporting year ending 30 June 2022.

Easements
Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and 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 derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Computer software 4- 5 years 20%- 25%

Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets
Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets
Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Forestry assets

Standing forestry assets are generally 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 future cash flows discounted at a current market determined 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 forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit when incurred. Forestry maintenance costs are recognised in the surplus or deficit when incurred.

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 at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Payables

Short-term creditors and other payables are recorded at the amount payable.

Borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowing's balance.

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 balance date.

Finance leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period 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 reasonable 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.

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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, and sick leave. A liability for sick leave is recognised 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 it will be used by staff to cover those future absences. A liability and an expense are recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long-service leave and retirement gratuities, 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.

Presentation of employee entitlements

Sick leave and long service leave are valued on an actuarial basis. The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Three key assumptions used in calculating this liability include the discount rate, salary escalation rates and resignation rates. Any changes in these assumptions will affect the carrying amount of the liability. Projected cashflows are discounted back to the valuation date at the valuation discount rates. The discount rates have been chosen in accordance with PBE IPSAS 25, and the valuation method is a refinement of that set out by Treasury in its paper entitled 'Guidance on accounting for sick leave under NZ IAS 19 employee benefits'. A long-term annual rate of salary growth of 3.0 percent per year has been used. Sick leave and long-service leave are classified as both current and long-term liabilities depending on predicted settlement. If the payment is likely to be made within 12 months of balance date, the entitlement is classified as current. The balance of the valuation is classified as long term.

Superannuation scheme

Defined contribution schemes: Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation either legal or constructive as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount 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 and is included in 'finance costs'.

Equity

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 the following components:

- Accumulated funds;
- Restricted reserves;
- Asset revaluation reserves.

Reserve funds

Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest.

Except for restricted reserves, as addressed below, the remaining Council-created reserves are discretionary reserves that Council has established for the fair and transparent use of monies. Reserves are not separately held in cash and the funds are managed as part of Council's treasury management.

The prospective statement of reserves provided below contains a list of current reserves, outlining the purpose for holding each reserve and the Council activity to which each reserve relates, together with summary financial balances.

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 the Council. Restricted reserves include those subject to specific conditions accepted as binding by the 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.

The remaining Council-created reserves are discretionary reserves that Council has established for the fair and transparent use of monies. Reserves are not separately held in cash and the funds are managed as part of Council's treasury management.

Table 1 contains a list of current reserves, outlining the purpose for holding each reserve and the Council activity to which each reserve.

Asset revaluation reserve

This reserve relates to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Goods and services tax (GST)

All items in the prospective financial statements are stated exclusive of GST, except for receivables and payables which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the 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.

Budget figures

The budget figures are those approved by the Council in its Long Term Plan 2024-34.

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these prospective financial statements.

Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below. Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

In preparing these prospective financial statements, estimates and assumptions have been made 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 future financial years are discussed below.

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, 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, stormwater, 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
- 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 asset, 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 asset useful lives have been determined with reference to the New Zealand 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, and 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 Council's infrastructural asset revaluations.

Provision for landfill aftercare costs

The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cash outflows for the provision have been estimated, taking into account existing technology and known changes to legal requirements.

Provisions are measured at management's best estimate of the expenditures required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

In determining the fair value of the provision, assumptions and estimates are made in relation to the discount rate, the expected cost of the post-closure restoration and monitoring of the landfill site and the expected timing of these costs. Expected costs and timing of the closure are based on the estimated remaining capacity of the landfill, based on the advice and judgement of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

For other significant accounting estimates and assumptions, see the "Our Assumptions" section of the Long Term Plan.

Critical judgements in applying accounting policies

Management has exercised no critical judgements in applying accounting policies to the budget.

Financial prudence benchmarks

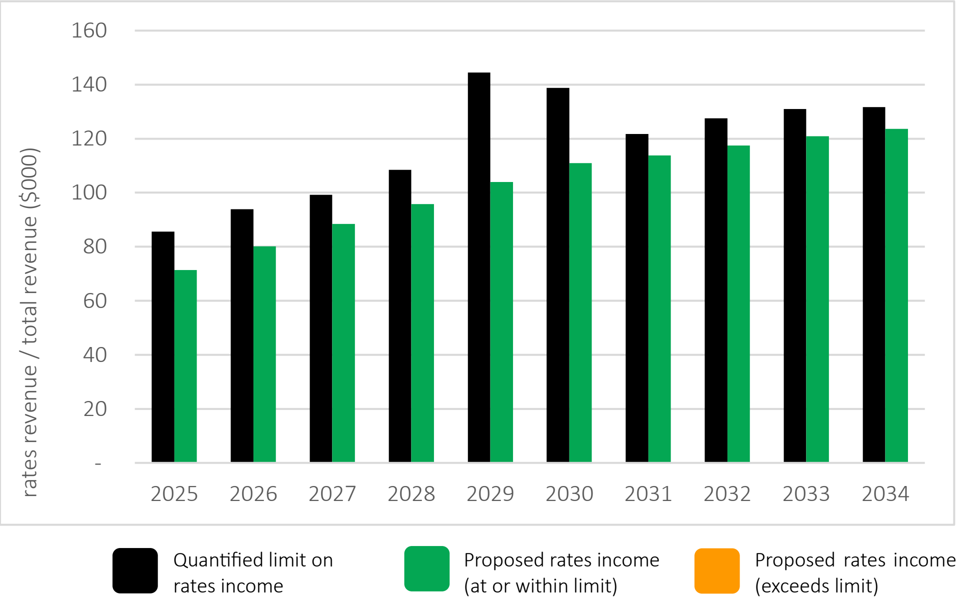
The purpose of this statement is to disclose the Council's planned financial performance over the 10 years of the Long Term Plan in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The Council is required to include this statement in its Long Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates (income) affordability benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.17

The following graph compares the council's planned rates with a quantified limit on rates contained in the financial strategy included in this Long Term Plan. The quantified limit is 80% of total revenue.

The council meets the rates affordability benchmark if its planned rates income equals or is less than each quantified limit on rates.



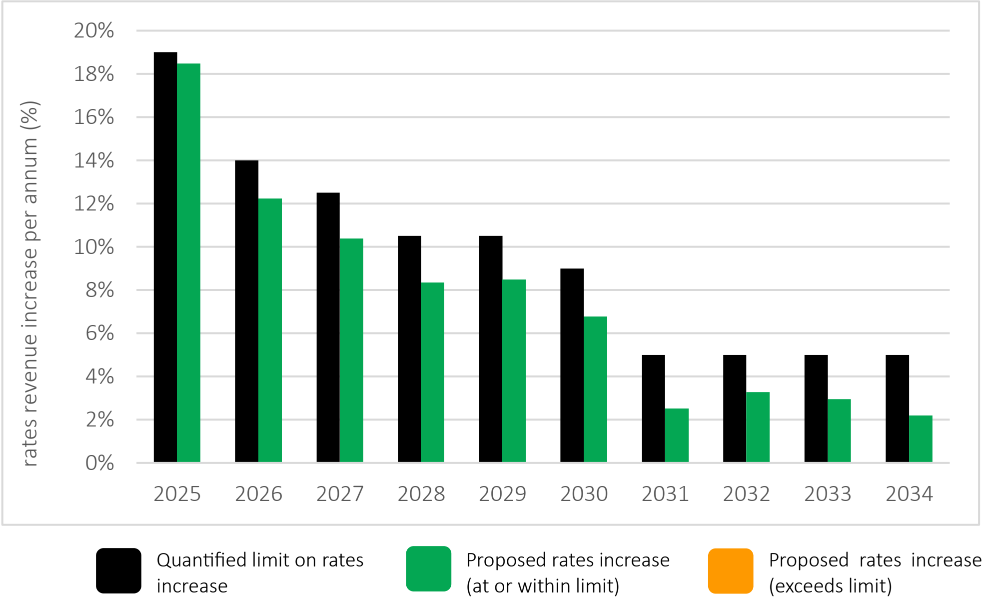
Rates (increases) affordability benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.17

The following graph compares the council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this Long Term Plan. The quantified limit has been ranging from 5% to 19% across the 10 years on the Long Term Plan.

The quantified limit has been assessed and set by Council on an annual basis taking into account the balancing of Councils financial position, together with assumed annual inflation as per the Local Government Cost index provided for in [reference to BERL] plus a margin for uncertainty and risk of up to 2% percent per annum.

The council meets the rates affordability benchmark if its planned rates increases equal or are less than each quantified limit on rates increases.



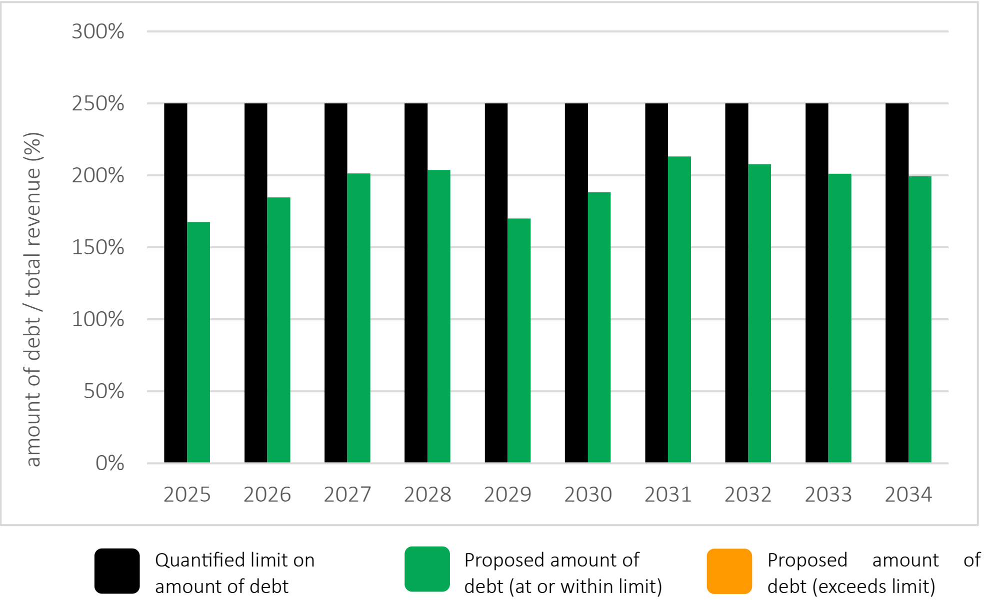
Debt affordability benchmark - borrowing amount quantified limit

Local Government (Financial Reporting and Prudence) Regulations 2014 S.18

The following graph compares the council's planned amount of borrowing on debt within the quantified limit on amount of borrowing contained in the financial strategy included in this Long Term Plan. The quantified limit on amount of borrowing is 250% of total revenue per annum.

The council meets this debt affordability benchmark if its planned amount of borrowing is within the quantified limit on amount of borrowing.

In addition to Council's quantified limit LGFA imposes covenants on borrowings with respect to debt affordability. The current LGFA covenant for credit rated councils with a rating of "A" or higher for 2025 is 285%. Council anticipates becoming credit rated prior to adoption of the Long Term Plan.



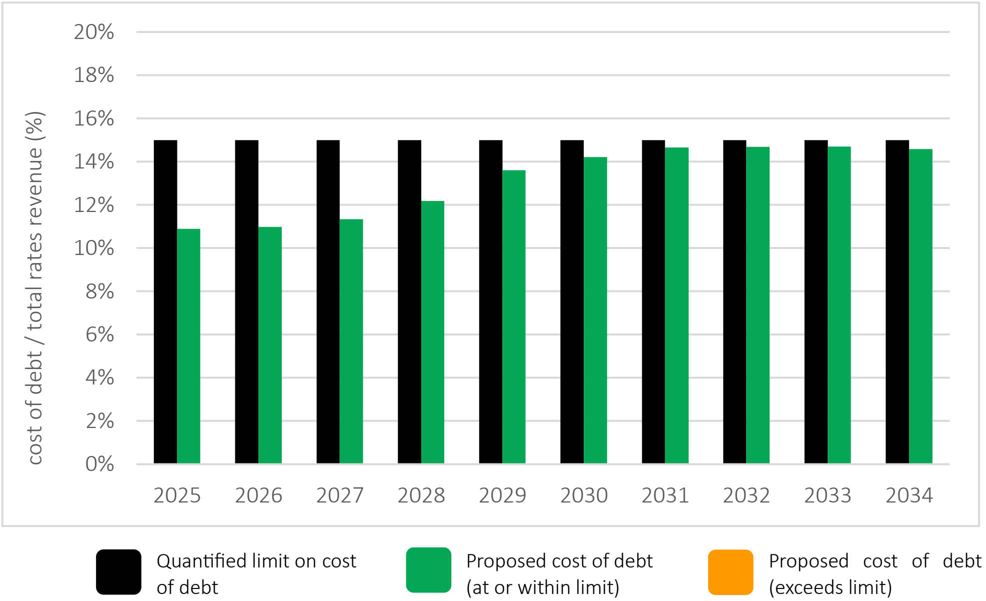
Debt affordability benchmark – borrowing cost quantified limit

Local Government (Financial Reporting and Prudence) Regulations 2014 S.18

The following graph compares the council's planned cost of borrowings on debt within the quantified limit on cost of borrowings contained in the financial strategy included in this Long Term Plan. The quantified limit on cost of borrowing is 15% of total rates revenue per annum.

The council meets this debt affordability benchmark if its planned cost of borrowing is within the quantified limit on cost of borrowing.

In addition to Councils quantified limit LGFA imposes covenants on net interest as a ratio of Annual rates. The current LGFA covenant for credit rated councils with a rating of "A" or higher is 30%. Council anticipates becoming credit rated prior to adoption of the Long Term Plan.



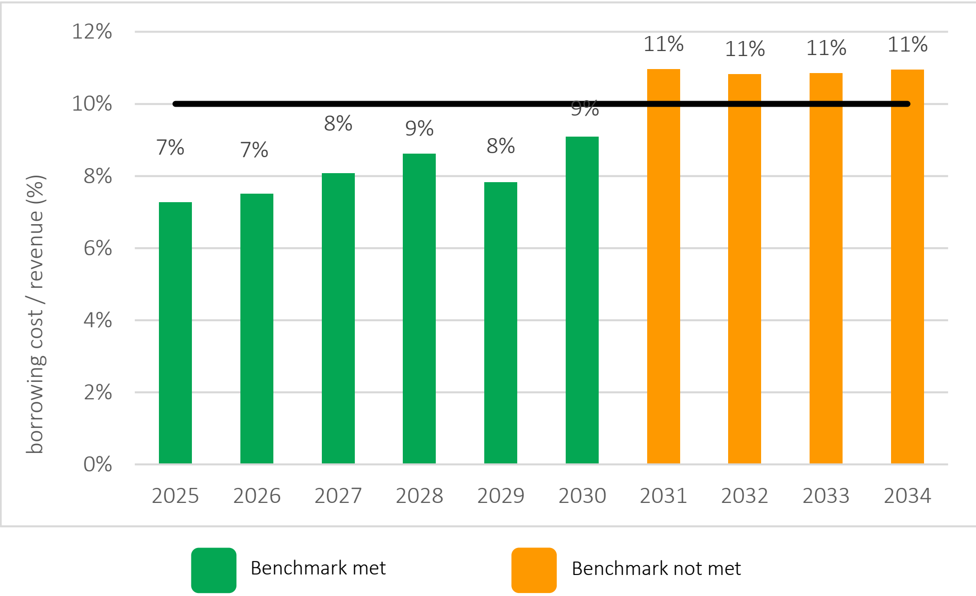
Debt servicing benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.18

The following graph displays the council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

In addition to the legislated benchmark of 10% LGFA imposes covenants on net interest as a ratio of Total Revenue. The current LGFA covenant for credit rated councils with a rating of "A" or higher is 20%. Council anticipates becoming credit rated prior to adoption of the Long Term Plan.

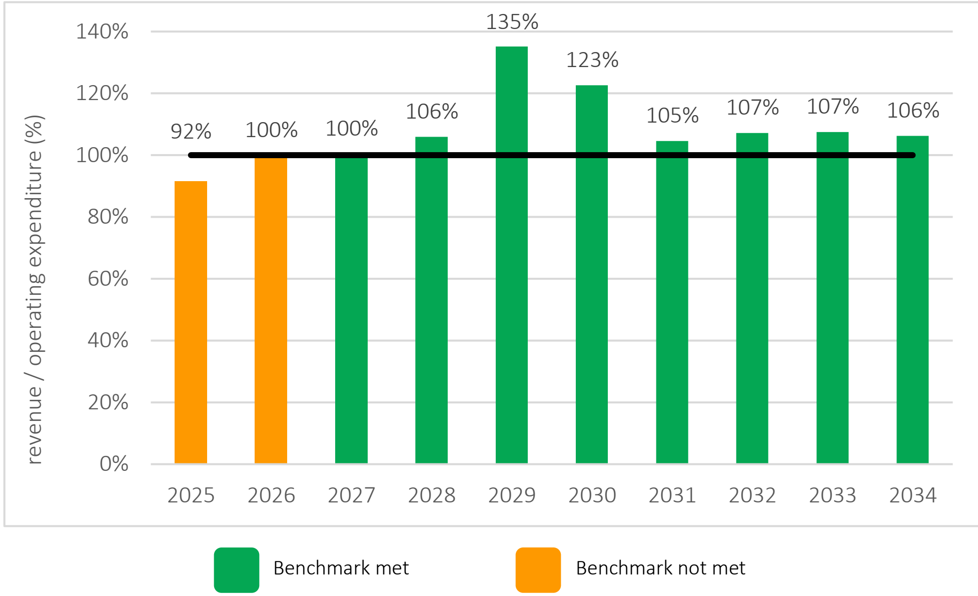


Balanced budget benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.19

The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

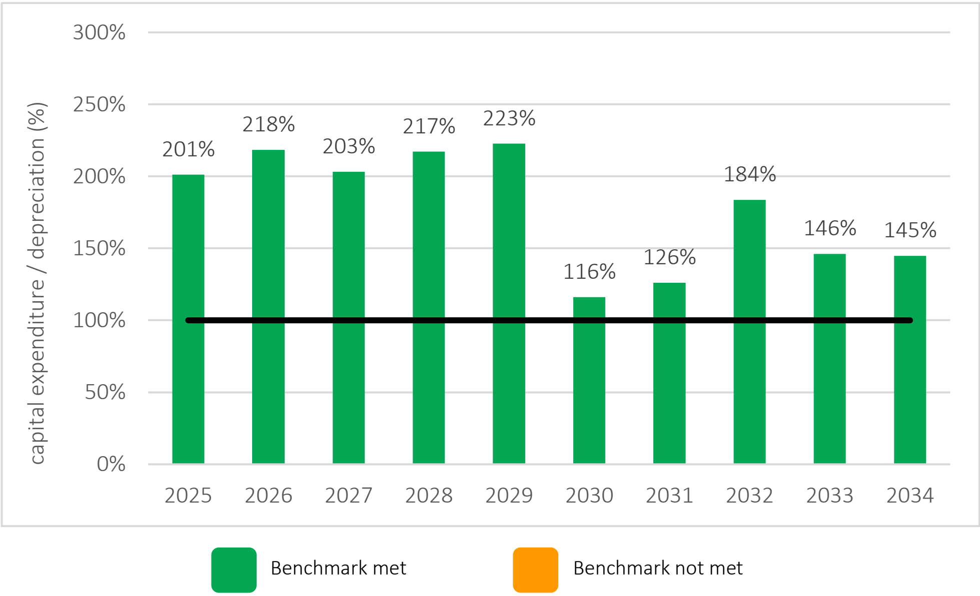


Essential services benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.20

The following graph displays the council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Major capital expenditure projects

The following table sets out the key capital expenditure projects that are planned for the period of the Long Term Plan.

Activity Group / Project Nature / Project name ($000) for the periods ending 30 June	Funding	Forecast to Jun. 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	Total
Improve level of service								
Economic Development								
Wider District Town Centre Capital Fund	LOAN 100		-	539	550	1,716	2,437	5,243
Property Acquisition Fund	LOAN 100		-	1,078	1,101	3,432	4,875	10,485
Kopeopeo Town Centre Capital Fund	LOAN 100		-	216	220	686	975	2,097
Integration Floodwall and Buildings	LOAN 100		1,303	3,234	2,201	1,123	-	7,860
Arts and Culture								
Library Collection Improvement	LOAN 100		42	54	66	275	487	925
Aquatic Centres								
Whakatāne AHU 1,2,3	LOAN 100		263	268	274	279	-	1,084
Events and Tourism								
Destination Cycleways	LOAN 50 SUBSIDY 50		-	539	550	2,299	4,875	8,263
Stormwater								
Apanui Linear Park	LOAN 100		653	-	-	-	-	653
Ōhope Network Upgrades	LOAN 50 RENEWAL 50		-	-	-	518	441	959
Edgecumbe - Stormwater Study	LOAN 100		-	-	125	-	2,162	2,287
Water Supply								
Equalised Water Storage	LOAN 50 RENEWAL 50		-	204	644	-	7,662	8,510
Equalised New Water Source & Treatment	LOAN 100		-	201	-	-	6,980	7,181
Whakatāne Water Telemetry Upgrade	LOAN 100		-	-	-	-	1,356	1,356
Whakatāne Backflow Preventors	LOAN 100		190	279	-	-	-	468
Whakatāne - Coastlands Link Main	DEVCON 6.37 LOAN 93.63		-	-	-	2,895	-	2,895
Whakatāne Water Safety Plans	LOAN 100		163	334	344	181	386	1,408
Otumahi Storage Pipe Water Main	LOAN 95 RENEWAL 5		3,880	-	-	-	-	3,880
Ōhope Harbour Upgrade Pipes	DC 6.37 LOAN 43.63 REN 50		-	-	-	1,173	-	1,173
Murupara Treatment Upgrades	LOAN 100		2,373	1,561	1,970	-	-	5,903
Blueberry Curves Relocation	LOAN 70 RENEWAL 30		-	-	744	-	-	744
Plains Backflow Preventors	LOAN 100		574	279	286	-	-	1,139
Plains Water Safety Plans	LOAN 100		17	-	-	-	6,095	6,113
Parks and Reserves								
Eve Rimmer Carpark	DEVCON 8.39 LOAN 91.61		-	376	329	-	-	704
Accessible Play Spaces	DEVCON 8.39 LOAN 91.61		105	107	110	787	-	1,110
Maraetotara Improvements	DEVCON 8.39 LOAN 91.61		158	161	-	-	-	319
Wairaka Park Upgrade	DEVCON 8.39 LOAN 91.61		-	161	-	-	-	161
Murupara Parks Improvements	DEVCON 8.39 LOAN 91.61		-	161	164	-	-	325

Activity Group / Project Nature / Project name ($000) for the periods ending 30 June	Funding	Forecast to Jun. 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	Total
Improve level of service (continued)								
Parks and Reserves (continued)								
New Whakatane Cemetery - Site Development	DEVCON 8.39 LOAN 91.61		527	805	821	231	962	3,346
Taneatua Cemetery Expansion	DEVCON 8.39 LOAN 91.61		126	-	-	-	-	126
Awatapu Lagoon Wetland Construct	LOAN 100		501	510	521	1,070	-	2,602
Walking and Cycling Projects	SUBSIDY 100		79	81	82	255	361	858
Southern Regeneration - Minginui [BOF]	SUBSIDY 100		150	-	-	-	-	150
Southern Regeneration - Murupara [BOF]	SUBSIDY 100		200	-	-	-	-	200
Holiday Park								
Holiday Park Upgrades	LOAN 100		116	54	55	170	240	635
Transportation Connections								
Structures Renewals	RENEWAL 35 SUBSIDY 65		691	705	721	-	-	2,117
Future Demand	DC 8.39 LOAN 26.61 SUB 65		871	888	914	2,854	4,082	9,608
Safety	LOAN 35 SUBSIDY 65		53	1,863	1,003	3,099	4,426	10,444
Resilience	LOAN 35 SUBSIDY 65		769	2,288	1,571	3,495	5,000	13,124
Southern Freight Route	LOAN 35 SUBSIDY 65		107	109	334	5,243	7,500	13,293
Spatial Plan - Transport System Programme	LOAN 35 SUBSIDY 65		107	163	167	3,495	5,000	8,933
Spatial Plan - Whakatane Additional River Crossing	LOAN 35 SUBSIDY 65		-	-	557	-	2,537	3,094
Shaw Rd / Mill Rd Connection	DC 8.39 LOAN 26.61 SUB 65		-	218	334	238	8,994	9,784
Pavement Rehabilitation	RENEWAL 36 SUBSIDY 64		1,709	708	724	2,272	3,250	8,664
Active Whakatāne Programme	DC 8.39 LOAN 26.61 SUB 65		481	490	524	2,621	3,750	7,866
Improvements - Carriage	SUBSIDY 100		267	272	279	874	1,250	2,942
Seal Extensions	LOAN 100		-	1,471	1,505	3,146	4,500	10,621
Community Facilities								
Short Street Toilets Redevelopment	LOAN 100		-	-	-	223	-	223
Whitehouse Drive Toilets	DEVCON 8.39 LOAN 91.61		-	-	197	-	-	197
Thornton North Toilets Rebuild	LOAN 100		105	-	-	-	-	105
Boon Street Toilets Redevelopment	LOAN 100		-	-	411	-	-	411
Appenzel Park Toilets	DEVCON 8.39 LOAN 91.61		-	-	-	201	-	201
Rex Morpeth Park WMH Redevelopment	DC 1 LN 27.4 REN 9.4 SUB 50		1,054	2,180	2,223	100,826	1,195	107,477
Halls - Seismic Strengthening	LOAN 100		-	-	-	501	-	501
Corporate Services								
Whakatāne Museum HVAC Efficiency Upgrade	LOAN 100		-	-	330	-	-	330

Activity Group / Project Nature / Project name ($000) for the periods ending 30 June	Funding	Forecast to Jun. 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	Total
Replace existing assets								
Arts and Culture								
Library Mixed Collection Renewals	RENEWAL 100		116	119	121	378	536	1,270
Aquatic Centres								
Murupara Aquatic Centre Renewals	RENEWAL 100		79	81	55	170	240	625
Whakatāne Aquatic Centre Renewals	RENEWAL 100		232	215	219	681	962	2,308
Stormwater								
Whakatāne Western Catchment Upgrade	DEVCON 1.68 LOAN 98.32		2,305	-	-	-	-	2,305
Whakatāne Network Renewals	RENEWAL 100		-	211	208	698	525	1,643
Ōhope - Maraetotara stream	RENEWAL 100		-	-	-	421	-	421
Whakatāne Pump Replacements	RENEWAL 100		2,173	1,075	-	177	411	3,836
Reactive Emergency Renewals	RENEWAL 100		267	273	281	885	1,275	2,980
Wastewater								
Equalised Sewer Network Renewals	LOAN 95 RENEWAL 5		1,447	1,483	1,523	4,803	6,924	16,179
Whakatāne Rising Main Renewal	RENEWAL 100		-	1,617	778	4,994	1,640	9,029
Murupara Sewer Manhole Renewals	LOAN 100		254	-	-	-	-	254
Reactive Emergency Renewals	RENEWAL 100		267	273	281	885	1,275	2,980
Water Supply								
Equalised Water Network Renewals	RENEWAL 100		2,322	2,654	2,084	7,586	13,790	28,436
Keepa Road Water Main	LOAN 100		-	-	458	-	-	458
Condition & Improvements - Reservoirs	DC 6.37 LOAN 33.63 REN 60		-	-	-	9,256	188	9,444
Murupara Network Renewals	RENEWAL 100		228	195	120	290	547	1,381
Murupara Storage Renewals	RENEWAL 100		-	29	-	329	2,632	2,989
Taneatua Bore Replacement	RENEWAL 100		-	-	-	-	366	366
Ruatoki Water Treatment	LOAN 100		1,355	2,787	-	-	-	4,142
Plains Water Mains Renewals	RENEWAL 100		190	117	160	505	547	1,519
Otumahi Water Storage	LOAN 95 RENEWAL 5		3,000	-	-	352	-	3,352
Operational Vehicle Replacements	LOAN 100		158	162	166	523	813	1,821
Reactive Emergency Renewals	RENEWAL 100		109	111	115	361	521	1,216
Huna Road Plan Change 8	DEVCON 100		-	613	-	-	-	613
Reactive Emergency Renewal Works	RENEWAL 100		22	22	23	72	104	243
Reactive Emergency Renewal Works	RENEWAL 100		109	111	115	361	521	1,216
Parks and Reserves								
P&G Playground Renewals	RENEWAL 100		256	184	227	439	534	1,640
Cemeteries Renewals - Cremator	RENEWAL 100		7	7	13	35	954	1,016
Operational Vehicle Replacements	RENEWAL 100		40	284	170	336	583	1,412

Activity Group / Project Nature / Project name ($000) for the periods ending 30 June	Funding	Forecast to Jun. 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2027-30	LTP 2031-34	Total
Replace existing assets (continued)								
Holiday Park								
Holiday Park Renewals	RENEWAL 100		105	54	55	170	240	624
Transportation Connections								
Unsealed Metalling	RENEWAL 36 SUBSIDY 64		798	814	833	2,611	3,735	8,790
Resurfacing - Chipseal	RENEWAL 36 SUBSIDY 64		4,144	4,227	4,324	13,561	19,401	45,658
Resurfacing - AC	RENEWAL 36 SUBSIDY 64		674	687	703	2,205	3,155	7,425
Unsealed Metalling	SUBSIDY 100		224	229	234	734	1,050	2,471
Community Facilities								
Public Conveniences Renewals	RENEWAL 100		53	54	55	170	240	572
Rural Halls Renewals	RENEWAL 100		67	112	113	291	587	1,170
Urban Halls Renewals	RENEWAL 100		201	93	160	455	636	1,545
Corporate Services								
Depot Building Renewals	LOAN 100		72	507	-	14	-	593
Whakatāne Library HVAC Renewal	RENEWAL 100		-	-	-	179	-	179
Whakatāne Library Roof Renewal	RENEWAL 100		-	-	-	343	-	343
Whakatāne Museum Chiller Renewal	RENEWAL 100		-	-	-	280	-	280
Operational Vehicle Replacements	RENEWAL 100		211	215	220	686	977	2,309
Operational Vehicle Replacements	RENEWAL 100		632	645	659	2,059	2,931	6,926
Digital Technology Renewals	RENEWAL 100		368	377	384	1,201	1,525	3,855
			40,118	**43,194**	**37,807**	**205,674**	**162,146**	**488,938**
All other capital projects (Including Renewals)			13,178	19,993	21,385	51,641	26,426	132,622
Total capital expenditure			53,296	63,187	59,192	257,315	188,572	621,561

Prospective funding impact statement - Whole of Council

AP 2024	($000) for the years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
	OPERATIONAL										
	Sources of operating income										
31,016	General rates, uniform annual general charges, rates penalties	34,076	38,085	42,320	45,570	49,831	52,961	54,312	55,269	56,363	57,031
29,824	Targeted rates	37,903	42,636	46,726	50,870	54,746	58,661	60,114	62,890	65,282	67,280
7,606	Subsidies and grants for operating purposes	7,480	7,092	7,250	7,277	7,433	7,586	7,736	7,848	8,004	8,156
10,863	Fees and charges	11,349	11,614	11,863	12,093	12,308	12,539	12,766	12,855	13,084	13,300
48	Interest and dividends from investments	60	61	62	64	65	66	67	68	70	71
2,531	Local authorities fuel tax, fines, infringement fees, and other receipts	2,429	2,479	2,533	2,592	2,644	2,696	2,753	2,796	2,848	2,899
81,888	Total sources of operating funding (A)	93,296	101,966	110,753	118,466	127,026	134,508	137,748	141,726	145,651	148,737
	Applications of operating funding										
67,645	Payments to staff and suppliers	79,439	78,842	82,664	84,244	86,106	88,866	90,346	93,388	95,937	97,832
8,281	Finance costs	7,774	8,802	10,021	11,666	14,134	15,770	16,668	17,253	17,769	18,014
1,531	Other operating funding applications	1,645	1,680	1,715	1,750	1,785	1,820	1,855	1,891	1,926	1,962
77,457	Total applications of operating funding (B)	88,858	89,324	94,400	97,660	102,025	106,456	108,869	112,532	115,632	117,809
4,431	Surplus (deficit) of operating funding (A-B)	4,438	12,642	16,354	20,806	25,002	28,053	28,879	29,195	30,019	30,929
	CAPITAL										
	Sources of capital funding										
26,841	Subsidies and grants for capital expenditure	10,985	12,993	10,607	15,026	51,533	36,973	12,346	15,667	16,000	13,773
426	Development and financial contributions	1,423	1,453	1,486	1,517	1,549	1,579	1,610	1,639	1,669	1,699
53,500	Increase (decrease) in debt	29,000	37,500	33,000	26,500	31,000	19,500	(2,500)	7,000	(2,000)	(1,000)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
80,767	Total sources of capital funding (C)	41,409	51,946	45,093	43,043	84,082	58,052	11,456	24,307	15,669	14,472
	Applications of capital funding										
	Capital expenditure										
8,654	- to meet additional demand	2,426	3,093	1,581	4,836	2,391	4,538	2,214	4,691	4,730	2,903
42,000	- to improve level of service	23,347	34,156	30,966	29,560	79,720	61,853	14,640	22,162	18,423	19,012
27,240	- to replace existing assets	26,484	25,379	26,474	28,198	26,302	19,176	24,036	27,635	22,984	24,258
3,204	Increase (decrease) in reserves	(6,410)	1,961	2,426	1,256	670	538	(555)	(986)	(450)	(772)
4,100	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
85,198	Total applications of capital funding (D)	45,846	64,589	61,447	63,850	109,083	86,105	40,335	53,502	45,688	45,401
(4,431)	Surplus (deficit) of capital funding (C-D)	(4,438)	(12,642)	(16,354)	(20,806)	(25,002)	(28,053)	(28,879)	(29,195)	(30,019)	(30,929)
-	Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-

* The Whole of Council- Funding Impact Statement 2024-34 presented above excludes Whakatāne Airport which is a 50/50 Joint Venture with Te Manatū Waka The Ministry of Transport, and therefore a CCO of Council accounted for separately in the financial statements under the equity accounting method.

Prospective funding impact statement – rating information

Rating information

This funding impact statement includes full details of how rates are calculated. It should be read in conjunction with Council's Revenue and Financing Policy which sets out Council's policies in respect of each source of funding.

Summary of funding mechanisms and indication of level of funds to be produced by each mechanism

This funding impact statement sets out the sources of funding, the amount of funds expected to be produced from each source, and how the funds are to be applied. Details of user charges and other funding sources, and the proportion applicable to each activity, are included in the Council's Revenue and Financing Policy.

The funding impact statement is prepared on a GST exclusive basis (unless otherwise stated). The rates assessments issued will report the rates as GST exclusive with GST added to the total rates levied on the ratepayer. All figures in this section are GST exclusive.

Overview of rates

Council's rates, pursuant to the Local Government (Rating) Act 2002 (LGRA), for the 2024/25 year includes:

- A general rate set differentially
- A uniform annual general charge
- Targeted rates for community boards
- Targeted rates for district growth
- A targeted rate to be allocated to EPIC
- A targeted rate for transportation connections (roading)
- Targeted rates for stormwater
- Targeted rates for wastewater (sewerage)
- Targeted rates for water supply (metered and non-metered)
- Targeted rates for waste management

As indicated above, there are several parts to a typical rates bill, some of which are fixed and others variable.

Council sets the Uniform Annual General Charge, as part of the Uniform Annual Charge as provided for under the LGRA. The LGRA limits Council to a maximum of 30% of total rates income coming from fixed rates, such as targeted rated or uniform annual charges, including the uniform annual general charge. For the Long Term Plan the ratio of fixed rates is close to 20% of the total rates requirement per year. This means that more of a rates bill will be based on property value. Rates will be progressively higher for higher value properties. This will assist affordability for ratepayers, while ensuring that all ratepayers contribute a minimum amount for the services provided by Council.

The rates in this funding impact statement will apply in respect to every year in this Long Term Plan, notwithstanding that the amounts may change.

Categories

Residential land for which the primary use is residential, rural lifestyle, education, recreation, leisure or conservation and any other property not classified below.

Industrial land for which the primary use is industrial, mining or utilities. The general rate – industrial and the targeted district growth rate are set and assessed on this category.

Commercial land for which the primary use is the provision of a service activity for reward. The general rate - commercial, the targeted district growth rate and the targeted Events and tourism- EPIC rate rates are set and assessed on this category.

Farming and horticultural land for which the primary use as livestock, pastoral and dairy farming, and crop production. The general rate Rural and Horticultural set and assessed on this category.

Urban means Urban zones as defined in the District Plan.

Rural means Rural zones as defined in the District Plan.

Vacant land will be categorised according to the predominant zone in the District Plan.

Education means educational establishment under schedule 1 Part 1 clause 6(a) and (b)(i)&(ii) of the Local Government (Rating) Act.

Recreation and leisure mean community facilities as defined in the District Plan.

Conservation has the same meaning as under schedule 1 Part 1 clause 3 of the Local Government (Rating) Act.

Rating calculations and lump sum contributions

The base for the general rate is Capital Value. The revenue sought by Council from the Uniform Annual General Charge and certain targeted rates set on a uniform basis, is to be assessed close to 20% of the total rates revenue to ensure that every ratepayer contributes a base level of rates irrespective of the property value or services used.

Lump sum contributions will not be accepted in respect of any targeted rate.

Definition of separately used or inhabited part

For the purposes of any targeted rate set as a fixed amount per separately used or inhabited part (SUIP) of a rating unit, a SUIP is defined as: Any part of the rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.

At a minimum, the land or premises intended to form the SUIP of the rating unit must be capable of actual habitation, or actual use by persons for purposes of conducting a business. For the avoidance of doubt, a rating unit that has only one use (ie, it does not have separate parts or is vacant land) is treated as being one SUIP of a rating unit.

Rates instalment details

There will be four equal instalments (GST exclusive) for the 2024/2025 rates year. Due dates are:

Instalment	Due Date	Penalty Date
Instalment 1	Friday, 23 August 2024	Wednesday, 28 August 2024
Instalment 2	Friday, 22 November 2024	Wednesday, 27 November 2024
Instalment 3	Friday, 21 February 2025	Wednesday, 26 February 2025
Instalment 4	Friday, 23 May 2025	Wednesday, 28 May 2025

Metered water supply rates

Targeted rates for metered water supply will be invoiced separately from other rates invoices. Due dates are:

Reading	Scheme	Due Date	Penalty Date
First Reading	Plains	Friday, 25 October 2024	Wednesday, 30 October 2024
Second Reading	All metered schemes	Friday 24 January 2025	Wednesday, 29 January 2025
Third Reading	Plains	Friday 25 April 2025	Wednesday, 30 April 2025
Fourth Reading	All metered schemes	Friday 25 July 2025	Wednesday, 30 July 2025

Discount for prompt payment

The Council sets a discount on an annual basis for ratepayers who pay the total rates levied on the rates assessment by the due date for the first instalment. The discount rate for 2024/2025 is 2.5%.

Penalties on overdue rates

A 10 percent penalty will be added to any part of the rates instalment that remains unpaid by the due date as shown in the table below as provided for in Section 57 and 58(1)(a) of the Local Government (Rating) Act 2002.

A further 10 percent penalty will be added on 1st October 2024 to any rates that were set prior to 1 July 2024 that are unpaid at 1 July 2024 and remain unpaid at 30 September 2024, as provided in Section 58(1)(b)(i) of the Local Government (Rating) Act 2002.

Payments

All rates shall be payable at the Whakatāne District Council Civic Centre, Commerce Street, Whakatāne, or Murupara Service Centre, Pine Drive, Murupara.

The payment facilities available at the Council offices are cash, credit card or EFTPOS. Council also accepts payment of rates by credit card, via our online facility at www.whakatāne.govt.nz. Internet banking payments are also accepted. Alternatively, the Council has direct debit or automatic payment options available.

Allocation of payments

Where any payment is made by a ratepayer that is less than the amount now payable, the payment will be applied firstly to any rates outstanding from previous rating years and then across current year rates based on oldest due date.

Rateable properties in our district

The Council's rating requirement (the amount we need to collect from rates) is divided among the available 'rateable properties' in the district, including an allowance for growth. Certain types of properties, like schools, churches, and recreation reserves, are not rateable.

The table below shows the number of rateable properties in our district as of 1 March 2024. Properties are valued every three years by an independent valuer and were last valued in September 2022. The next review will take place in September 2025.

Location	Number of Rateable Rating Units	Rateable Capital Value ($B)
Whakatāne Commercial	529	0.82
Edgecumbe	640	0.36
Matatā	333	0.18
Murupara	772	0.14
Ōhope	1,890	2.51
Ōtarawairere	38	0.01
Rural	5,264	6.35
Tāneatua	287	0.01
Te Teko	276	0.01
Whakatāne Urban	6,195	5.42
	16,224	15.81

The financial forecasts in this Long Term Plan are based on growth in the number of rateable units in the Whakatāne District in line with the population and rating unit assumptions within this Long Term Plan. The table below shows the projected number of rateable rating units provided for in this Long Term Plan. This will be updated annually to reflect the actual change.

Year	Projected Rateable Rating Units
2024 Annual Plan	16,183
2025 LTP	16,224
2026 LTP	16,370
2027 LTP	16,498
2028 LTP	16,627
2029 LTP	16,704
2030 LTP	16,781
2031 LTP	16,859
2032 LTP	16,937
2033 LTP	17,016
2034 LTP	17,078

Rates for year one of the Long Term Plan

The following rates are to be set and assessed on properties by Whakatāne District Council for the 2024/2025 year:

General rates ($33.15 million)

The Council sets a general rate based on the capital value of each applicable rating unit in the district on a stepped differential basis.

For properties valued over $30 million the portion of the property valued under $15 million will attract the first step. For any portion of the property valued over $30 million, step two will apply.

The rates (per dollar of capital value) for 2024/25 are:

	Per dollar of Capital Value	Rate $
Step 1	District wide rateable residential properties capital value up to $30 million	0.00136371
	District wide rateable commercial properties capital value up to $30 million	0.00136371
	District wide rateable industrial properties capital value up to $30 million	0.00136371
	District wide rateable rural and horticultural properties capital value up to $30 million	0.00136371
Step 2	District wide rateable properties capital value portion greater than $30 million	0.00102278

Uniform annual general charge

In addition to the above as part of the general charge Council sets a Uniform Annual General Charge on all applicable rating units in the district as a fixed amount per rating unit. In the 2024/25 year this charge is project at **$741.31** per rating unit.

Economic development - district growth rates ($1.53 million)

Council sets a targeted rate on the capital value for all commercial and industrial properties as follows:

Per dollar of Capital Value	Rate $
Commercial and Industrial properties within the Whakatāne urban area	0.00140267
Commercial and Industrial properties outside the Whakatāne urban area	0.00070134

In addition, Council set as a targeted rate of a fixed amount of **$624.79** per rating unit for all commercial and industrial properties within the district.

Democracy – community boards rates ($0.45 million)

The Community Board rate is set to fund the costs of the four Community Boards which are recorded as part of the Democracy activity group. The Council sets a Community Board targeted rate as a fixed amount on rating units within each of the following areas (locations):

Targeted Rate	$
All rating units in the Whakatāne and Ōhope Community Board Area	26.14
All rating units in the Rangitāiki Community Board Area	23.18
All rating units in the Tāneatua Community Board Area	44.65
All rating units in the Murupara Community Board Area	54.78

Events and tourism - EPIC rate ($0.08 million)

A targeted rate has been set on the budgeted revenue to be allocated to EPIC (Events Promotions Initiatives Community). The rate is based on the capital value of the rateable units identified as the Whakatāne Central Business District in the Whakatāne District Plan.

Per dollar of Capital Value	Rate $
Rateable units identified as the Whakatāne Central Business District in the Whakatāne District Plan	0.00060643

Transportation connections (roading) rates ($7.08 million)

The Council sets a targeted rate for the Transportation Connections activity group as a fixed amount on applicable rating units and a rate on the capital value as follows:

Per dollar of Capital Value	Rate $
All rateable properties	0.00039769

In addition to the above, Council sets a transportation connections targeted rate of a fixed amount on all rating units in the district of **$45.93**.

Stormwater rates ($4.79 million)

The Council sets a fixed targeted rate for stormwater and a rate on the capital value differentially as follows:

Fixed Amount per Scheme	$
Whakatāne urban area	134.41
Whakatāne Commercial and Industrial	134.41
All rating units in the Matatā area	68.14
All rating units in the Ōhope area	87.57
All rating units in the Edgecumbe area	150.06
All rating units in the Tāneatua area	31.02
All rating units in the Murupara area	5.96
All rating units in the Te Mahoe Land Drainage area	101.85
All rating units in the Te Teko Land Drainage area	23.34

Fixed Amount per Scheme	Differential	Rate $
Whakatāne urban properties	1.0	0.00042395
Whakatāne Commercial and Industrial properties	2.2*	0.00093268
Matatā	1.0	0.00042395
Ōhope	1.0	0.00019443
Edgecumbe	1.0	0.00058767
Tāneatua	1.0	0.00025910
Murupara	1.0	0.00010182
Te Mahoe Land Drainage	1.0	0.00103280
Te Teko Land Drainage	1.0	0.00032267

* *a differential targeted rate calculated on capital value is charged for Whakatane Commercial and Industrial rating units, due to the greater level of impermeable surfaces putting greater pressure on stormwater systems.*

Wastewater (sewerage) rates ($6.43 million)

The Council sets targeted rates of a fixed amount per connection to fund sewage disposal for each of the following individual sewerage schemes in the district:

Whakatāne • Ōhope • Edgecumbe • Tāneatua • Murupara • Te Mahoe

These rates are set on a differential basis based on land use and provision of service. Land use is either residential, rural or commercial/industrial. Commercial/industrial is classed as any property for which the principal undertaking is any commercial/industrial activity or zoned commercial/industrial. Commercial/industrial properties are charged per pan. Residential properties are all other properties that are not commercial/industrial properties. Residential and rural properties are charged a fixed amount per separately used or inhabited part (SUIP) of a rating unit.

The differential categories of service are:

- **Connected -** any rating unit that is connected directly or indirectly to a public sewerage drain.
- **Available** - any rating unit that is not connected to a public sewerage drain but is within 30 metres of such a drain.

The rates for the 2024/25 year are shown below:

Whakatāne, Ōhope, Edgecumbe, Tāneatua, Te Mahoe (all schemes excluding Murupara)	
$525.14	per **residential or rural** rating unit **connected** to a public sewerage drain
$525.14	per **pan commercial / industrial** rating unit **connected**
$262.57	per rating unit **availability** (capable of connection)
Murupara	
$337.93	per **residential or rural** rating unit **connected** to a public sewerage drain
$337.93	per **pan commercial / industrial** rating unit **connected**
$168.97	per rating unit **availability** (capable of connection)

Water supply (metered and non-metered) rates ($11.07 million)

The Council sets targeted rates to fund water supplies for each of the following individual water supply schemes in the district:

Whakatāne • Ōhope • Edgecumbe • Matatā • Tāneatua • Murupara • Rūātoki • Waimana • Plains / Awakeri Extension • Te Mahoe • Ruatāhuna

These rates are set on a differential basis based on provision of service, land use and location.

The targeted rates are set as a fixed amount per connection. Targeted rates are also set based on the volume of water supplied. All water by meter consumption that is invoiced during the current rating year will be calculated on the charges below.

The differential categories of service for the targeted rate for water supply are:

- **Connected** - any rating unit that is connected directly or indirectly to a Council operated waterworks
- **Available** - any rating unit that is not connected to a Council operated waterworks but is within 100 metres of such waterworks

The connected and metered charge is applicable to the water invoice for properties connected and metered.

Whakatāne, Ōhope, Edgecumbe, Tāneatua, Te Mahoe (all schemes excluding Murupara)	
$850.63	fixed amount per connection **connected and non-metered**
$304.58	fixed amount per rating unit **availability – non connected** (capable of connection)
$304.58	fixed amount per connection **connected and metered**
$2.37	per cubic metre of all water supplied to each rating unit **connected and metered**
Murupara	
$657.45	fixed amount per connection **connected and non-metered**
$271.21	fixed amount per rating unit **availability – non connected** (capable of connection)
$271.21	fixed amount per connection **connected and metered**
$1.68	per cubic metre of all water supplied to each rating unit **connected and metered**
Plains	
$432.61	fixed amount per connection **connected and metered**
$0.82	per cubic metre of all water supplied to each rating unit **connected and metered**

The Council sets an additional targeted rate for any excess water consumed that is over and above the purchased entitlement for each property connected to the Plains water supply scheme. An overuse targeted rate is set for the excess volume consumed over and above the purchased entitlement of $0.90 per cubic metre.

Note: where properties meet the definition of being contiguous either under legislation or Council policy, the entitlements for such properties will be aggregated prior to an imposition of the overuse penalty.

Waste management (refuse removal) rates ($6.43 million)

The Council sets a targeted rate to fund the collection and disposal of Council approved refuse and recycling. This targeted rate is set as a fixed amount where a service is available to the rating unit. A rating unit can apply for more than one service and will be charged accordingly.

General waste is a weekly collection service, green waste and recycling is collected fortnightly.

The service applicable to each category is:

- **Residential** – refuse, recycling, and green waste
- **Rural and Commercial** – refuse and recycling

The Council targeted fixed rates per service for 2024/25 are:

Fixed amount based based on service	$
Residential	459.16
Rural / Commercial	404.04
Residential Ōhope	461.85
Commercial Ōhope	406.74

The Council provides an additional three recycling collections during the summer holiday period for Ōhope.

Indicative property rates (continued)

2024/25 Proposed rates	Rating Categories											GST Inclusive			
Indicative Property Types	Capital value $	General Rates	UAGC	District Growth	Community Boards	Events / Tourism EPIC	Transport (roading)	Storm-water	Waste-water	Water supply	Waste mgmt	Total 2024/25	Total 2023/24	Increase (%)	Increase ($pw)
Residential															
Whakatāne urban low	400,000	545.48	743.31		26.14		205.01	303.99	525.14	850.63	459.16	4,207.69	3,507.51	20.0%	13.46
Whakatāne urban avg	730,000	995.51	743.31		26.14		336.24	443.89	525.14	850.63	459.16	5,037.02	4,225.85	19.2%	15.60
Whakatāne urban high	1,975,000	2,693.32	743.31		26.14		831.37	971.70	525.14	850.63	459.16	8,165.89	6,935.96	17.7%	23.65
Ōhope avg	1,275,000	1,738.73	743.31		26.14		552.99	335.47	525.14	850.63	461.85	6,019.40	5,068.49	18.8%	18.29
Ōhope high	2,210,000	3,013.80	743.31		26.14		924.83	517.27	525.14	850.63	461.85	8,122.42	6,886.52	17.9%	23.77
Edgecumbe avg	560,000	763.68	743.31		23.18		268.64	479.16	525.14	850.63	459.16	4,729.84	3,966.26	19.3%	14.68
Matatā avg	640,000	872.77	743.31		23.18		300.45	339.47		850.63	459.16	4,127.32	3,457.05	19.4%	12.89
Murupara avg	185,000	252.29	743.31		54.78		119.50	24.80	337.93	657.45	459.16	3,046.60	2,740.57	11.2%	5.89
Tāneatua avg	345,000	470.48	743.31		44.65		183.13	120.41	525.14	850.63	459.16	3,906.45	3,234.13	20.8%	12.93
Te Teko avg	235,000	320.47	743.31		23.18		139.39	99.17		621.11	459.16	2,766.66	2,259.04	22.5%	9.76
Rural avg	340,000	463.66	743.31		23.18		181.14				404.04	2,087.63	1,837.45	13.6%	4.81
Lifestyle avg	940,000	1,281.89	743.31		23.18		419.76			621.11	404.04	4,017.28	3,372.10	19.1%	12.41
Commercial															
Commercial low	1,050,000	1,431.89	743.31	2,097.59	26.14		463.51	1,113.73	525.14	850.63	404.04	8,804.38	6,978.12	26.2%	35.12
Commercial avg	14,100,000	19,228.29	743.31	20,402.48	26.14	8,550.68	5,653.37	13,285.23	4,201.11	850.63	404.04	84,347.08	68,415.17	23.3%	306.38
Commercial high	25,950,000	35,388.23	743.31	37,024.16	26.14		10,366.01	24,337.52	5,251.39	850.63	404.04	131,550.14	99,940.90	31.6%	607.87
Industrial															
Industrial low	2,510,000	3,422.91	743.31	4,145.50	26.14		1,044.13	2,475.44	1,050.28	850.63	808.09	16,751.39	13,111.94	27.8%	69.99
Industrial avg	37,850,000	48,940.08	743.31	53,715.98	26.14		15,098.54	35,436.45	19,430.14	850.63		200,377.46	153,336.31	30.7%	904.64
Industrial high	119,000,000	131,938.78	743.31	84,083.86	23.18		47,371.16	70,083.16	26,256.95	621.11	404.04	415,754.38	333,905.59	24.5%	1,574.02

Indicative property rates (continued)

2024/25 Proposed rates	Rating Categories											GST Inclusive			
Indicative Property Types	Capital value $	General Rates	UAGC	District Growth	Community Boards	Events / Tourism EPIC	Transport (roading)	Storm-water	Waste-water	Water supply	Waste mgmt	Total 2024/25	Total 2023/24	Increase (%)	Increase ($pw)
Farming and Horticultural															
Farming – Dairy low	385,000	525.03	743.31		23.18		199.04				404.04	2,178.79	1,683.51	29.4%	9.52
Farming – Dairy avg	3,390,000	4,622.97	743.31		23.18		1,394.10			621.11	808.09	9,444.67	7,798.31	21.1%	31.66
Farming – Dairy high	53,100,000	64,537.50	743.31		23.18		21,163.33				404.04	99,902.05	82,116.45	21.7%	342.03
Farming – Pastoral avg	3,110,000	4,241.13	743.31		44.65		1,282.75					7,258.62	6,447.19	12.6%	15.60
Farming – Other avg	1,970,000	2,686.51	743.31		23.18		829.38					4,924.74	4,425.42	11.3%	9.60
Horticultural low	465,000	634.12	743.31		23.18		230.86				404.04	2,340.84	1,815.09	29.0%	10.11
Horticultural avg	2,220,000	3,027.43	743.31		23.18		928.80				404.04	5,895.77	5,134.12	14.8%	14.65
Horticultural high	41,050,000	52,212.98	743.31		23.18		16,371.15				404.04	80,217.86	65,377.76	22.7%	285.39

The capital value bands are calculated using the current rating values from September 2022. These rates do not include metered water supply which is subject to specific property usage volumes. This information is based on specific indicative properties, actual services for your property may vary for these category examples.

Council Controlled Organisations (CCOs)

A CCO is a company or organisation in which the Council, or a number of councils, hold 50 percent or more of the voting rights, or can appoint 50 percent or more of the trustees, directors or managers. The Council engages in this form of partnership where it provides advantages for a more effective, efficient and financially-viable means of delivering services.

We have an interest in the following CCOs:

- Whakatāne Airport *(Joint Venture)*,
- Toi-Economic Development Agency (Toi-EDA)
- Bay of Plenty Local Authority Shared Services Limited (BOPLASS) *(Company),*
- New Zealand Local Government Funding Agency (LGFA) *(Company).*

Each CCO is required to agree to a Statement of Intent with its stakeholders (including the Council) [1] and to make this available to the public. The Statement of Intent sets out the CCO's nature and scope of activities, key performance targets, and reporting requirements along with other matters. At the end of each financial year each CCO must report performance against the Statement of Intent.

We manage and monitor our investment in CCO's by reviewing statement of intents, and annual reports at our Revenue and Finance Committee. Copies of the statements of intent and annual reports are available on our website.

The following tables explain what these organisations do, our objectives in regard to ownership, nature and scope of activities, key performance targets and outcomes.

[1] Toi-EDA, is an exempted CCO under the Local Government Act 2002) with respect to its requirement to agree a statement of intent with its stakeholders.

Whakatāne Airport

About this organisation

The Whakatāne Airport is a Council-Controlled Organisation (CCO) under the Local Government Act 2002. It was formed as a CCO in 2006 and is a joint venture partnership between Whakatāne District Council and the Ministry of Transport Te Manatū Waka (MOT), with each party owning a 50 percent share.

Our objectives for being involved in this organisation

Councils' objective for this organisation is to see the maintenance of an active regional airport which is a vital economic resource for our community and an essential part of the regional transport infrastructure.

Nature and scope of activities

Aviation Services: the airport is maintained as a non-certified aerodrome in accordance with the Civil Aviation Authority requirements, enabling it to provide commercial passenger and freight air services through third parties, and as aviation services to clubs and private members of the public.

Leases: land surplus to the airports present operational requirements is leased for grazing. Lease of the airport land is also available to ancillary commercial operators and associated industries.

The objectives of Whakatāne Airport include:

- Providing high-quality facilities and services in proportion with existing levels of aviation activity, and in accordance with all the appropriate acts, regulations and rules pertaining to airport and aviation operations in line with the size of Whakatāne Airport.
- Operating the airport in a sound, environmentally-sustainable and business-like manner.
- Ensuring that the airport is administered efficiently, effectively and safely to the benefit of scheduled flight operations, commercial operators and recreational users.
- Improving the long-term value and financial performance of the airport.
- Promoting a safe, accessible, affordable and reliable air transport system for the Eastern Bay of Plenty region.

It makes a social contribution rather than a financial return, and as such is consider a public benefit entity.

Key performance targets

Functional performance: the airport is maintained to Civil Aviation Authority (CAA) requirements.

Financial performance: operate and maintain the airports assets within an operational expenditure budgets (excluding corporate overheads and depreciation).

Toi-Economic Development Agency (Toi-EDA)

About this organisation

Toi-EDA is the Economic Development Agency for the Eastern Bay of Plenty and is based in Whakatāne. It is a partnership between Kawerau, Ōpōtiki and Whakatāne District Councils, and the Bay of Plenty Regional Council, working together with local Iwi.

Toi-EDA undertakes activities to contribute to the sustainable growth and development of the local economy. Toi-EDA's purpose and vision is to grow the Eastern Bay of Plenty: Tini o Toi – kia tipu, kia puawai (To create, grow and blossom the myriads of Toi). Toi-EDA contributes to the outcomes of the Economic Development and Regeneration activity in the 'Strategy and Futures' group of activities.

Toi-EDA is an exempted Council Controlled Organisation (CCO) under the Local Government Act 2002. This means that it 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.

Our objectives for being involved in this organisation

Councils' objective for this organisation is to recognise the strength of a co-ordinated approach to economic development in the Eastern Bay of Plenty. To support major economic development opportunities that will provide a benefit to the communities of the Whakatāne District and Eastern Bay of Plenty.

Nature and scope of activities

- Attract people to work, live and play in the Eastern Bay of Plenty
- Encourage alignment of Māori economic development activity and Toi EDA activity
- Support and develop industry
- Advocate for improved infrastructure and transportation
- Foster communication with the community and partners
- Secure and diversify the Toi-EDA funding base

Key performance targets

In our Annual Report, we will measure economic development opportunities that have been supported by Toi-EDA that will benefit the communities of the Whakatāne District.

Measure - Toi-EDA delivers initiatives under each of the three pillars; A Winning Brand, Economic Engine and Thriving Communities, that support the sustainable growth and development of the local economy.
Target – At least three initiatives underway per year.

Bay of Plenty Local Authority Shared Services Limited (BOPLASS)

About this organisation

BOPLASS Ltd is a company owned by nine councils, being Whakatāne District Council along with Bay of Plenty Regional Council, Rotorua Lakes Council, Western Bay of Plenty District Council, Kawerau District Council, Tauranga City Council, Ōpōtiki District Council, Taupō District Council and Gisborne District Council.

Our objectives for being involved in this organisation

Councils' objective for this organisation is to promote shared services between local authorities in the Bay of Plenty/Gisborne regions and elsewhere.

Nature and scope of activities

Working together with the full support and involvement of council staff, BOPLASS provides benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiencies and/or increased value through innovation.

The principal nature and scope of the activities of BOPLASS Ltd is to:

- Use joint procurement to add value to goods and services sourced for its constituent councils.
- Establish the underlying technology, framework, platform and policies to enable and support collaboration.
- Facilitate initiatives that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Actively monitor and engage with shared service developments across the public sector to identify opportunities for further development and establishing best practice.
- Represent the collective views of its' shareholders in matters with which it is associated.

Key performance targets

BOPLASS will provide regular reporting to confirm the estimated value of savings and benefits delivered through joint procurement activity. This will be report to our Finance and Performance Committee.

The key performance target for BOPLASS have been identified in its statement of intent 2023-26:

- To ensure the Company continues to operate effectively in both governance and management terms over the next three years the targets are to:
- Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.
- Investigate new joint procurement initiatives for goods and services for BOPLASS councils.
- Identify opportunities to collaborate with other LASS in procurement or shared service projects where alliance provides benefits to all parties.
- Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.
- Communicate with each shareholding council at appropriate levels.
- Ensure current funding model is appropriate.

New Zealand Local Government Funding Agency (LGFA)

About this organisation

New Zealand Local Government Funding Agency (LGFA) is a company owned by the New Zealand Government (20%) and 30 Local Councils (80%) – Whakatāne District Council 0.44%. It specialises in financing the New Zealand local government sector. LGFA was established to raise debt on behalf of local authorities ("councils") on terms that are more favourable to them than if they raised the debt directly. As LGFA is majority owned by councils, it constitutes a "council-controlled organisation" under the Local Government Act 2002.

Our objectives for being involved in this organisation

Council's main objective for ownership in NZLGFA is to access shared funding at better rates and for more flexible terms.

Nature and scope of activities

- Raises debt funding for the purpose of providing debt financing to New Zealand local authorities and CCOs (participating borrowers).
- May raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency.
- Only lends to participating borrowers that have entered into required relevant legal and operational arrangements and comply with the LGFA's lending policies.
- May undertake any other activities considered by the LGFA Board to be reasonably related, incidentally to, or in connection with, that business.

Key performance targets

The following reflects LGFA's performance targets as set out in its statement of intent 2023-26. The financial performance targets are focused on the 2023-2024.

Governance, capability and business practice	
Performance Targets	2023-2024 target
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency	LGFA credit ratings equivalent to NZ Sovereign.
LGFA's total operating income for the period to 30 June 2024	> $20.6 million
LGFA's total operating expenses for the period to 30 June 2024.	< $10.0 million
Optimising financing services for local government	
Performance Targets	2023-2024 target
Share of aggregate long-term debt funding to the Local Government sector.	> 80%
Total lending to Participating Borrowers	> $17,870 million
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities	> 85% satisfaction score
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements	100%
Effective management of loans	
Performance Targets	2023-2024 target
Review each Participating Borrower's financial position.	100%
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%

WHAKATĀNE DISTRICT COUNCIL

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WHAKATĀNE
District Council
Kia Whakatāne au i ahau