EXTRAORDINARY
AGENDA

WHAKATĀNE
District Council
Kia Whakatāne au i ahau

Extra-Ordinary Council

Hui a te Kaunihera

Monday, 5 August 2024

Rāhina, 5 Hereturikōkā 2024

Totara Room, Whakatāne District Council
14 Commerce Street, Whakatāne
9:00 am

Acting Chief Executive: David Bewley
Publication Date: 31 July 2024

Live Streaming the Meeting - *Ka whakapāho mataora te hui*

PLEASE NOTE
The **public section** of this meeting will be Live Streamed via YouTube in real time. The live stream link will be available via Council's website.
All care will be taken to maintain your privacy however, as a visitor in the public gallery, your presence may be recorded. By remaining in the public gallery, it is understood your consent is given if your image is inadvertently broadcast.
The opinions or statements expressed during a meeting by individuals are their own, and they do not necessarily reflect the views of the Whakatāne District Council. Council thus disclaims any liability with regard to said opinions or statements.

A Membership - *Mematanga*

Mayor Dr V Luca

Deputy Mayor L N Immink

Councillor T Boynton

Councillor G L Dennis

Councillor A V Iles

Councillor W B James

Councillor J C Jukes

Councillor T O'Brien

Councillor J W Pullar

Councillor N Rangiaho

Councillor N S Tánczos

B Powers of the Council - *Ngā mana o te Kaunihera*

The Council will meet Eight weekly to make decisions on all matters that cannot be delegated, that it has not delegated or that it has had referred to it by staff or a committee. Extraordinary Council meetings will be called when required in between the Eight weekly cycle for specific purposes such as hearing the Annual Plan submissions.

The powers that cannot be delegated by the Council are:

a. the power to make a rate
b. the power to make a bylaw
c. the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan
d. the power to adopt a Long-term plan, Annual plan or Annual report
e. the power to appoint a Chief executive
f. the power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long-term plan or developed for the purpose of the Local Governance Statement
g. the power to adopt a remuneration and employment policy

The powers that can be delegated but which the Council retains:

a. Approve the Council's recommendation to the Remuneration Authority for the remuneration of additional positions of responsibility for elected members and elected members expenses rules
b. Approve the Local Governance Statement (called "A Guide to the Whakatāne District Council") produced following the triennial election of members
c. Resolve those decisions required to be made by a local authority under the Local Electoral Act 2001 including the appointment of electoral officer.
d. Determine whether or how to fill any extraordinary Council vacancies within 12 months of an election
e. Review and make decisions on Council membership and the basis for elections through representation reviews
f. Set the direction for the Long-Term Plan
g. Hearing of submissions on the Long-Term Plan and, if required, the Annual Plan
h. Appoint and discharge trustees, directors or office holders to Council's Council-Controlled organisations and to other external bodies
i. Agree the final Statement of Intent for Council's Council-Controlled organisations
j. Adopt the Half Yearly and Full Year Annual Report of the Whakatāne Airport
k. Approve the purchase, sale and disposal of Council property
l. Approve a proposed plan or a change to a District Plan under Clause 17 of the First Schedule of Resource Management Act 1991 (RMA); A1827586 April 2021 Page 14 of 37.
m. Approve changes to the status or revoke the status of a reserve as defined in the Reserves Act 1977
n. Authority to name or rename a reserve in accordance with the Reserves Management Plan;

o. Authorise any unbudgeted expenditure that exceeds the delegation levels provided to officers, committees or other subordinate decision-making bodies of Council

p. Approve recommendations from relevant Committees for new fees and charges for services provided, outside of the Annual Plan or Long Term Plan process.

Procedural matters exercised by Council:

a. Receive minutes and recommendations, and make decisions on any recommendations from:

- Standing Committees, Joint Committees and Joint Forums
- Iwi Chairs Forum
- Commercial Advisory Board
- Toi Economic Development Agency
- Any other Council appointed advisory board or forum with Council as the parent committee

b. Consider any matters referred to it from any of the Committees, the Mayor, or Chief Executive.

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1 Prayer - *Karakia*

2 Meeting Notices - *Ngā Pānui o te hui*

1. Live Streaming

The Whakatāne District Council livestreams Council and Standing Committee meetings held in Tōtara Room, within the Council building. The webcast will live stream directly to Council's YouTube channel in real time. The purpose of streaming meetings live is to encourage transparency of Council meetings.

Welcome to members of the public who have joined online and to those within the public gallery.

By remaining in the public gallery, it is understood your consent has been given if your presence is inadvertently broadcast. Please be aware the microphones in Totara Room are sensitive to noise, so please remain quiet throughout the meeting unless asked to speak.

2. Health and Safety

In case of an emergency, please follow the building wardens or make your way to the nearest exit. The meeting point is located at Peace Park on Boon Street.

Bathroom facilities are located opposite the Chambers Foyer entrance (the entrance off Margaret Mahy Court).

3. Other

3 Apologies - *Te hunga kāore i tae*

No apologies were recorded at the time of compiling the agenda.

4 Acknowledgements / Tributes - *Ngā mihimihi*

An opportunity for members to recognise achievements, to notify of events, or to pay tribute to an occasion of importance.

5 Conflicts of Interest - *Ngākau kōnatunatu*

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected member and any private or other external interests they might have.

The Elected Member Register of Interest is available on the Whakatāne District Council website. If you wish to view the information, please click this Register link.

6 Reports - *Ngā Pūrongo*

6.1 Long Term Plan 2024/34 Budget Position Report

To:	**Whakatāne District Council**
Date:	**Monday, 5 August 2024**
Author:	**H Keravel / Senior Strategic Policy Analyst**
Authorisers:	**S Perdia / GM Strategy & Transformation** **G Connolly / CFO and GM Business Partnering**
Reference:	**A2714633**

1. Reason for the report - *Te Take mō tēnei rīpoata*

The reason for the report is for the Council to note and resolve the unbalanced budget position set out within the 2024/34 Long Term Plan. This report supports the following additional reports, and should therefore be read in conjunction:

- Adoption of the Long Term Plan 2024-34 and supporting documents
- Rates Resolution for the Period 1 July 2024 to 30 July 2025

2. Recommendations - *Tohutohu akiaki*

1. THAT the Long Term Plan 2024/34 Budget Position Report be **received**; and
2. THAT the Council **resolves** that the unbalanced budget position projects an operating deficit until 2028/29 and that it is financially prudent.

3. Background - *He tirohanga whakamuri*

Section 100 of the Local Government Act (2002) requires that a local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses. The Council's prospective Statement of Comprehensive Revenue and Expense discloses projected operating expenses that exceed projected operating revenues (unbalanced budget) for the first three years of the Long Term Plan. Therefore, it appears the Council has not met the requirement of section 100.

Section 100(2) does provide for a local authority to have an unbalanced budget providing it resolves that it is financially prudent to do so, having regard to all four considerations as noted below:

a. the estimated expenses of achieving and maintaining the predicted levels of service, service capacity and integrity of assets throughout their useful life, and;

b. the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and

c. the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life, and;
d. the funding and financial policies.

4. Issue/subject – *Kaupapa*

4.1. Assessment of the required condition associated with section 100(2):

4.2. Estimated expenses

The financial statements include operating expenditure which includes depreciation together with projected renewals which are consistent with the Infrastructure Strategy and Asset Management Plans which ensure the predicted levels of service, service capacity and integrity of assets throughout their useful life is maintained. This is supported by the statement within the Financial Strategy that states "Assets should be maintained at least at current service levels to avoid placing a financial burden on future generations, unless they are no longer necessary to maintain required levels of service".

4.3. Projected revenue available

The Financial Strategy also notes that good financial governance and stewardship – good stewardship of Council's assets and finances - requires the Council to ensure that it's actions now do not compromise the ability of future councils to fund future community needs.
As noted above and in the financial statements, there is a deficit within the first three financial years and a surplus for the remaining seven years. However, this does include $65 million of capital subsidies for capital expenditure. This amount should be taken into consideration whether there are sufficient projective revenues to meet the principle of having a balanced budget. As noted in the introduction to the Long Term Plan, Council is operating at a deficit for the first three years and this will be recovered over the next three years. The financial statements, after removing the capital subsidies, reflect an accumulative recovery by 2031.

4.4. Equitable allocation of responsibility for funding

As noted in the Council's Consultation Document and the final LTP, to have a fully balanced budget in the first three years of the 10-year plan would be unaffordable for the current ratepayer. In addition, it would be inequitable to recover the full costs of the renewals over the current ratepayer as there are renewals and interest that needs to be recover over a longer period of time. To recover this expenditure earlier would be inequitable.
The Financial Strategy notes the following:

- Balanced budget, meaning projected operating revenue over the lifetime of the 10-year plan is set at a level sufficient to meet projected operating expenses, ensuring that current ratepayers are contributing an appropriate amount towards the cost of the services they receive or are able to access; i.e., 'every day costs' are paid for from every day income; and,
- Intergenerational equity, meaning the cost of long-term assets, should be met by ratepayers over the life of those assets. This is reflected by debt-funding new assets and funding the replacement or renewal of assets from rates.

4.5. Funding and financial policies

The approach in the Financial Strategy of an unbalanced budget in the first three years is consistent with the Revenue and Financing Policy and the Liability Management Policy (Treasury). In addition, there is surplus borrowing capacity to cover any anticipated cash shortfall from having an unbalanced budget together. Furthermore, there is sufficient capacity should significant unexpected expenditure occur within the next three years.

5. Options analysis - *Ngā Kōwhiringa*

5.1. Option 1: Council resolves that the unbalanced budget position and operating deficit until 2028/29 is financially prudent. (Staff preferred option).

Advantages	***Disadvantages***
This enables Council to meet legislative requirements to adopt the LTP 24/34 and set rates.	There are no identified disadvantages.

5.2. Option 2: Council does NOT resolve that the unbalanced budget position and operating deficit until 2028/29 is financially prudent.

Advantages	***Disadvantages***
There are no identified advantages.	Council will not be in a position to adopt the LTP 24/34 on 5 August. Council will not meet its legislative requirement to adopt and LTP and set rates by 30 September2024 (LGA). Potential reputational risk for Council of further delay to the LTP and subsequent delays to the rates adjustments. This would likely result in three (instead of four) rates instalments, accentuating subsequent rates increases to make up for delay.

6. Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

6.1. Assessment of Significance

The decisions and matters of this report are assessed to be of high significance, in accordance with the Council’s Significance and Engagement Policy. This assessment is high because of the following factors:

- **Level of community interest:** The level of community interest is anticipated to be high, with potential opposition or controversy.
- **Rating impact:** The anticipated costs to the community in terms of rates.
- **Financial impact:** The expected financial implications for the Council, including effects on budgets, reserves, debt levels, overall rates, and limits defined in the Financial Strategy.
- **Reversibility:** The anticipated difficulty in reversing the proposal or decision once it is committed.
- **Impact on levels of service:** The expected effect on the Council's service levels.
- **Impact on strategic assets:** The expected influence on the performance or intended performance of the Council's Strategic Assets, considering their intended purposes.

6.2. Engagement and community views

Public consultation has been undertaken under the Special Consultative Procedure as part of the LTP programme. An overview of communication and engagement activities delivered under the LTP 2024-34 engagement plan was included in the 'Council Long Term Plan Deliberations' report which was provided to support the deliberations on the LTP 2024-34 on 8 and 9 May 2024.

Following adoption of the LTP on Monday 5 August 2024, the engagement loop will be closed with information provided to submitters regarding Council's LTP decisions, rates resolution, and key LTP messages.

7. Considerations - *Whai Whakaaro*

7.1. Financial/budget considerations

The approach to section 100(1) of a balanced budget is based on the concept that the total revenue should match the total expenditure of the organisation, including depreciation, and that the depreciation of assets if incorporating revaluation to replacement cost as a non-cash item should provide sufficient excess cash to fund the future replacement of assets.

Under the calculation provided for in Local Government (Financial Reporting and Prudence) Regulations 2014 section 19 the Council's Long Term Plan 2024-34 reflects a shortfall in balanced budget in years 1-3 totalling $(19.0) million, with a surplus in years 4-10 totalling $96.7 million. The period in years 4-10 particularly includes subsidies associated with Matata Wastewater and Rex Morpeth Recreation Hub of $63 million which would not be considered intended for replacement of assets currently being depreciated in the ordinary course of operations. On that basis, after adjusting for those subsidies the net position across the 10 years is a positive of $13 million, noting there are other aspects in consideration such as repayment of debt principal and management of reserves.

During the period of the shortfall there is sufficient debt headroom to absorb the shortfall without any undue concern on impact to maintain additional headroom to respond to any events occurring though uncertain.

7.2. Strategic alignment

The decisions within this report align with the adopted 2024/34 Long Term Plan. No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

7.3. Climate change assessment

The decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

7.4. Risks

The information in the Long Term Plan 2024-34 on which this report has been prepared 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 financial statements are based.

8. Next steps - *Ahu whakamua*

Action	***Timeframe***
Adoption of LTP (anticipated), underling information, and supporting policies and proposals	5 August 2024
Council set rates in in alignment with the adopted LTP24/34.	27 June 2024

9. Conclusion - *Kupu whakamutunga*

The development of this report and accompanying reports related adoption of the LTP24/34 and rates resolution for 1 July 2024 to 30 June 2025 have been guided by the Council and Committees of Council.

6.2 Adoption of the Long Term Plan 2024-34 and supporting documents

To:	**Whakatāne District Council**
Date:	**Monday, 5 August 2024**
Author:	**H Keravel / Senior Strategic Policy Analyst**
Authoriser:	**S Perdia / GM Strategy and Transformation**
Reference:	**A2715247**

1. Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to provide the **Whakatāne District Council** the unapproved Long Term Plan 2024-34 (LTP) and supporting documents for adoption.

The LTP 2024/34 and a number of policy documents are attached to this report for Council's reference and consideration.

The attached LTP 24/34 is based on feedback from Audit New Zealand as of 9:00 AM 31 July 2024. Subsequently, there may be minor alterations required by Audit NZ to have a compliant LTP. These minor alterations will be advised at the meeting on 5 August 2024.

2. Recommendations - Tohutohu akiaki

1. THAT the Council **receive** the adoption of the Long Term Plan 2024-34 and supporting document report; and,
2. THAT the Council **adopt** the Financial Strategy (included in the Long Term Plan 2024-34); and
3. in accordance with Section 101(A) of the Local Government Act 2002; and
4. THAT the Council **adopt** the Infrastructure Strategy (included in the Long Term Plan 2024-34) in accordance with Section 101(B) of the Local Government Act 2002; and
5. THAT the Council **adopt** the Revenue and Financing Policy (included in the Long Term Plan 2024-34), in accordance with Section 102(1) of the Local Government Act 2002; and
6. THAT the Council **adopt** the Financial Contributions for Roads and Public Reserves (included in the Long Term Plan 2024-34), as provided under Part 2, FC-Financial Contributions of the Whakatāne District Plan, and in accordance with Section 102(1) of the Local Government Act 2002; and
7. THAT the Council **adopt** the Development Contributions Policy, in accordance with section 102(1) of the Local Government Act 2002; and
8. THAT the Council **adopt** the Rates Remission and Postponement Policies – All Land in accordance with Sections 102(1) and 102(3) of the Local Government Act 2002; and
9. THAT the Council **adopt** the proposed Rates Remission and Postponement Policies – Māori Freehold Land - in accordance with Sections 102(2) (e)) of the Local Government Act 2002 and the Te Ture Whenua Māori Act 1993 (TTWMA); and

10. THAT the Council **adopt** the Treasury Management Policy which consists of the Liability Management Policy and the Investment Policy in accordance with Section 102 of the Local Government Act 2002; and
11. THAT the Council **receive** a copy of the Auditor's report on the Long Term Plan 2024-34; and
12. THAT the Council **note** that the proposed Council balanced budget position projects an operating deficit until 2028/29 which is considered financially prudent and further described in Long Term Plan 2024/34 Budget Position Report; and
13. THAT the Council **repeal** any previous versions of these policies and documents by adopting the policies and documents attached to this report; and
14. THAT the Council **adopt** the Long-Term Plan 2024-34 in accordance with section 93 of the LGA.

3. Background - He tirohanga whakamuri

Council has been undertaking the process of developing a Long Term Plan (LTP) since March 2023 when the LTP Project Plan was adopted.

This LTP has been described as one of the most challenging in decades as Councils all around New Zealand have grappled with how to manage the impact of deferred rates increases during Covid, followed quickly by record high inflation and interest rates meaning the cost to continue delivering the same services is significantly higher.

Council reviewed its vision, community outcomes and strategic priorities through a series of workshops and an LTP pre-engagement process. Council sharpened the pencil on its strategic priorities, refining them from eight down to five setting the framework for a thorough review of Councils' Levels of Service (LoS) and opportunities for improvement.

From August through to the first budget in December 2023, Council reviewed the necessary policies and strategies that support an LTP such as the Development Contributions Policy, Significance and Engagement Policy, Revenue and Financing Policy, Financial Strategy and Infrastructure Strategy. Additional to this Council received presentations from each Council Activity (or department) Manager discussing their current work programme, challenges, opportunities/new projects and budget.

Council reviewed over 200 project and staff resource requests which were trimmed down to around 30 ahead of the first budget prior to Christmas 2023.

Subsequent budget and work programme reviews between January and March of this year were seeking to find a delicate balance between necessary fiscal management, maintaining Levels of Service delivery and still enhancing the District.

On 6 March 2024, The Environment, Energy and Resilience Committee (EER) approved a draft work programme and budget for community consultation, the 2024-2034 Long Term Plan Consultation Document.

Council received almost 1000 submissions from individuals and groups and heard from approximately 80 submitters during public hearings that occurred on the 18, 19 April and 2 May.

Deliberations for the Long Term Plan and supporting policies occurred on 8 and 9 May 2024. Council considered submissions and hearings and finalised the draft Long Term Plan work programme and budget, supporting policies, strategies and proposals. Council provided direction on desired rate levels and the associated work programme at the conclusion of Deliberations and directed staff to complete the LTP 24/34.

The LTP document has been drafted to reflect direction given by Council and in accordance with the Local Government Act 2002 (LGA) which specifies information required to be included in the LTP. This LTP is presented in three volumes:

- Volume 1: Who we are, what we do, strategic framework, what we've heard, key decisions, grouping of activities and a summary of the financial position;
- Volume 2: Strategies and policies;
- Volume 3: Financial documents.

The Long Term Plan 2024-34 (LTP) is incorporating feedback from the auditors and is now presented to Council for final adoption.

4. Subject – *Kaupapa*

4.1. Adoption of LTP 24/34

The Local Government Act 2002 (LGA) states that the effect of the adoption of the LTP is to provide a formal and public statement of the local authority's intentions in relation to the matters contained in the plan.

Section 96 of the LGA also specifies that the resolution does not constitute a decision to act on any specific matter included in the plan and no person may require (legally) the local authority to implement the provisions of the plan. However, certain significant decisions, such as a significant change in levels of service or sale of a strategic asset, can only be implemented if included in the LTP.

Adoption of the LTP signals the transition to implementation of the decisions that have been made, and a responsibility of Council to monitor progress against the plan. As part of that responsibility, each year Council will review this plan through the Annual Plan process making adjustments as necessary. In three years' time the Council will undertake a complete review of the LTP in developing the LTP 2027-37.

4.2. Adoption of LTP strategies and policies

As part of the development of the LTP, Council has reviewed and updated its strategies and policies including;

- Infrastructure Strategy,
- Financial Strategy,
- Revenue and Financing Policy.
- the Financial Contributions for Roads and Public Reserves
- Development Contributions Policy,

- The Rates Remission and Postponement Policies - now made of two distinct policies (Rates Remission and Postponement Policies – All Land and the Rates Remission and Postponement Policies – Māori Freehold Land), and
- Proposed Fees and Charges 2021-24.

4.3. Auditor's Report

Our Auditor for the Long Term Plan 2024-34 is Audit New Zealand. At the timing of writing this report, the Long Term Plan audit is still underway but near completion. Any further changes will be tabled on the day. The Auditors (Audit New Zealand) will be present at the meeting to formally present the opinion.

The Auditor's report will be incorporated in the Long Term Plan, though not available for release pending adoption of the Long Term Plan by the Council.

Unlike the audit of our Annual Report, the audit of the Long Term Plan is undertaken in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and particularly taking into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400 *The Examination of Prospective Financial Information*.

As the councillors will be well aware, the ability to anticipate and predict future outcomes, especially in the later years of the planning period, is one of the more challenging aspects of the preparation of planning, especially specific financial expectations. We attempt to identify the risks associated with this for the reader through the identification of significant assumptions.

The Audit Report included in the Long Term Plan reflects a qualified opinion, noting that the qualification is related to specific items that have been discussed in detail with the Council throughout the preparation of the Long Term Plan, and reflect the challenging of being able provide assurance to the Auditors under the standards over the inclusion of assumptions that are more significant in scale yet include a high level of uncertainty, in this case being:

- Assumption on external funding contributions
- Inability to complete capital projects as planned

The Auditors (Audit New Zealand) will be present at the meeting to formally present the opinion, and will be able to discuss these matters in particular in more detail with the Council.

5. Options analysis - *Ngā Kōwhiringa*

The LTP document has been drafted to reflect the large number of decisions made by the Council over the last year following consideration of many options.

5.1. Option 1: Council adopt the draft Long Term Plan 2024-34 and associated policies and strategies (preferred option)

Advantages	***Disadvantages***
This enables Council to meet legislative requirements to adopt the LTP 24/34 before the end of September 2024 and set rates.	There are no identified disadvantages.

5.2. Option 2: Council do not adopt draft Long Term Plan 2024-34 and associated policies and strategies

Advantages	***Disadvantages***
There are no identified advantages	Council will not meet its legislative requirement to adopt and LTP and set rates by 30 September 2024 (LGA). Potential reputational risk for Council of delaying the LTP and delaying the rates adjustments. Likely to accentuate the rates increase over the following quarters to make up for delay.

6. Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

6.1. Assessment of Significance

This report is part of a broader process - the development of the LTP 2024-34 - which is assessed to be of high significance in accordance with the Council's Significance and Engagement Policy.

The following criteria are of particular relevance in determining the level of significance, because the LTP budget and work plan for the next ten years impacts each:

- Level of community interest
- Level of impact on current and future wellbeing
- Rating impact
- Financial impact
- Reversibility
- Impact on Māori
- Impact on levels of service
- Impact on strategic assets

6.2. Engagement and community views

Public consultation has been undertaken under the Special Consultative Procedure as part of the LTP programme. An overview of communication and engagement activities delivered under the LTP 2024-34 engagement plan was included in the 'Council Long Term Plan Deliberations' report which was provided to support the deliberations on the LTP 2024-34 on 8 and 9 May 2024.

Following adoption of the LTP on 5 August 2024, the engagement loop will be closed with information provided to submitters regarding Council's LTP decisions and key LTP messages.

6.3. Financial/budget considerations

The LTP sets the proposed budgets and associated rates impact for the following ten years. It also includes the forecast rates and debt levels and limits.

Reporting against the budgets to Council/committees of Council will continue in accordance with the current quarterly and annual arrangements, and reported publicly through the Annual Report each year.

6.3.1. Impact on rates

The following table compares the rates increases as proposed in the draft LTP budgets before consultation to those being proposed through the LTP for audit. It also sets out the limit on average rates increases set through the Financial Strategy.

Table 1: New Proposed Rates Increases

Year	Limit on average rates increase proposed in Final LTP	Rates increase proposed in Draft LTP	Rates increase proposed in Draft LTP (net of growth)	Rates increase proposed in Final LTP	Rates increase proposed in Final LTP (net of growth)
2024/25	19.0 %	18.7 %	17.1 %	16.2 %	15.0 %
2025/26	14.0 %	12.1 %	11.0 %	14.0 %	12.7 %
2026/27	12.5 %	10.3 %	9.3 %	10.6 %	9.5 %
2027/28	10.5 %	8.3 %	7.3 %	7.1 %	6.0 %
2028/29	10.5 %	8.4 %	7.9 %	7.0 %	6.3 %
2029/30	9.0 %	6.7 %	6.2 %	7.6 %	6.9 %
2030/31	5.0 %	2.5 %	1.9 %	4.9 %	4.2 %
2031/32	5.0 %	3.3 %	2.7 %	4.3%	3.6 %
2032/33	5.0 %	3.0 %	2.4 %	3.0 %	2.3 %
2033/34	5.0 %	2.2 %	1.7 %	2.4 %	1.9 %

As provided for in Local Government (Financial Reporting and Prudence) Regulations 2014 section 17, in addition to the Quantified Limit on Rates (increases) affordability detailed above, the Financial Strategy also provides for a Quantified Limit on rates (income) affordability of rates revenue at 80% of total revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

6.3.2. Impact on debt Levels

Debt Affordability Benchmark – Borrowing Amount Quantified Limit

The Long Term Plan draft budget presented here as provided for in Local Government (Financial Reporting and Prudence) Regulations 2014 section 18 presents the quantified limits, based on the Council having been credit rated, associated with debt affordability benchmarks as detailed in the updated Treasury Management Policy as follows:

- Debt (amount) affordability: net external borrowings (borrowings net of cash and cash equivalents including term deposits) to be no more than 250 percent of total revenue.
- Debt (expense) affordability: net interest expense (finance cost net of interest revenue) to be no more than 15 percent of rates revenue

We note that the LGFA covenants are higher than those limits set by the Council as follows:

- Net external debt as a percentage of total revenue – 280%
- Net Interest on external debt as a percentage of total revenue – 20%
- Net Interest on external term debt as a percentage of annual rates income – 30%
- Liquidity ratio (Total external term debt plus unutilised portion of committed debt facilities plus liquid funds over external debt) - >110%

The Long Term Plan draft budget presented here reflects that in addition to projecting to be compliant with all of the LGFA covenants the Council is projected to be compliant with the quantified amount limit across the 10 year, but is marginally above the quantified expense limit by 0.2 percent in the 2030 through 2032 years. In the Long Term Plan we have noted : *The proposed 2029/30 through 2031/32 budgets do not meet the debt affordability benchmark of 15 percent of rates. The Council will review and revise the budgets planned for those years in the next long term plan process*.

Debt Servicing Benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 section 18, provides for 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) equal or are less than 10 percent.

The proposed 2030/31 through 2033/34 budgets do not meet the debt servicing benchmark of 10 percent of rates. Again we have noted for the readers on the Long Term Plan that: *The Council will review and revise the budgets planned for those years in the next Long Term Plan process*.

6.4. Strategic alignment

The LTP defines Council’s strategic direction and priorities for the next ten years.

6.5. Climate change assessment

Climate change mitigation and adaptation feature as key focus areas throughout the LTP programme. Climate change is specifically mentioned as one of the Council’s strategic priority areas and its impacts have been specifically considered through the development of budgets.

Based on this climate change assessment, the decisions and matters of this report are assessed to have high climate change implications and considerations, in accordance with the Council's Climate Change Principles.

6.6. Risks

The content of the LTP is guided by legislation. The Council must comply with the legislation in order to adopt the LTP and to set rates. There are no known significant risks associated with the adoption of the LTP 2024-34. As set out under section 5 of this report, there are risks associated with any decision to 'not adopt' the LTP or to alter the decisions made to arrive to this point.

The LTP 2024-34 outlines the Council's work plan. If Council wish to carry out a significant project that has not been included in the LTP, this may require an amendment to the LTP.

7. Next steps - *Ahu whakamua*

Council has led development of the LTP. With the adoption of the LTP, the role of Council moves to one of monitoring outcomes, progress and budgets.

As part of this monitoring role, Council and committees thereof may need to consider adjustments or potentially larger changes to the LTP on an annual or as needs basis.

Post adoption, the LTP project will continue for approximately a month, moving through its final phases including publication, closing engagement loops, and project debrief.

Attached to this report:

- Appendix 1: Unapproved LTP 2024-34 – Volume 1
- Appendix 2: Unapproved LTP 2024-34 – Volume 2
- Appendix 3: Unapproved LTP 2024-34 – Volume 3
- Appendix 4: Treasury Management Policy

6.2.1 Appendix 1 - Unapproved LTP 2024-34 - Volume 1

VOLUME 1

WHAKATĀNE DISTRICT COUNCIL'S

Long Term Plan 2024-34
Te Mahere Pae Tawhiti 2024-34

OVERVIEW AND COUNCIL ACTIVITIES
HE TIROHANGA WHĀNUI ME NGĀ MAHI A TE KAUNIHERA

WHAKATĀNE District Council
Kia Whakatāne au i ahau

E ao ki tūāpae
The journey ahead

The Long Term Plan sets Council’s priorities and direction, now and for the next 10 years. This concept acknowledges we have a long journey ahead that requires stamina, steady guidance and eyes ahead to the horizon.

Contents
Rārangi Upoko

MESSAGE FROM THE MAYOR
He kupu nā te Koromatua

The development of Council's Long Term Plan 2024-2034 has been a difficult process for all concerned as we have tried to thread the needle between confronting difficult economic conditions that are unprecedented in modern times, geopolitical tensions and other factors, with the needs of the community.

The Reserve Bank of New Zealand's efforts to combat inflation have been necessary and impactful, albeit with their own set of challenges. While we've seen fluctuations in key economic indicators, such as inflation rates and oil prices, our community has felt the effects, particularly in terms of cost-of-living pressures.

Given these conditions, I have generally favoured a cautious approach including spending restraint and a focus on the basic infrastructure in order to limit cost-of-living pressures on communities. I wanted to see Council doing more with less, enhance its efficiency and minimise wastage. I think this plan goes some way to achieving these goals.

Balancing 'needs' with 'wants' in the present climate while maintaining some semblance of forward motion, has not been easy and trade-offs have needed to be made around the Council table, including by myself.

Here in the Whakatāne District, we've always been resilient in the face of adversity. Our community spirit and resourcefulness have helped us weather many storms. Although we live in a beautiful place in which optimism has always thrived, we must acknowledge the uncertainties that lie on the horizon.

Throughout the Long Term Plan development process I have pleaded with the community to share its voices.

In that regard, Council ran its biggest engagement programme ever with 23 organised opportunities for people to find out more about the plan and let us know what they thought. We received almost 1,000 submissions from individuals and groups and heard from around 80 submitters in-person over two days of hearings, which informed two days of Council deliberations.

The voices of our communities have been vital in crafting this Long Term Plan. A very clear message from many submitters was that 'times are tough' and the Council has to find the balance between the extremes of delivering only basic services and planning for communities that will serve future generations.

Arriving at the budget took lots of listening, analysis, debate, compromise and ultimately trust. What we end up with is an amalgam of voices in which I am only one.

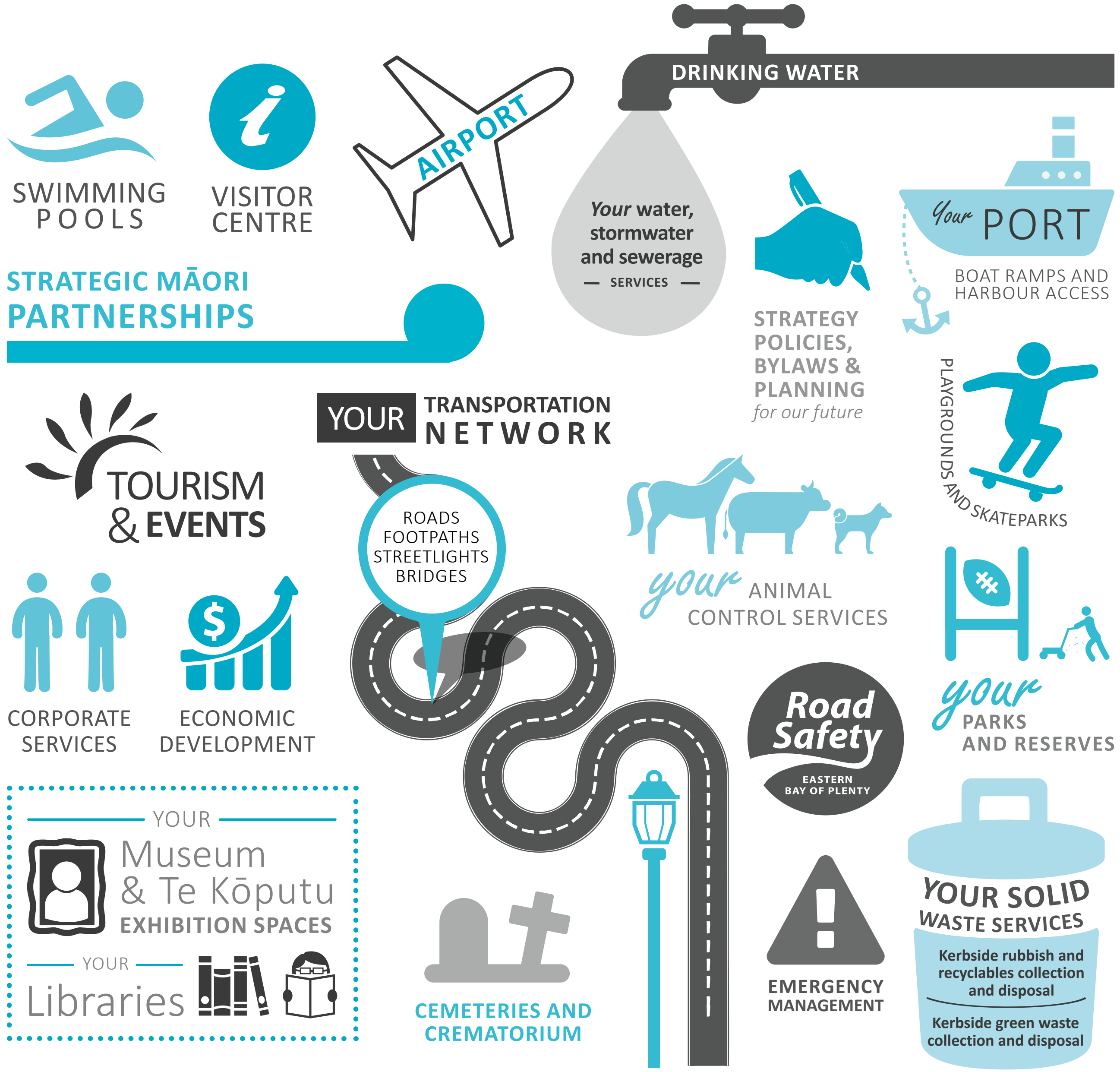
Dr Victor Luca
Mayor
KOROMATUA

IMPORTANT UPDATE
FitchRatings assigned Whakatāne District Council a first-time 'AA-' rating on 11 July 2024.

WHO WE ARE AND WHAT WE DO
Ko wai mātau, ā, he aha ā mātau mahi

The Council plays a crucial role in the Whakatāne District by providing essential services, facilities and recreational opportunities that people use every day. The Whakatāne District is governed by 11 elected community representatives who make key decisions to guide our activities and shape the future of the district. The Council delivers more than 30 different services and manages around $1.4 billion worth of community assets.

Our work *Ā mātau mahi*



DISTRICT AT A GLANCE – *He tirohanga ki te rohe*

The population

38,200

Total estimated population (2020)

Made up of

20,040

Whakatāne/Ōhope and Coastlands

18,160

Other towns and rural communities

Murupara, Edgecumbe, Tāneatua, Matatā, Galatea, Waimana, Te Teko and surrounding rural areas

TOTAL ESTIMATED POPULATION BY 2033

42,400

Seven iwi in the Whakatāne District

- **NGĀTI AWA**
- **NGĀTI MANAWA**
- **NGĀTI RANGITIHI**
- **NGĀI TŪHOE**
- **NGĀTI WHARE**
- **NGĀTI MĀKINO**
- **NGĀTI TŪWHARETOA KI KAWERAU**

We're diverse

PEOPLE IN THE DISTRICT IDENTIFY THEMSELVES AS*

63.2% EUROPEAN
46.8% MĀORI
3.0% PACIFIC
3.4% ASIAN

KIWI CAPITAL OF THE WORLD

KEEP NEW ZEALAND BEAUTIFUL

SUPREME WINNER 2021 AND BEST LARGE TOWN AWARD 2023

District area **433,000ha**

ŌHOPE BEACH
Twice voted NZ's favourite beach

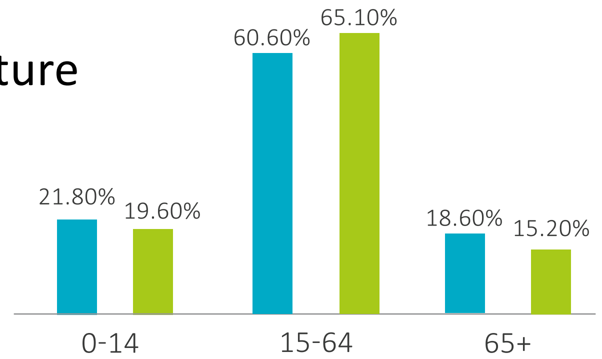
2,332

AVERAGE ANNUAL SUNSHINE HOURS

Whakatāne records the highest temperature in New Zealand about 55 days each year.

Age structure

Whakatāne District
NZ



* Source: 2018 New Zealand Census, StatsNZ.

YOUR MAYOR AND COUNCILLORS – *Te Koromatua me ngā Kaikaunihera*

We're your Mayor and Councillors for the 2022-2025 term. We're passionate about the future of the district, and want to see all communities flourishing, fulfilling their potential and living life to the full.

Dr Victor Luca
Mayor
M 027 749 8888
E victor.luca@whakatane.govt.nz

Lesley Immink
Deputy Mayor
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E lesley.immink@whakatane.govt.nz

John Pullar
Councillor, Whakatāne-Ōhope General Ward
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Julie Jukes
Councillor, Whakatāne-Ōhope General Ward
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Nándor Tánczos
Councillor, Whakatāne-Ōhope General Ward
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Gavin Dennis
Councillor
Rangitāiki General Ward
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Wilson James
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Andrew Iles
Councillor
Te Urewera General Ward
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Tu O'Brien
Councillor
Rangitāiki Māori Ward
M 021 194 6857
E tu.obrien@whakatane.govt.nz

Toni Boynton
Councillor, Kāpū-te-rangi Māori Ward
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E toni.boynton@whakatane.govt.nz

Ngapera Rangiaho
Councillor, Toi ki Uta Māori Ward
M 022 045 1412
E ngapera.rangiaho@whakatane.govt.nz

YOUR COMMUNITY BOARD MEMBERS (AS AT 30 JUNE 2023)
Ngā mema o ngā Poari Hapori

The Whakatāne District Council has four Community Boards covering the district. Each board is made up of members elected from within the four wards and an appointed Councillor (two Councillors for Whakatāne-Ōhope) from the same area.

Community Boards provide an important link between the Council and the community. Community Boards meet every seven weeks in an open meeting that you are welcome to attend. Contact information for your Community Board representatives and more details on meeting dates and venues are available on our website.

Your local Councillors and Community Board members are here to help. Get in touch if you have questions or concerns about a Council process or service, need information or advice or have an idea to enhance your community.

Visit our website for your elected members' contact details.

COMMUNITY BOARD AREAS

WHAKATĀNE-ŌHOPE COMMUNITY BOARD

Carolyn Hamill (Chairperson)
Christopher Howard
Douglas McLean
Linda Bonne (Deputy Chairperson)
Mark Inman
Ozgùr Jahn
Councillor Toni Boynton

RANGITĀIKI COMMUNITY BOARD

Clive McIndoe
Heemi Brown
Leeann Waaka (Chairperson)
Peter Falwasser
Peter Flowerday
Ross Gardiner (Deputy Chairperson)
Councillor Gavin Dennis

TĀNEATUA COMMUNITY BOARD

Diane Yalden (Chairperson)
Honey Thrupp
Luke Ruiterman
Talei Bryant
Natasha George
Moana Stensness (Deputy Chairperson)
Councillor Andrew Iles

MURUPARA COMMUNITY BOARD

Mere McLean (Chairperson)
Sheena Jones
Memory Edmonds
Irma Prentice
Alison Silcock
Jess Morgan-Ranui
Councillor Ngapera Rangiaho

OUR VISION AND COMMUNITY OUTCOMES
Tō mātau matakitenga me ngā hua hapori

Our vision of 'more life in life' is for communities to flourish, fulfil their potential and live life to its fullest. It recognises that the Whakatāne District offers a great quality of life – that this district is a great place to live, work, play, raise a family and do business.

More life in life

Working together to make living better for our communities, now and in the future

OUR FIVE STRATEGIC PRIORITIES
Ngā take matua e rima

The following priorities have been identified as the things we need to focus on most to take action on our 'More life in life' vision.

Enhancing the safety, wellbeing and vibrancy of communities

Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori

WHAT WE'LL FOCUS ON

- Support our smaller and remote communities to plan for their future – what changes should occur in the area and when, all across the district; and invest in making these changes happen.
- Increase safety for people moving around the district (e.g. community safety cameras, good lighting, multi-modal transport, accessibility for people with disabilities).
- Invest wisely in recreation, events and the arts to have a broader range of 'things to do' (especially for youth).
- Work with other agencies and community organisations to focus on social wellbeing outcomes (such as health, homelessness and safety).

Strengthening relationships with iwi, hapū and whānau

Me mātua whakawhanake i ngā kōtuituinga ā-iwi, ā-hapū, ā-whānau anō hoki

WHAT WE'LL FOCUS ON

- Implement strategies and programmes designed to enhance staff and councillor capability and capacity to effectively partner with iwi, hapū and whānau.
- Enable iwi participation in planning, decision-making and reflect cultural aspirations through the projects we deliver (e.g. financial support, capability, design).
- Work alongside Māori land owners to support and enable development of Māori land as appropriate.
- Work with iwi, hapū and whānau to improve equity and wellbeing outcomes.

Building climate change and natural hazard resilience, including our infrastructure

Me mātua whakakaha i te aumangea ki te huringa āhuarangi me ngā matepā taiao tae ana ki te hangaroto

WHAT WE'LL FOCUS ON

- Ensure our key infrastructure (roads and pipes) are resilient to the effects of natural hazards and climate change.
- Ensure the District Plan (rules for how people can build on and develop their land) recognises, manages and mitigates the effects of natural hazards because of climate change.
- Support people to navigate District Plan rules and requirements.
- Partner with at-risk communities about climate change adaptation and what this might mean for them (e.g. those communities that may be impacted by rising sea-levels, flooding).
- Work with communities to ensure the district is well-prepared for emergency management.

Facilitating economic regeneration and responding to development pressures

Me mātua whakahaere i te tipuranga o te taiōhanga me ngā tonotono whare

WHAT WE'LL FOCUS ON

- Setting direction for where and what type of development should occur using spatial planning, district planning and strategic planning processes for infrastructure, urban development and economic growth.
- Build relationships and partnerships with other councils, agencies and groups to support and advocate for development and growth.
- Back our economy, in particular the tourism and events sectors, to enable economic and employment growth and attract new business and investment into the district.
- Use all of Council's procurement tools to achieve greater gains for our local economy, workforce and environment.

Shaping a green district

Kia toitū te rohe

WHAT WE'LL FOCUS ON

- Be actively involved in reducing the district's carbon footprint and enabling alternative energies (e.g. solar farms).
- Advocate to central government on environmental issues on behalf of the community (e.g. apply for government funding and represent our local views).
- Provide active leadership to minimise and manage waste to develop a more circular economy.
- Ensure Council's decision-making and operations reflect our environmental priorities.

Further to our five strategic priorities, there are two additional considerations that underpin everything that Council does. These are Māori Relationships and Responding to Climate Change.

MĀORI RELATIONSHIPS
Ngā kōtuituinga Māori

Introduction – *Kupu Arataki*

Whakatāne District Council is dedicated to collaborating with iwi, hapū and whānau within the district to achieve improved outcomes for communities. With Māori comprising the majority of the population (46.8%)* in the Whakatāne District, and with many of the iwi and hapū encompassing some of the smallest and most remote communities in Aotearoa, it is imperative to uplift and support their aspirations. As we chart a course towards a new horizon, we are committed to ensuring that the voices of these communities are not only heard, but also actively incorporated into our decision-making processes. By fostering their capacity to engage with the Council, we strive for a more inclusive and equitable approach that truly reflects the diverse needs and perspectives of all our residents.

Statistics – *Ngā Tatauranga**

46.8 percent* of the population in the Whakatāne District is Māori

There are **seven settled iwi, one settlement bill** and **81 hapū** in the district

$8.6 billion
Value of the Māori economy

44 percent of the wider Bay of Plenty population under 15 is Māori

* Source: 2018 New Zealand Census, StatsNZ.

Legislative context
Horopaki Ture

Legislation plays a crucial role in shaping the interaction between Whakatāne District Council and iwi and hapū within the district. Through various statutes, such as the Local Government Act and the Resource Management Act, the government mandates consultation and engagement with iwi and hapū on matters affecting their interests, including land, resources, and cultural heritage. These legislative frameworks establish formal avenues for Māori representation in decision-making processes, ensuring their voices are heard and their perspectives considered. Additionally, legislation requires the Council to incorporate principles of the Treaty of Waitangi and Te Tiriti o Waitangi, recognising the partnership between the Crown and Māori, into their policies and practices. By embedding these requirements into law, legislation acts as a catalyst for meaningful engagement, fostering stronger relationships between local government and Māori communities, and promoting equitable outcomes for all stakeholders.

Some of the legislations that underpin these relationships and engagements are;

- Resource Management Act
- Local Government Act
- Reserves Act
- Marine and Coastal Area Act
- Ngāti Awa Claims Settlements Act
- Ngāti Whare Claims Settlements Act
- Ngāti Manawa Claims Settlements Act
- Ngāti Rangitihi Claims Settlement Act
- Ngāti Tūwharetoa (BOP) Settlement Act
- Ngāti Mākino Settlement Act
- Tūhoe Claims Settlement Act

Te Toi Waka Whakarei
Māori Relationship Strategy

Te Toi Waka Whakarei is a map to long-term change; laying out a clear strategy to develop the organisational capability, capacity and confidence to operate successfully with iwi, hapū and whānau resulting in authentic and enduring relationships and equitable outcomes.

Key points in the strategy include:

- Achieving relationship excellence
  - » Trust and confidence; transparent and timely. Relationship first approach; avoidance of litigation.
- Promoting Māori identity
  - » Iwi, hapū, whānau culture, history and identity is reflected through Council activities.
- Strengthening leadership
  - » Mayor, Councillors and Executive team model behaviours and and facilitate equitable outcomes for Māori.
- Improving decision making
  - » Better collaborative decision-making with iwi, hapū and whānau to 'get it right' the first time.
- Becoming an empowered organisation
  - » Staff are confident and competent to deliver on relationship and legislative responsibilities and iwi, hapū and whānau outcomes.
- Improving performance and accountability
  - » We monitor, inform and improve to ensure relationship excellence that in turn enhances community outcomes.

Strategic Priority
Rautaki Matua

Strengthening relationships with iwi, hapū and whānau.

We will focus on:

- Implementing strategies and programmes designed to enhance staff and councillor capability, capacity and confidence to effectively engage and partner with iwi, hapū and whānau.
- Enabling iwi participation in planning and decision-making, and reflect cultural aspirations through the projects we deliver (e.g appropriate support, capability, design functions).
- Working alongside Māori land owners to support and enable development of Māori land.
- Working with iwi, hapū and whānau to improve equity and wellbeing outcomes.

Benefits
Ngā hua

The success of relationships with our local iwi and hapū speaks volumes about the strength found in collaboration. Through these relationships, numerous projects have thrived, bringing about meaningful outcomes that positively impact the entire community. From sustainable resource management to cultural revitalisation, these initiatives are rooted in shared values and a commitment to mutual prosperity.

By working together, the Council, alongside local iwi and hapū have been able to create projects that not only deliver tangible results but also contribute to the overall wellbeing of communities.

These successful activities serve as powerful examples of how trust and reciprocity can lead to lasting benefits, enriching the lives of both current and future generations.

These include:

- Nature's Road, Te Urewera
- Te Niaotanga ō Mataatua, ō Te Arawa (Matatā Wastewater Reticulation Project)
- Mimiha Stream Bridge Upgrade
- Te Au o te Awa Punga (Policy Hub)
- Papakāinga Housing Consents
- Te Waiū o Pukemaire (Braemar Springs)
- Whakatāne Reorua
- Landing Road Roundabout
- Draft Airport Master Plan
- Matariki Celebrations
- Festival Support
- Eastern Bay of Plenty Spatial Planning

TE TOI WAKA WHAKAREI

Strengthening iwi, hapū and whānau relationships

WHY WE'RE HERE

As an organisation, the Council is responsible for providing leadership and stewardship of assets and resources to create a vibrant community.

We acknowledge our Treaty of Waitangi obligations and commit to relationships with iwi, hapū and whānau that are effective, enduring and trusting. We acknowledge mana whenua and the vital role they play in shaping our past, present and future.

WHAT WE DO

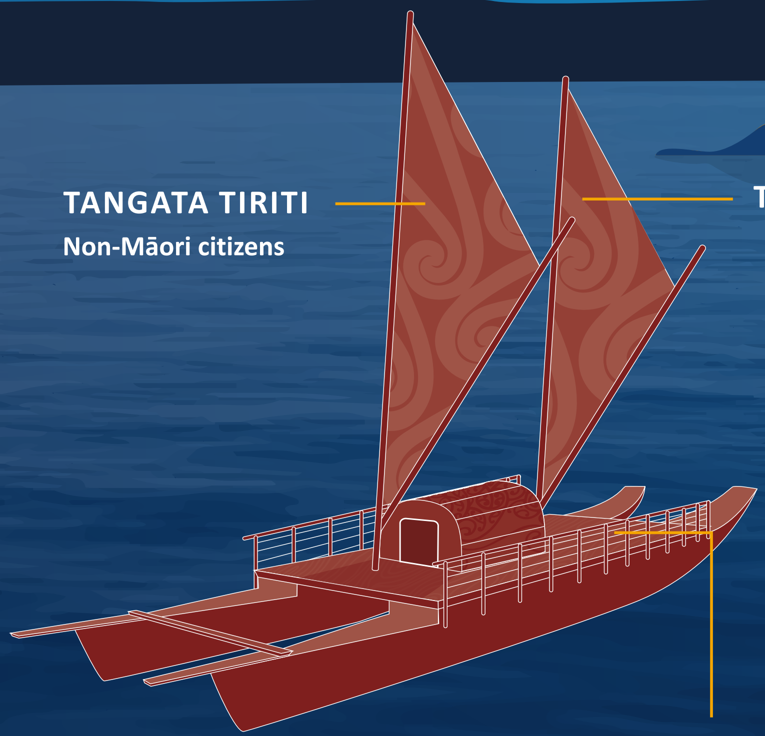
- Commit to real relationships to achieve positive and equitable outcomes for Māori and all communities.
- Meet our relationship and Treaty of Waitangi obligations to iwi, hapū and whānau.
- Support Māori to achieve their aspirations.

HOW WE DO IT

- OUR LONG TERM PLAN COMMITMENTS

We will focus on strengthening iwi, hapū and whānau relationships by:

- building meaningful and trusted relationships.
- ensuring effective Māori participation in democracy.
- upholding our treaty-based co-governance, co-management and other arrangements.
- working together on key projects, programmes and services.
- building our capacity and confidence to create trusting relationships.
- meeting our relationship and Treaty of Waitangi obligations to whānau, hapū, and iwi.



TANGATA TIRITI

Non-Māori citizens

TANGATA WHENUA

- Ngāti Rangitihi
- Ngāti Tūwharetoa ki Kawerau
- Ngāti Manawa
- Ngāti Whare
- Ngāi Tūhoe
- Ngāti Awa
- Ngāti Mākino

+ 80 hapū
+ 69 marae
+ Kaupapa Māori organisations

TANGATA TIRITI TANGATA WHENUA

Both hulls (Tangata Tiriti & Tangata Whenua) traversing a future together

PAPANOHO

The papanoho are the values that Whakatāne District Council will abide by to create better relationships with tangata whenua.

We put people at the heart of everything we do
Toitū te Tangata!

We care about our environment
Toitū te Taio!

We work as one team
Toitū te Mahi Tahi!

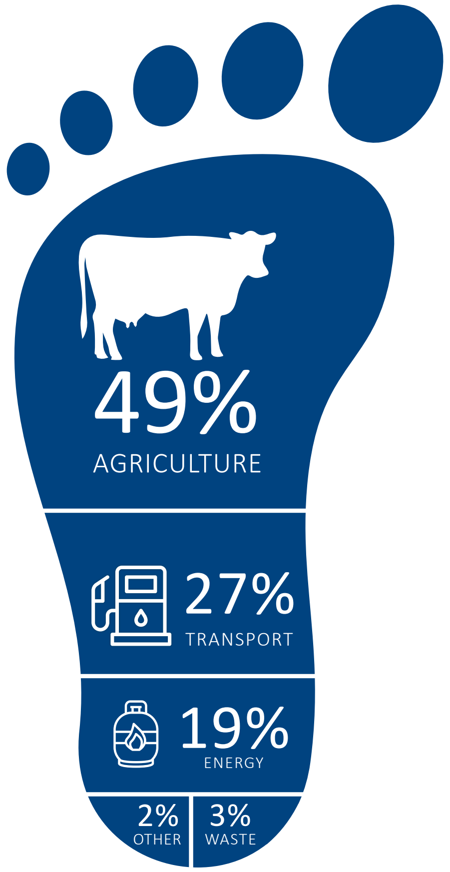
We are always learning and improving
Toitū te Taumata!

We are passionate and proud
Toitū te Mauri Ora!

RESPONDING TO CLIMATE CHANGE
E urupare ana ki te Huringa Āhuarangi

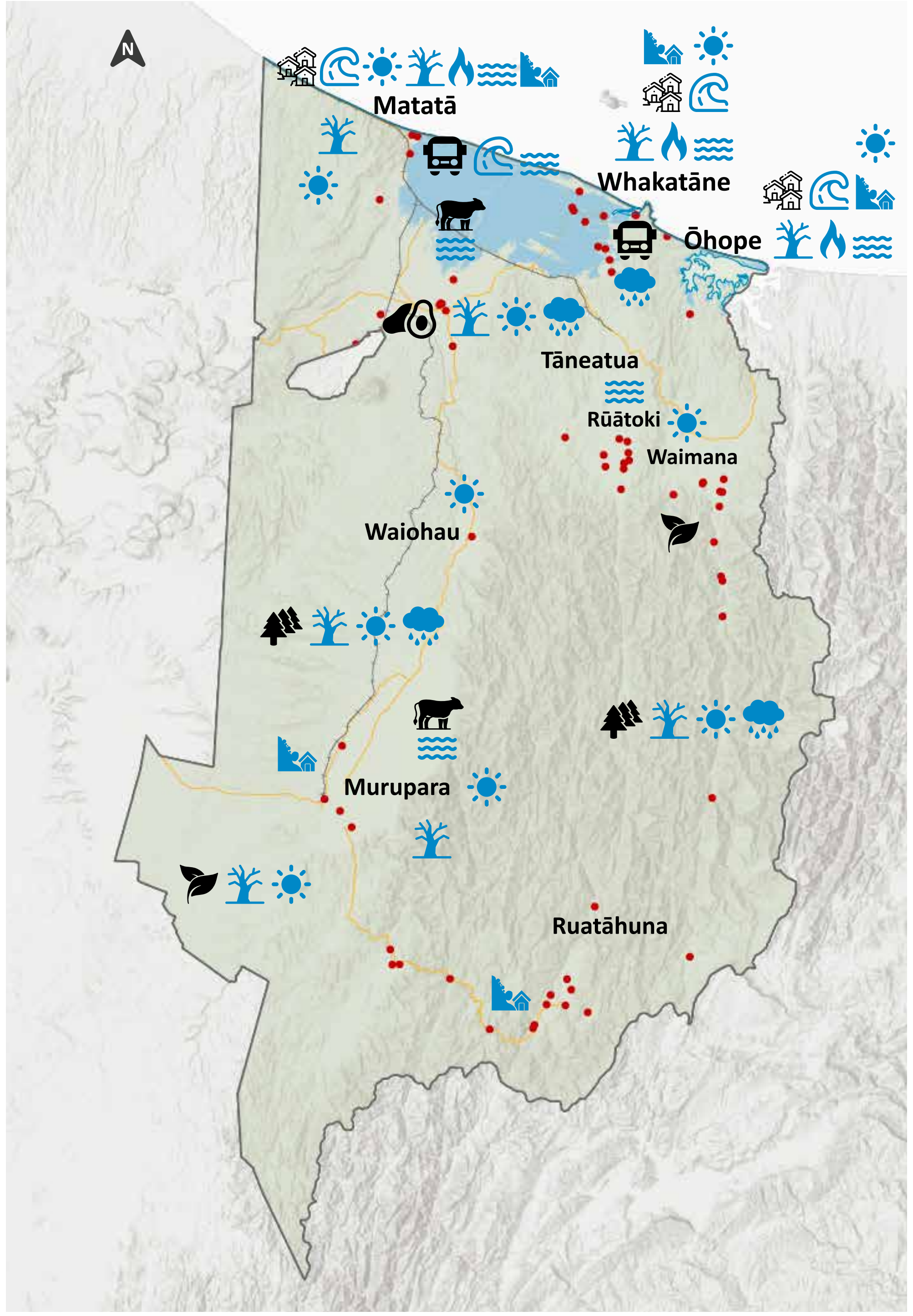
Introduction – *Kupu Arataki*

Whakatāne District Council acknowledges the risks and opportunities that a changing climate has for its communities, and we're committed to playing our part in the transition to a low-emissions future. We need to work together to find ways to reduce the district's carbon footprint. At the same time, we've had our fair share of natural disasters, and we know that a changing climate could make us more vulnerable to extreme weather events. The impacts of climate change will be felt across our communities and reach into homes, neighbourhoods and businesses. Increasing our resilience to severe weather events is a key priority for us. We can build resilience and capacity to recover from difficulties and prepare for change; but to be effective, we must act together.



WHAKATĀNE DISTRICT EMISSIONS
GROSS CARBON FOOTPRINT 1,103,952 (TCO2E) 2021*

** Tonnes of carbon dioxide equivalent*



Snapshot of climate change hazards in the Whakatāne District

ELEMENTS AT RISK

Communities and settlements

Whakatāne and other coastal settlements within Whakatāne District may be exposed to increasing coastal hazards.

Horticulture

Kiwifruit and avocado orchards on the Rangitāiki Plains may face increased flooding, groundwater rise and salinity stress. Orchards may also suffer from reduced winter chill, drought and increasing damage from severe weather.

Agriculture

Farms on the Rangitāiki Plains may face increased flooding, increasing heat stress and increased pests and diseases.

Forestry

Kāingaroa Forest is at risk of damage from increasing extreme weather, drought, landslides and fire risk, as well as disruption to logging connections due to flooding of transport routes.

Native Ecosystems

Native forests within Te Urewera ranges and the frost flats are at risk from increasing temperatures. Increasing rainfall may increase sediment in rivers and cause sediment plumes to discharge, causing damage to coastal ecosystems.

Transport

The roading network may face increasing damage and disruption from inundation, surface flooding, landslides, slips and sea level rise closing or damaging many rural roads, State Highway 2, low lying roads (such as Wainui and Thornton Roads), bridge structures and culverts, increasing disruptions and maintenance costs and leading to people being isolated. The Murupara and Matatā rail lines and the Whakatāne Airport may also face increased damage and disruption.

HAZARDS

- Increased temperature
- Drought
- Increased fire weather
- Coastal hazards
- Inland flooding
- Extreme weather
- Landslide

KEY Marae locations — State Highway — Railway — River and surface flooding — Coastal flooding

Adapted from Bay of Plenty Regional Risk Assessment: **www.boprc.govt.nz/environment/climate-change/regional-risk-assessment**
* This map does not represent a comprehensive identification of locations of hazards and elements at risk for the district.

A strategy for action
He rautaki whakamanawanui

Whakatāne District Council has been on a climate change journey since 2017, when the Mayor at that time signed the New Zealand Local Government Leaders' Climate Change Declaration. In 2019, following extensive community consultation, the Council adopted a set of Climate Principles and in 2020, following further consultation, adopted the first Climate Change Strategy and Action Plans. As a result of strong community demand, the Climate Change Strategy 2020-23 set ambitious targets for both the Council as an organisation, and the wider Whakatāne District.

Alongside the development of this Long Term Plan, the Council has been working with communities to develop a revised response to climate change. The resulting Whakatāne Climate Pathway provides a framework and actions for the Council to work collaboratively to shape sustainable, low-emission and resilient communities.

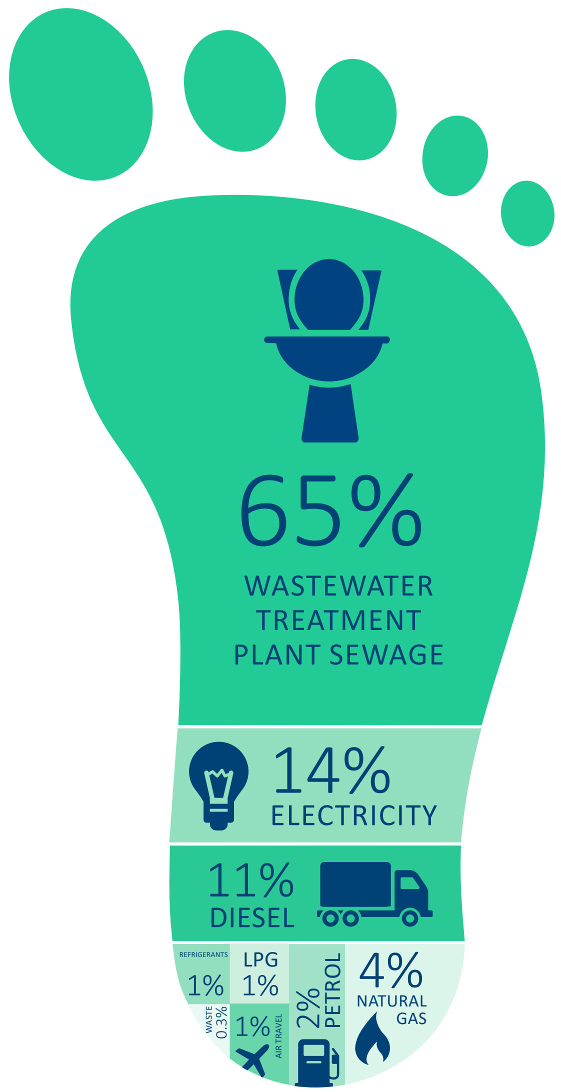
Embedding climate change considerations across the Council
E whaiwhakaaro ana ki te huringa āhuarangi i te Kaunihera whānui

Every service that the Council delivers, or project undertaken, has a climate impact. Our operations have a carbon footprint and we're working to monitor and reduce this footprint. Similarly, many Council operations have the capacity to enhance the district's resilience to a changing climate.

As well as establishing a revised Climate Change and Resilience activity through this Long Term Plan, climate change considerations and actions are also embedded across all workstreams of Council. We're looking to further embed climate change into our procurement, project planning, District Plan and Eastern Bay of Plenty Spatial Plan. The development of a Climate Change policy in 2024/25 will further support this work.

Partnerships and collaboration
Ngā kōtuituinga me te mahi tahi

The Council is committed to working with communities and key partners to enable and encourage climate action across the district. We have been working collaboratively to develop the new climate response for the district; Whakatāne Climate Pathway, with an emphasis on a community-focused, district-wide response.
This document sets out a vision, purpose, goals, principles and targets that the Council is committed to working towards alongside its communities. Supporting and enabling community-led action includes supporting education and awareness-raising, collaborating with people taking climate action and providing resource to enable community-led action.



WHAKATĀNE DISTRICT COUNCIL GROSS CARBON FOOTPRINT – 3,403 (TCO2E) 2023*

** Tonnes of carbon dioxide equivalent*

Only a subset of the Council's full emission is presented above. Please refer to page 69 for more detail on performance measures relating to climate change.

WHAT WE HEARD FROM YOU AND HOW WE RESPONDED
Ngā whakahokinga kōrero me ā mātau urupare

Early engagement
Kia wawe te tūtakitakitanga

While the Council regularly engages with its communities, we kicked off discussions specifically about what's important to you in this Long Term Plan in June 2023. You gave a lot of great feedback, with more than 360 submissions received - the most ever during this stage of developing a Long Term Plan. It was clear many people care about the future of the district and people want to know what their rates are being spent on, now more than ever. We also delved into community feedback received throughout past years, which offered valuable insights into the diverse ideas, aspirations and concerns that communities hold for the future.

Three Waters
Ngā Wai e Toru

Between the early engagement phase and formal consultation, a change in government meant an end to the previous Three Waters Reform Programme. Council staff and elected members worked hard to bring maintenance and compliance costs back into the budget for the next 10 years (see key decisions section). The good news is our water infrastructure is in comparatively good shape and the allocated budget, which is more than ever before, will deliver a significant programme of renewals and upgrades. There is still work to do, however, and we will continue collaborating with central government and regional partners to resolve the challenge of accessing a more sustainable funding and financing model going forward and operating within affordability constraints. For more information on our Infrastructure Strategy and capital expenditure, see Volumes 2 and 3.

Formal consultation
He uiuinga ōkawa

All early feedback and consideration was brought together in our Long Term Plan Consultation Document and supporting materials. We then invited feedback through a month-long engagement process that also included approximately 23 face-to-face events attended by the Mayor, Councillors and staff. The consultation document included four key questions (see following pages) that would help drive decision-making, but also invited general feedback and suggestions on any aspect of Council services. We were thrilled to receive approximately 1,000 submissions from individuals and more than 80 organisations through this process. Many submitters also took the opportunity to share their submission directly with Council across two days of oral hearings. There was a huge variety of topics and voices of iwi and hapū were strongly represented.

Key question one:

How should we scale, stage and fund necessary upgrades to the Rex Morpeth Recreation Hub?

Me pēhea mātau e mahi, e whakapau moni anō hoki kia whakamohoa ai te Papa Rēhia a Rex Morpeth?

Whilst Rex Morpeth has appeared in previous Long Term Plans, this has not resulted in dedicated funding to delivery significant improvements and/or redevelopment. This is now a case of chronic underinvestment meaning our district does not have adequate facilities for sports and wellbeing activities. Further delay or cancellation of the redevelopment phase would result in a loss of revenue opportunity, loss of an important emergency management facility, an inability to attract large scale events and limited community well-being opportunities.

What was proposed

Redevelopment of the Rex Morpeth Recreation Hub which includes:

- A multi-purpose facility with significant upgrades to the Whakatāne War Memorial Hall, including the Little Theatre
- A sports pavilion to replace the existing Rugby Park grandstand
- An accessibility-friendly playground
- Increased carparking space
- Other required improvements over the Rex Morpeth Recreation Hub area

Upgrades to the Rex Morpeth Recreation Hub were proposed to take place in stages to allow time to carry out detailed design and planning, seek feedback, obtain external funding and carry out construction works.

Typically, community facility developments like this attract a significant portion of external funding. We proposed that funding comes from three sources; rates, development contributions (see supporting documents) and external funders. We also proposed that a plan would be developed to secure the levels of external funding required to progress through to the major redevelopment stage of the project.

What the feedback said

Feedback regarding options for the redevelopment of the Rex Morpeth Recreation Hub in the Whakatāne District Council's consultation process revealed a range of perspectives within the community. Some expressed the view that while upgrades were necessary, they should be deferred due to present financial conditions. Others opposed using rates to fund the project, citing concerns about overall rates increases and the current financial strain on the community. Many submissions prioritised funding for core infrastructure projects over the hub redevelopment. However, supporters of redevelopment underlined the hub's significance for arts, recreation, emergency response facilities, and sports. They emphasised the importance of securing external funding to alleviate the financial strain on ratepayers, while also highlighting potential long-term benefits for community wellbeing and economic development. In summary, the feedback illustrated a balance between recognising the hub's significance and the necessity for responsible financial management and resource prioritisation.

What was decided

Councillors agreed to:

- integrate a stop/go decision-making point into the 2027/28 Long Term Plan regarding the Rex Morpeth Recreation Hub's redevelopment budget.
- retain budget allocation for co-funding the Rex Morpeth Recreation Hub project.
- prioritise health and safety, making the building watertight, and functionality-focused improvement works during the next four years, up to $7.8 million.
- finalise the master plan for the hub and explore the feasibility of a separate indoor court facility.
- develop an external funding plan before the next Long Term Plan.
- advance discussions with potential partners for the Rex Morpeth Recreation Hub redevelopment.

Key question two: How should we manage foodwaste collection?
Me pēhea mātau e whakahaere i te kohikohinga para kai?

What was proposed

The Council's preferred option for an indicated requirement to introduce kerbside foodwaste collection was a mixed foodwaste and greenwaste collection for urban properties only. This option would see a kerbside service introduced to urban properties that currently have greenwaste collections, requiring urban residents to put foodwaste in with their greenwaste. With this option, urban properties would put their foodwaste in their current greenwaste bin which would be collected weekly.

A new 140-litre kerbside bin for fortnightly general waste collection would be introduced for all properties currently receiving kerbside collections and free worm farms or compost bins would be supplied to rural property owners who want them to help manage foodwaste.

What the feedback said

The feedback on foodwaste management options highlighted a strong emphasis on cost-effectiveness, environmental impact, and practicality. Many expressed concerns about the associated costs of new waste services and the consequences of fortnightly general waste collections should the third option have been chosen. A common theme was the recommendation to promote home composting to reduce costs and provide environmental benefits. Some advocated for the continuation of the status quo, expressing satisfaction with the current waste disposal system and suggesting that change be made at the household level rather than through waste services.

What was decided

During the consultation period, further clarification was provided from central government, advising that requirements to introduce kerbside foodwaste collections by January 2027 were not yet legislated. As a result, Councillors agreed that no kerbside foodwaste collection service be included in the Long Term Plan 2024-34. Noting that this approach does not necessarily support keeping the 'status quo'; rather, it asks that resource be directed into supporting the community to reduce the amount of foodwaste that goes into kerbside collections. Community feedback will be considered should central government revisit legislation in the coming years.

Council will consider a 're-run' of the subsidised home composting solutions (worm-farms/compost bins/bokashi units) campaign along with a major educational campaign on home composting with workshops, online videos and educational materials, and direct staff to keep exploring other strategies to reduce food waste.

Key question three: How quickly should we close our funding gap?
Ka hia ngā tau me whakaiti mātau i te āputa tahua?

What was proposed

The Council is currently facing a funding shortfall of approximately $14 million. This is due to extraordinary cost escalations and increased insurance and compliance costs. We asked communities how quickly we should try to close this gap and return to financial stability, reflecting the legislative benchmark of a balanced budget. Of the three options available, it was proposed that the Council close the gap over six years. This would see an additional cost to ratepayers of $2.4 million added in year one, resulting in a total average rates increase per property of 17.1 percent (net of growth) at the time of the consultation document, plus approximately $2.4 million in each of the following four years before being resolved by year six. There would be $36 million additional borrowing costs at the end of 10 years under this option.

What the feedback said

Overall, there was widespread frustration and dissatisfaction with the proposed rates increases to close the funding gap, especially considering the economic challenges faced by many residents. Submitters expressed deep concerns about the affordability of these increases and called for improved efficiency, and prioritisation of essential services over 'nice to have' projects. Most submitters saw the preferred option as the most sustainable and fairest system, striking a balance by alleviating current economic pressures while also addressing the critical need to ensure that there is minimal burden on future ratepayers.

What was decided

Councillors agreed to proceed with the preferred option of closing the funding gap over six years.

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* GST inclusive- based on median rates per property across existing properties for financial year 2023/24 [Council's average total rating income increase percentage considers overall revenue including additional rates from new properties (growth), while the average (net of growth) is the average increase year on year for existing rateable properties across all the properties in the district that existed last year.

Key question four: How should we distribute rates increases across the properties in our district?

Me pēhea mātau e tuari i ngā tāke kaunihera puta noa i te rohe?

What was proposed

Councils need to decide what proportion of the general rate is fixed through the Uniform Annual General Charge (UAGC), and what proportion is based on the property's capital value. The fixed portion of rates based on our last Annual Plan was previously set at 24 percent, which would have resulted in a UAGC in year one of $927.50 (GST excl.) based on total rates revenue in the consultation document. We proposed lowering the fixed portion, including UAGC, to 20 percent in response to cost of living increases and to better reflect the ability for people who own lower-value properties to pay.

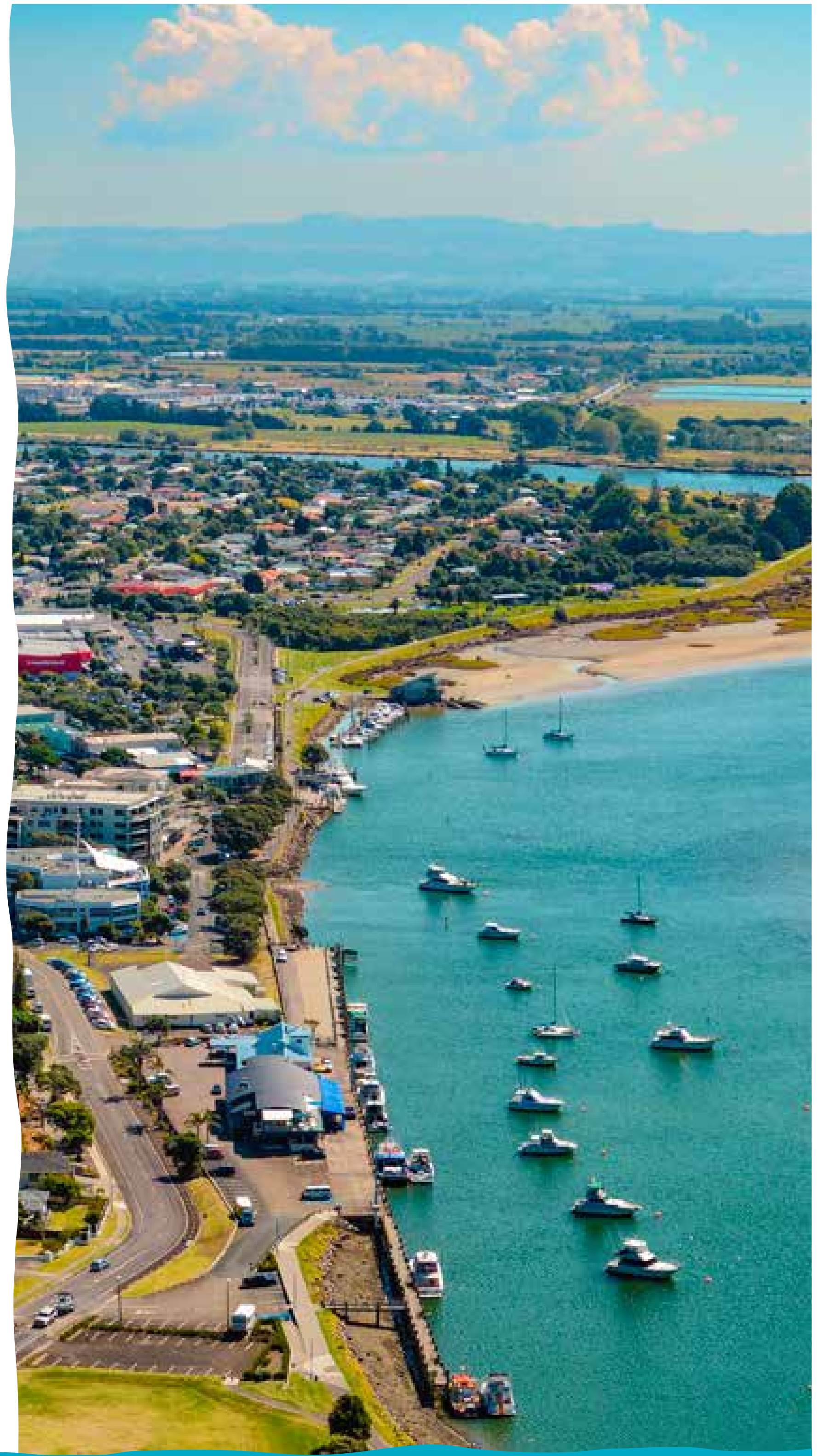
What the feedback said

It's important to acknowledge that some responses indicated submitters may not have fully understood the question, and either didn't provide comments or responded with uncertainty. Consequently, there are limited submissions that directly address the question asked.
Most provided feedback on rates increases, rather than discussing how rates should be distributed. Across all options, submissions reflect the current economic pressures. The majority of submitters were opposed to the rates increases that were being proposed and stressed their concerns about the affordability of this, especially lower-income residents and those on superannuation.

What was decided

Councillors agreed to proceed with the preferred option of lowering the fixed portion, including UAGC, to 20 percent- $718.14 (GST excl.) in year one of the Long Term Plan.

Note: Although the Councillors agreed to proceed with the recommended 20 percent fixed portion, the value of the UAGC portion is now lower than included in the Consultation Document in line with the overall change in total rates income between the Long Term Plan and the Consultation Document. For more understanding of rating information, refer to the Funding Impact Statement - rating information (Volume 3 - Our Finances).



Key themes throughout feedback
Ngā kaupapa matua i ngā whakahokinga kōrero

Feedback received through the Long Term Plan consultation process highlighted several themes reflecting community concerns and priorities.

Alongside responses to the four key questions, these themes capture the diverse perspectives and the many varied challenges facing the Whakatāne District.

Concerns over financial responsibility, rates increases and spending allocations were prevalent. Submitters expressed frustration over perceived wasteful spending and high rates in a time of financial strain exacerbated by inflation and interest rate hikes. Calls for prioritising essential services, transparency in spending, and exploring alternative funding sources were common. Some submitters were concerned about proposed increases in staffing levels.

There was wide variation in what was considered essential and non-essential services. The majority of submitters recognised Three Waters as a core service requiring prioritised investment. Suggestions for reducing demand on water supply and promoting initiatives such as rainwater collection tanks were made to address water sustainability concerns. Some submitters prioritised improvements to Sullivan Lake, while others called for urgent action to address wastewater reticulation in Matatā. Overall, there was a clear message that water and infrastructure are important priorities for all communities.

In contrast, there was division over whether other projects could be classified as essential or non-essential. Proposals for accessible playgrounds, seniors' wellness parks, and increased support for young people were put forward to enhance community wellbeing. Concerns over increased crime and support for initiatives addressing homelessness were also raised. There was some resistance to introducing fees at the Murupara Refuse Transfer Station and to major upgrades to the Rex Morpeth Recreation Hub. Opposition to the Boat Harbour on the grounds of contamination and scepticism over financial viability was notable.

Community members emphasised the need for transparency, accountability and community representation in Council decision-making. Submissions urged the Council to advocate for local needs and push back against central government policies that burden local councils financially. Suggestions included conducting expenditure reviews, campaigning for financial reform and exploring alternative revenue streams.

These feedback themes collectively underscore the complexity of balancing community needs, financial constraints and strategic priorities in the Long Term Plan development process. Moving forward, addressing these concerns and incorporating community impact will be crucial in shaping a plan that reflects the aspirations and realities of the Whakatāne District.

Other decisions based on feedback
Whakataunga kē atu i te whakahokinga kōrero

Specific funding requests

Due to the financial context and constraints of this Long Term Plan, decisions on whether to support all other specific funding requests have been deferred until the next planning process begins in 2025.

Critical infrastructure

The Council has committed to spending approximately 50 percent more than ever before on a capital works programme that will prioritise renewals, upgrades to water treatment plants and volumetric charging systems to improve equity and efficiencies in delivery. We are building resilience in our critical infrastructure to ensure our communities are well-prepared for future demand and unforeseen eventualities.

Future land use and transport plans

The Eastern Bay Spatial Plan sets out the strategy and actions for where and how we should grow and develop over the next 30 years, while contributing to the district's social, economic, environmental, and cultural wellbeing. The Plan will help shape the district by considering land use, transport, natural hazards, heritage, and natural environment values.

It will guide future land use patterns, improve land transport network connections and explore the possibility of an additional river crossing. We're committed to advocating for better options for the Pekatahi Bridge with NZ Transport Agency Waka Kotahi and will ensure our communications emphasise the importance of appropriate evacuation routes.

Monitoring the Boat Harbour Project

As a dedicated shareholder, the Council is keeping a close eye on the Boat Harbour project. Council's Risk and Assurance Committee, along with regular reports from our independent Board member, ensures we stay informed and proactive in our oversight. There is no further investment in the Boat Harbour included in the first three years of the Long Term Plan, other than the $4.1 million originally provided for in our 2023/24 annual plan now assumed to be called in the 2025/26 year.

Enhancing communication and accessibility

We're listening to your feedback and will be conducting an internal review of our Long Term Plan communication process. This review will focus on improving the effectiveness of our communication, making information more accessible, and finding easier ways for you to provide feedback and engage with us. We're also seeking advice on how to make our documents clearer and more user-friendly.

Sullivan Lake improvements

In response to community feedback on affordability, we've decided to defer the budget for interventions at Sullivan Lake to the second year of the Long Term Plan. This decision follows recommendations from the 2024 Sullivan Lake and Awatapu Lagoon Water Quality, Ecology, and Options for Improvement reports, and acknowledges partial or incomplete remedial works will be ineffective.

Supporting environmental initiatives

While we couldn't provide direct financial support to the Tarawera Awa Restoration Strategy Group, we're directing staff to explore collaborations with other council partners. Together, we aim to support this initiative with up to $15,000 per year for the next two years.

Trial fees at Murupara Refuse Transfer Station

To better align with our practices in Whakatāne, we'll be introducing trial fees and charges at the Murupara Refuse Transfer Station starting in February 2025. This trial will run for 12 months, and we'll be closely monitoring its impact and gathering your feedback.

Operational costs and staffing levels

As outlined in Volume 3 - Our Finances section, we've been affected, like all councils, by unprecedented recent cost increases. Wherever possible we have minimised increases in operating expenditure over the 10 years. There are some activities, however, where investment is necessary to ensure legislative compliance and avoid significant negative impacts on levels of service, for example increased staff in regulatory roles (a graphic on page 33 shows where we are investing in our people). We have worked hard to defer any unnecessary expenditure to minimise rates increases in the short term, while ensuring our service delivery can achieve the strategic outcomes that are important to communities.

Our finances *Ngā ahumoni*

The financial challenges we're up against
Ngā wero ahumoni

In the past three years, we've done well by improving essential services and meeting community needs. However, as we plan for 2024-34, we're facing tougher financial challenges.

Inflationary pressures and starting from behind

The global economy is in a vastly different space, and the costs of delivering our services will continue to increase significantly in the next 10 years. While consumer inflation has risen as high as 7.5 percent, local government costs have inflated as high as 50 percent in some instances.

Responding to the increasing cost of compliance

We face the challenge of additional costs to maintain crucial services due to compliance demands from central government; for example resource consent management. Balancing the books for the Long Term Plan becomes more difficult as we strive to meet these requirements.

Recognising the future demand for critical infrastructure investment

Over time, our critical infrastructure hasn't received the investment needed to keep it fit for purpose by today's standards and resilient to future natural hazards and extreme weather events. To meet the needs of Whakatāne District communities and make sure essential services keep working as they should, we need to spend some big dollars. However, the funding system we have to work within means we have limited ability to borrow funds for these necessary investments.

What this means for your rates

Council has worked hard to keep rates increases as affordable as possible, while grappling with these significant challenges. To keep meeting the current and future needs of communities, and avoid making the situation worse for future ratepayers, rates in year one of the Long Term Plan 2024-34 need to increase by an average of 15 percent (net of growth). Approximately 12 percent of this increase comes from the inflationary pressures and cost of compliance outlined on this page. The image on page 28 shows how rates fund the services we provide.

Balancing the books
E whārite ana i te mahere pūtea

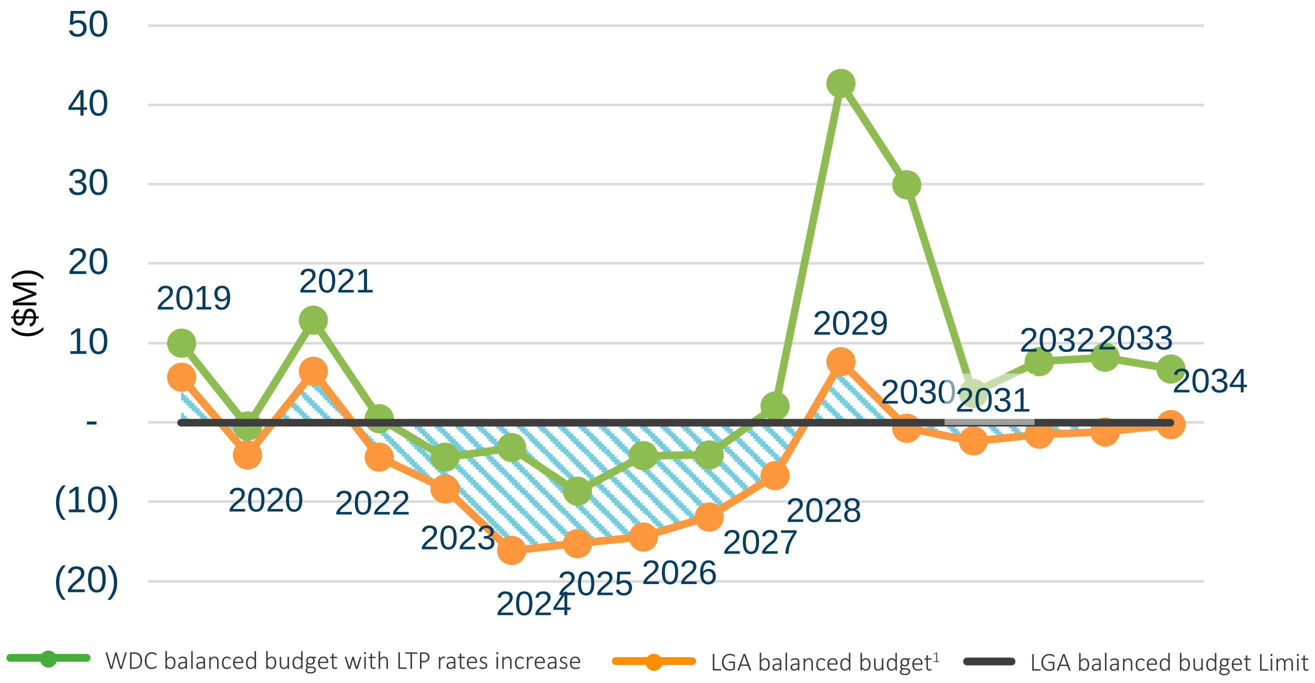
One of the guiding principles to our Financial Strategy (Volume 2) is prudent sustainable financial management. This means we're required to produce a 'balanced budget', defined in the Local Government Act as budgeting each year for operating revenue at a level sufficient to meet operating expenses budgeted for that year. The Act, however, does allows councils to budget for a deficit, if it resolves that it is financially prudent to do so, including consideration of the wellbeing of communities.

Over the 10 years of the Long Term Plan it costs almost $1.4 billion to keep the services Council delivers to the community operating. This means that everyday costs need to be paid by everyday revenues. If we are not balancing the books it means we're borrowing money (debt) to cover the shortfall, which also means we have to cover the interest costs on that debt and it reduces our ability to borrow for future projects.

Over the lifetime of the Long Term Plan revenue needs to be set at a level sufficient not only to cover operating costs, but also to pay interest and principal on previous debt used to fund improvement to assets. This ensures that current ratepayers are contributing an appropriate amount towards the cost of the services they receive or can access.

As a result of the financial challenges we identified in the previous page, our starting position is now in deficit.

PROJECTED COUNCIL BALANCED BUDGET POSITION



1 To project the Councils' Balanced Budget Position we have used the Local Government (Financial Reporting and Prudence) Regulations Act 2014 definition, 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 Recreation Hub project.

Note: The spike in performance in 2029 and 2030 is caused by the one-off impacts of subsidies associated with Rex Morpeth Recreation Hub.

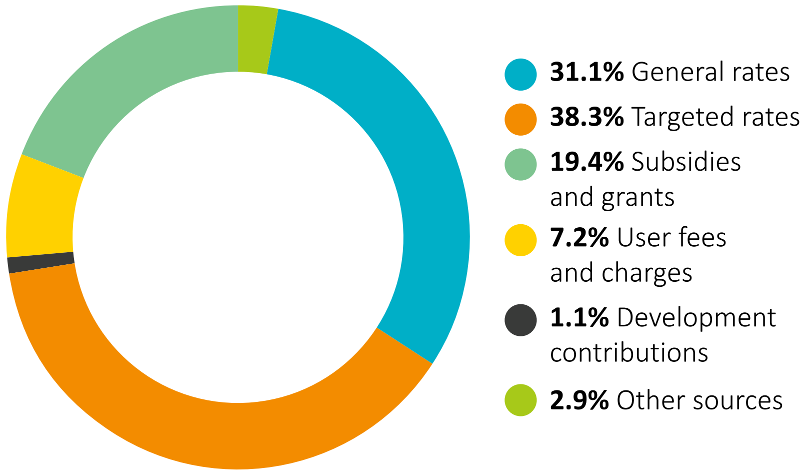
Recognising the 'cost of living crisis', we need to move towards a sustainable position, balancing the budget over the medium term. The capital investment programme and cost pressures from the Long Term Plan 2021-31 and this Long Term Plan, together with limitations on revenue, particularly due to affordability issues of rates, makes this very challenging.

Feedback to this topic in the Long Term Plan consultation document largely supported the approach of implementing a phased increase in rates to address this over the first six years of this Long Term Plan. The plan projects that we will essentially achieve a balanced budget within the definition provided in the Local Government Act of balance budgets from the 2027/28 year. This represents 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.

How we'll fund the next 10 years
Ka pēhea mātau e utu i ngā tau 10 e heke mai nei

Councils are expected to deliver more, meet higher standards and achieve a wider range of outcomes for communities than ever before. This means that costs, and rates, continue to increase over time. Even if we were to deliver exactly the same services during the next 10 years, rates would still need to increase because of the increasing costs of things like concrete, pipes, chemicals, labour and construction materials. We've thought carefully about how to keep our Long Term Plan budgets as affordable as possible, while also funding important work for the future of communities.

Rates make up the biggest portion of how we're funded. We aim to get money from other sources where we can, to help reduce the cost to ratepayers. During the next 10 years we expect around 69.5 percent of revenue to come from rates. Other funding sources include subsidies, grants, financial assistance rates and government partnerships, and fees and charges.



The average rate revenue increase

We have outlined average rate increases for average value properties across the district below.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Weekly $ increase *	$12.30	$11.93	$9.92	$7.07	$7.81	$9.06	$5.99	$5.33	$3.54	$2.83
% Increase (net of growth)	15.0%	12.7%	9.4%	6.0%	6.3%	6.9%	4.3%	3.7%	2.4%	1.8%

* GST Inclusive- Council's average total rating income increase percentage considers overall revenue including additional rates from new properties (growth), while the average (net of growth) is the average increase year on year for existing rateable properties across all the properties in the district that existed last year.

Impact of financial challenges on rates increases

Based on the past four years, we anticipate a 21 percent funding shortfall by 2025 due to rising costs. Of this, 4.7 percent will be covered as part of an average 15 percent rate increase (net of growth) in the first year, with the remaining shortfall spread over the next five years.

In the first year, the 15 percent is comprised of:

- 4.7 percent as part of the six year staged approach to address previous cost and compliance increases.
- 5.9 percent exceptional cost increases specifically related to 2024-25. This includes 1.7 percent for waste management and 1.2 percent for insurance inflation, with the remaining 3 percent covering general cost inflation.
- 1.4 percent to support borrowing for asset improvements and to offset higher interest rates.
- 3 percent to address additional compliance issues and meet increased service demands, after accounting for savings.

What does a 15 percent average rates increase across the district in year one mean?

A 15 percent increase in rates revenue (in year one) doesn't mean everyone will receive a 15 percent increase on their rates bill. The average rate increase for 90 percent of residential properties can vary between 10 and 20 percent. The increase for each property depends on the rates and services the property is charged for, and the type and value of the property.

General rates differential for high value properties

In 2012, we introduced a differential general rate system. This meant that properties with a capital value exceeding $15 million were charged the same rate per dollar for the first $15 million of the property's value. However, for every dollar beyond $15 million, a lower rate (25 percent less), was applied. Initially, this affected two large industrial properties.

Since then, we've had two property valuation cycles. Between January 2019 and September 2022, the average house price in the district rose by approximately 60 percent from $486,000 to $744,000*. Consequently, many high-value properties, including those already subject to the differential, have seen valuation increases exceeding 60 percent. As a result, the number of properties subject to the differential has increased from two to about 50.

As part of our review for this Long Term Plan, our Financial Strategy includes raising the threshold for the differential from $15 million to $30 million. This means roughly 15 properties, mainly in commercial, industrial, horticultural, and farming sectors, will remain in the high-value category. Some of these properties also have a separate targeted district growth rate applied specifically to certain commercial and industrial properties.

This change doesn't alter the total amount of rates collected by the Council. Instead, it means the approximately 50 properties won't receive the 25 percent lower differential for every dollar of their property value over $15 million.

Instead, they'll only receive it for each dollar over $30 million. The removal of this lower differential translates into a lower rates increase this year for approximately 16,000 properties with capital values below $15 million.

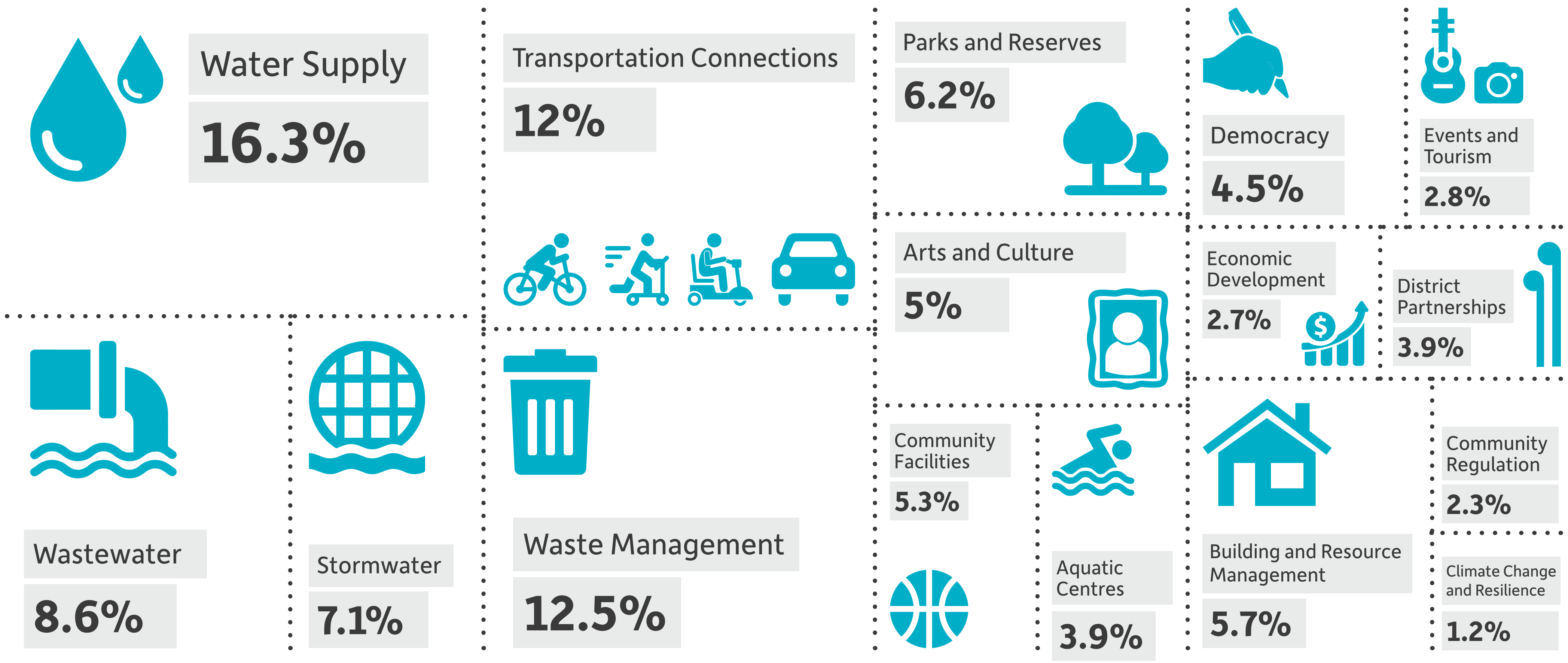
More information of rates setting and rating impacts of general versus targeted rating

More information on how we set rates is provided in the Revenue and Financing Policy in Volume 2, and additional information on specific rate types and levels for the coming year including tables of indicative rates amounts and increases are set out in the Funding Impact Statement – Rating Information at the end of the Financials section in Volume 3.

* Source: qv.co.nz

How rates fund the services we provide
Ngā Tāke Kaunihera o ia ratonga

This shows how rates are divvied up to fund our activities. You can see that the bulk of spending is on essential services.



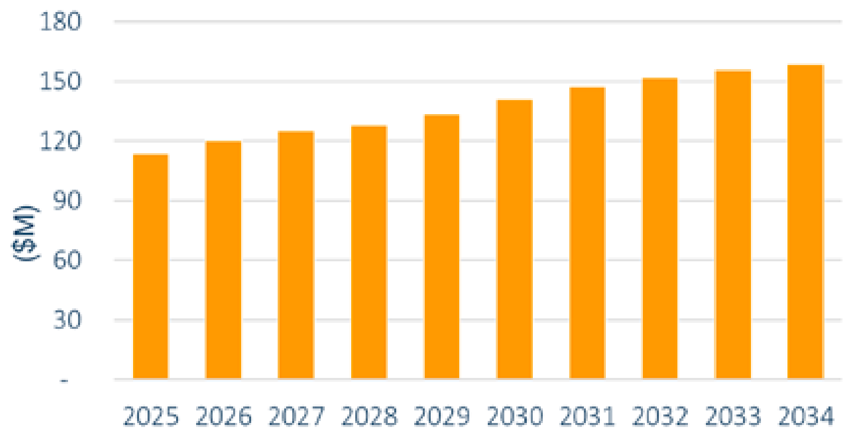
Our operating expenditure
Te Whakapaunga utu Mahi

Our operating budget of

$1.38 billion

covers the day-to-day costs of delivering our services over the life of the Long Term Plan.

Total operating expenditure trend



Examples of operating expenditure in this Long Term Plan

Personnel costs **$345m**

Direct costs **$555m**

Finance costs **$145m**

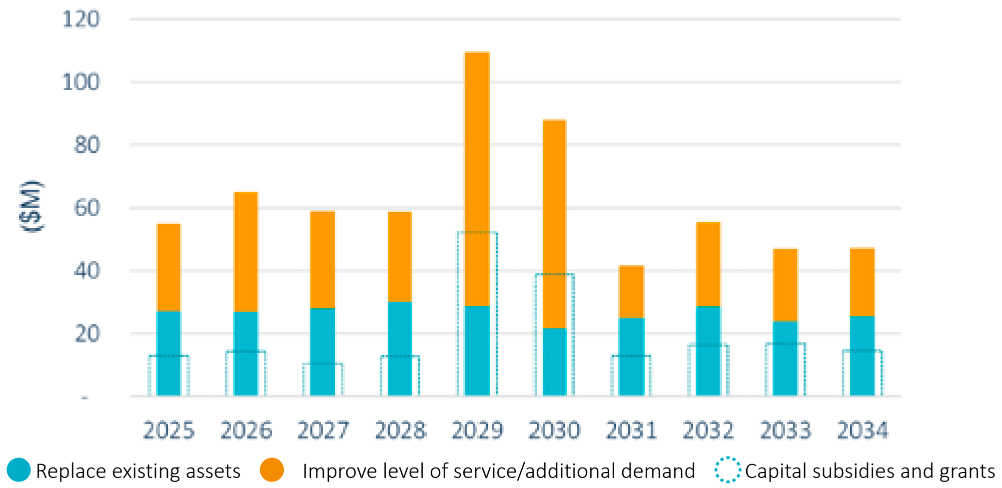
Asset depreciation **$335m**

Our capital expenditure
Te Whakapaunga utu Rawa

Our capital budget of

$626.6 million

represents our investment over the life of the Long Term Plan in maintaining the assets we already have, improving levels of service through new infrastructure and responding to demand. Expenditure for 2029-30 includes the major development phase associated with Rex Morpeth Recreation Hub, should further development be approved at that point.



Examples of significant capital expenditure in this Long Term Plan

Three Waters **$213m**

Transportation (roading) **$207m**

Parks/community facilities **$136m**

Other activity **$71m**

For a full breakdown of expenditure in this Long Term Plan, refer to 'Our Finances In Detail' in Volume 3. For an explanation of how debt is used to fund the capital investments needed, refer to the 'Financial Strategy' in Volume 2.

USING DEBT WISELY
Te whakamahinga taurewa

While borrowing money to cover everyday costs of Council would not be an ideal solution, it is sensible to borrow for long-lasting assets like water systems, roads, and community buildings. Using loans for these things allows us to spread costs over time, so both current and future residents contribute their fair share. This approach also helps keep rate increases more stable. However we recognise having debt can feel uncomfortable.

One of the key issues covered in our Long Term Plan Financial Strategy is how and why we'll use borrowings in the next 10 years, and our strategy to ensure we fund repayments of that debt. It's important that we prudently manage the amount of borrowings, while enabling continued investment in community assets.

Setting prudent limits

The New Zealand Local Government Funding Agency (LGFA) is one of the main lenders to New Zealand Councils. As our key lender, LGFA has set a limit on how much it believes our Council can comfortably borrow, based on our net debt (that's external borrowing less cash and investments) compared to revenue. We are currently undertaking a credit rating assessment and have assumed this will be completed successfully in the next few months. At that point our debt to revenue limit set by LGFA would be 280 percent, and interest to revenue limit would be 20 percent (LGFA debt to revenue limit for unrated councils is 175 percent).

In our Treasury Management Policy, which has been reviewed as part of this Long Term Plan, we have set our internal limits below those deemed acceptable by LGFA, with our net debt to total revenue limit set at 250 percent, and net interest to rates revenue limit set 15.0 percent*. These are limits not targets and in our Long Term Plan we project the maximum debt to revenue being 207 percent by 2031 before dropping to 190 percent with repayment by 2034. That's the equivalent of a household earning $100,000 per year and having a mortgage of $192,000.

Based on this projection that means we would have at minimum $66 million available to us to respond to unanticipated events while staying within this limit and up to $140 million, on average across the 10 years, if we went to the 280 percent limit allowed by our lenders.

IMPORTANT UPDATE
FitchRatings assigned Whakatāne District Council a first-time 'AA-' rating on 11 July 2024.

*The charts on page 32 show our projected performance in this Long Term Plan against these quantified limits.

The significance of Three Waters on debt and debt limits

Central government has confirmed that the Three Waters Reform programme will not proceed. At this stage, however, the tougher regulations remain in place, requiring significant upgrades to our assets and services over the coming decades in order to comply.

The emerging dominance of Three Waters has prompted several changes or considerations in our proposed Financial Strategy for this Long Term Plan. One of the key issues with water, as highlighted in more detail in the Infrastructure Strategy in Volume 2, is the acknowledged requirement for significant new projects to address historic under-investment and maintain service level expectations at the minimum standards that Council must achieve as set by regulators like Taumata Arowai.

The volume of investment required over the next 30 years far outweighs Council's ability to secure borrowings to support the programme, irrespective of the additional affordability issues this increased investment would have on ratepayers.

When we drill down and look at the proposed level of debt for just our Three Waters activities alone, compared to the revenue for these activities over the next 10 years, the ratio appears to be as high as 330 percent. As a reference, if we compared this with all activities of Council, excluding Three Waters, the Rex Morpeth Recreation Hub project, and debt associated with strategic property which has third party returns, the maximum projected debt to revenue ratio for Council over the next 10 years would be 140 percent. This would then reduce to 125 percent by 2034, and the maximum interest to revenue ratio would be 7.5 percent.

The significance of external funding

The Projections in the Long Term Plan provide for $219 million in external funding to support capital expenditure through subsidies and development contributions. There are three major components of capital that are particularly dependent on the assumptions of levels of subsidies being achieved.

Transport connections: 64 percent of the Transporation Connections activity group capital expenditure budget of $207 million projected in this Plan is anticipated to be funded through subsidies particularly from New Zealand Land Transport Waka Kotahi.

Matatā Wastewater Project: 39 percent of the $42 million capital expenditure budget identified in the plan is anticipated to be funded by subsidies and grants.

Rex Morpeth Recreation Hub: Approximately 60 percent of the $107 million capital budget associated with this project is assumed to be funded from external sources. The majority of this capital budget is related to the second stage of the project, budgeted at almost $100 million including inflation and contingencies across 2028-30.

With respect to Matatā and Rex Morpeth where there is a higher level of uncertainty over the ability to secure external funding in line with these assumptions, on the basis that the project capital expenditure would be cancelled or deferred if external funding levels are not received, there are no anticipated negative financial implications or risks associated with not achieving the external funding. In the Group of Activities in Volume 1, based on the assumption of investment in these projects, we have indicated anticipated increases in levels of service for the Wastewater and Halls activities respectively. If these projects were not to proceed, based on not achieving the assumed external funding, the level of service for these activities would be 'maintain' rather than 'increase'.

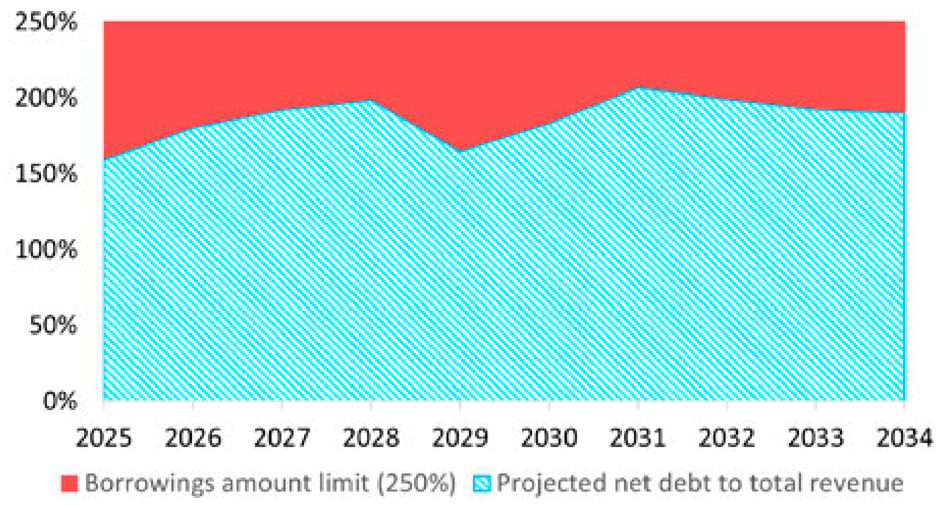
Managing interest and repayment of debt

Our risk management strategies for debt are outlined in Council's Treasury Management Policy, including strategies to manage interest rate risk, limits to manage liquidity and funding exposure, counterparty credit exposure, debt repayment, borrowing limits, maintaining financial covenants and security arrangements. Interest rate swaps are held as part of the interest rate risk management strategy, in line with the Treasury Management Policy available from our website at **whakatane.govt.nz/documents/policies-and-bylaws**

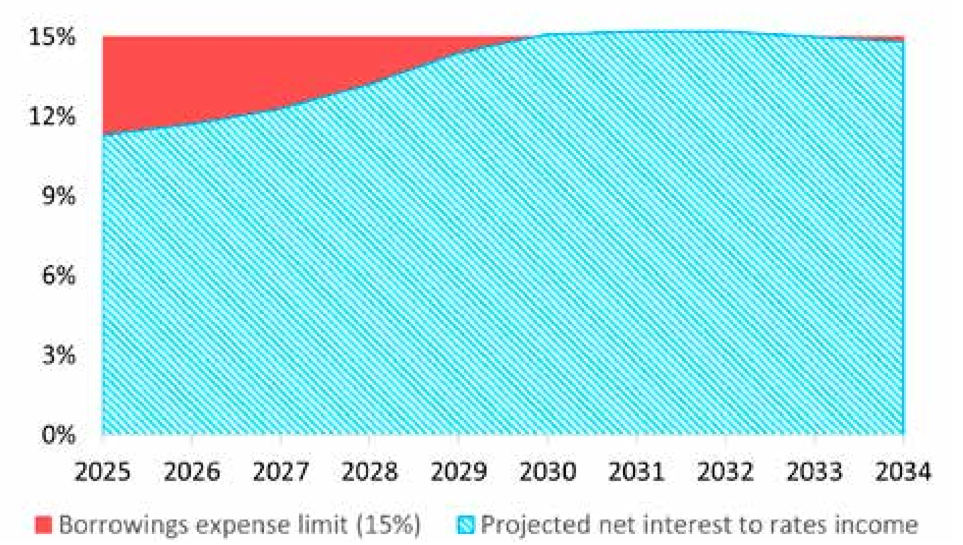
Our Financial Strategy ensures provision is made for funding the repayment of principal on debt associated with previous investment in improving assets, based on the anticipated benefit over the life of that investment to the ratepayers who benefit from it. Over the 10 years of this Long Term Plan that equates to over $100 million in repayments, of which over 40 percent relate to Three Waters.

As can be seen from the graph on this page critical decisions associated with Three Waters and Rex Morpeth Recreation Hub will need careful consideration as we head into the next Long Term Plan to ensure interest as a ratio of revenue is able to be maintained at a sustainable level.

PROJECTED NET DEBT COMPARED TO TOTAL REVENUE LIMIT OF 250%



PROJECTED NET INTEREST COMPARED TO RATES INCOME LIMIT OF 15%



Our people
He tangata

How our staff are distributed across our services

People are the lifeblood of any council. We have an incredible team of frontline operators and support staff who do the hard mahi to make the Whakatāne District such a great place to live. In recent years, our suite of services has grown and compliance expectations have increased. This is likely to continue for at least the first three years of the Long Term Plan and we will be investing in some key roles across this period, particularly in consenting and regulation, digital services and iwi relationships. While it is important we resource our work programme as efficiently as possible, we are also trying to keep costs down by bringing some work back in-house that has previously been contracted out.

Finance and digital services	15.6%
Three Waters	11.4%
Parks and reserves	8.6%
Building and resource management	10.3%
Aquatic Centres	7.1%
Arts and culture	7.0%
Transportation connections	5.8%
Community regulation	2.8%
Holiday Park	2.7%
District Partnerships	3.1%
Events and Tourism	3.0%
Other corporate services	14.9%
Other activity groups	7.7%

Groups of Activities Summaries

Te Whakarāpopototanga o ngā mahi a ngā Rōpū Kaunihera

Activities and levels of service you can expect
Ngā mahi me ngā taumata ratonga me mahi rā ka tika

We need to make a commitment to you about the level of service you can expect from us for each of these activities and how it compares to the previous Long Term Plan. We've thought carefully about each activity and whether we reduce, maintain or improve the level of service. The key thing to remember here is that simply maintaining a level of service means we still need to increase our spending each year. This is because we need to meet inflationary increases and make improvements to our assets like roads and footpaths.

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

DEMOCRACY	
▶	Governance
▶	Community Support/Grants
▶	Community Boards

ARTS AND CULTURE	
▶	Libraries and Galleries
▶	Museums and Archives

DISTRICT PARTNERSHIPS	
▲	Strategic Māori Relationships
▶	Community Development
▶	Community and Road Safety

AQUATIC CENTRES	
▶	Aquatic Centres

EVENTS AND TOURISM	
▶	Visitor Information
▲	Marketing and Events

ECONOMIC DEVELOPMENT	
▶	Economic Development
▲	Strategic Property

CLIMATE CHANGE & RESILIENCE	
▲	Climate Change
▶	Emergency Management

STORMWATER	
▶	Waters Management
▶	Stormwater Drainage

WASTE WATER	
▶	Trade Waste
▲	Wastewater

WATER SUPPLY	
▲	Water Supply

PORTS AND HARBOUR	
▶	Ports and Harbour

PARKS AND RESERVES	
▲	Parks, Reserves and Gardens
▶	Cemeteries

WHAKATĀNE HOLIDAY PARK	
▶	Whakatāne Holiday Park

TRANSPORT CONNECTIONS	
▶	Transport Network Connections
▲	Parking Enforcement
▶	Shared Use Pathways

BUILDING AND RESOURCE MANAGEMENT	
▶	Building Services
▶	Resource Consents
▶	Resource Management Policy

WASTE MANAGEMENT	
▶	Waste Disposal
▶	Waste Minimisation

COMMUNITY REGULATION	
▲	Animal Control
▶	Environmental Health
▶	Liquor Licensing
▶	Regulation Monitoring

COMMUNITY FACILITIES	
▲	Halls
▶	Public Conveniences

DEMOCRACY
Manapori

Activities in this group

- Governance
- Community Support and Grants
- Community Boards

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for this group of activity will be maintained.

What we do and how we do it

This group of activities provides open, effective and accountable governance for the Whakatāne District and supports connected and inclusive leadership for our communities. Council is committed to partnering with and supporting the aspirations of whānau, hapū and iwi. We acknowledge the value of doing this and the resulting positive outcomes for all communities. We work with the Elected Members, the Council's committees and sub-committees, community boards, local interest groups, stakeholder groups, the general public, central government, neighbouring councils and others because it helps us keep in touch with the priorities of our communities and because it presents significant opportunities to deliver better outcomes for the district.

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Constructively and collaboratively engaging with iwi, hapū and whānau

Alignment with Strategic Priorities

Enhancing the safety, wellbeing, and vibrancy of communities
– Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori

- Support our smaller and remote communities to plan for their future - what changes should occur in the area and when, all across the district, and investing in making sure these changes happen.

Strengthening relationships with iwi, hapū and whānau – *Me mātua whakawhanake i ngā kōtuitinga ā-iwi, ā-hapū, ā-whānau anō hoki*

- Enable iwi participation in planning, decision-making and reflect cultural aspirations through the projects we deliver (e.g. financial support, capability, design).

Challenges

- Engaging with remote communities to enable them to participate in our Annual and Long Term Plan processes requires considerable time and resources and we are always looking for opportunities to do this more effectively
- Ensuring we deliver on our Te Tiriti obligations requires strong internal leadership. Council has developed a series of recruitment, on-boarding and ongoing training processes to meet this challenge

Significant negative effects

There are no significant negative effects associated with the activities in this Activity Group.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our Annual Reports each year to show you how we are performing against the levels of service we have said you can expect from us.

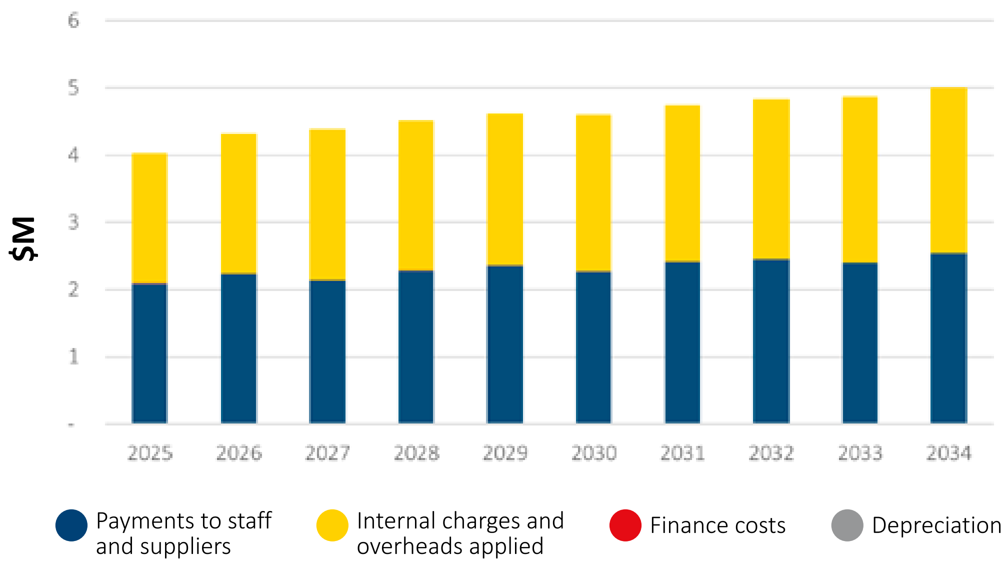
Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We ensure that there are opportunities for public participation in decision making.	Percentage of meeting and committee agendas made available to the public within statutory timeframes.	New measure*	100%	100%	100%	100%
	Percentage of Council meetings that are publicly live streamed.	New measure*	90%	90%	90%	90%

*This is a new measure for the Long-Term Plan 2024-34. Therefore, we do not have results from previous years to compare our targets to.

Key financial summary

OPERATING EXPENDITURE

$45.9 million Total operating expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

The majority of operating expenditure in this activity group are impacted by standard inflation increases, with the exception of a small increase in year two in Community Matching Funds to support the community groups contributing to our community vision.

CAPITAL EXPENDITURE

$Nil

Total capital expenditure over the 10 years 2025-34

Funding Impact Statement 2024-34 - Democracy

AP 2024	($000) For 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 funding										
2,710	General rates, uniform annual general charges, rates penalties	3,609	3,881	3,938	4,060	4,149	4,122	4,260	4,341	4,361	4,489
383	Targeted rates	425	441	455	463	471	481	488	497	508	515
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
-	Fees and charges	-	-	-	-	-	-	-	-	-	-
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
3	Local authorities fuel tax, fines, infringement fees, and other receipts	3	3	3	3	3	3	4	4	4	4
3,096	**Total sources of operating funding (A)**	**4,038**	**4,325**	**4,396**	**4,526**	**4,624**	**4,606**	**4,752**	**4,842**	**4,872**	**5,008**
	Applications of operating funding										
1,930	Payments to staff and suppliers	2,100	2,232	2,144	2,284	2,363	2,274	2,417	2,457	2,401	2,550
2	Finance costs	2	2	2	1	1	1	1	0	-	-
1,486	Internal charges & overheads applied	1,930	2,085	2,245	2,236	2,254	2,326	2,329	2,380	2,471	2,458
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
3,418	**Total applications of operating funding (B)**	**4,032**	**4,319**	**4,391**	**4,521**	**4,618**	**4,601**	**4,747**	**4,836**	**4,872**	**5,008**
(323)	**Surplus (deficit) of operating funding (A-B)**	6	6	6	6	6	6	6	6	-	-
	CAPITAL										
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
(6)	Increase (decrease) in debt	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
(6)	**Total sources of capital funding (C)**	**(6)**	**(6)**	**(6)**	**(6)**	**(6)**	**(6)**	**(6)**	**(6)**	**-**	**-**
	Applications of capital funding										
	Capital expenditure										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve level of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
(328)	Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
(328)	**Total applications of capital funding (D)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
323	**Surplus (deficit) of capital funding (C-D)**	**(6)**	**(6)**	**(6)**	**(6)**	**(6)**	**(6)**	**(6)**	**(6)**	**-**	**-**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

ARTS AND CULTURE
Ngā Toi me te Ahurea

Activities in this group

- Libraries and Galleries
- Museums and Archives

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for this group of activity will be maintained.

What we do and how we do it

This group of activities provides and maintains a range of services, spaces and facilities for community use, recreation and amenity. As a district with a deep history of arts and culture, it’s important that Council continues to provide activities and spaces that enhance this, and in turn, improve the quality of life for our residents and visitors, and celebrate this beautiful district and its people, both past and present.

Key projects

- Improvements to our library collections
- Delivering our Arts, Culture and Creativity Strategy

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Constructively and collaboratively engaging with iwi, hapū and whānau

Significant negative effects

There are no significant negative effects associated with the activities in this Activity Group.

Alignment with Strategic Priorities

Enhancing the safety, wellbeing, and vibrancy of communities – *Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori*

- Invest wisely in recreation, events, and the arts to have a broader range of 'things to do' (especially for our youth).

Strengthening relationships with iwi, hapū and whānau – *Me mātua whakawhanake i ngā kōtuituinga ā-iwi, ā-hapū, ā-whānau anō hoki*

- Work with iwi, hapū and whānau, to improve equity and wellbeing outcomes.

Challenges

- Finding and retaining staff that reflect the diversity of our communities is a challenge we address by prioritising community partnerships and collaboration with other regional authorities.
- We are always striving to help communities understand what services they can expect and optimising resources to deliver a quality community experience

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our Annual Reports each year to show you how we are performing against the levels of service we have said you can expect from us.

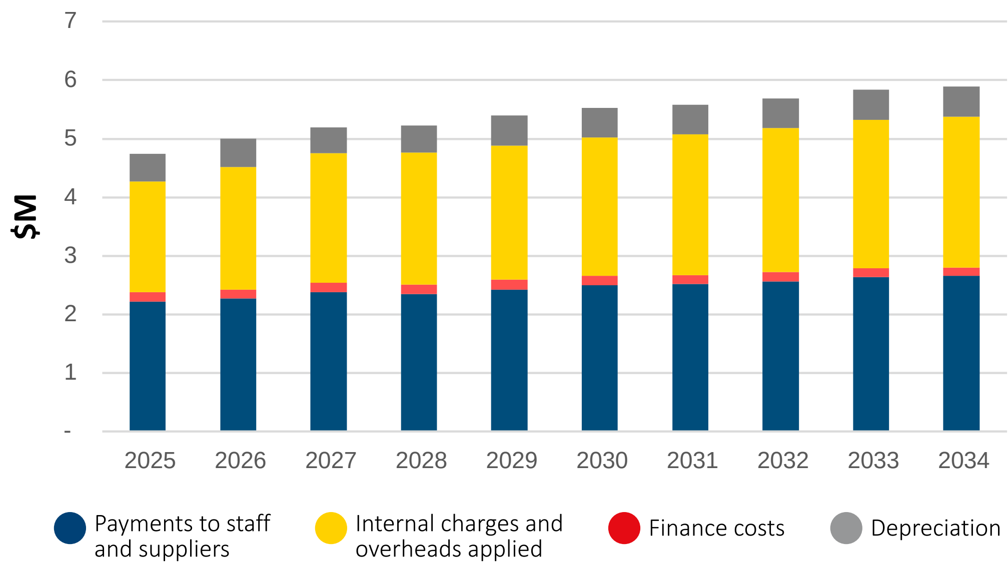
Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We promote and celebrate arts and culture in the district.	User satisfaction with art and culture services in the Whakatāne District (Te Whare Taonga o Taketake - Whakatāne Museum and Research Centre, District Libraries, Te Kōputu a te Whanga a Toi - Whakatāne Library and Exhibition Centre).	84%	78%	78%	78%	78%

Key financial summary

OPERATING EXPENDITURE

$54.1 million

Total operating expenditure over the 10 years 2025-34



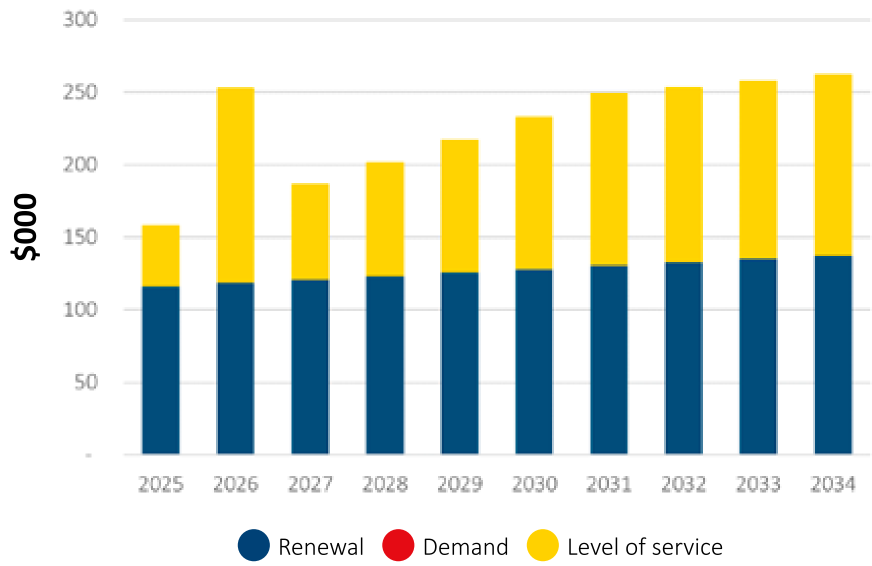
Commentary on material changes since the last Long Term Plan, if any:

Changes in operating expenditure in this activity group include investment in supporting the delivery of the Arts Strategy outcomes identified through community engagement over the last 12 months.

CAPITAL EXPENDITURE

$2.3 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

Capital expenditure increase in 2026 includes the Digital Studio project at Te Whare Taonga o Taketake at $80,000. The balance in capital expenditure relates to renewal and improvements across the libraries collections.

Funding Impact Statement 2024-34 - Arts and Culture

AP 2024	($000) For 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 funding										
4,198	General rates, uniform annual general charges, rates penalties	4,213	4,512	4,803	4,966	5,149	5,349	5,416	5,542	5,701	5,772
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
12	Subsidies and grants for operating purposes	13	13	13	13	14	14	14	14	15	15
11	Fees and charges	11	11	11	11	12	12	12	12	13	13
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
55	Local authorities fuel tax, fines, infringement fees, and other receipts	25	25	26	26	27	27	28	28	29	29
4,277	**Total sources of operating funding (A)**	**4,261**	**4,562**	**4,853**	**5,017**	**5,201**	**5,402**	**5,471**	**5,597**	**5,757**	**5,829**
	Applications of operating funding										
1,884	Payments to staff and suppliers	2,216	2,269	2,385	2,350	2,427	2,499	2,518	2,567	2,642	2,660
154	Finance costs	161	157	158	162	165	162	157	154	146	137
2,535	Internal charges & overheads applied	1,892	2,091	2,214	2,251	2,292	2,364	2,401	2,465	2,538	2,580
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
4,572	**Total applications of operating funding (B)**	**4,269**	**4,517**	**4,758**	**4,762**	**4,884**	**5,026**	**5,077**	**5,186**	**5,325**	**5,376**
(295)	**Surplus (deficit) of operating funding (A-B)**	(8)	45	95	256	318	377	394	412	432	453
	CAPITAL										
	Sources of capital funding										
446	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
(56)	Increase (decrease) in debt	60	100	(22)	(61)	(101)	(144)	(144)	(157)	(172)	(188)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
390	**Total sources of capital funding (C)**	**60**	**100**	**(22)**	**(61)**	**(101)**	**(144)**	**(144)**	**(157)**	**(172)**	**(188)**
	Applications of capital funding										
	Capital expenditure										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
462	- to improve level of service	42	135	66	79	92	105	119	121	123	125
124	- to replace existing assets	116	119	121	123	126	128	131	133	135	138
(492)	Increase (decrease) in reserves	(106)	(109)	(114)	(8)	(1)	(0)	0	1	2	2
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
95	**Total applications of capital funding (D)**	**52**	**144**	**73**	**194**	**217**	**233**	**250**	**255**	**260**	**265**
295	**Surplus (deficit) of capital funding (C-D)**	**8**	**(45)**	**(95)**	**(256)**	**(318)**	**(377)**	**(394)**	**(412)**	**(432)**	**(453)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Arts and Culture

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
Library Collection Improvement	LOAN 100	32	42	54	66	275	487	925
Replace existing assets:								
Library Mixed Collection Renewals	RENEWAL 100	108	116	119	121	378	536	1,270
Major projects total		**573**	**158**	**172**	**187**	**653**	**1,024**	**2,194**
Operational		**0**	**-**	**81**	**-**	**-**	**-**	**81**
Total group capital expenditure		**573**	**158**	**253**	**187**	**653**	**1,024**	**2,275**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however.
The capital expenditure for Forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

DISTRICT PARTNERSHIPS
Ngā Kōtuituinga i te Rohe

Activities in this group

- ▲ Strategic Māori Relationships
- ▶ Community Development
- ▶ Community and Road Safety

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for Community Development and Community and Road Safety will be maintained. Level of service for Strategic Māori Relationships will increase.

What we do and how we do it

This group of activities collectively advances the Whakatāne District towards greater fairness, equity, and inclusivity, and puts communities at the heart of decision making.

Māori Relationships have a critical role in ensuring the Council delivers on our Te Tiriti obligations and responsibilities. Council recognises the huge role iwi and hapū play in the social, environmental, cultural and economic future of the district. This activity fosters pride, preserves traditions, and supports community-led initiatives, whilst progressing opportunities for iwi and hapū to have greater input into Council decision making. Council's commitment and resourcing is a step to reflect the important role iwi and hapū play in unlocking the Māori Economy.

Community Development stands as a pillar ensuring Council fulfils its social wellbeing obligations while empowering communities to articulate and achieve their aspirations effectively. Community and Road Safety fosters a culture of participation and responsible social behaviour and road use to protect pedestrians, cyclists, and motorists.

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Constructively and collaboratively engaging with iwi, hapū and whānau

Key projects

- Te Toi Waka Whakarei Māori Relationships Strategy outcomes
- Developing organisational cultural competencies

Challenges

- As we experience a broader range of well-being challenges in our community, we need to ensure we have the capacity to respond effectively
- Attracting external or partner funding for projects that will make a significant difference to our communities is an ongoing challenge

Alignment with Strategic Priorities

Enhancing the safety, wellbeing, and vibrancy of communities ***– Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori***

- Support our smaller and remote communities to plan for their future – what changes should occur in the area and when, all across the district. And invest in making these changes happen.
- Work with other agencies and community organisations to focus on social wellbeing outcomes (such as health, homelessness, and safety).
- Increase safety for people moving around the district (e.g. Community Safety Cameras, good lighting, multi-modal transport, accessibility for people with disabilities).

Strengthening relationships with iwi, hapū and whānau – ***Me mātua whakawhanake i ngā kōtuituinga ā-iwi, ā-hapū, ā-whānau anō hoki***

- Implement strategies and programmes designed to enhance staff and councillor capability and capacity to effectively partner with Iwi, hapū and whānau.
- Enable iwi participation in planning, decision making and reflect cultural aspirations through the projects we deliver (e.g. financial support, capability, design).
- Work alongside Māori landowners to support and enable development of Māori land.
- Work with iwi, hapū and whānau, to improve equity and wellbeing outcomes.

Significant negative effects

There are no significant negative effects associated with the activities in this Activity Group.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our Annual Reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Performance measure for Strategic Māori Relationships Activity

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We are strengthening our capability to engage meaningfully with Māori.	Progress on the Māori Relationship Strategy.	New measure*	Deliver Te Kahupapa Annual Training. Deliver Health Check of Iwi Relationships-survey	Deliver Te Kahupapa Annual Training. Deliver Te Reo Policy	Deliver Te Kahupapa Annual Training. Deliver Health Check survey of Iwi Relationships-survey	80% of staff and Councillors have completed Te Kahupapa Training and are confident to deliver on our legislative responsibilities, supported by systems and strategy

* This is a new measure for the Long-Term Plan 2024-34. Therefore, we do not have results from previous years to compare our targets to.

Performance measure for Community and Road Safety Activity

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We undertake road safety education and promotion, with a focus on reducing fatalities and serious injury crashes.	The change from the previous year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. +	25 (two more than the previous year)	Fewer crashes than the previous year	Fewer crashes than the previous year	Fewer crashes than the previous year	Fewer crashes than the previous year

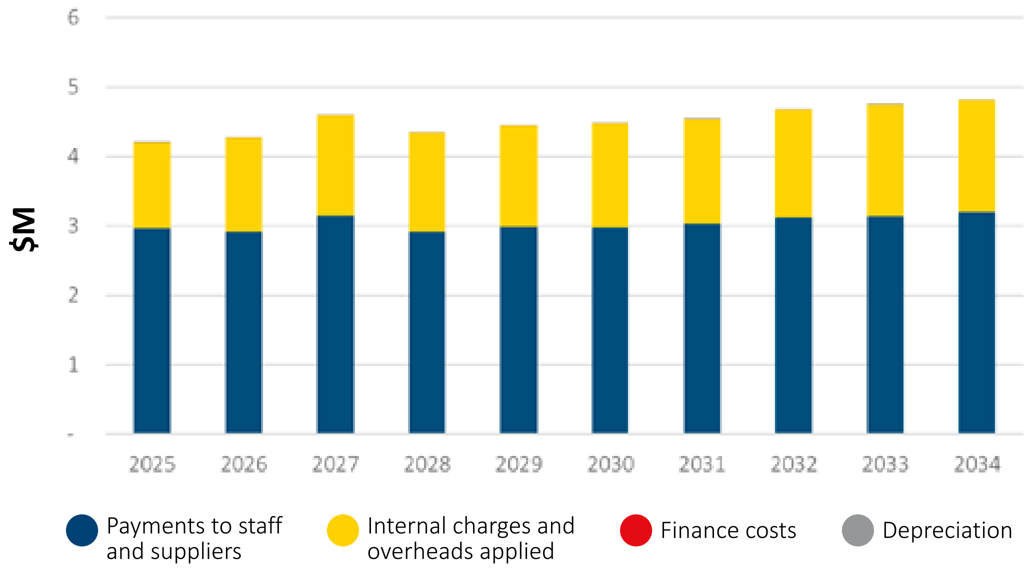
+ Measure required by the Department of Internal Affairs.

Key financial summary

OPERATING EXPENDITURE

$45.2 million

Total operating expenditure over the 10 years 2025-34



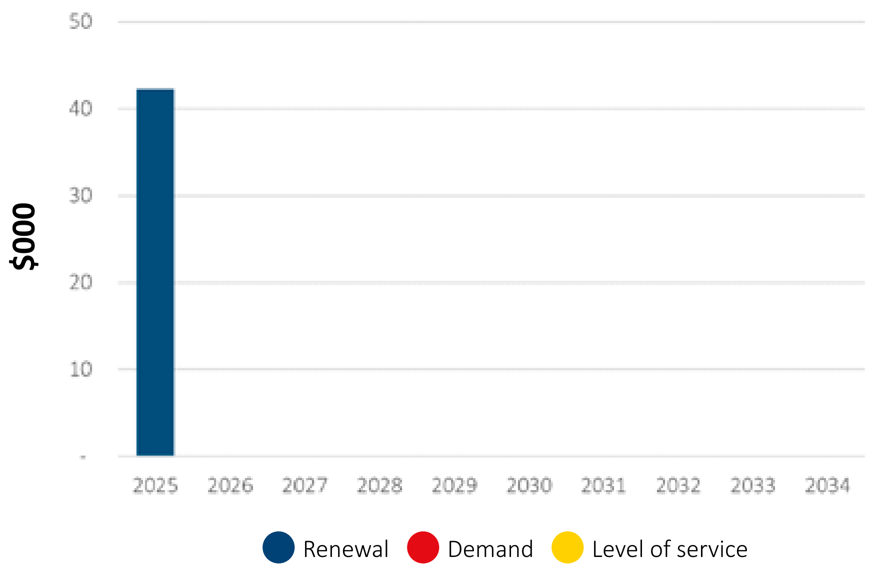
Commentary on material changes since the last Long Term Plan, if any:

Operating expenditure increases in District Partnerships include increased investment in Strategic Māori Relationships, ensuring we can deliver on Council legislative and relationship obligations. The budget for community grants and funding has also increased since the last Long Term Plan. This investment will continue to support delivery of Council's vision and key infrastructure projects, in addition to compliance costs to meet legislative obligations.

CAPITAL EXPENDITURE

$42.2 thousand

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

Capital expenditure in 2025 includes the balance of expenditure planned on CCTV deployment, previously included in Long Term Plan 2021-31, which is in addition to the capital investment in CCTV made in 2024, funded by central government's Better Off Funding Subsidies, and for which ongoing operating costs to maintain the services are now provided for within the Corporate Services Activity Group operating costs.

Funding Impact Statement 2024-34 - District Partnerships

AP 2024	($000) For 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 funding										
527	General rates, uniform annual general charges, rates penalties	3,098	3,803	4,115	3,867	3,946	3,966	4,016	4,167	4,225	4,267
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
1,331	Subsidies and grants for operating purposes	939	300	311	324	337	350	364	338	353	368
-	Fees and charges	-	-	-	-	-	-	-	-	-	-
182	Internal charges and overheads recovered	140	143	146	127	130	132	135	137	140	142
32	Local authorities fuel tax, fines, infringement fees, and other receipts	26	27	28	28	29	29	30	30	31	31
2,072	**Total sources of operating funding (A)**	**4,203**	**4,272**	**4,600**	**4,346**	**4,441**	**4,478**	**4,544**	**4,672**	**4,748**	**4,809**
	Applications of operating funding										
2,286	Payments to staff and suppliers	2,970	2,918	3,157	2,912	2,992	2,979	3,034	3,127	3,146	3,202
-	Finance costs	-	-	-	-	-	-	-	-	-	-
330	Internal charges & overheads applied	1,232	1,355	1,443	1,434	1,450	1,499	1,510	1,546	1,601	1,607
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
2,615	**Total applications of operating funding (B)**	**4,203**	**4,272**	**4,600**	**4,346**	**4,441**	**4,478**	**4,544**	**4,672**	**4,748**	**4,809**
(543)	**Surplus (deficit) of operating funding (A-B)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	CAPITAL										
	Sources of capital funding										
22	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
22	**Total sources of capital funding (C)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Applications of capital funding										
	Capital expenditure										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve level of service	-	-	-	-	-	-	-	-	-	-
22	- to replace existing assets	42	-	-	-	-	-	-	-	-	-
(543)	Increase (decrease) in reserves	(42)	(0)	-	-	-	-	-	-	-	-
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
(521)	**Total applications of capital funding (D)**	**(0)**	**(0)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
543	**Surplus (deficit) of capital funding (C-D)**	**0**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – District Partnerships

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Major projects		-	-	-	-	-	-	-
Operational		22	42	-	-	-	-	42
Total group capital expenditure		22	42	-	-	-	-	42

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for Forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

AQUATIC CENTRES
Ngā Puna Kauhoe

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

Activities in this group

▶ Aquatic Centres

The level of service for this group of activity will be maintained.

What we do and how we do it

Providing opportunities to improve the wellbeing of our communities is a large part of what we do at Council. Because of this, it's important Council provides the public with safe and affordable places to swim and gym, allowing our community to focus on looking after their health and wellbeing, as well as developing their swimming skills. It also assists with delivering other recreational-based programs within the Whakatāne District.

Key projects

- Replacing the air handling units at Whakatāne Aquatic Centre
- Updates to our changing rooms, pool covers and lining of our pools
- Energy efficiency improvements

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Alignment with Strategic Priorities

Enhancing the safety, wellbeing, and vibrancy of communities
– Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori

- Invest wisely in recreation, events, and the arts to have a broader range of 'things to do' (especially for our youth).

Challenges

- Finding the right staffing levels to balance safety with keeping our centres affordable places to visit
- Increasing operating costs is a significant challenge that can impact on Council's ability to deliver services. We address this challenge through energy efficiency schemes and regular reviews of fees and charges, for example.

Significant negative effects

There are no significant negative effects associated with the activities in this Activity Group.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our Annual Reports each year to show you how we are performing against the levels of service we have said you can expect from us.

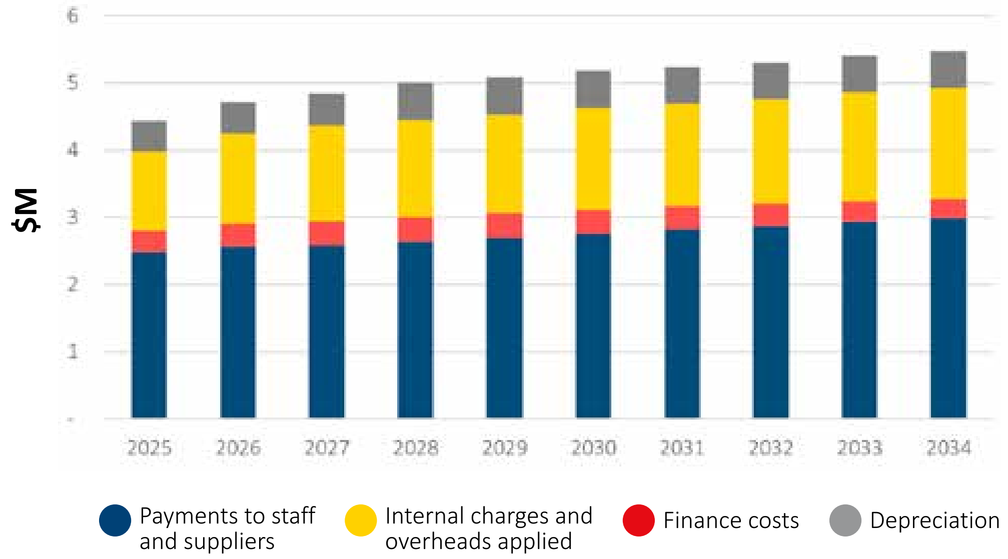
Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
Our aquatic centres provide quality customer experiences.	User satisfaction with public swimming pools in the Whakatāne District.	81%	77%	77%	77%	77%

Key financial summary

OPERATING EXPENDITURE

$50.7 million

Total operating expenditure over the 10 years 2025-34



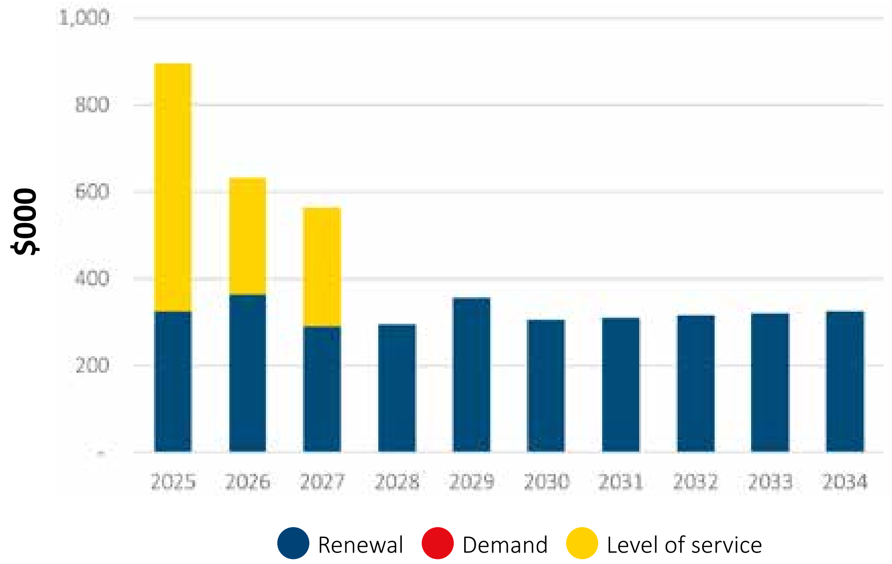
Commentary on material changes since the last Long Term Plan, if any:

In general operating expenditure in delivery of Aquatic Centres is mainly driven by inflation following the volatility over the last few years. One cost which continues to increase above average in this activity group, consistent with market pricing, is utilities costs. We continue to activiely pursue procurement strategies to minimise this impact.

CAPITAL EXPENDITURE

$4.3 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

Capital expenditure in the first three years includes one-off improvement projects before return to a baseline level on asset renewals in years four to 10.

Funding Impact Statement 2024-34 - Aquatic Centres

AP 2024	($000) For 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 funding										
2,065	General rates, uniform annual general charges, rates penalties	2,782	3,347	3,676	3,939	4,037	4,245	4,315	4,400	4,509	4,580
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
1,190	Fees and charges	1,105	1,046	1,067	1,086	1,105	1,124	1,143	1,161	1,180	1,199
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
3,255	**Total sources of operating funding (A)**	**3,887**	**4,393**	**4,743**	**5,025**	**5,142**	**5,369**	**5,459**	**5,561**	**5,689**	**5,779**
	Applications of operating funding										
2,303	Payments to staff and suppliers	2,480	2,566	2,589	2,636	2,705	2,762	2,821	2,868	2,929	2,992
266	Finance costs	324	342	355	367	367	357	341	329	307	284
937	Internal charges & overheads applied	1,179	1,343	1,424	1,436	1,455	1,510	1,529	1,569	1,626	1,643
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
3,506	**Total applications of operating funding (B)**	**3,983**	**4,251**	**4,368**	**4,439**	**4,526**	**4,629**	**4,691**	**4,766**	**4,862**	**4,918**
(252)	**Surplus (deficit) of operating funding (A-B)**	(96)	142	375	586	616	741	768	796	827	861
	CAPITAL										
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
438	Increase (decrease) in debt	954	422	202	(187)	(298)	(416)	(436)	(456)	(480)	(506)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
438	**Total sources of capital funding (C)**	**954**	**422**	**202**	**(187)**	**(298)**	**(416)**	**(436)**	**(456)**	**(480)**	**(506)**
	Applications of capital funding										
	Capital expenditure										
76	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
175	- to improve level of service	569	268	274	-	-	-	-	-	-	-
577	- to replace existing assets	327	364	290	295	356	306	311	316	321	326
(642)	Increase (decrease) in reserves	(38)	(69)	13	104	(38)	19	21	24	26	29
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
187	**Total applications of capital funding (D)**	**858**	**563**	**577**	**399**	**318**	**325**	**332**	**340**	**347**	**355**
252	**Surplus (deficit) of capital funding (C-D)**	**96**	**(142)**	**(375)**	**(586)**	**(616)**	**(741)**	**(768)**	**(796)**	**(827)**	**(861)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Aquatic Centres

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
Whakatāne AHU 1,2,3	LOAN 100	-	527	268	274	-	-	1,069
Replace existing assets:								
Whakatāne Aquatic Centre Renewals	RENEWAL 100	27	232	215	219	681	962	2,308
Murupara Aquatic Centre Renewals	RENEWAL 100	195	79	81	55	170	240	625
Major projects total		**914**	**838**	**564**	**548**	**851**	**1,202**	**4,002**
Operational		**36**	**58**	**69**	**16**	**107**	**72**	**322**
Total group capital expenditure		**950**	**896**	**632**	**564**	**958**	**1,274**	**4,324**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for Forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

EVENTS AND TOURISM
Ngā Pāpono me te Ahumahi Tāpoi

Activities in this group

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

▶ Visitor Information
▲ Marketing and Events

The level of service for Visitor Information will be maintained.
The level of service for Marketing and Events will increase.

What we do and how we do it

This group of activities provides an important link between visitors and local businesses to improve experiences for visitors to the district. It encourages our visitors to experience the whole district and to stay longer, enjoying what the district has to offer. Marketing and events aim to foster and enhance community vibrancy and social wellbeing, and help create a place where people want to live, work and play.

Key projects

- Recreational cycle trails
- New tourism product development

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Thriving circular economies

Significant negative effects

There are no significant negative effects associated with the activities in this Activity Group.

Alignment with Strategic Priorities

Enhancing the safety, wellbeing, and vibrancy of communities
– Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori

- Invest wisely in recreation, events, and the arts to have a broader range of 'things to do' (especially for our youth).

Facilitating economic regeneration and responding to development pressures
– Me mātua whakahaere i te tipuranga o te taiōhanga me ngā tonotono whare

- Back our economy, in particular the tourism and events sectors, to enable economic and employment growth and attract new business and investment into the District.

Challenges

- Continuing to rebuild the visitor economy following Whakaari eruption and COVID travel restrictions is a challenge for the whole district.
- A reduction in the level of international visitors in recent years has been a challenge and Council works hard to ensure tourism operators are supported district-wide

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our Annual Reports each year to show you how we are performing against the levels of service we have said you can expect from us.

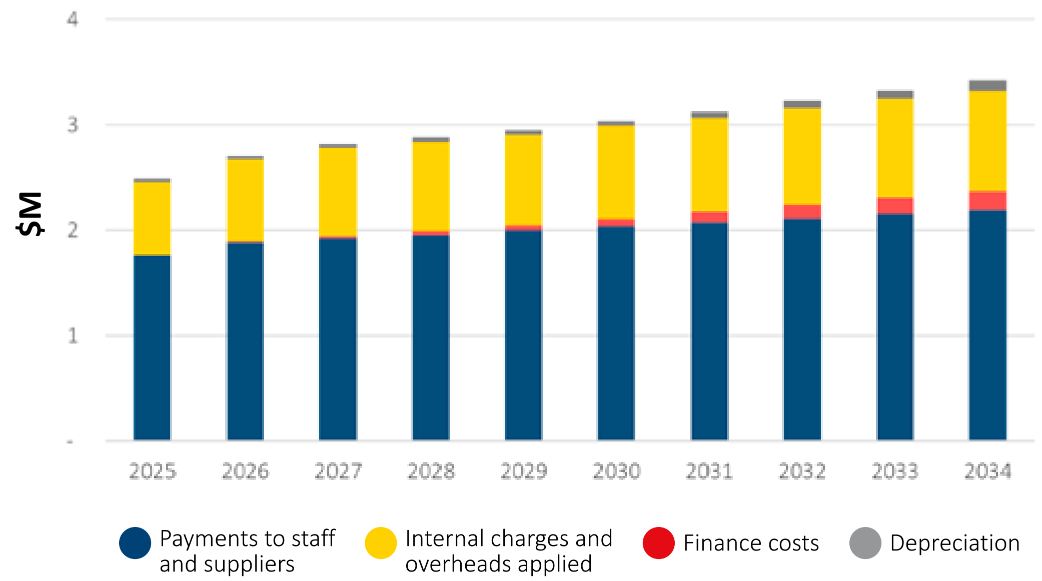
Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We enhance the local economy of the district for our communities by promoting tourism and events.	Satisfaction with efforts to promote tourism.	60%	63%	63%	63%	63%
	Satisfaction with efforts to enable and promote events.	60%	61%	61%	61%	61%

Key financial summary

OPERATING EXPENDITURE

$30.0 million

Total operating expenditure over the 10 years 2025-34



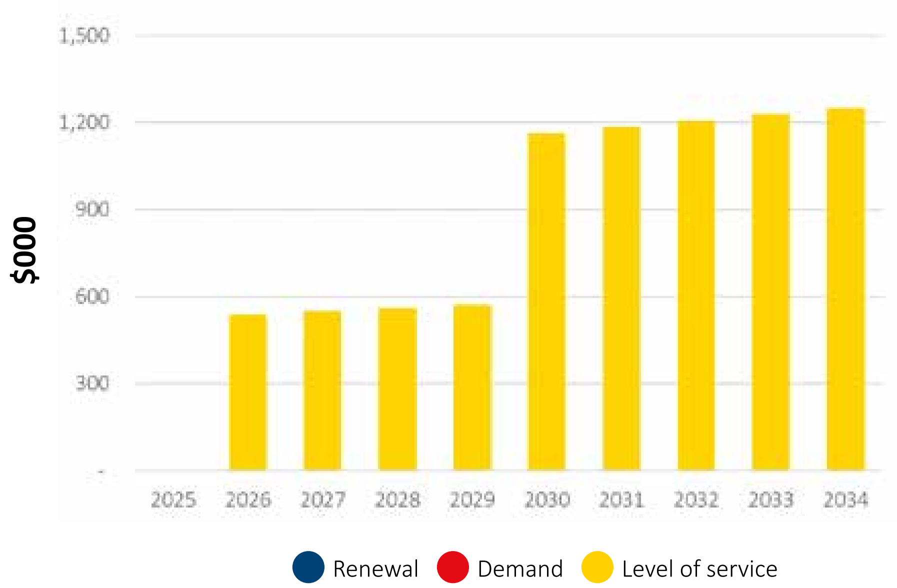
Commentary on material changes since the last Long Term Plan, if any:

Operating expenditure covers developing new tourism products and services including a destination cycleways strategy.

CAPITAL EXPENDITURE

$8.3 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

Capital expenditure covers implementation of projects to support a recovering tourism sector across the district of destination cycleways projects resulting in an increase in level of service.

Funding Impact Statement 2024-34 - Events and Tourism

AP 2024	($000) For 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 funding										
841	General rates, uniform annual general charges, rates penalties	933	1,009	1,057	1,172	1,200	1,233	1,261	1,296	1,335	1,362
913	Targeted rates	1,307	1,438	1,499	1,630	1,673	1,731	1,796	1,869	1,946	2,011
131	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
36	Fees and charges	23	24	24	25	25	26	26	27	27	28
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
26	Local authorities fuel tax, fines, infringement fees, and other receipts	21	22	22	22	23	23	24	24	25	25
1,946	**Total sources of operating funding (A)**	**2,284**	**2,493**	**2,603**	**2,849**	**2,921**	**3,013**	**3,106**	**3,215**	**3,332**	**3,425**
	Applications of operating funding										
1,632	Payments to staff and suppliers	1,763	1,886	1,926	1,958	2,004	2,042	2,079	2,118	2,156	2,194
-	Finance costs	-	6	18	31	46	66	94	125	153	182
767	Internal charges & overheads applied	697	782	841	848	856	883	892	913	944	950
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
2,399	**Total applications of operating funding (B)**	**2,460**	**2,675**	**2,785**	**2,838**	**2,905**	**2,991**	**3,065**	**3,156**	**3,253**	**3,326**
(453)	**Surplus (deficit) of operating funding (A-B)**	**(177)**	**(182)**	**(182)**	**11**	**16**	**22**	**41**	**60**	**80**	**99**
	CAPITAL										
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	269	275	281	286	583	593	604	615	625
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	-	269	270	270	270	561	560	560	559	557
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	**Total sources of capital funding (C)**	**-**	**539**	**545**	**550**	**555**	**1,143**	**1,153**	**1,164**	**1,174**	**1,182**
	Applications of capital funding										
	Capital expenditure										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve level of service	-	539	550	561	572	1,166	1,187	1,208	1,230	1,251
-	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
(453)	Increase (decrease) in reserves	(177)	(182)	(188)	0	(0)	0	8	16	24	31
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
(453)	**Total applications of capital funding (D)**	**(177)**	**357**	**363**	**561**	**572**	**1,166**	**1,194**	**1,224**	**1,254**	**1,282**
453	**Surplus (deficit) of capital funding (C-D)**	**177**	**182**	**182**	**(11)**	**(16)**	**(22)**	**(41)**	**(60)**	**(80)**	**(99)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Events and Tourism

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
Destination Cycleways	LOAN 50 SUBSIDY 50	-	-	539	550	2,299	4,875	8,263
Major projects total		**-**	**-**	**539**	**550**	**2,299**	**4,875**	**8,263**
Operational		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total group capital expenditure		**-**	**-**	**539**	**550**	**2,299**	**4,875**	**8,263**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for Forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

ECONOMIC DEVELOPMENT
Te Whakawhanake Taiōhanga

Activities in this group

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

▶ Economic Development
▲ Strategic Property

The level of service for Economic Development will be maintained.
The level of service for Strategic Property will increase.

What we do and how we do it

This group of activities contributes to a thriving district. The Economic Development team aims to stimulate growth and create employment and business opportunities in the Whakatāne District. It focuses on leveraging existing relationships and procurement approaches to attract new business and investment, with particular attention to development opportunities, the Māori economy, and key sectors like tourism, aquaculture, boat building, and agriculture. The Strategic Property team looks after all of Council's commercial and harbour board property and leases, and manages property regeneration and strategic development projects.

Key projects

- A fund for improvements to Kopeopeo and townships in the wider district
- Exploring urban design options to integrate the town centre with floodwall height increases
- Property acquisition fund

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Integrating nature into our decision making

Thriving circular economies

Constructively and collaboratively engaging with iwi, hapū and whānau

Alignment with strategic priorities

Enhancing the safety, wellbeing, and vibrancy of communities
– Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori

- Support our smaller and remote communities to plan for their future- what changes should occur in the area and when, all across the district. And invest in making these changes happen.

Facilitating economic regeneration and responding to development pressures
– Me mātua whakahaere i te tipuranga o te taiōhanga me ngā tonotono whare

- Back our economy, in particular the tourism and events sectors, to enable economic and employment growth and attract new business and investment into the district.

Strengthening relationships with iwi, hapū and whānau
– Me mātua whakawhanake i ngā kōtuituinga ā-iwi, ā-hapū, ā-whānau anō hoki

- Work with iwi, hapū and whānau, to improve equity and wellbeing outcomes.

Building climate change and natural hazard resilience, including our infrastructure
– Me mātua whakakaha i te aumangea ki te huringa āhuarangi me ngā matepā taiao tae ana ki te hangaroto

- Partner with at-risk communities about climate change adaptation and what this might mean for them (e.g. those communities which may be impacted by rising sea-levels, flooding.

Challenges

- Tightening economic conditions are a challenge for many of our local businesses. Council staff work with the business community to identify and promote local investment and employment opportunities,
- Managing legal risk associated with property transactions is a growing challenge we address by engaging specialist advice in these areas where necessary.

Significant negative effects

Possible negative effect	Aspects of wellbeing impacted				How we will try to minimise the impact
	Social	Cultural	Economic	Environmental	
High levels of economic growth can have significant social and environmental effects.	✓	✓		✓	Council will ensure that economic growth and activity has regard for social, cultural, economic and environmental wellbeing in decision making to mitigate all risks.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our Annual Reports each year to show you how we are performing against the levels of service we have said you can expect from us.

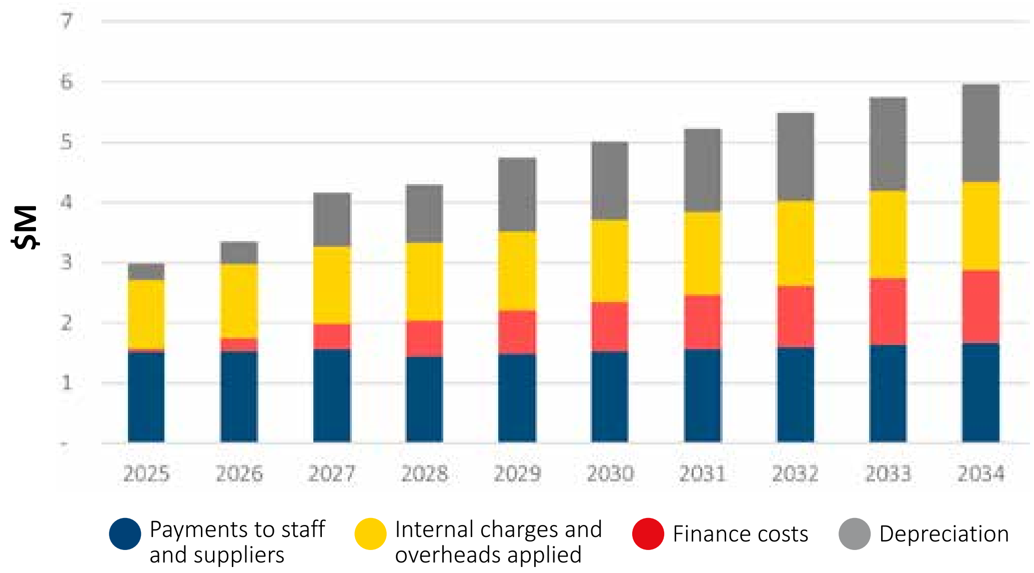
Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We enhance the local economy of the district for our communities by being attractive to businesses.	Satisfaction with efforts to attract and expand business.	53%	56%	56%	56%	56%

Key financial summary

OPERATING EXPENDITURE

$47.0 million

Total operating expenditure over the 10 years 2025-34



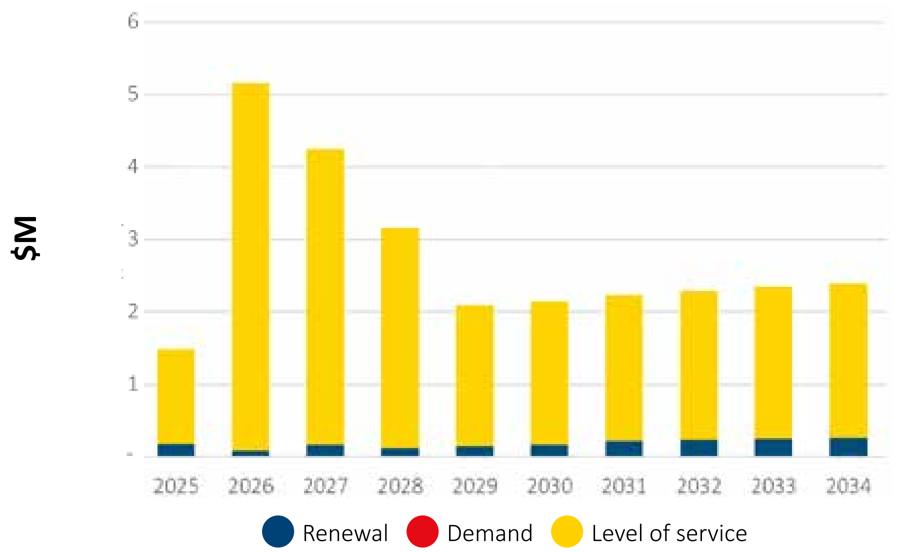
Commentary on material changes since the last Long Term Plan, if any:

Operating expenditure increases in this activity group comprise the cost of interest on debt utilised to deliver floodwall integration projects, in co-ordination with Bay of Plenty Regional Council projects, a fund for improvements to Kopeopeo and townships in the wider district and investment in strategic property.

CAPITAL EXPENDITURE

$27.6 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

Higher capital expenditure in 2026-2028 reflect investment associated with floodwall integration projects in co-ordination with Bay of Plenty Regional Council.

Funding Impact Statement 2024-34 - Economic Development

AP 2024	($000) For 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 funding										
715	General rates, uniform annual general charges, rates penalties	944	1,385	2,047	2,288	2,523	2,730	2,969	3,167	3,372	3,544
152	Targeted rates	224	234	241	245	249	255	259	264	270	274
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
2,532	Fees and charges	2,534	2,588	2,642	2,695	2,746	2,798	2,849	2,900	2,952	3,002
246	Internal charges and overheads recovered	323	330	337	344	350	358	364	372	377	385
5	Local authorities fuel tax, fines, infringement fees, and other receipts	26	26	27	27	28	29	29	30	30	31
3,650	**Total sources of operating funding (A)**	**4,050**	**4,563**	**5,293**	**5,600**	**5,897**	**6,170**	**6,469**	**6,732**	**7,001**	**7,235**
	Applications of operating funding										
1,491	Payments to staff and suppliers	1,518	1,532	1,568	1,445	1,484	1,528	1,562	1,601	1,638	1,676
69	Finance costs	55	211	419	589	725	818	909	1,019	1,106	1,194
570	Internal charges & overheads applied	1,138	1,224	1,277	1,289	1,313	1,361	1,374	1,408	1,454	1,468
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
2,130	**Total applications of operating funding (B)**	**2,710**	**2,967**	**3,264**	**3,323**	**3,522**	**3,707**	**3,845**	**4,028**	**4,198**	**4,338**
1,521	**Surplus (deficit) of operating funding (A-B)**	**1,340**	**1,596**	**2,029**	**2,276**	**2,375**	**2,463**	**2,624**	**2,704**	**2,803**	**2,898**
	CAPITAL										
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
1,742	Increase (decrease) in debt	1,709	5,232	3,912	2,787	1,640	1,632	1,619	1,609	1,598	1,577
-	Gross proceeds from sale of assets	1,015	1,065	9,393	1,174	1,233	1,295	1,360	1,428	1,499	1,574
1,742	**Total sources of capital funding (C)**	**2,724**	**6,297**	**13,305**	**3,961**	**2,873**	**2,927**	**2,979**	**3,037**	**3,097**	**3,151**
	Applications of capital funding										
	Capital expenditure										
35	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
1,762	- to improve level of service	1,300	5,066	4,072	3,031	1,945	1,982	2,017	2,054	2,091	2,126
55	- to replace existing assets	185	88	175	125	147	174	222	239	259	263
1,412	Increase (decrease) in reserves	2,579	2,739	11,087	3,081	3,156	3,234	3,364	3,449	3,551	3,659
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
3,263	**Total applications of capital funding (D)**	**4,064**	**7,893**	**15,334**	**6,238**	**5,248**	**5,390**	**5,603**	**5,742**	**5,900**	**6,048**
(1,521)	**Surplus (deficit) of capital funding (C-D)**	**(1,340)**	**(1,596)**	**(2,029)**	**(2,276)**	**(2,375)**	**(2,463)**	**(2,624)**	**(2,704)**	**(2,803)**	**(2,898)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Economic Development

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
Property Aquisition Fund	LOAN 100	-	-	1,078	1,101	3,432	4,875	10,485
Intergration Floodwall and Buildings	LOAN 100	350	1,300	3,234	2,201	1,123	-	7,857
Wider District Town Centre Capital Fund	LOAN 100	-	-	539	550	1,716	2,437	5,243
Kopopeo Town Centre Capital Fund	LOAN 100	-	-	216	220	686	975	2,097
Major projects total		**1,142**	**1,300**	**5,066**	**4,072**	**6,957**	**8,287**	**25,683**
Operational		**202**	**185**	**88**	**175**	**447**	**982**	**1,877**
Total group capital expenditure		**1,343**	**1,485**	**5,154**	**4,247**	**7,404**	**9,270**	**27,560**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

CLIMATE CHANGE AND RESILIENCE *Te Huringa Āhuarangi me te aumangea ki ngā matepā taiao*

Activities in this group

▲ Climate Change

▶ Emergency Management

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for Climate Change will increase.
The level of service for Emergency Management will be maintained.

What we do and how we do it

This group of activities focuses on responding to and providing leadership in climate change mitigation and adaptation strategies. It also prepares our communities for natural events like flooding, landslides, coastal erosion and inundation, earthquakes and volcanic eruptions.

It has a crucial role to play in preparing for and responding to emergencies as the district is suscpetible to many natural hazard risks and has faced a number of natural hazard events in recent history.

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Integrating nature into our decision making

Challenges

- Although addressing climate change is a key priority, capacity and resources are limited, requiring Council to be strategic in developing collaborative action plans alongside community partners.
- Strategies such as managed retreat can be complex and expensive to coordinate so we need a dedicated team who are able to navigate the latest scientific evidence and international best practice.

Alignment with strategic priorities

Enhancing the safety, wellbeing, and vibrancy of communities
– Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori

- Work with other agencies and community organisations to focus on social wellbeing outcomes (such as health, homelessness,and safety).

Building climate change and natural hazard resilience, including our infrastructure
– Me mātua whakakaha i te aumangea ki te huringa āhuarangi me ngā matepā taiao tae ana ki te hangaroto

- Ensure our key infrastructure (roads and pipes) are resilient to the effects of natural hazards and climate change.
- Partner with at-risk communities about climate change adaptation and what this might mean for them (e.g. those communities which may be impacted by rising sea-levels and flooding).
- Work with communities to ensure the district is well prepared for emergency management.

Shaping a green District – *Kia toitū te rohe*

- Be actively involved in reducing the district's carbon footprint and enabling alternative energies (e.g. solar farms).
- Advocate to central government on environmental issues on behalf of the community (e.g. apply for government funding and represent our local views.
- Ensure Council's decision making and operations reflect our environmental priorities.

Significant negative effects

Possible negative effect	Aspects of wellbeing impacted				How we will try to minimise the impact
	Social	Cultural	Economic	Environmental	
Managed retreat often involves moving communities and businesses away from vulnerable areas, which can lead to social disruption, loss of community and stress.	✓	✓	✓		Council will ensure any managed retreat and adaptation initiatives have regard to social, economic, and environmental wellbeing. Council will ensure meaningful engagement and support.
Changing weather patterns may result in more extreme weather events causing damage to valuable assets and pose significant risk to residents.	✓		✓	✓	Council will ensure that communities are prepared for more extreme weather events and consider climate change when upgrading and building new community infrastructure.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our annual reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We will maintain capacity to effectively respond to an emergency	The Council will be prepared for and able to effectively respond to an emergency.	Advancing	80% of EOC staff trained at an intermediate level	80% of EOC staff trained at an intermediate level	80% of EOC staff trained at an intermediate level	80% of EOC staff trained at an intermediate level
We will provide community education initiatives to increase public awareness and readiness for local and regional hazards.	Percentage of residents that have an understanding of what consequences would be if a disaster struck their area.	87.5%	80%	80%***	80%	80%***
	Percentage of residents that have taken any action to prepare for an emergency.	87.5%	80%	80%***	80%	80%***
We will reduce the carbon footprint of the Council as an organisation to mitigate our effects on climate change.	Reduction in gross greenhouse gas emissions for Whakatāne District Council organisation (excluding wastewater) compared to 2022/23 year.* **	1,183.16 tC02e (unaudited)	8% reduction	10% reduction	12% reduction	14% reduction in 2027/28 with a year-on-year reduction for the remaining years.
	Reduction in gross greenhouse gas emissions for Whakatāne District Council wastewater treatment plant compared to 2022/23 year.*	2,219.00 tC02e (unaudited)	2% reduction	3% reduction	4% reduction	5% reduction in 2027/28 with a year-on-year reduction for the remaining years.

* This is a new measure for the Long Term Plan 2024-34.

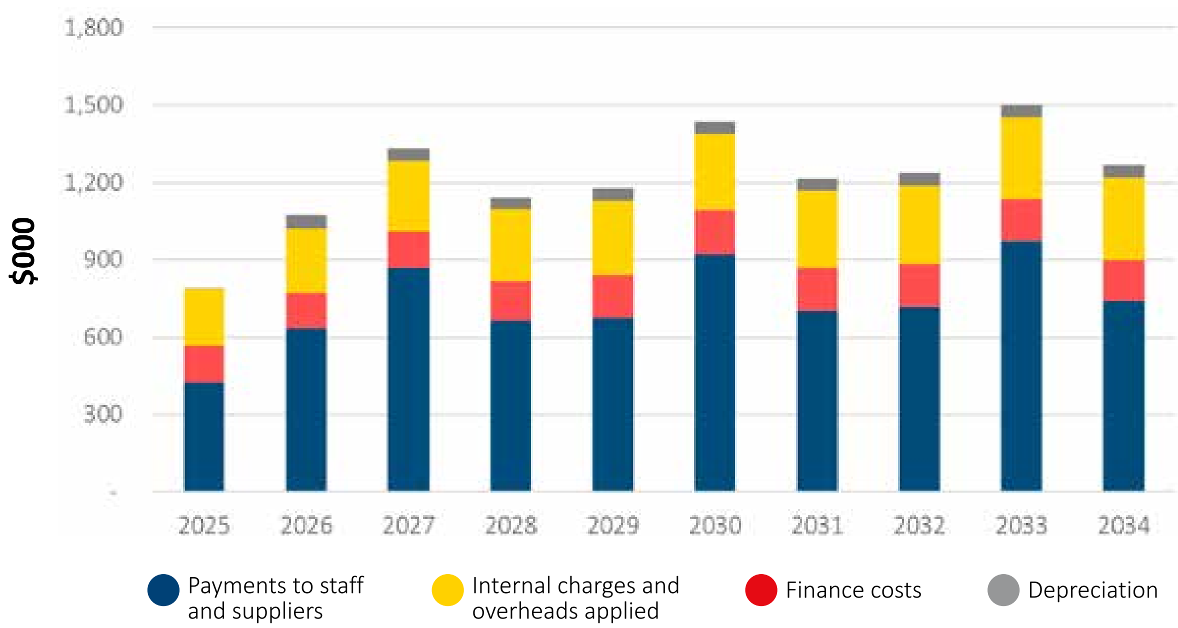
** Council is committed to reducing its carbon emissions and has actions set within the Whakatāne Climate Pathway to achieve this. The emission sources included in this measure are selected based on Councils ability to influence any emission reductions and what information is available to Council to measure the emissions. We have chosen to measure our scope 1 and 2 emission sources and a selection of scope 3 sources. The scope 3 sources selected include air travel, waste sent to landfill from Council facilities, and electricity and gas transmission and distribution losses. This means potentially significant emission sources such as carbon embodied in capital goods (e.g. roading material) are not measured. This is a Council only measure and does not include emissions generated from the wider group such as the Whakatāne Airport. This is a gross emission reduction measure and therefor does not take into consideration absorption of carbon through forestry nor the use of offsets. Over time Council will continue to explore expanding the range of emission sources measures as new technologies become available.

*** Performance is measured every two years and in the years where the survey is not completed, performance will be reported using data from the previous year.

Key financial summary

OPERATING EXPENDITURE

$12.2 million Total operating expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

There is an early investment in opex and an FTE to support increasing levels of service in particular with investigating solar projects, community education and setting up a community fund for climate change projects. One off costs each Long Term Plan three year cycle ensures Council continues to renew climate and emergency/resilience strategies alongside the Long Term Plan.

The targets set for the emissions reductions measure are for the organisation as a whole and not this specific activity. Capex and opex to support the achievement of the targets have been included within specific groups of activities.

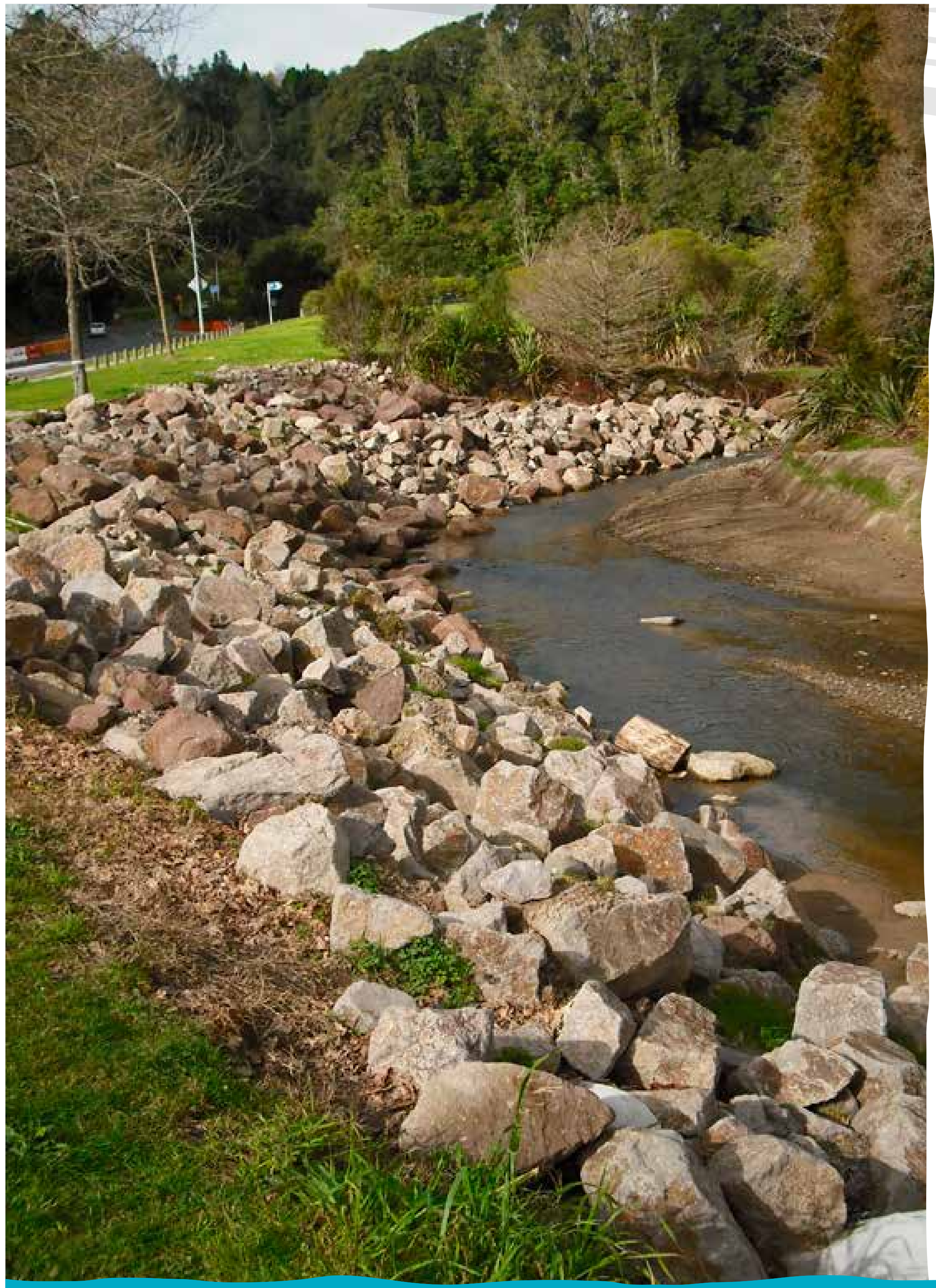
CAPITAL EXPENDITURE

$Nil

Total capital expenditure over the 10 years 2025-34

Funding Impact Statement 2024-34 - Climate Change and Resilience

AP 2024	($000) For 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 funding										
725	General rates, uniform annual general charges, rates penalties	774	900	1,051	971	1,116	1,491	1,277	1,301	1,570	1,342
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
-	Fees and charges	-	-	-	-	-	-	-	-	-	-
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
725	**Total sources of operating funding (A)**	**774**	**900**	**1,051**	**971**	**1,116**	**1,491**	**1,277**	**1,301**	**1,570**	**1,342**
	Applications of operating funding										
183	Payments to staff and suppliers	428	636	870	663	677	923	703	716	975	742
117	Finance costs	139	136	144	157	168	169	167	167	163	158
263	Internal charges & overheads applied	222	250	270	274	283	296	299	306	315	319
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
563	**Total applications of operating funding (B)**	**790**	**1,022**	**1,284**	**1,094**	**1,128**	**1,388**	**1,169**	**1,189**	**1,453**	**1,219**
162	**Surplus (deficit) of operating funding (A-B)**	**(15)**	**(122)**	**(234)**	**(124)**	**(12)**	**103**	**108**	**112**	**117**	**123**
	CAPITAL										
	Sources of capital funding										
650	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
(251)	Increase (decrease) in debt	15	122	234	124	12	(103)	(108)	(112)	(117)	(123)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
399	**Total sources of capital funding (C)**	**15**	**122**	**234**	**124**	**12**	**(103)**	**(108)**	**(112)**	**(117)**	**(123)**
	Applications of capital funding										
	Capital expenditure										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
650	- to improve level of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
(88)	Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
562	**Total applications of capital funding (D)**	**0**	**0**	**0**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
(162)	**Surplus (deficit) of capital funding (C-D)**	**15**	**122**	**234**	**124**	**12**	**(103)**	**(108)**	**(112)**	**(117)**	**(123)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**



STORMWATER
Wai Āwhā

Activities in this group

- Waters Management
- Stormwater Drainage

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for this group of activity will be maintained.

What we do and how we do it

This group of activities helps protect people and property from flooding impacts and safeguards public health from the adverse effects of stormwater run-off. Since stormwater is discharged into streams, rivers, and coastal waters, ensuring it is as clean as possible is crucial. Although we do not treat stormwater run-off, we actively monitor stormwater discharge to ensure it meets required standards. Stop banks are managed by the Bay of Plenty Regional Council with the similar objective of protection from the impacts of flooding.

Key projects

- Apanui Linear Park
- Ōhope network upgrades
- Edgecumbe stormwater study
- Whakatāne western catchment upgrade
- Whakatāne pump replacements

Contribution to community outcomes

Integrating nature into our decision making

Constructively and collaboratively engaging with iwi, hapū and whānau

Challenges

- Ensuring our stormwater systems, (built in the 1950s and 60s) are fit for purpose and resilient against increasingly frequent and intense rainfall is a pressing challenge with considerable potential impact on communities, particularly in low-lying areas. Our waters strategy is focused on allocating resources so services can be delivered in the most effective way.

Alignment with strategic priorities

Building climate change and natural hazard resilience, including our infrastructure *– Me mātua whakakaha i te aumangea ki te huringa āhuarangi me ngā matepā taiao tae ana ki te hangaroto*

- Ensure our key infrastructure (roads and pipes) are resilient to the effects of natural hazards and climate change.
- Partner with at-risk communities about climate change adaptation and what this might mean for them (e.g. those communities which may be impacted by rising sea-levels, flooding).

Shaping a green District – *Kia toitū te rohe*

- Ensure Council's decision-making and operations reflect our environmental priorities.

Strengthening relationships with iwi, hapū and whānau *– Me mātua whakawhanake i ngā kōtuituinga ā-iwi, ā-hapū, ā-whānau anō hoki*

- Enable iwi participation in planning, decision-making and reflect cultural aspirations through the projects we deliver (e.g. financial support, capability and design).

Significant negative effects

Possible negative effect	Aspects of wellbeing impacted				How we will try to minimise the impact
	Social	Cultural	Economic	Environmental	
The expenses associated with necessary infrastructure upgrades may exceed the financial capacity of communities.	✓				Council will prioritise spending, find cost-effective solutions, seek external funding and engage with communities.
Discharging our stormwater can cause negative environmental and health effects with chemicals, metals and litter entering the environment from roads and other surfaces.	✓	✓		✓	These negative effects can be managed through education, network design, resource consents, regular street sweeping, and monitoring of stormwater quality and investigating the sources of contaminants.
Inadequacy of existing stormwater assets to cope with large rainfall events causing flooding, which could result in social and economic hardship.	✓		✓	✓	Use of overland flow paths to increase the level of protection to houses and commercial buildings. Works are proposed to improve our level of protection in large rainfall events.
Significant upgrades that are required could have negative effects on all four wellbeings.	✓	✓	✓	✓	Council will continue to engage with people on planned upgrades and have regard for the environmental, economic, social and cultural disruptions the upgrades may cause.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our annual reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We provide towns with quality stormwater systems and services.	The number of flooding events that occur in the district.+*	No flooding events	Less than 3	Less than 3	Less than 3	Less than 3
	For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the Council's stormwater system).+	No flooding events	Less than 10	Less than 10	Less than 10	Less than 10
	The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.+	No flooding events	Less than 3 hours	Less than 3 hours	Less than 3 hours	Less than 3 hours
	The number of complaints received about the performance of the stormwater system, expressed per 1,000 properties connected to the Council's stormwater system.+	8.5	Less than 10	Less than 10	Less than 10	Less than 10
We minimise the impact of stormwater on the environment.	Number of abatement notices received by the Council in relation to the resource consents for discharge from our stormwater system.+	Zero	Zero	Zero	Zero	Zero
	Number of infringement notices received by the Council in relation to the resource consents for discharge from our stormwater system.+	Zero	Zero	Zero	Zero	Zero
	Number of enforcement orders received by the Council in relation to the resource consents for discharge from our stormwater system.+	Zero	Zero	Zero	Zero	Zero
	Number of convictions received by the Council in relation to the resource consents for discharge from our stormwater system.+	Zero	Zero	Zero	Zero	Zero

* A flooding event means an overflow of stormwater from our stormwater system that enters a habitable floor (meaning a building, including a basement, but does not include ancillary structures such as stand-alone garden sheds or garages). This measure is calculated by the number of RFS received.

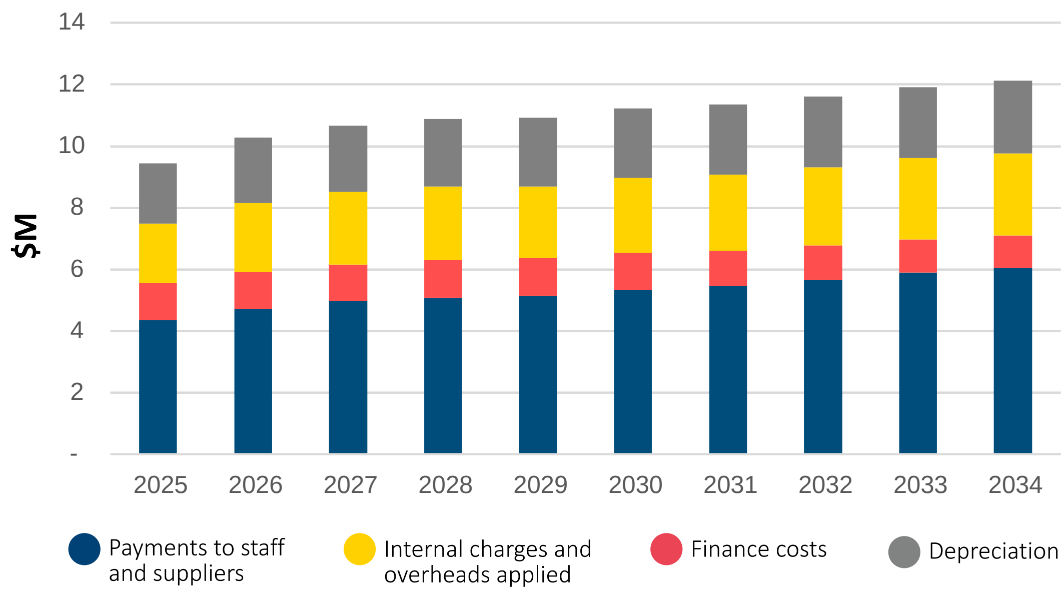
+ Measure required by the Department of Internal Affairs.

Key financial summary

OPERATING EXPENDITURE

$110.5 million

Total operating expenditure over the 10 years 2025-34



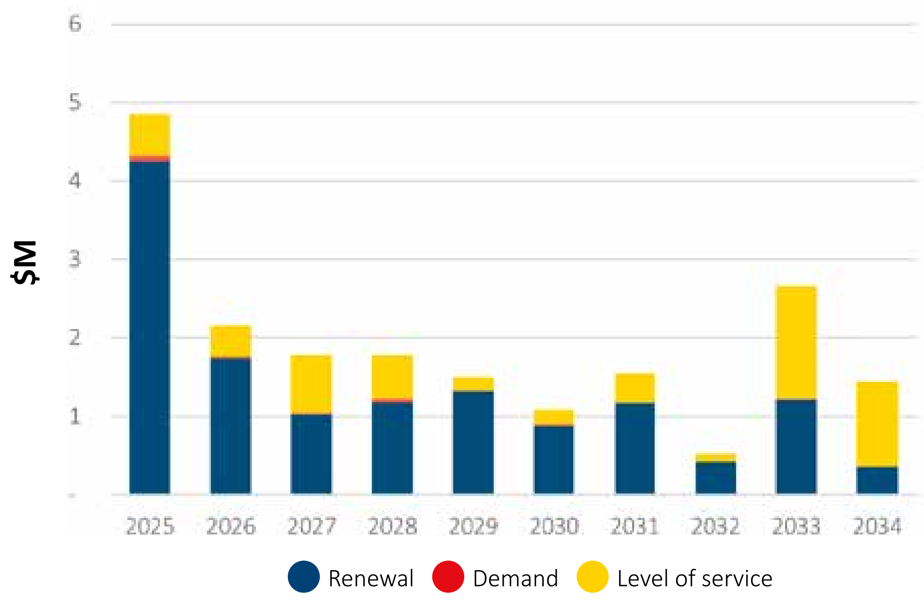
Commentary on material changes since the last Long Term Plan, if any:

Operating expenditure in the Stormwater activity remains stable impacted mostly by the combination of inflation and capital expenditure costs.

CAPITAL EXPENDITURE

$19.3 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

In 2025 we have budgeted $2.3 million for Western Catchment Upgrades for the management of urban stormwater challenges.

Funding Impact Statement 2024-34 - Stormwater

AP 2024	($000) For 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 funding										
400	General rates, uniform annual general charges, rates penalties	342	337	337	338	341	342	342	343	331	332
4,213	Targeted rates	4,982	5,764	6,538	6,905	7,032	7,273	7,392	7,569	7,700	7,888
620	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
-	Fees and charges	-	-	-	-	-	-	-	-	-	-
2,815	Internal charges and overheads recovered	3,273	3,582	3,751	3,825	3,830	4,013	4,095	4,242	4,447	4,551
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
8,047	**Total sources of operating funding (A)**	**8,597**	**9,683**	**10,625**	**11,069**	**11,203**	**11,627**	**11,830**	**12,154**	**12,478**	**12,771**
	Applications of operating funding										
5,236	Payments to staff and suppliers	4,359	4,720	4,968	5,090	5,142	5,344	5,465	5,656	5,902	6,049
1,119	Finance costs	1,199	1,199	1,189	1,210	1,225	1,193	1,153	1,122	1,081	1,063
1,125	Internal charges & overheads applied	1,939	2,238	2,366	2,391	2,333	2,435	2,464	2,529	2,625	2,654
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
7,480	**Total applications of operating funding (B)**	**7,497**	**8,157**	**8,523**	**8,690**	**8,700**	**8,972**	**9,082**	**9,307**	**9,608**	**9,766**
568	**Surplus (deficit) of operating funding (A-B)**	**1,100**	**1,526**	**2,102**	**2,379**	**2,503**	**2,655**	**2,747**	**2,847**	**2,870**	**3,004**
	CAPITAL										
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
19	Development and financial contributions	4	4	5	5	5	5	5	5	5	5
6,558	Increase (decrease) in debt	2,324	57	(209)	(555)	(1,120)	(1,132)	(1,118)	(1,457)	(111)	(573)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
6,577	**Total sources of capital funding (C)**	**2,329**	**61**	**(205)**	**(550)**	**(1,115)**	**(1,128)**	**(1,113)**	**(1,452)**	**(106)**	**(567)**
	Applications of capital funding										
	Capital expenditure										
135	- to meet additional demand	75	11	12	38	3	18	-	-	5	-
3,852	- to improve level of service	529	400	736	554	179	183	373	105	1,442	1,091
6,409	- to replace existing assets	4,249	1,746	1,030	1,182	1,322	882	1,174	419	1,216	358
(3,251)	Increase (decrease) in reserves	(1,424)	(569)	118	54	(117)	444	88	871	100	988
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
7,145	**Total applications of capital funding (D)**	**3,429**	**1,587**	**1,897**	**1,829**	**1,388**	**1,528**	**1,635**	**1,395**	**2,764**	**2,437**
(568)	**Surplus (deficit) of capital funding (C-D)**	**(1,100)**	**(1,526)**	**(2,102)**	**(2,379)**	**(2,503)**	**(2,655)**	**(2,747)**	**(2,847)**	**(2,870)**	**(3,004)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Stormwater

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
Edgecumbe - Stormwater Study	LOAN 100	-	-	-	125	-	2,162	2,287
Ōhope Network Upgrades	LOAN 50 RENEWAL 50	344	-	-	-	518	441	959
Replace existing assets:								
Whakatāne Pump Replacements	RENEWAL 100	28	2,173	1,075	-	177	411	3,836
Reactive Emergency Renewals	RENEWAL 100	-	267	273	281	885	1,275	2,980
Whakatāne Western Catchment Upgrade	DEVCON 1.68 LOAN 98.32	2,000	2,305	-	-	-	-	2,305
Whakatāne Network Renewals	RENEWAL 100	-	-	211	208	698	525	1,643
Ōhope - Maraetotara stream	RENEWAL 100	-	-	-	-	421	-	421
Major projects total		**3,709**	**4,745**	**1,559**	**614**	**2,700**	**4,814**	**14,432**
Operational		**1,337**	**108**	**598**	**1,165**	**1,663**	**1,370**	**4,903**
Total group capital expenditure		**5,046**	**4,853**	**2,157**	**1,779**	**4,363**	**6,184**	**19,335**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

WASTEWATER
Te Parakaingaki

Activities in this group

- ▶ Trade Waste
- ▲ Wastewater

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for Wastewater will increase.
The level of service for Trade Waste will be maintained.

What we do and how we do it

This group of activities provides the district with safe, efficient and well-managed wastewater systems which are critical to managing public health and environmental risks in urban environments. We aim to provide services to collect, treat, and dispose of wastewater in a safe and sustainable way that protects public health and doesn't compromise ecosystems.

Key projects

- Sewer network renewals
- Rising mains renewals

Contribution to community outcomes

Integrating nature into our decision making

Challenges

- There are national and global concerns around the ability to fund and finance treatment plant upgrades, which means Council must be strategic in its planning and work effectively with partners to ensure opportunities for additional support are effectively leveraged.
- Shifting environmental targets resulting from changes to freshwater policy present a challenge for our wastewater teams and they need to be agile and adaptive in their response.

Alignment with strategic priorities

Building climate change and natural hazard resilience, including our infrastructure – *Me mātua whakakaha i te aumangea ki te huringa āhuarangi me ngā matepā taiao tae ana ki te hangaroto*

- Ensure our key infrastructure (roads and pipes) are resilient to the effects of natural hazards and climate change.
- Partner with at-risk communities about climate change adaptation and what this might mean for them (e.g. those communities which may be impacted by rising sea-levels, flooding).

Shaping a green District – *Kia toitū te rohe*

- Ensure Council's decision-making and operations reflect our environmental priorities.

Significant negative effects

Possible negative effect	Aspects of wellbeing impacted				How we will try to minimise the impact
	Social	Cultural	Economic	Environmental	
The expenses associated with necessary infrastructure upgrades may exceed the financial capacity of communities.	✓				Council will prioritise spending, find cost-effective solutions, seek external funding and engage with communities.
Discharging of wastewater may result in negative effects to the environment and public health.	✓			✓	Compliance with resource consents.
Overflows of untreated sewage from the sewerage network due to blockages, pump station or other plant malfunction, inflow/ infiltration of stormwater into the sewerage network and/or insufficient capacity.	✓		✓	✓	Compliance with resource consents and Council's Engineering Code of Practice and Guidelines. Maintaining our maintenance programme and environmental controls. Providing emergency storage tanks at pump stations for sewage overflow.
Significant upgrades that are required could have negative effects on all four wellbeings.	✓	✓	✓	✓	Council will continue to engage with people on planned upgrades and have regard for the environmental, economic, social and cultural disruptions the upgrades may cause

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our annual reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We provide safe, quality wastewater systems that meet the needs of our communities.	Satisfaction with the sewerage system for areas supplied by the Council.	77%	75%	75%	75%	75%
	The total number of complaints received by the Council about any of the following: • sewage odour • sewerage system faults • sewerage system blockages, and • the Council's response to issues with its sewerage system, • expressed per 1,000 connections to the Council's sewerage system.+	10.88	Less than 40	Less than 40	Less than 40	Less than 40
We respond to sewerage overflows in a timely manner.	Median response time to attend sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, from the time that the Council receives notification to the time that service personnel reach the site.+	0.67 hours	Less than 2 hours	Less than 2 hours	Less than 2 hours	Less than 2 hours
	Median response time to resolve sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.+	3.75 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours
We minimise the impact of wastewater on the environment.	Number of dry weather sewerage overflows from the Council's sewerage system, expressed per 1,000 sewerage connections to that sewerage system.+	0.86	Less than 3 overflows	Less than 3 overflows	Less than 3 overflows	Less than 3 overflows
	Number of abatement notices received by the Council in relation to the resource consents for discharge from our sewerage systems.+	Zero	Zero	Zero	Zero	Zero
	Number of infringement notices received by the Council in relation to the resource consents for discharge from our sewerage systems.+	Zero	Zero	Zero	Zero	Zero
	Number of enforcement orders received by the Council in relation to the resource consents for discharge from our sewerage systems.+	Zero	Zero	Zero	Zero	Zero
	Number of convictions received by the Council in relation to the resource consents for discharge from our sewerage systems.+	Zero	Zero	Zero	Zero	Zero

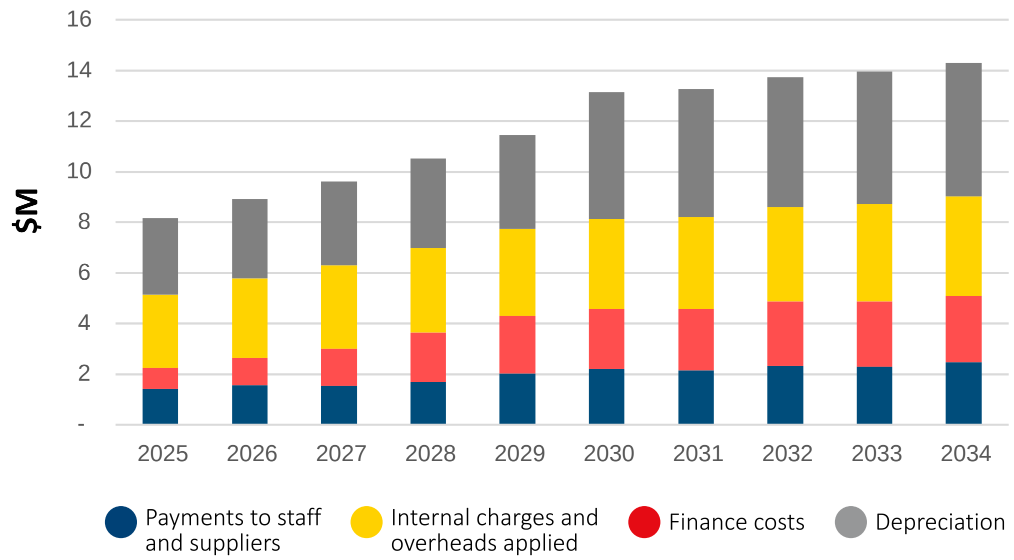
+ Measure required by the Department of Internal Affairs.

Key financial summary

OPERATING EXPENDITURE

$117.2 million

Total operating expenditure over the 10 years 2025-34



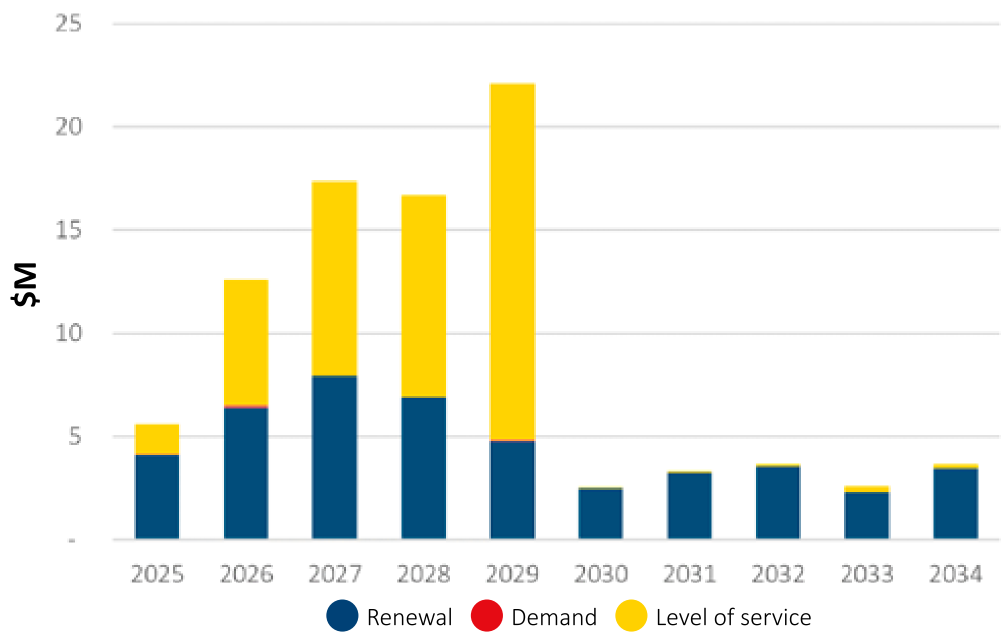
Commentary on material changes since the last Long Term Plan, if any:

Major shifts in operating expenditure are reflected in finance costs due to planned borrowings, after third party contributions, to support the Matatā Wastewater project.

CAPITAL EXPENDITURE

$90.1 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

The major improvement capital expenditure across years two to five reflects provision for the Matatā Wastewater project which we anticipate will result in an increased level of service for wastewater provisions.

Funding Impact Statement 2024-34 - Wastewater

AP 2024	($000) For 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 funding										
881	General rates, uniform annual general charges, rates penalties	175	172	170	171	176	177	179	180	181	182
5,457	Targeted rates	6,428	7,162	7,598	8,141	8,526	9,150	9,296	9,733	9,951	10,339
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
135	Fees and charges	276	286	295	302	369	377	385	329	336	343
47	Internal charges and overheads recovered	27	27	28	28	(31)	(32)	(33)	30	31	31
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
6,520	**Total sources of operating funding (A)**	**6,906**	**7,647**	**8,091**	**8,643**	**9,040**	**9,673**	**9,827**	**10,273**	**10,499**	**10,895**
	Applications of operating funding										
1,269	Payments to staff and suppliers	1,407	1,567	1,535	1,695	2,018	2,195	2,153	2,330	2,288	2,471
646	Finance costs	848	1,073	1,468	1,949	2,297	2,383	2,440	2,541	2,584	2,631
2,309	Internal charges & overheads applied	2,896	3,136	3,294	3,332	3,423	3,570	3,623	3,725	3,869	3,924
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
4,223	**Total applications of operating funding (B)**	**5,151**	**5,775**	**6,297**	**6,977**	**7,738**	**8,148**	**8,216**	**8,596**	**8,741**	**9,026**
2,297	**Surplus (deficit) of operating funding (A-B)**	**1,755**	**1,872**	**1,794**	**1,666**	**1,302**	**1,524**	**1,611**	**1,678**	**1,758**	**1,869**
	CAPITAL										
	Sources of capital funding										
2,471	Subsidies and grants for capital expenditure	-	-	-	1,034	15,679	-	-	-	-	-
97	Development and financial contributions	191	195	201	206	211	216	221	226	230	235
2,886	Increase (decrease) in debt	3,930	7,998	10,436	9,207	1,848	463	507	486	636	518
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
5,454	**Total sources of capital funding (C)**	**4,120**	**8,193**	**10,637**	**10,447**	**17,738**	**679**	**728**	**711**	**866**	**753**
	Applications of capital funding										
	Capital expenditure										
15	- to meet additional demand	34	100	-	-	67	-	-	-	-	-
3,615	- to improve level of service	1,488	6,073	9,418	9,761	17,248	31	98	100	257	198
3,452	- to replace existing assets	4,085	6,418	7,951	6,919	4,785	2,515	3,234	3,581	2,319	3,467
668	Increase (decrease) in reserves	268	(2,526)	(4,938)	(4,567)	(3,061)	(343)	(994)	(1,291)	47	(1,042)
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
7,750	**Total applications of capital funding (D)**	**5,875**	**10,066**	**12,431**	**12,112**	**19,040**	**2,203**	**2,338**	**2,389**	**2,624**	**2,623**
(2,297)	**Surplus (deficit) of capital funding (C-D)**	**(1,755)**	**(1,872)**	**(1,794)**	**(1,666)**	**(1,302)**	**(1,524)**	**(1,611)**	**(1,678)**	**(1,758)**	**(1,869)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Wastewater

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
Matata Waste Water Scheme	LOAN 61 SUBSIDY 39	555	1,133	5,575	9,161	26,258	273	42,401
Replace existing assets:								
Equalised Sewer Network Renewals	LOAN 95 RENEWAL 5	882	1,447	1,483	1,523	4,803	6,924	16,179
Whakatāne Rising Main Renewal	RENEWAL 100	580	-	1,617	778	4,994	1,640	9,029
Reactive Emergency Renewals	RENEWAL 100	-	267	273	281	885	1,275	2,980
Murupara Sewer Manhole Renewals	LOAN 100	400	254	-	-	-	-	254
Major projects total		**2,417**	**3,101**	**8,948**	**11,742**	**36,940**	**10,113**	**70,844**
Operational		**2,353**	**2,507**	**3,643**	**5,627**	**4,386**	**3,142**	**19,304**
Total group capital expenditure		**4,770**	**5,608**	**12,591**	**17,369**	**41,326**	**13,254**	**90,148**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

WATER SUPPLY
Te Mātāpuna Wai

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

Activities in this group

▲ Water Supply

The level of service for this group of activity will be increased.

What we do and how we do it

This activity provides safe, reliable and sustainable water supply to the district. This currently includes provision to over 12,500 properties for domestic, industrial, commercial and agricultural use. With large areas of the district being rural, and in some cases isolated, many households have independent systems supplying their own needs. Water is also provided for urban firefighting requirements.

Key projects

- Otumahi water storage
- Murupara treatment upgrades
- Rūātoki water treament
- Equalised water network renewals

Contribution to community outcomes

Integrating nature into our decision making

Constructively and collaboratively engaging with iwi, hapū and whānau

Challenges

- A challenge in water supply will be the forthcoming reconsenting project for water takes and waste water systems. This time-consuming process will require an innovative delivery model that helps to meet a variety of planning needs across Council infrastructure services in the most efficient and effective way.

Alignment with strategic priorities

Building climate change and natural hazard resilience, including our infrastructure *– Me mātua whakakaha i te aumangea ki te huringa āhuarangi me ngā matepā taiao tae ana ki te hangaroto*

- Ensure our key infrastructure (roads and pipes) are resilient to the effects of natural hazards and climate change.
- Partner with at-risk communities about climate change adaptation and what this might mean for them (e.g. those communities which may be impacted by rising sea-levels, flooding).

Shaping a green District – *Kia toitū te rohe*

- Ensure Council's decision-making and operations reflect our environmental priorities.

Strengthening relationships with iwi, hapū and whānau *– Me mātua whakawhanake i ngā kōtuituinga ā-iwi, ā-hapū, ā-whānau anō hoki*

- Enable iwi participation in planning, decision-making and reflect cultural aspirations through the projects we deliver (e.g. financial support, capability, design).

Significant negative effects

Possible negative effect	Aspects of wellbeing impacted				How we will try to minimise the impact
	Social	Cultural	Economic	Environmental	
The expenses associated with necessary infrastructure upgrades may exceed the financial capacity of communities.	✓				Council will prioritise spending, find cost-effective solutions, seek external funding, and engage with communities.
Over-extraction of water may cause environmental and cultural issues.		✓		✓	Comply with Resource Consent conditions on maximum draw. Monitor water take and water availability. Use of water restrictions if required.
Potential delivery of contaminated water through our schemes.	✓		✓		Emergency response plans, operational procedures and monitoring of the raw water supplies. Public Health Risk Management Plans.
Insufficient water supplies during times of drought or emergency.	✓	✓	✓	✓	Demand management, through water conservation education, water restrictions and other methods, is used to reduce water demands during drought or emergency. 24 hours' worth of water storage is available for all schemes, except Plains and Edgecumbe.
Significant upgrades that are required could have negative effects on all four wellbeings.	✓	✓	✓	✓	Council will continue to engage with people on planned upgrades and have regard for the environmental, economic, social and cultural disruptions the upgrades may cause.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our Annual Reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We provide safe, quality water supplies that meet the needs of our communities.	The extent to which Council's drinking water supplies complies with part 4 of the Drinking Water Standards (bacteria compliance criteria).+* **	3 schemes compliant	All schemes	All schemes	All schemes	All schemes
	The extent to which Council's drinking water supplies complies with part 5 of the Drinking Water Standards (protozoal compliance criteria).+* **	1 scheme compliant	8 schemes compliant of 9	8 schemes compliant of 9	8 schemes compliant of 9	8 schemes compliant of 9
	Total number of complaints received by the Council about any of the following: • drinking water clarity • drinking water taste • drinking water odour • drinking water pressure or flow • continuity of supply • Council's response to any of these issues.+ Expressed per 1,000 connections to the Council's networked reticulation system.	16.3	Less than 30	Less than 30	Less than 30	Less than 30
	Satisfaction with the water supply and quality of drinking water (supplied by Council).	72%	70%	70%	70%	70%
We respond to water supply call-outs in a timely manner.	Median response time to attend urgent call-outs for a fault or unplanned interruption to Council's networked reticulation system from the time that the Council receives notification to the time that the service personnel reach the site.+	0.6 hours	Less than 1 hour	Less than 1 hour	Less than 1 hour	Less than 1 hour
	Median response time to resolve urgent call-outs for a fault or unplanned interruption to Council's networked reticulation system from the time that the Council receives notification to the time that the service personnel confirm resolution of the fault or interruption.+	2.92 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours
	Median response time to attend non-urgent call-outs for a fault or unplanned interruption to Council's networked reticulation system from the time that the Council receives notification to the time that the service personnel reach the site.+	16.73 hours	Less than 24 hours	Less than 24 hours	Less than 24 hours	Less than 24 hours
	Median response time to resolve non-urgent call-outs for a fault or unplanned interruption to Council's networked reticulation system from the time that the Council receives notification to the time that the service personnel confirm resolution of the fault or interruption.+	20.28 hours	Less than 48 hours	Less than 48 hours	Less than 48 hours	Less than 48 hours

+ Measure required by the Department of Internal Affairs.
* Compliance with the Water services (Drinking Water Standards for New Zealand) Regulation 2022 and DWQAR (Drinking Water Quality Assurance Rules 2022).
** Despite not achieving these targets in previous years, the Council will maintain the same target for the 2024/34 Long Term Plan to establish the desired level of service the Council aims to achieve.

Key performance indicator (continued)

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We work to reduce unnecessary water consumption from our systems and in the community.	Average consumption of drinking water per day per resident in the District for metered areas supplied by Council.+**	430.8 litres	Less than 450 litres	Less than 450 litres	Less than 450 litres	Less than 400 litres
	Average consumption of drinking water per day per resident in the District for unmetered areas supplied by Council.+	345 litres	Less than 350 litres	Less than 350 litres	Less than 350 litres	Less than 300 litres
	Percentage of real water loss from Council-networked reticulation system for metered schemes based on the standard International Water Association (IWA) water balance.+	20.7%	Less than 20%	Less than 20%	Less than 20%	Less than 20%
	Percentage of real water loss from council-networked reticulation system for unmetered schemes based on the standard International Water Association (IWA) methodology assessing water loss.+	38.3%	Less than 40%	Less than 40%	Less than 40%	Less than 30%

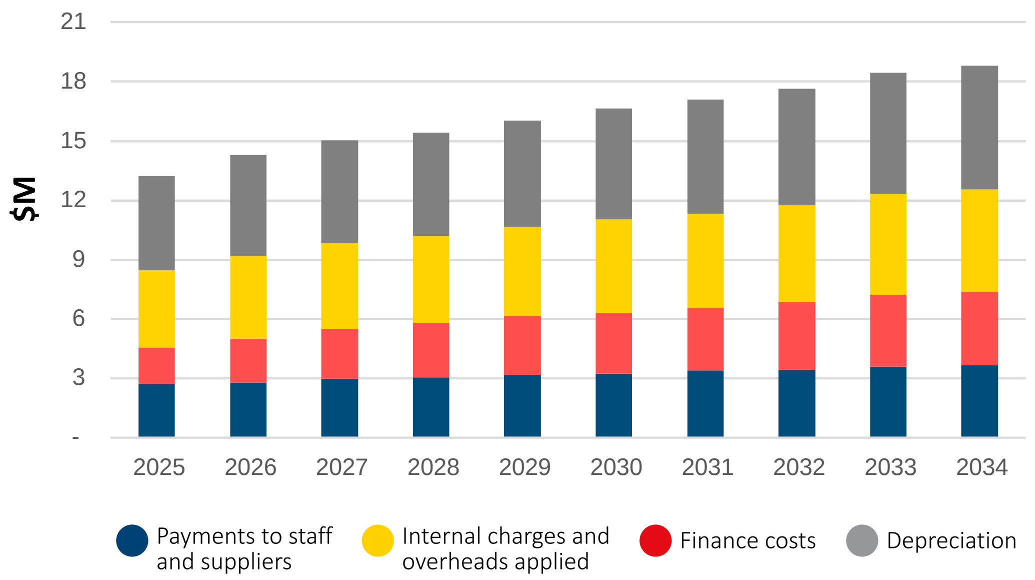
+ Measure required by the Department of Internal Affairs.
* Compliance with the Water services (Drinking Water Standards for New Zealand) Regulation 2022 and DWQAR (Drinking Water Quality Assurance Rules 2022).
** Despite not achieving these targets in previous years, the Council will maintain the same target for the 2024/34 Long Term Plan to establish the desired level of service the Council aims to achieve.

Key financial summary

OPERATING EXPENDITURE

$162.7 million

Total operating expenditure over the 10 years 2025-34



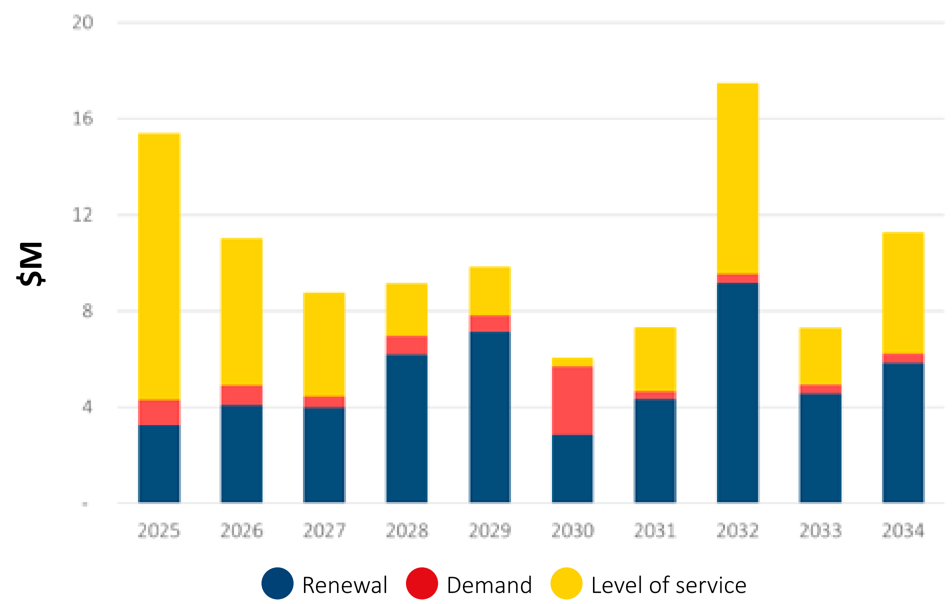
Commentary on material changes since the last Long Term Plan, if any:

No material changes to operating expenditure since the last Long Term Plan.

CAPITAL EXPENDITURE

$103.6 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

The capital works programme for water supplies includes a number of projects in the earlier years of the Long Term Plan to improve water treatment plants in Murupara and Rūātoki, and provide sufficient water storage in the Otumahi supply. Investment in the latter parts of the Long Term Plan are budgeted for improvements as a result of the water strategy.

Funding Impact Statement 2024-34 - Water Supply

AP 2024	($000) For 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 funding										
-	General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-
8,261	Targeted rates	9,856	12,688	14,557	15,987	16,992	17,932	18,433	19,083	19,908	20,369
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
173	Fees and charges	61	62	64	66	67	69	71	72	74	75
97	Internal charges and overheads recovered	101	67	69	70	72	73	75	76	78	79
4	Local authorities fuel tax, fines, infringement fees, and other receipts	8	8	8	8	8	9	9	9	9	9
8,536	**Total sources of operating funding (A)**	**10,025**	**12,825**	**14,698**	**16,131**	**17,140**	**18,083**	**18,587**	**19,240**	**20,069**	**20,532**
	Applications of operating funding										
2,368	Payments to staff and suppliers	2,739	2,777	2,974	3,036	3,192	3,255	3,398	3,450	3,602	3,650
1,640	Finance costs	1,832	2,253	2,510	2,746	2,946	3,057	3,150	3,412	3,599	3,709
2,963	Internal charges & overheads applied	3,882	4,158	4,366	4,411	4,527	4,725	4,788	4,923	5,122	5,187
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
6,971	**Total applications of operating funding (B)**	**8,453**	**9,188**	**9,850**	**10,192**	**10,664**	**11,037**	**11,337**	**11,784**	**12,323**	**12,546**
1,565	**Surplus (deficit) of operating funding (A-B)**	**1,572**	**3,637**	**4,848**	**5,939**	**6,476**	**7,046**	**7,250**	**7,456**	**7,746**	**7,987**
	CAPITAL										
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
80	Development and financial contributions	227	233	239	245	252	257	263	269	275	280
12,398	Increase (decrease) in debt	14,946	7,178	4,913	1,921	1,216	1,236	1,026	6,383	643	3,203
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
12,477	**Total sources of capital funding (C)**	**15,174**	**7,411**	**5,152**	**2,167**	**1,467**	**1,493**	**1,289**	**6,652**	**918**	**3,483**
	Applications of capital funding										
	Capital expenditure										
1,118	- to meet additional demand	1,042	800	466	784	658	2,837	328	377	351	377
9,770	- to improve level of service	11,079	6,138	4,310	2,175	2,029	347	2,646	7,919	2,369	5,028
3,234	- to replace existing assets	3,279	4,090	3,995	6,192	7,154	2,867	4,345	9,182	4,575	5,855
(79)	Increase (decrease) in reserves	1,345	20	1,230	(1,046)	(1,897)	2,488	1,220	(3,370)	1,368	210
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
14,042	**Total applications of capital funding (D)**	**16,746**	**11,048**	**10,000**	**8,105**	**7,943**	**8,539**	**8,539**	**14,108**	**8,664**	**11,470**
(1,565)	**Surplus (deficit) of capital funding (C-D)**	**(1,572)**	**(3,637)**	**(4,848)**	**(5,939)**	**(6,476)**	**(7,046)**	**(7,250)**	**(7,456)**	**(7,746)**	**(7,987)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Water Supply

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
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
Plains Water Safety Plans	LOAN 100	-	17	-	-	-	6,095	6,113
Murupara Treatment Upgrades	LOAN 100	80	2,373	1,561	370	-	-	4,303
Rūātoki Water Treatment	LOAN 100	200	1,355	2,787	-	-	-	4,142
Otumahi Storage Pipe Water Main	LOAN 95 RENEWAL 5	620	3,880	-	-	-	-	3,880
Otumahi Water Storage	LOAN 95 RENEWAL 5	1,500	3,000	-	-	352	-	3,352
Whakatāne - Coastlands Link Main	DEVCON 6.37 LOAN 93.63	-	-	-	-	2,895	-	2,895
Plains Backflow Preventors	LOAN 100	700	574	279	286	595	-	1,734
Whakatāne Water Safety Plans	LOAN 100	-	163	334	344	181	386	1,408
Whakatāne Water Telemetry Upgrade	LOAN 100	83	-	-	-	-	1,356	1,356
Ōhope Harbour Upgrade Pipes	DEVCON 6.37 LOAN 43.63 RENEWAL 50	-	-	-	-	1,173	-	1,173
Whakatāne Backflow Preventors	LOAN 100	500	190	279	286	294	-	1,048
Blueberry Curves Relocation	LOAN 70 RENEWAL 30	83	-	-	744	-	-	744
Replace existing assets:								
Equalised Water Network Renewals	RENEWAL 100	2,200	2,322	2,654	2,084	7,586	13,790	28,436
Condition & Improvements- Reservoirs	DEVCON 3 LOAN 37 RENEWAL 60	107	-	-	-	9,256	188	9,444
Murupara Storage Renewals	RENEWAL 100	-	-	29	-	329	2,632	2,989
Plains Water Mains Renewals	RENEWAL 100	224	190	117	160	505	547	1,519
Reactive Emergency Renewal Works	RENEWAL 100	-	131	134	137	433	625	1,460
Murupara Network Renewals	RENEWAL 100	362	228	195	120	290	547	1,381
Reactive Emergency Renewals	RENEWAL 100	-	109	111	115	361	521	1,216
Huna Road Plan Change 8	DEVCON 100	-	-	760	-	-	-	760
Keepa Road Water Main	LOAN 100	200	-	-	458	-	-	458
Tāneatua Bore Replacement	RENEWAL 100	-	-	-	-	-	366	366
Major projects total		**6,859**	**14,532**	**9,645**	**5,749**	**24,249**	**41,695**	**95,870**
Operational		**1,603**	**869**	**1,383**	**3,022**	**792**	**1,658**	**7,723**
Total group capital expenditure		**8,462**	**15,401**	**11,027**	**8,770**	**25,042**	**43,353**	**103,593**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for Forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

OUR WATER AND SANITARY SERVICES ASSESSMENT
Te Arotakenga o ngā Wai me ngā Ratonga Akuaku

In 2011, we assessed the adequacy of our District's water and sanitary services (the 'assessment'). For this assessment, 22 communities were defined. We are required to inform you of any significant variations between that assessment and what this long term plan proposes.

Water supply
Te Mātāpuna Wai

The principal issue identified in the assessment, with regards to reticulated communities, was that a number of the schemes (Te Mahoe, Plains, Edgecumbe, Ruatoki, Murupara) were drawing water from groundwater sources or springs that were not proven 'secure' sources. Therefore, as required by the Drinking Water Standards, these supplies may not have an adequate barrier to protozoa (giardia and cryptosporidium). Projects to address this issue have been completed in all schemes except for Murupara. Treatment deficiencies in Murupara will be addressed through a dedicated project in the first few years of the long term plan.

For unreticulated and/or private water schemes, the assessment proposed that the information gap would be filled to determine the extent and adequacy of water supplied to these consumers. Together with Taumata Arowai, Council has started work with a number of private scheme owners, particularly across the Rangitāiki Plains. However, the ability to serve additional customers at the required rate remains constrained. The proposed water strategy would provide a master plan for future connections. Due to funding constraints, necessary infrastructure upgrades are planned to commence outside the 10-year capital work period. In the meantime, additional connections are managed on a case-by-case basis and often require on-site water tanks to ensure an adequate supply of water.

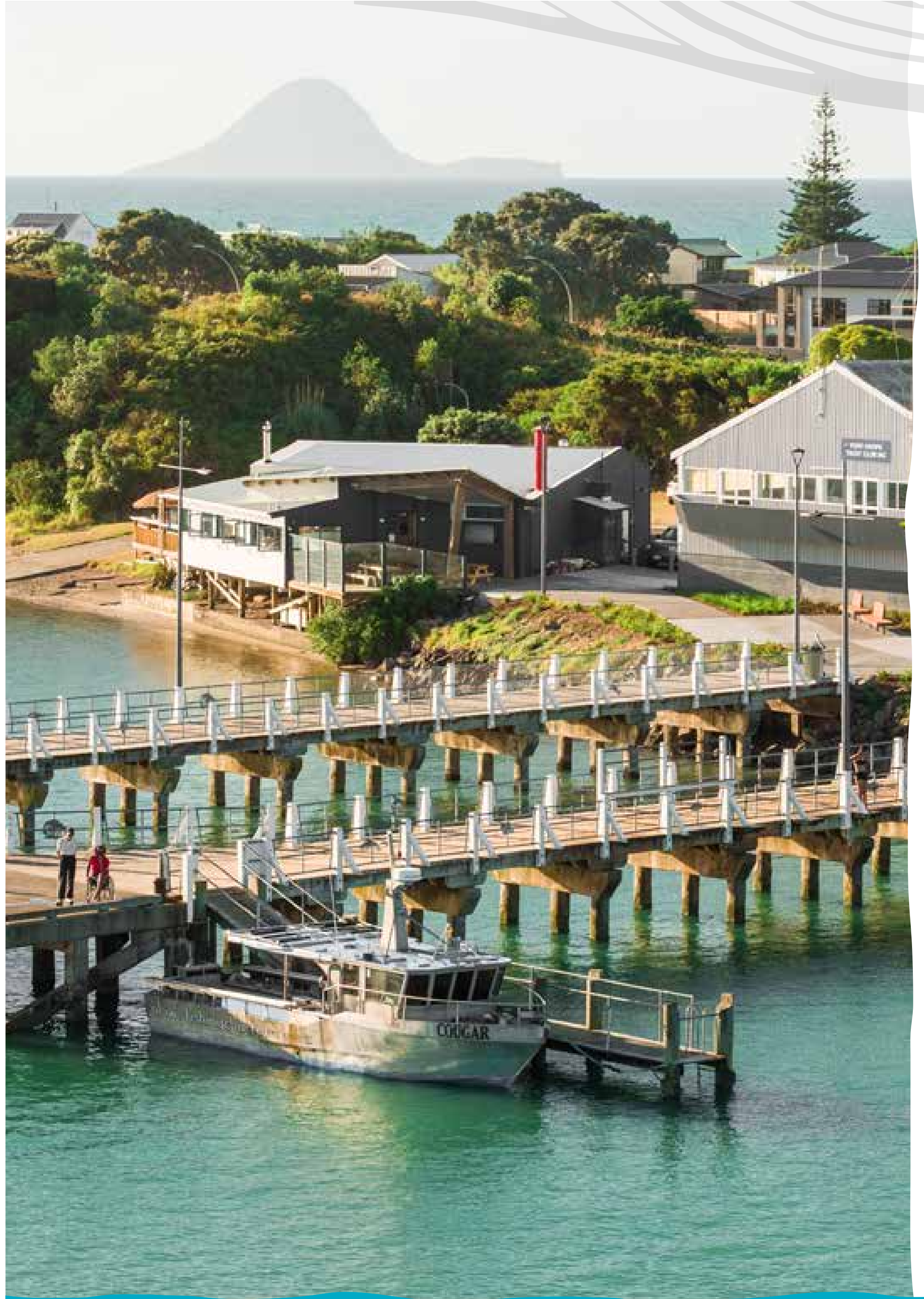
Wastewater
Te Parakaingaki

The assessment in 2011 identified operational and capital improvement works to manage the frequency of wastewater overflows. These works, which were recently completed, have significantly reduced the incidence of overflows in both the Whakatāne and Edgecumbe schemes.

Regarding Matatā, significant work has been made to assess the environmental and public health effects from often ineffective on-site wastewater systems. A project is well into the planning and consenting phase to install a reticulated wastewater scheme to eliminate these impacts. This significant project is included in the long term plan.

Stormwater
Wai Āwhā

Works identified in the assessment have been completed, most notably in the Douglas Street/Alexander Avenue, Awatapu Lagoon, and Edgecumbe sites. A significant project, not identified at the time of the assessment, is the rebuild and upgrade of the Hinemoa stormwater pump station, which is funded in the long term plan.



PORTS AND HARBOURS
Ngā Tumu Herenga Waka me ngā Wahapū

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

Activities in this group

▶ Ports and Harbours

The level of service for this group of activity will be maintained.

What we do and how we do it

This group of activities develops the strategy, planning, and management of harbours assets, as well as maintenance to ensure all facilities and assets are safe for public use. Our harbours are in Whakatāne, Thornton and Ōhope.

Challenges

- Public health and safety around ports and harbours is a challenge due to the level of associated risk. Council works hard to ensure policy, procedures and practices are reviewed regularly and are fit for purpose in these critical areas.

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Thriving circular economies

Alignment with Strategic Priorities

Enhancing the safety, wellbeing, and vibrancy of communities
– Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori

- Support our smaller and remote communities to plan for their future- what changes should occur in the area and when, all across the district. And invest in making these changes happen.

Facilitating economic regeneration and responding to development pressures
– Me mātua whakahaere i te tipuranga o te taiōhanga me ngā tonotono whare

- Back our economy, in particular the tourism and events sectors, to enable economic and employment growth and attract new business and investment into the district.

Significant negative effects

Possible negative effect	Aspects of wellbeing impacted				How we will try to minimise the impact
	Social	Cultural	Economic	Environmental	
Harbour dredging can have significant negative effects on the natural environment.				✓	Dredging is carried out in accordance with consents and Ports Operational Plan in consultation with Bay of Plenty Regional Council, Iwi and hapū. Methods used are the most environmentally sensitive available.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our annual reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We provide quality boat ramps and wharf facilities.	User satisfaction with boat ramps and wharf facilities	New measure*	77%	77%	77%	77%

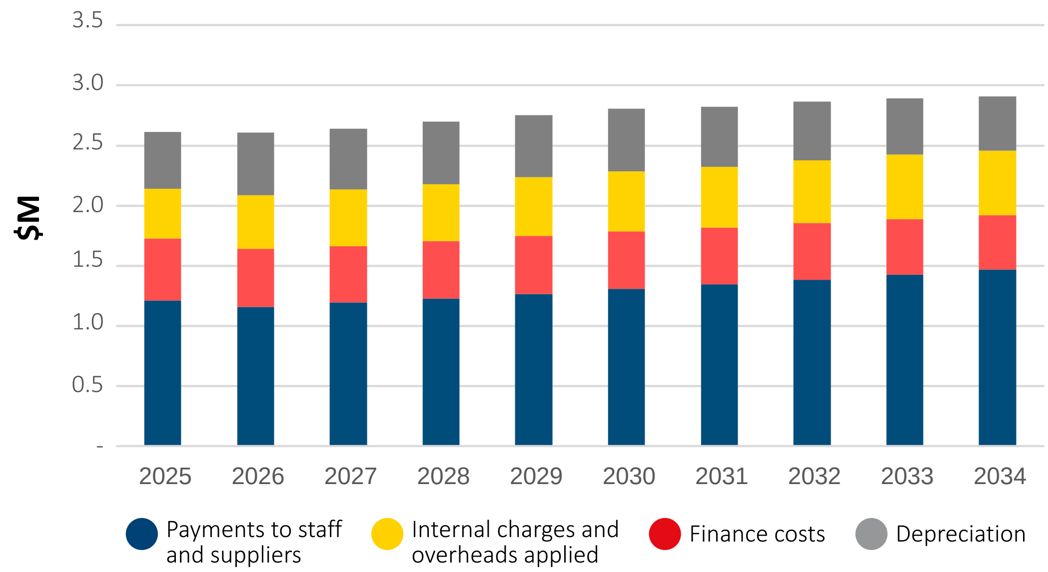
*This is a new measure for the Long-Term Plan 2024-34. Therefore, we do not have results from previous years to compare our targets to.

Key financial summary

OPERATING EXPENDITURE

$27.6 million

Total operating expenditure over the 10 years 2025-34



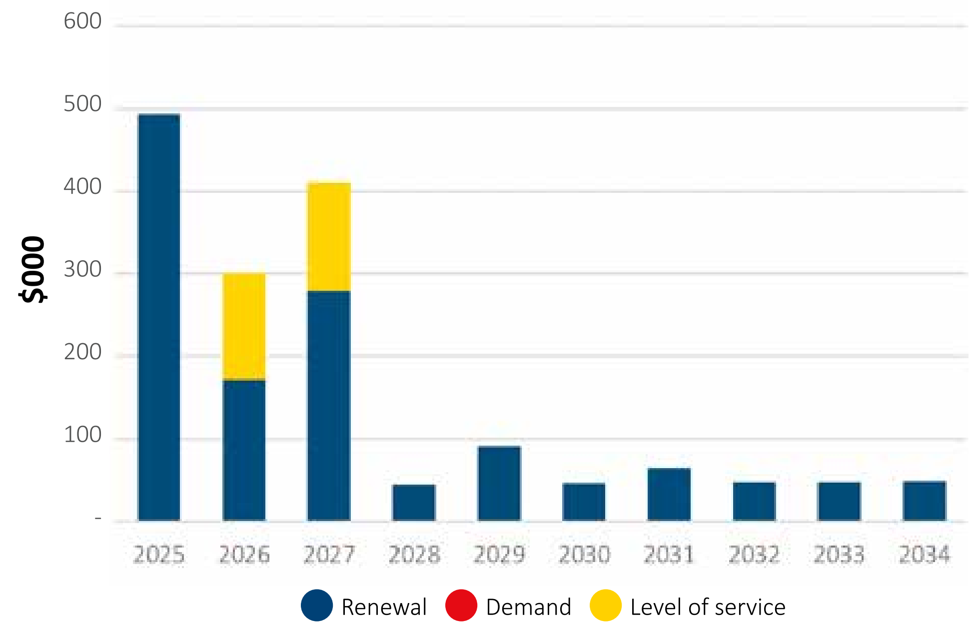
Commentary on material changes since the last Long Term Plan, if any:

No material changes to operating expenditure since the last Long Term Plan.

CAPITAL EXPENDITURE

$1.6 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

The first three years of the Long Term Plan includes $1.2 million for renewing and improving existing infrastructure.

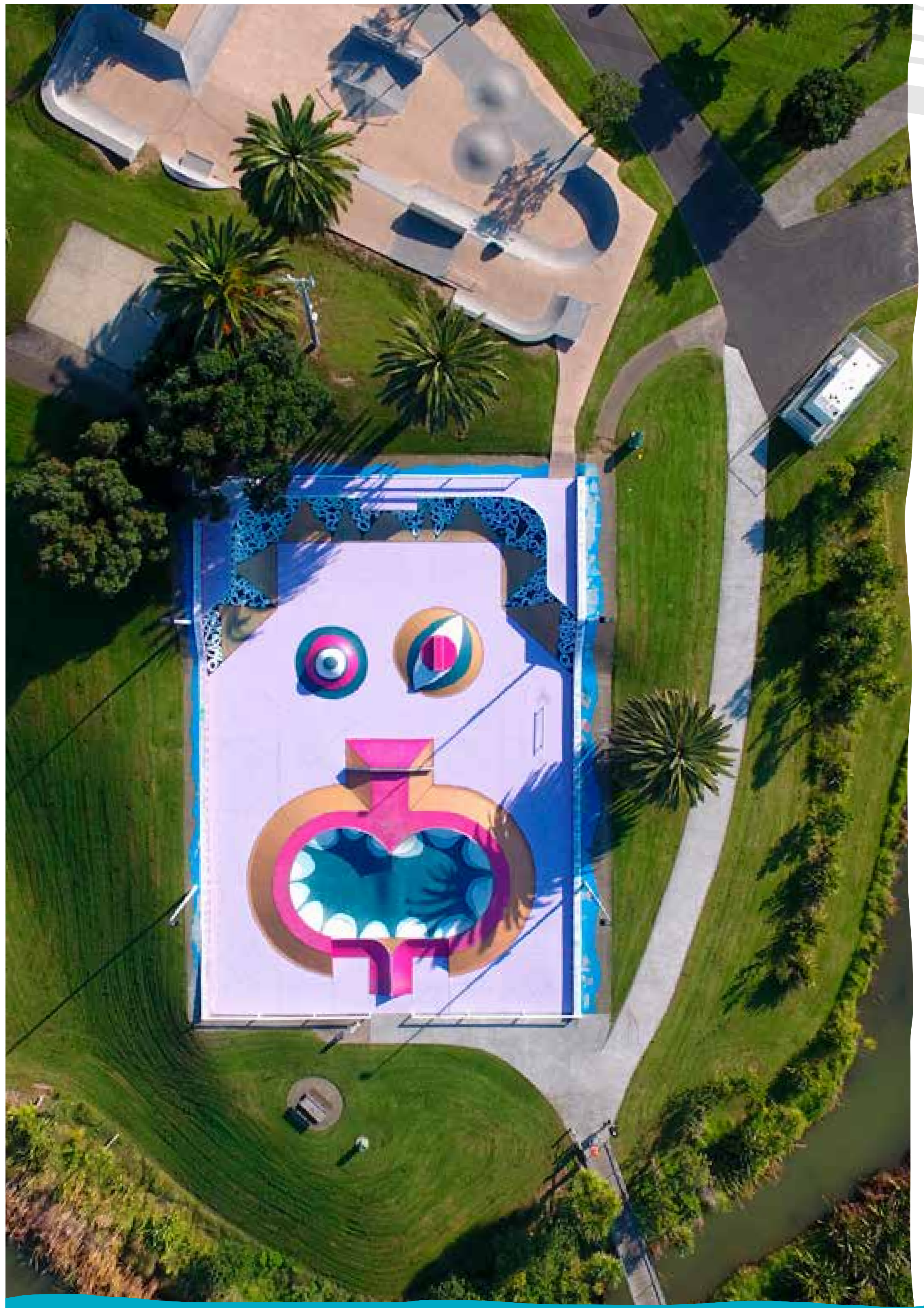
Funding Impact Statement 2024-34 - Ports and Harbour

AP 2024	($000) For 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 funding										
-	General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
213	Fees and charges	297	303	309	315	150	153	156	158	161	163
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
213	**Total sources of operating funding (A)**	**297**	**303**	**309**	**315**	**150**	**153**	**156**	**158**	**161**	**163**
	Applications of operating funding										
938	Payments to staff and suppliers	1,212	1,158	1,194	1,230	1,267	1,306	1,343	1,383	1,424	1,467
408	Finance costs	517	482	470	473	484	480	474	475	464	452
391	Internal charges & overheads applied	413	449	474	475	485	502	506	518	535	538
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
1,737	**Total applications of operating funding (B)**	**2,142**	**2,089**	**2,138**	**2,179**	**2,236**	**2,288**	**2,324**	**2,376**	**2,423**	**2,458**
(1,524)	**Surplus (deficit) of operating funding (A-B)**	**(1,844)**	**(1,786)**	**(1,828)**	**(1,864)**	**(2,085)**	**(2,135)**	**(2,168)**	**(2,218)**	**(2,263)**	**(2,294)**
	CAPITAL										
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
4,506	Increase (decrease) in debt	(226)	(245)	(257)	(264)	(270)	(280)	(292)	(303)	(318)	(334)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
4,506	**Total sources of capital funding (C)**	**(226)**	**(245)**	**(257)**	**(264)**	**(270)**	**(280)**	**(292)**	**(303)**	**(318)**	**(334)**
	Applications of capital funding										
	Capital expenditure										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
540	- to improve level of service	-	129	131	-	-	-	-	-	-	-
484	- to replace existing assets	493	172	279	45	91	46	65	48	48	49
(2,142)	Increase (decrease) in reserves	(2,564)	(2,331)	(2,496)	(2,173)	(2,445)	(2,462)	(2,525)	(2,568)	(2,629)	(2,678)
4,100	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
2,982	**Total applications of capital funding (D)**	**(2,070)**	**(2,030)**	**(2,085)**	**(2,128)**	**(2,355)**	**(2,415)**	**(2,460)**	**(2,520)**	**(2,581)**	**(2,628)**
1,524	**Surplus (deficit) of capital funding (C-D)**	**1,844**	**1,786**	**1,828**	**1,864**	**2,085**	**2,135**	**2,168**	**2,218**	**2,263**	**2,294**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Ports and Harbour

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Major projects total		540	-	-	-	-	-	-
Operational		606	493	301	411	182	210	1,596
Total group capital expenditure		1,146	493	301	411	182	210	1,596

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.



PARKS AND RESERVES
Ngā Papa Rēhia me ngā Whenua tāpui

Activities in this group

- ▲ Parks, Reserves and Gardens
- ▶ Cemeteries

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for Parks, Reserves and Gardens will increase.
The level of service for Cemeteries will be maintained.

What we do and how we do it

This group of activities provides and maintains spaces and facilities for community use, recreation, and amenities. Additionally, it manages the planning, operation, and upkeep of five Council-owned cemeteries and one crematorium. Through these efforts, we aim to enhance the quality of life and wellbeing for both residents and visitors.

Key projects

- Awatapu Lagoon Wetland construction
- Cemetery expansion and site development for a new cemetery
- Accessible play spaces

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Integrating nature into our decision making

Constructively and collaboratively engaging with iwi, hapū and whānau

Significant negative effects

There are no significant negative effects associated with the activities in this activity group.

Challenges

- Ensuring communities are safe when using parks and reserves is a key challenge for Council, addressed by effective public messaging and community partnerships.
- Vandalism is an ongoing challenge that impacts on Social and environmental wellbeing. Council tries to address this problem with education and outreach where possible, and enforcement/ penalties where necessary.
- The availability of land for a new cemetery in the district is an ongoing challenge and Council continues to consider all possibilities for an effective solution.

Alignment with strategic priorities

Enhancing the safety, wellbeing, and vibrancy of communities – *Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori*

- Invest wisely in recreation, events, and the arts to have a broader range of 'things to do' (especially for our youth).

Shaping a green District – *Kia toitū te rohe*

- Ensure Council's decision-making and operations reflect our environmental priorities.

Strengthening relationships with iwi, hapū and whānau – *Me mātua whakawhanake i ngā kōtuituinga ā-iwi, ā-hapū, ā-whānau anō hoki*

- Work with iwi, hapū and whānau, to improve equity and wellbeing outcomes.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our annual reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We provide a variety of quality recreational and community facilities that meet community needs.	User satisfaction with cemeteries and crematorium facilities.	New measure*	77%	77%	77%	77%
	User satisfaction with recreation facilities in the Whakatāne District (sports fields, park and reserves, playgrounds).	New measure*	77%	77%	77%	77%

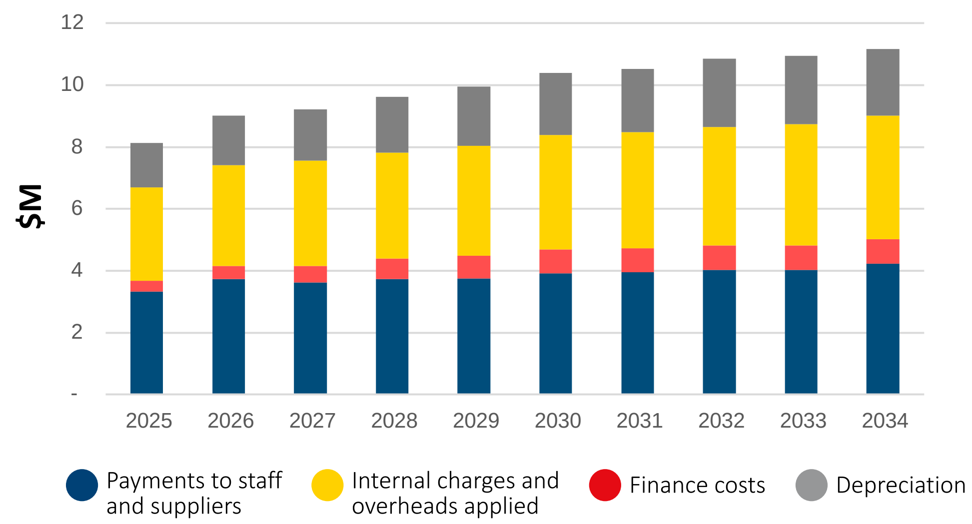
*This is a new measure for the Long-Term Plan 2024-34. Therefore, we do not have results from previous years to compare our targets to.

Key financial summary

OPERATING EXPENDITURE

$99.8 million

Total operating expenditure over the 10 years 2025-34



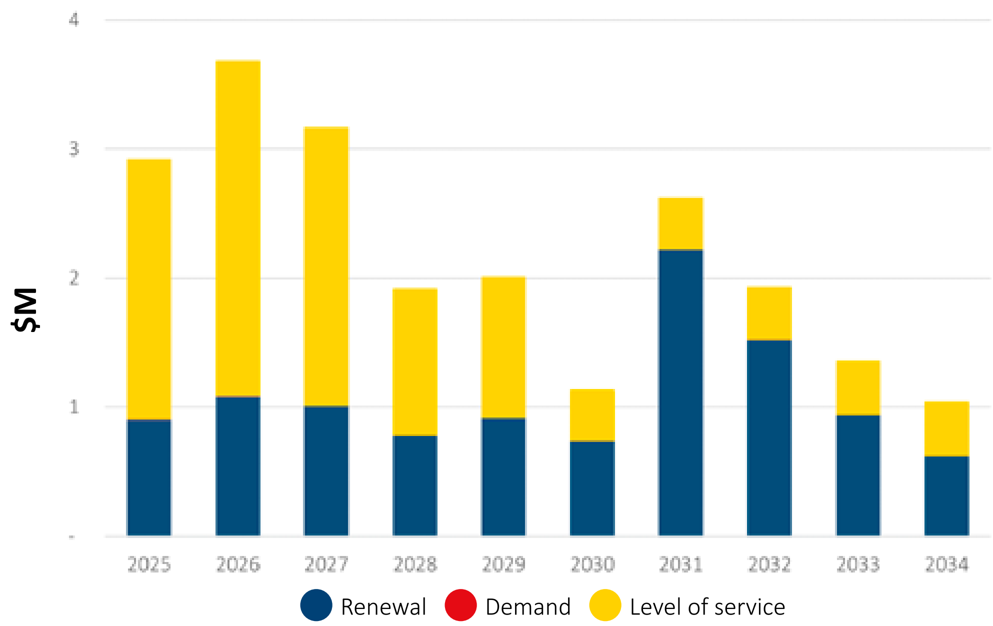
Commentary on material changes since the last Long Term Plan, if any:

Operating expenditure of this function largely remains consistent with existing level of service with annual inflation increases.

CAPITAL EXPENDITURE

$21.8 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

The Awatapu Wetland project has shifted out of the Stormwater Activity into Parks and Reserves. Delivery on a series of accessibility improvements to our open spaces and playspaces following engagement with our communities on the draft Open Spaces Strategy.

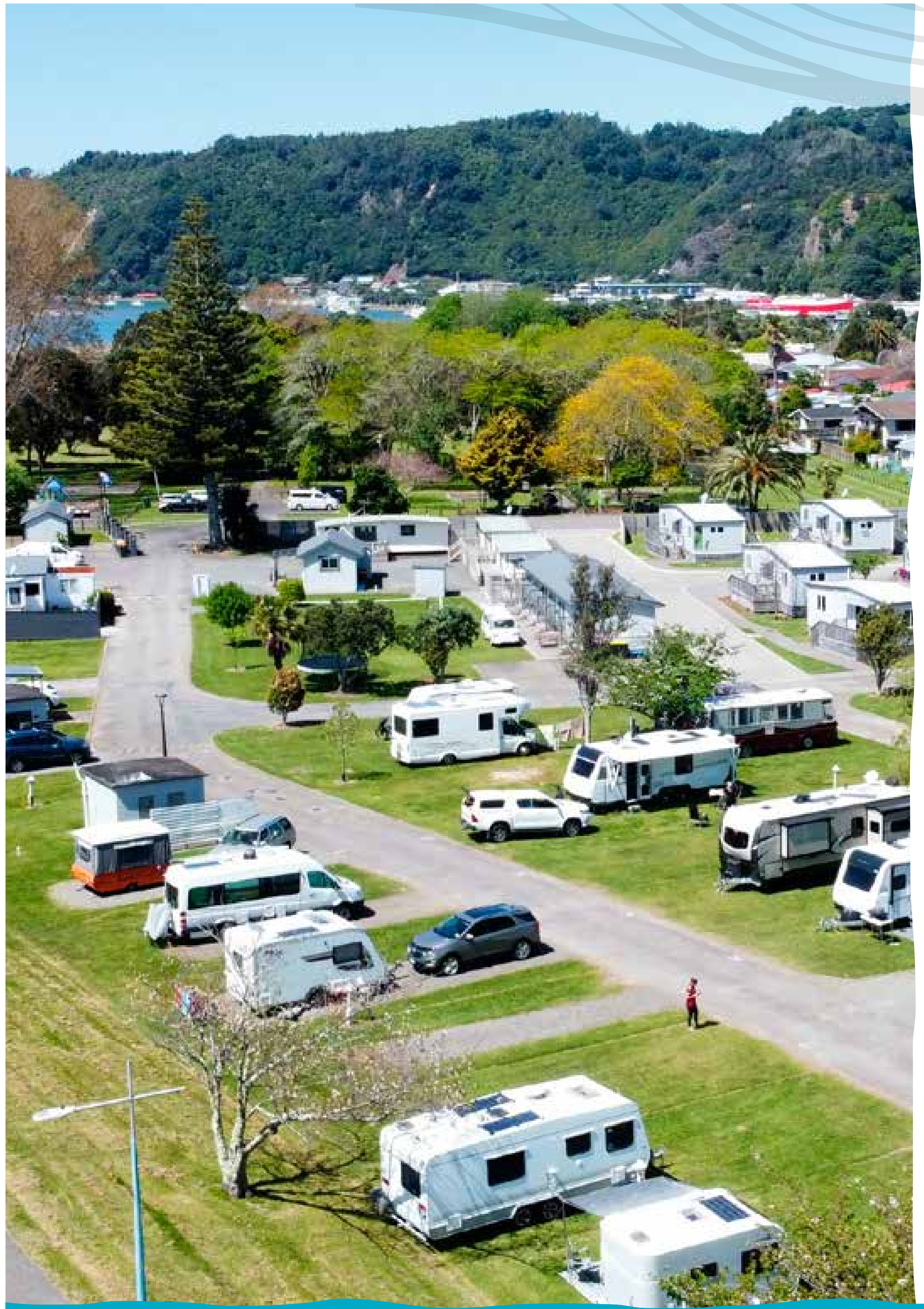
Funding Impact Statement 2024-34 - Parks and Reserves

AP 2024	($000) For 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 funding										
4,185	General rates, uniform annual general charges, rates penalties	5,011	5,259	5,197	5,795	6,416	7,145	7,236	7,411	7,497	7,764
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
8	Subsidies and grants for operating purposes	8	8	8	8	8	9	9	9	9	9
521	Fees and charges	521	534	545	555	565	574	584	593	603	613
2,113	Internal charges and overheads recovered	1,841	1,899	1,939	1,954	2,019	2,057	2,096	2,136	2,174	2,213
54	Local authorities fuel tax, fines, infringement fees, and other receipts	102	105	107	109	111	113	115	117	119	121
6,881	**Total sources of operating funding (A)**	**7,482**	**7,806**	**7,797**	**8,421**	**9,120**	**9,899**	**10,040**	**10,266**	**10,402**	**10,721**
	Applications of operating funding										
3,491	Payments to staff and suppliers	3,334	3,738	3,611	3,738	3,746	3,913	3,946	4,029	4,018	4,237
281	Finance costs	346	425	541	648	738	774	779	796	794	791
2,959	Internal charges & overheads applied	3,008	3,258	3,405	3,436	3,562	3,693	3,749	3,829	3,929	3,985
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
6,732	**Total applications of operating funding (B)**	**6,687**	**7,422**	**7,558**	**7,822**	**8,047**	**8,380**	**8,474**	**8,655**	**8,740**	**9,012**
150	**Surplus (deficit) of operating funding (A-B)**	**795**	**384**	**238**	**599**	**1,073**	**1,519**	**1,566**	**1,611**	**1,662**	**1,708**
	CAPITAL										
	Sources of capital funding										
350	Subsidies and grants for capital expenditure	350	81	82	84	85	87	88	89	91	92
129	Development and financial contributions	30	31	31	32	32	33	33	34	34	35
3,978	Increase (decrease) in debt	1,431	2,684	2,423	1,451	968	(143)	(161)	(177)	(198)	(216)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
4,457	**Total sources of capital funding (C)**	**1,811**	**2,795**	**2,537**	**1,567**	**1,086**	**(24)**	**(40)**	**(53)**	**(73)**	**(89)**
	Applications of capital funding										
	Capital expenditure										
1	- to meet additional demand	1	1	1	1	1	1	1	1	1	1
3,647	- to improve level of service	2,021	2,600	2,159	1,139	1,101	398	405	411	418	425
709	- to replace existing assets	902	1,084	1,009	780	914	737	2,222	1,521	939	622
249	Increase (decrease) in reserves	(319)	(506)	(394)	246	143	359	(1,102)	(376)	230	572
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
4,607	**Total applications of capital funding (D)**	**2,606**	**3,179**	**2,775**	**2,166**	**2,159**	**1,495**	**1,526**	**1,558**	**1,588**	**1,620**
(150)	**Surplus (deficit) of capital funding (C-D)**	**(795)**	**(384)**	**(238)**	**(599)**	**(1,073)**	**(1,519)**	**(1,566)**	**(1,611)**	**(1,662)**	**(1,708)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Parks and Reserves

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
New Whakatane Cemetery- Site Development	DEVCON 8.39 LOAN 91.61	-	527	805	821	231	962	3,346
Awatapu Lagoon Wetland Construction	LOAN 100	10	501	510	521	1,070	-	2,602
Accessible Play Spaces	DEVCON 8.39 LOAN 91.61	-	105	107	110	787	-	1,110
Walking and Cycling Projects	SUBSIDY 100	-	79	81	82	255	361	858
Eve Rimmer Carpark	DEVCON 8.39 LOAN 91.61	-	-	376	329	-	-	704
Murupara Parks Improvements	DEVCON 8.39 LOAN 91.61	-	-	161	164	-	-	325
Maraetotara Improvements	DEVCON 8.39 LOAN 91.61	-	158	161	-	-	-	319
Southern Regeneration- Murupara [BOF]	SUBSIDY 100	-	200	-	-	-	-	200
Wairaka Park Upgrade	DEVCON 8.39 LOAN 91.61	-	-	161	-	-	-	161
Southern Regeneration- Minginui [BOF]	SUBSIDY 100	-	150	-	-	-	-	150
Tāneatua Cemetery Expansion	DEVCON 8.39 LOAN 91.61	-	126	-	-	-	-	126
Replace existing assets:								
P&G Playground Renewals	RENEWAL 100	123	256	184	227	439	534	1,640
Operational Vehicle Replacements	RENEWAL 100	-	40	284	170	336	583	1,412
Cemeteries Renewals- Cremator	RENEWAL 100	8	7	7	13	35	954	1,016
Major projects total		**852**	**2,149**	**2,837**	**2,437**	**3,153**	**3,394**	**13,969**
Operational		**864**	**776**	**848**	**732**	**1,920**	**3,573**	**7,850**
Total group capital expenditure		**1,716**	**2,925**	**3,685**	**3,169**	**5,073**	**6,967**	**21,818**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based o n the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however.
The capital expenditure for forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.



HOLIDAY PARK
Tūnga Hararei

Activities in this group

▶ Whakatāne Holiday Park

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for this group of activity will be maintained.

What we do and how we do it

This activity provides quality accommodation and services at Whakatāne Holiday Park, ensuring visitors have clean and presentable accommodation to explore the Whakatāne District. This activity also has an important role to play in resilience support and planning and can provide emergency accommodation in the event of a disaster.

Key projects

- Holiday Park upgrades and renewals

Contribution to community outcomes

Thriving circular economies

Alignment with Strategic Priorities

Facilitating economic regeneration and responding to development pressures
– Me mātua whakahaere i te tipuranga o te taiōhanga me ngā tonotono whare

- Back our economy, in particular the tourism and events sectors, to enable economic and employment growth and attract new business and investment into the district.

Significant negative effects

There are no significant negative effects associated with the activities in this activity group.

Challenges

- A reduction in international visitors has been a challenge for the Holiday Park, and Council actively considers ways to ensure the Holiday Park remains viable.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our annual reports each year to show you how we are performing against the levels of service we have said you can expect from us.

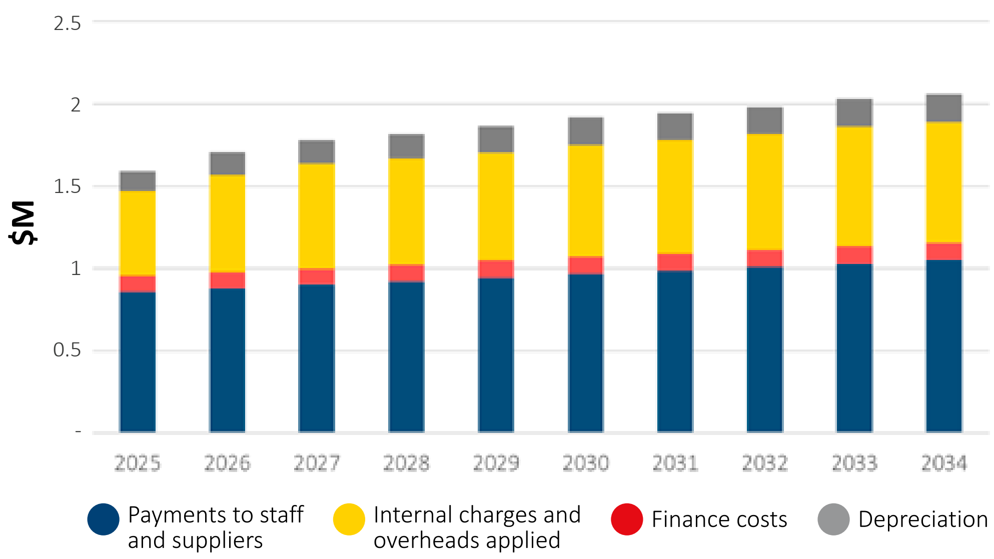
Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We promote tourism within the district through the operation of a quality accommodation option.	Total guest-nights in the Whakatāne Holiday Park.	25,115	Above 25,000	Above 25,000	Above 25,000	Above 26,000

Key financial summary

OPERATING EXPENDITURE

$18.7 million

Total operating expenditure over the 10 years 2025-34



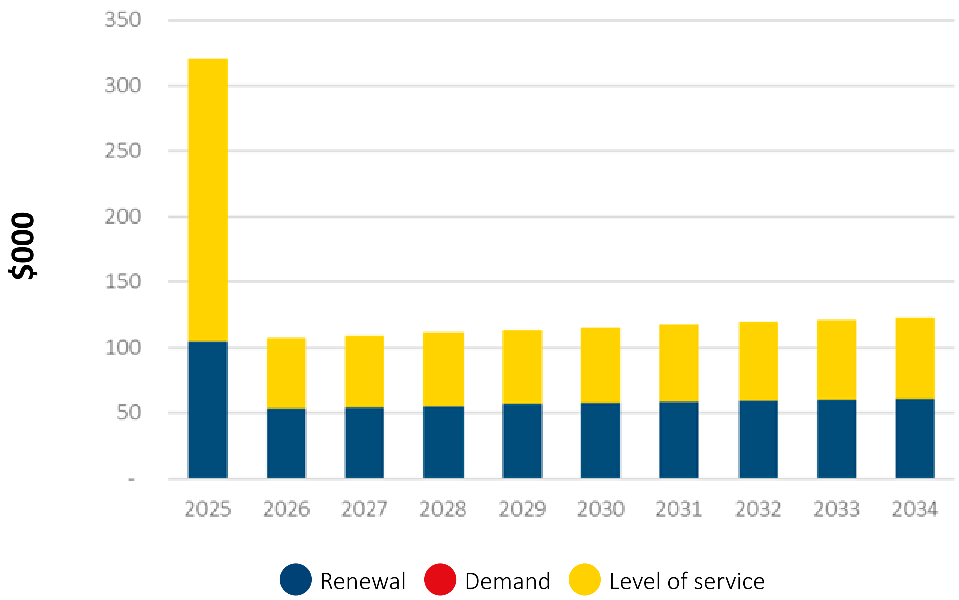
Commentary on material changes, if any:

No material changes to operating expenditure since the last Long Term Plan.

CAPITAL EXPENDITURE

$1.4 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes, if any:

Increase in year one to allow larger scale upgrades and renewals to be carried out to the communal facilities at the Holiday Park.

Funding Impact Statement 2024-34 - Whakatāne Holiday Park

AP 2024	($000) For 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 funding										
-	General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
962	Fees and charges	1,138	1,217	1,242	1,326	1,350	1,441	1,466	1,563	1,588	1,693
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
962	**Total sources of operating funding (A)**	**1,138**	**1,217**	**1,242**	**1,326**	**1,350**	**1,441**	**1,466**	**1,563**	**1,588**	**1,693**
	Applications of operating funding										
851	Payments to staff and suppliers	857	880	902	924	946	968	988	1,010	1,031	1,053
97	Finance costs	101	99	98	100	104	105	105	107	105	104
175	Internal charges & overheads applied	516	589	635	643	653	676	685	701	723	731
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
1,122	**Total applications of operating funding (B)**	**1,473**	**1,568**	**1,635**	**1,667**	**1,703**	**1,749**	**1,778**	**1,817**	**1,859**	**1,887**
(160)	**Surplus (deficit) of operating funding (A-B)**	**(335)**	**(351)**	**(394)**	**(341)**	**(352)**	**(307)**	**(312)**	**(254)**	**(271)**	**(194)**
	CAPITAL										
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
98	Increase (decrease) in debt	154	(17)	(20)	(23)	(25)	(29)	(33)	(36)	(41)	(47)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
98	**Total sources of capital funding ©**	**154**	**(17)**	**(20)**	**(23)**	**(25)**	**(29)**	**(33)**	**(36)**	**(41)**	**(47)**
	Applications of capital funding										
	Capital expenditure										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
120	- to improve level of service	215	54	55	56	57	58	59	60	61	62
180	- to replace existing assets	105	54	55	56	57	58	59	60	61	62
(362)	Increase (decrease) in reserves	(502)	(475)	(523)	(475)	(491)	(452)	(462)	(410)	(434)	(364)
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
(62)	**Total applications of capital funding (D)**	**(181)**	**(368)**	**(414)**	**(364)**	**(377)**	**(336)**	**(345)**	**(291)**	**(313)**	**(241)**
160	**Surplus (deficit) of capital funding (C-D)**	**335**	**351**	**394**	**341**	**352**	**307**	**312**	**254**	**271**	**194**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Whakatāne Holiday Park

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
Holiday Park Upgrades	LOAN 100	60	215	54	55	170	240	734
Major projects total		**60**	**215**	**54**	**55**	**170**	**240**	**734**
Operational		**180**	**105**	**54**	**55**	**170**	**240**	**624**
Total group capital expenditure		**240**	**320**	**107**	**110**	**340**	**481**	**1,359**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

TRANSPORT CONNECTIONS
Ngā Hononga Waka

Activities in this group

- ▶ Transport Network Connections
- ▲ Parking Enforcement
- ▶ Shared Use Pathways

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for Parking Enforcement will increase.
The level of service for Transport Network Connections and Shared Use Pathways will be maintained.

What we do and how we do it

This group of activities aims to provide a safe, reliable and sustainable transport system that is accessible to everyone and caters to a variety of transport choices. This includes providing safer and more accessible options for pedestrians, people on bikes and people using mobility devices, alongside motorised vehicles. A well functioning transport system that keeps people and places connected, supports a vibrant economy and allows for the efficient day-to-day running of our communities.

Key projects

- Resurfacing (chipseal and asphaltic concrete)
- Pavement rehabilitation

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Integrating nature into our decision making

Challenges

- The increasing rate of deterioration due to use and age of our current land transport system is a challenge Council staff address in their planning and implementation models.
- Future population growth and the limited ability of our current system to meet demand is an ongoing challenge that requires strategic planning.
- Exposure to high impact natural events, potentially exacerbated by climate change is a challenge for our transport teams, who work closely with environmental advisors to mitigate risks and alleviate potential impacts for communities.

Alignment with strategic priorities

Enhancing the safety, wellbeing, and vibrancy of communities
– Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori

- Increase safety for people moving around the district (e.g. Community Safety Cameras, good lighting, multi-modal transport, accessibility for people with disabilities

Building climate change and natural hazard resilience, including our infrastructure
– Me mātua whakakaha i te aumangea ki te huringa āhuarangi me ngā matepā taiao tae ana ki te hangaroto

- Ensure our key infrastructure (roads and pipes) are resilient to the effects of natural hazards and climate change.

Facilitating economic regeneration and responding to development pressures
– Me mātua whakahaere i te tipuranga o te taiōhanga me ngā tonotono whare

- Setting direction for where and what type of development should occur using spatial planning, district planning, and strategic planning processes for infrastructure, suburban development, and economic growth.

Significant negative effects

Possible negative effect	Aspects of wellbeing impacted				How we will try to minimise the impact
	Social	Cultural	Economic	Environmental	
The maintenance of the roading network may cause several nuisances including dust, noise and smells.	✓			✓	Council will comply with the Resource Management Act and local bylaws during maintenance activities, track and record complaints. Alternative methods of transport such as walkways, cycling and public transport assist to mitigate air pollution.
Carrying out road maintenance activities can cause short term delays to traffic.	✓		✓		Ensure appropriate temporary traffic management to minimise delays. This could include, for example, working outside of peak hour traffic, requiring short detours, or implementing manual traffic control.
The provision of a roading network may encourage increased traffic volumes and increase the levels of greenhouse gas emissions.	✓			✓	The Council's Climate Change Strategy sets out targets for reducing emissions, and has a specific Transport Action Plan. Council's Active Whakatāne Strategy recognises active user groups, and has a vision for a district where active travel and recreation improve health, connectedness, our environment and economy.
Natural heritage sites can be negatively impacted by the construction of new roads.		✓		✓	Projects are investigated to identify possible heritage artefacts. Tangata whenua and other affected parties are consulted prior to construction.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our annual reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We provide safe and quality infrastructure to enable various modes of transport.	Satisfaction with Council roads.	48%	57%	57%	57%	57%
	The average quality of ride on a sealed local road network, measured by percentage of smooth travel exposure.+	94%	Above 90%	Above 90%	Above 90%	Above 90%
	Percentage of sealed local road network that is resurfaced.+*	5%	10%	10%	10%	10%
	Percentage of footpaths within the District that fall within the level of service or service standard for the condition of footpaths that is set out in the Council's Activity Management Plan.+ **	100%	95% of all qualifying footpaths achieve a grade of three or less as measured through the three yearly footpath inspections	95% of all qualifying footpaths achieve a grade of three or less as measured through the three yearly footpath inspections	95% of all qualifying footpaths achieve a grade of three or less as measured through the three yearly footpath inspections	95% of all qualifying footpaths achieve a grade of three or less as measured through the three yearly footpath inspections
We respond to community requests relating to roads and footpaths in a timely manner	Percentage of emergency customer service requests relating to roads and footpaths responded to within 2 hours.+	90.5%	90%	90%	90%	90%
	Percentage of all other customer service requests relating to roads and footpaths responded to within 7 days.+	95.7%	95%	95%	95%	95%

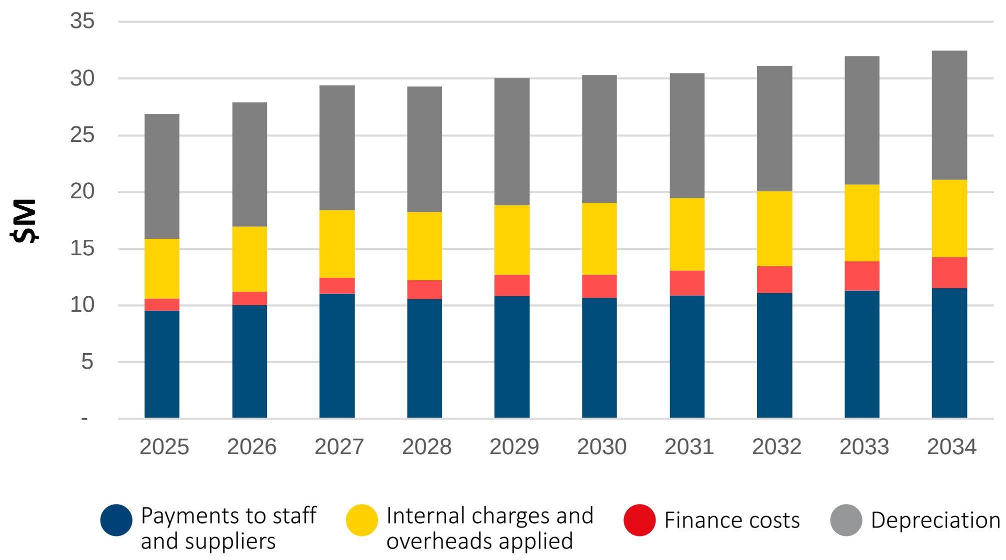
+ Measure required by the Department of Internal Affairs.
* Despite not achieving this target in previous years, Council is increasing its resurfacing program and will see an increase in the proportion of roads resurfaced in the next three years to meet this target.
** Performance is measured every three years and in the years where the survey is not completed, performance will be reported using data from the most recent result.

Key financial summary

OPERATING EXPENDITURE

$300.0 million

Total operating expenditure over the 10 years 2025-34



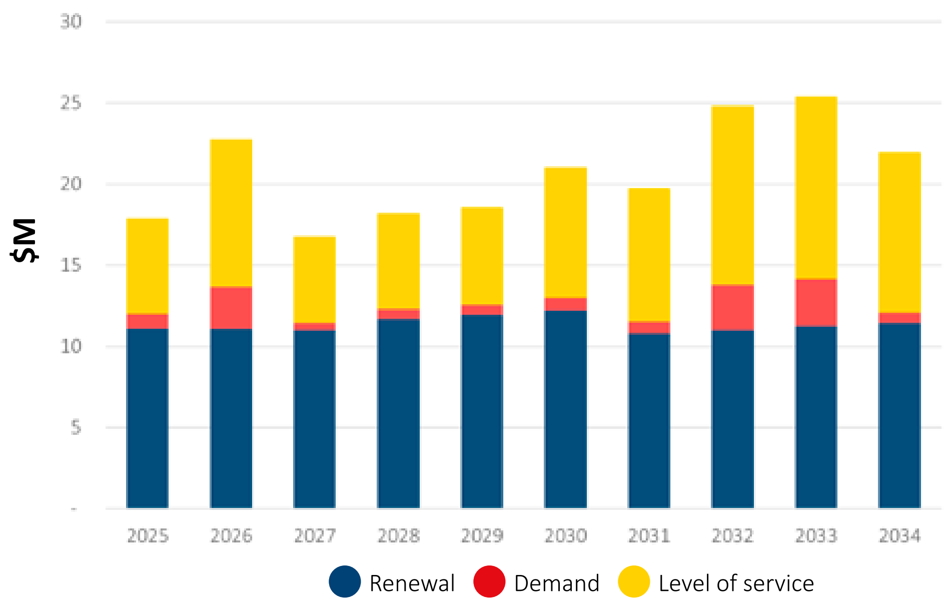
Commentary on material changes since the last Long Term Plan, if any:

Operating costs increase through the early years of the Long Term Plan as we ensure we have the resources available to coordinate projects to support the transportation needs of the district.

CAPITAL EXPENDITURE

$207.2 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

A significant portion of capital expenditure across transport connections is either fully or partly supported by subsidies from NZ Transport Agency Waka Kotahi. In the early part of the Long Term Plan we have the Keepa Road upgrade, and in the latter parts we have some projects that connect in to the Eastern Bay Spatial Plan to enable growth.

Funding Impact Statement 2024-34 - Transport Connections

AP 2024	($000) For 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 funding										
(32)	General rates, uniform annual general charges, rates penalties	(43)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
6,695	Targeted rates	8,463	9,204	10,195	10,665	12,195	13,755	14,150	14,719	15,292	15,721
4,753	Subsidies and grants for operating purposes	6,216	6,376	6,884	6,769	6,917	6,811	6,948	7,087	7,228	7,366
128	Fees and charges	128	130	133	137	140	143	145	148	151	154
2,345	Internal charges and overheads recovered	2,113	2,247	2,299	2,352	2,403	2,454	2,503	2,553	2,604	2,654
956	Local authorities fuel tax, fines, infringement fees, and other receipts	912	930	951	973	995	1,015	1,036	1,056	1,078	1,098
14,845	**Total sources of operating funding (A)**	**17,789**	**18,844**	**20,419**	**20,850**	**22,604**	**24,131**	**24,734**	**25,514**	**26,303**	**26,942**
	Applications of operating funding										
9,467	Payments to staff and suppliers	9,541	10,017	11,033	10,580	10,842	10,680	10,892	11,108	11,325	11,538
932	Finance costs	1,051	1,200	1,419	1,642	1,870	2,025	2,165	2,373	2,563	2,735
3,665	Internal charges & overheads applied	5,274	5,714	5,957	6,002	6,127	6,350	6,417	6,563	6,782	6,835
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
14,065	**Total applications of operating funding (B)**	**15,866**	**16,931**	**18,409**	**18,224**	**18,838**	**19,055**	**19,474**	**20,044**	**20,670**	**21,108**
780	**Surplus (deficit) of operating funding (A-B)**	**1,923**	**1,913**	**2,010**	**2,627**	**3,766**	**5,076**	**5,260**	**5,470**	**5,633**	**5,834**
	CAPITAL										
	Sources of capital funding										
21,004	Subsidies and grants for capital expenditure	12,640	14,212	10,215	11,470	11,722	13,302	12,464	15,789	16,126	13,909
102	Development and financial contributions	248	253	259	265	270	276	282	287	293	299
7,005	Increase (decrease) in debt	2,648	6,091	4,144	3,692	2,702	2,370	2,336	3,655	3,688	2,692
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
28,110	**Total sources of capital fundi©(C)**	**15,536**	**20,556**	**14,617**	**15,427**	**14,695**	**15,948**	**15,082**	**19,732**	**20,107**	**16,900**
	Applications of capital funding										
	Capital expenditure										
4,625	- to meet additional demand	905	2,567	434	581	594	727	740	2,797	2,855	655
16,016	- to improve level of service	5,870	9,110	5,312	5,889	6,019	8,077	8,210	11,035	11,286	9,862
9,548	- to replace existing assets	11,103	11,096	11,020	11,709	11,967	12,260	10,792	11,008	11,272	11,447
(1,299)	Increase (decrease) in reserves	(419)	(305)	(140)	(127)	(120)	(40)	601	362	328	769
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
28,890	**Total applications of capital funding (D)**	**17,459**	**22,469**	**16,627**	**18,053**	**18,460**	**21,024**	**20,342**	**25,202**	**25,741**	**22,734**
(780)	**Surplus (deficit) of capital funding (C-D)**	**(1,923)**	**(1,913)**	**(2,010)**	**(2,627)**	**(3,766)**	**(5,076)**	**(5,260)**	**(5,470)**	**(5,633)**	**(5,834)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Transport Connections

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
Resilience - LR	LOAN 35 SUBSIDY 65	-	769	2,288	1,571	3,495	5,000	13,124
Seal Extensions - NFA	LOAN 100	1,112	-	1,471	1,505	3,146	4,500	10,621
Safety - LR	LOAN 35 SUBSIDY 65	-	53	1,863	1,003	3,099	4,426	10,444
Future Demand - LR	DEVCON 8.39 LOAN 26.61 SUBSIDY 65	-	871	888	914	2,854	4,082	9,608
Southern Freight Route	LOAN 35 SUBSIDY 65	-	-	-	-	1,785	7,500	9,285
Shaw Rd / Mill Rd Connection	DEVCON 8.39 LOAN 26.61 SUBSIDY 65	-	-	-	-	238	8,994	9,232
Spatial Plan- Transport System Programme	LOAN 35 SUBSIDY 65	-	-	-	-	3,495	5,000	8,495
Active Whakatāne Programme	DEVCON 8.39 LOAN 26.61 SUBSIDY 65	92	268	463	386	2,621	3,750	7,488
Carriage Improvements - SPR	SUBSIDY 100	200	2,429	381	279	874	1,250	5,213
Keepa Road Improvements	DEVCON 8.39 LOAN 26.61 SUBSIDY 65	10	748	4,067	-	-	-	4,815
Spatial Plan - Additional River Crossing	LOAN 35 SUBSIDY 65	-	-	-	-	-	2,537	2,537
Bridge- Smith Road	LOAN 100	-	299	-	-	-	-	299
Replace existing assets:								
Resurfacing Chipseal - LR	RENEWAL 35 SUBSIDY 65	2,680	4,486	4,576	4,681	11,744	16,801	42,287
Pavement Rehabilitation - LR	RENEWAL 35 SUBSIDY 65	1,600	1,976	1,019	1,042	5,176	7,295	16,508
Resurfacing - LR	RENEWAL 35 SUBSIDY 65	641	887	904	925	8,109	4,800	15,625
Unsealed Metalling - LR	RENEWAL 35 SUBSIDY 65	700	768	783	801	2,513	3,595	8,461
Unsealed Metalling - SPR	SUBSIDY 100	311	256	261	267	839	1,200	2,824
Structures Renewals - LR	RENEWAL 35 SUBSIDY 65	-	349	817	836	-	-	2,002
Major projects total		**19,788**	**14,159**	**19,782**	**14,210**	**49,988**	**80,731**	**178,870**
Operational		**4,059**	**3,719**	**2,992**	**2,557**	**7,836**	**11,226**	**28,330**
Total group capital expenditure		**23,847**	**17,878**	**22,773**	**16,767**	**57,823**	**91,958**	**207,199**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

LR- Local roads / SPR- Special purpose roads / NFA – Non-funded roads. These categories normally attract different levels of capital expenditure subsidy funding contribution from New Zealand National Transport Agency Waka Kotahi.

BUILDING AND RESOURCE MANAGEMENT *Whakahaere Whare me ngā Rawa*

Activities in this group

- Building Services
- Resource Consents
- Resource Management Policy

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for this group of activity will be maintained.

What we do and how we do it

This group of activities delivers a range of functions that contribute towards the Whakatāne District being a place where people feel safe and are protected from a range of risks to their health and wellbeing. It ensures that buildings and public places are safe and that legal standards are met.

It also helps Council plan for growth in the district through spatial planning, supporting natural hazard resilience and adaptation to climate change, and managing land use development.

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Integrating nature into our decision making

Challenges

- An increase in the scope of building consent exemptions and a greater focus on compliance in legislation presents a challenge for Council and we continue working with partners to fully understand the implications and most appropriate solutions for our communities.

Alignment with strategic priorities

Strengthening relationships with iwi, hapū and whānau – *Me mātua whakawhanake i ngā kōtuituinga ā-iwi, ā-hapū, ā-whānau anō hoki*

- Work alongside Māori land owners to support and enable development of Māori land.

Building climate change and natural hazard resilience, including our infrastructure – *Me mātua whakakaha i te aumangea ki te huringa āhuarangi me ngā matepā taiao tae ana ki te hangaroto*

- Ensure the Whakatāne District Plan (rules for how people can build on and develop their land) recognises, manages and mitigates the effects of natural hazards because of climate change. Working around supporting people to navigate these rules.
- Support people to navigate Whakatāne District Plan rules and requirements.

Facilitating economic regeneration and responding to development pressures – *Me mātua whakahaere i te tipuranga o te taiōhanga me ngā tonotono whare*

- Setting direction for where and what type of development should occur using spatial planning, district planning, and strategic planning processes for infrastructure, suburban development, and economic growth.

Significant negative effects

Possible negative effect	Aspects of wellbeing impacted				How we will try to minimise the impact
	Social	Cultural	Economic	Environmental	
The impact of subdivision, land use, and development can result in negative social and environmental effects.	✓	✓		✓	Recognition of these effects and mitigation measures through the development, implementation and review of Eastern Bay of Plenty Spatial Plan and the Whakatāne District Plan.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our annual reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We provide building and resource consenting services that meet the needs of our communities.	User satisfaction with Council's resource consent process.	65%	60%	60%	60%	60%
	User satisfaction with Council's building consent process.	69%	60%	60%	60%	60%
	Percentage of building consent applications processed in accordance with statutory timeframes.	New measure*	90%	100%	100%	100%
	Percentage of non-notified resource consents processed within statutory timeframes.	New measure*	90%	100%	100%	100%

* This is a new measure for the Long-Term Plan 2024-34. Therefore, we do not have results from previous years to compare our targets to.
Council has set a target for the first year lower than the statutory requirement in order to fill vacant roles and improve services to meet the targets in the future years. This approach is intended to ensure long-term compliance with statutory obligations by initially focusing on building the necessary capacity and resources.

Key financial summary

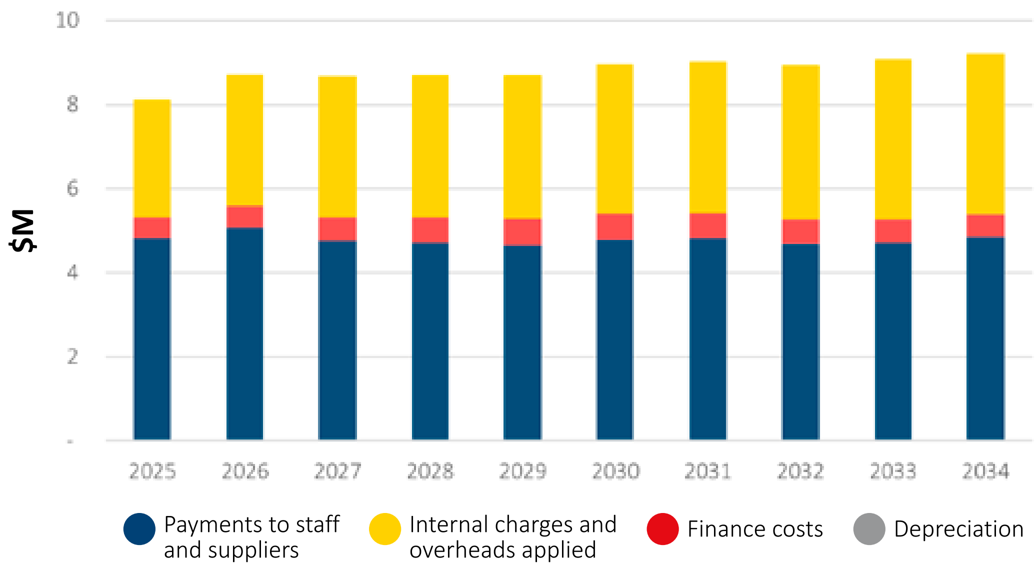
OPERATING EXPENDITURE

$88.2 million

Total operating expenditure over the 10 years 2025-34

Commentary on material changes since the last Long Term Plan, if any:

Operating expenditure of this function largely remain consistent with existing level of service with annual inflation increases.



CAPITAL EXPENDITURE

$Nil

Total capital expenditure over the 10 years 2025-34

Funding Impact Statement 2024-34 - Building and Resource Management

AP 2024	($000) For 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 funding										
4,385	General rates, uniform annual general charges, rates penalties	4,495	4,780	5,249	5,670	6,063	6,462	6,361	6,450	6,458	6,490
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
300	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
1,793	Fees and charges	1,791	1,829	1,868	1,905	1,941	1,978	2,014	2,050	2,087	2,122
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
955	Local authorities fuel tax, fines, infringement fees, and other receipts	920	939	959	978	997	1,016	1,034	1,052	1,071	1,090
7,432	**Total sources of operating funding (A)**	**7,207**	**7,548**	**8,075**	**8,553**	**9,001**	**9,455**	**9,408**	**9,553**	**9,616**	**9,702**
	Applications of operating funding										
4,353	Payments to staff and suppliers	4,822	5,078	4,759	4,722	4,656	4,792	4,834	4,685	4,720	4,854
399	Finance costs	501	521	563	601	625	614	597	587	559	535
3,181	Internal charges & overheads applied	2,800	3,131	3,354	3,389	3,433	3,549	3,588	3,673	3,793	3,825
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
7,933	**Total applications of operating funding (B)**	**8,123**	**8,730**	**8,676**	**8,712**	**8,715**	**8,956**	**9,019**	**8,945**	**9,073**	**9,214**
(501)	**Surplus (deficit) of operating funding (A-B)**	**(917)**	**(1,183)**	**(600)**	**(159)**	**286**	**499**	**389**	**608**	**544**	**488**
	CAPITAL										
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
(120)	Increase (decrease) in debt	917	1,183	600	159	(286)	(499)	(389)	(608)	(544)	(488)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
(120)	**Total sources of capital fu©ng (C)**	**917**	**1,183**	**600**	**159**	**(286)**	**(499)**	**(389)**	**(608)**	**(544)**	**(488)**
	Applications of capital funding										
	Capital expenditure										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve level of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
(621)	Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
(621)	**Total applications of capital funding (D)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
501	**Surplus (deficit) of capital funding (C-D)**	**917**	**1,183**	**600**	**159**	**(286)**	**(499)**	**(389)**	**(608)**	**(544)**	**(488)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

WASTE MANAGEMENT
Whakahaere Para

Activities in this group

- ▲ Waste Disposal
- ▲ Waste Minimisation

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for this group of activities will increase.

What we do and how we do it

This group of activities is about protecting the health of people and the environment, by providing a reliable kerbside rubbish and recycling collection service and promoting waste minimisation and resource recovery. It helps Council encourage and support the community to reduce, reuse, and recycle through education programmes that support the waste hierarchy, and provide the right infrastructure and services. Waste management must meet the requirements of several pieces of legislation, including the Waste Minimisation Act 2008 and the Local Government Act 2002.

Challenges

- Monitoring and responding to legislative changes requires significant efforts from our waste teams in order to remain compliant and offer the best possible range of waste solutions for our communities.

Contribution to community outcomes

Integrating nature into our decision making

Thriving circular economies

Alignment with Strategic Priorities

Shaping a green District – *Kia toitū te rohe*

- Ensure Council's decision-making and operations reflect our environmental priorities.
- Provide active leadership to minimise and manage waste to develop a more circular economy.

Significant negative effects

Possible negative effect	Aspects of wellbeing impacted				How we will try to minimise the impact
	Social	Cultural	Economic	Environmental	
Changing weather patterns and climate change may result in permanent environmental changes and extreme events that cause damage to existing assets, including closed landfill sites. There is also potential for previously unrecorded sites to be unearthed due to erosion.			✓	✓	Liaise with central and regional government about trends, and any monitoring that is undertaken. Council will also continue to monitor sites.
Economically, the cost of desired infrastructure improvements may exceed the district's ability to pay.			✓		Consult with the community on all costs and options for Levels of Service through the Long Term Plan process.
Increase in the amount of refuse to be disposed as population increases over time.	✓			✓	The Council acts as the advocate for waste reduction through the adoption of the Waste Management and Minimisation Plan. The Council also supports education initiatives and provides education material for its customers.
Environmental impacts caused by the discharge of contaminants to land and water from closed landfills.	✓	✓		✓	Compliance with Resource Consent conditions that stipulate the frequency and parameters to be monitored.
Cultural impacts caused by the discharge of contaminants to land and water, and odour to the air, at Resource Recovery Centres.	✓	✓		✓	Compliance with resource consents and aftercare management.
Health and Safety Risks associated with failure of contracted services or inability to collect, process or transport waste.	✓			✓	Ensure quick reaction to service failure and identification of alternative service providers and/or processing/storage sites.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our annual reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We support the active promotion of waste management and minimisation in the community.	Amount of waste sent to landfill per person each year.	52.8%	Below 70% of the national average amount	Below 70% of the national average amount	Below 70% of the national average amount	Below 70% of the national average amount
We work with providers to supply kerbside collection, waste disposal and recycling facilities that meet the needs of our communities.	User satisfaction with refuse disposal (transfer station facilities).	82%	82%	82%	82%	82%
	User satisfaction with the kerbside waste collection service.	88%	85%	85%	85%	85%

Variation to our Waste Management and Minimisation Plan

We have not identified any variations between our Waste Management and Minimisation Plan and the proposals in this Long Term Plan. The current Waste Management and Minimisation Plan is for the period 2021-2027. A review of the plan will commence in 2026 with the aim of adopting a new plan in 2027.

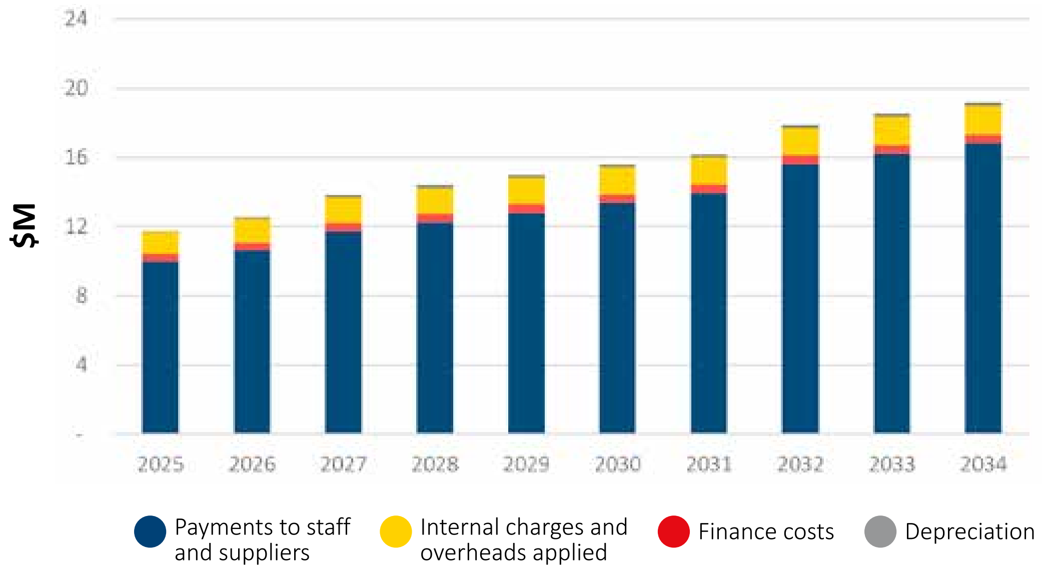
The plan is a six year plan as required under the Waste Minimisation Act.

Key financial summary

OPERATING EXPENDITURE

$154.9 million

Total operating expenditure over the 10 years 2025-34



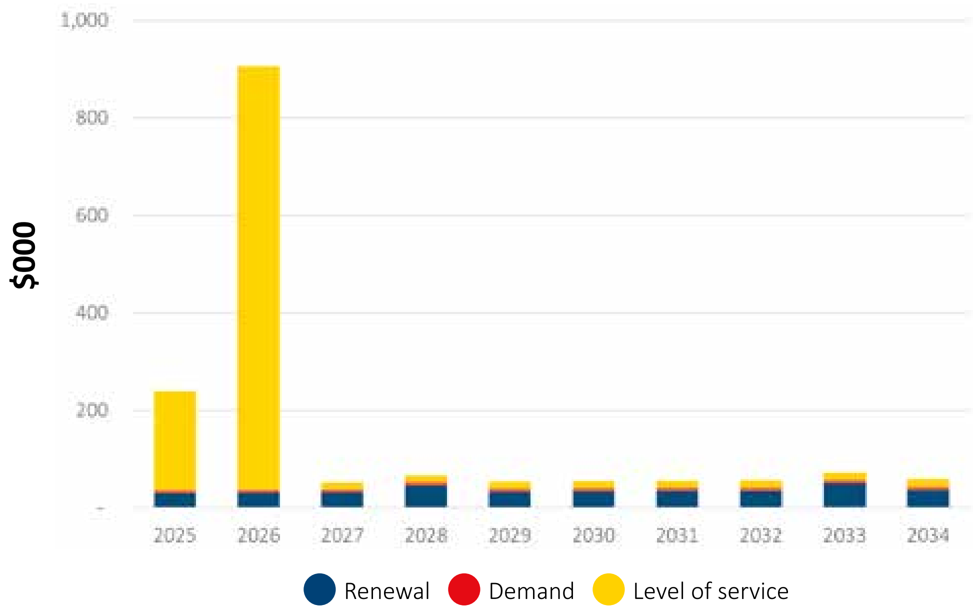
Commentary on material changes since the last Long Term Plan, if any:

Operating expenditure associated with waste management continue to increase through the Long Term Plan. Following direction from central government, previously anticipated food waste collection costs have now been removed from the Long Term Plan. We continue to anticipate working on community engagement to improve district management of waste and minimisation.

CAPITAL EXPENDITURE

$1.6 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

The early part of the Long Term Plan has some capex programmed for improvements to the Murupara Transfer Station to implement fees and charges.

Funding Impact Statement 2024-34 - Waste Management

AP 2024	($000) For 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 funding										
1,701	General rates, uniform annual general charges, rates penalties	2,779	2,872	3,221	3,330	3,331	3,354	3,445	3,587	3,665	3,752
3,751	Targeted rates	5,717	6,499	7,740	8,587	9,172	9,790	10,233	11,759	12,284	12,770
151	Subsidies and grants for operating purposes	440	440	440	440	440	440	440	440	440	440
2,088	Fees and charges	2,201	2,463	2,515	2,565	2,614	2,663	2,711	2,760	2,810	2,858
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
7,690	**Total sources of operating funding (A)**	**11,137**	**12,275**	**13,915**	**14,922**	**15,557**	**16,247**	**16,830**	**18,546**	**19,199**	**19,819**
	Applications of operating funding										
8,157	Payments to staff and suppliers	10,017	10,637	11,719	12,265	12,814	13,380	13,948	15,619	16,240	16,861
120	Finance costs	411	450	483	500	510	503	493	490	475	460
637	Internal charges & overheads applied	1,251	1,380	1,479	1,487	1,502	1,553	1,563	1,598	1,655	1,659
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
8,915	**Total applications of operating funding (B)**	**11,680**	**12,466**	**13,682**	**14,253**	**14,826**	**15,436**	**16,004**	**17,708**	**18,370**	**18,980**
(1,224)	**Surplus (deficit) of operating funding (A-B)**	**(542)**	**(192)**	**234**	**670**	**731**	**811**	**826**	**839**	**830**	**839**
	CAPITAL										
	Sources of capital funding										
403	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
(89)	Increase (decrease) in debt	1,089	1,401	223	(212)	(273)	(353)	(367)	(379)	(370)	(379)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
315	**Total sources of capital funding (C)**	**1,089**	**1,401**	**223**	**(212)**	**(273)**	**(353)**	**(367)**	**(379)**	**(370)**	**(379)**
	Applications of capital funding										
	Capital expenditure										
5	- to meet additional demand	5	5	6	6	6	6	6	6	6	6
412	- to improve level of service	203	868	13	14	14	14	14	15	15	15
48	- to replace existing assets	31	32	33	47	34	35	35	36	51	37
(1,376)	Increase (decrease) in reserves	307	304	405	391	404	404	403	403	388	402
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
(910)	**Total applications of capital funding (D)**	**546**	**1,210**	**457**	**458**	**458**	**459**	**459**	**459**	**460**	**460**
1,224	**Surplus (deficit) of capital funding (C-D)**	**542**	**192**	**(234)**	**(670)**	**(731)**	**(811)**	**(826)**	**(839)**	**(830)**	**(839)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Waste Management

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
Refuse Bins	LOAN 100	-	-	855	-	-	-	855
Murupara Refuse Transfer Station Development	LOAN 100	-	190	-	-	-	-	190
Major projects total		**-**	**190**	**855**	**-**	**-**	**-**	**1,045**
Operational		**64**	**50**	**51**	**52**	**174**	**243**	**569**
Total group capital expenditure		**64**	**240**	**906**	**52**	**174**	**243**	**1,615**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

COMMUNITY REGULATION
Ngā Waeture Hapori

Activities in this group

- ▲ Animal Control
- ▶ Environmental Health
- ▶ Liquor Licensing
- ▶ Regulation Monitoring

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for Animal Control will increase.

The level of service for Enviromental Health, Liquor Licensing, and Regulation Monitoring will be maintained.

What we do and how we do it

Ensuring animal control is in place, enforcing traffic regulations, preventing alcohol-related harm through liquor licensing, and maintaining environmental and public health standards are key to making the Whakatāne District a safe place to live, work and play.

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Alignment with strategic priorities

Enhancing the safety, wellbeing, and vibrancy of communities
– Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori

- Work with other agencies and community organisations to focus on social wellbeing outcomes (such as health, homelessness, and safety).

Challenges

- The number of unregistered dogs continues to present a challenge to the animal control teams and communities. Through the LTP Council is increasing its resourcing in this area.
- Safety of our front-line Council staff is a challenge and priority, which we address with regular training and updates.

Significant negative effects

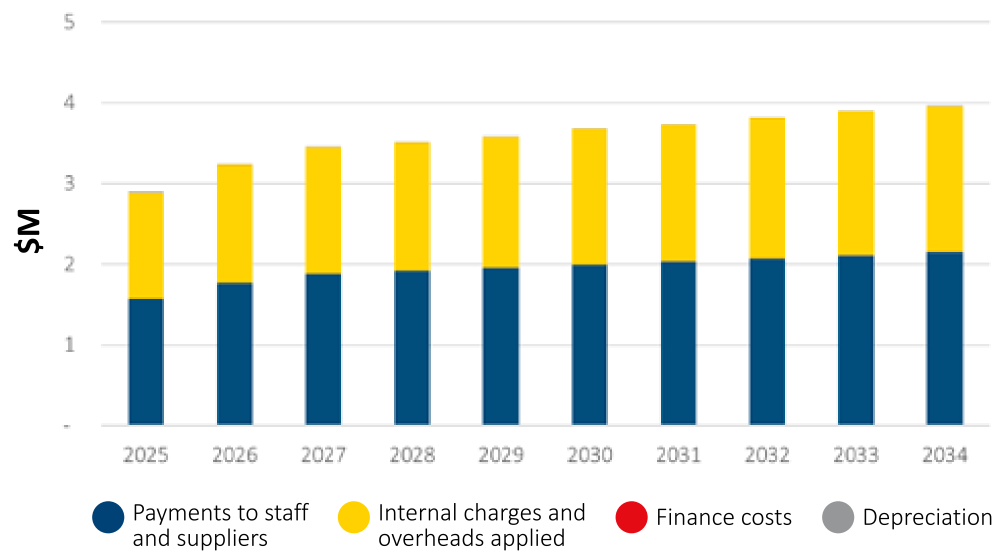
There are no significant negative effects associated with the activities in this activity group.

Key financial summary

OPERATING EXPENDITURE

$35.7 million

Total operating expenditure over the 10 years 2025-34



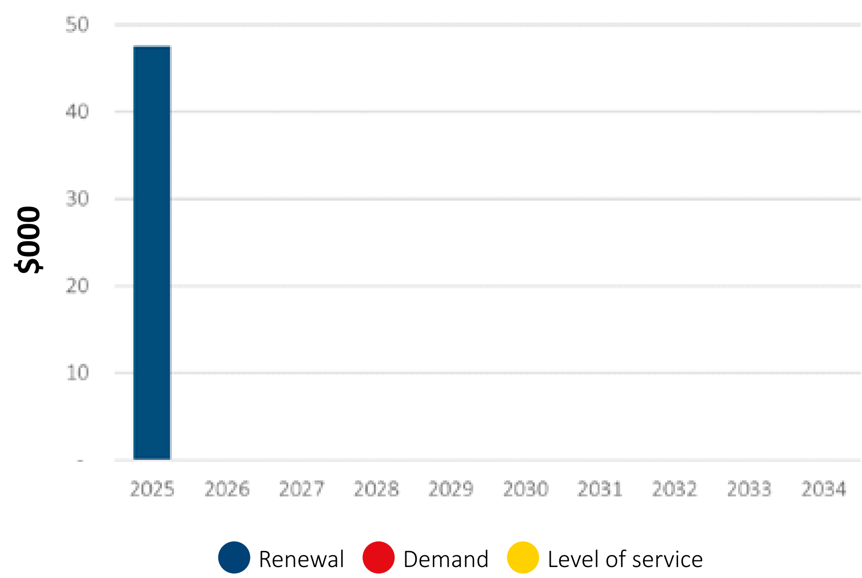
Commentary on material changes since the last Long Term Plan, if any:

Operating costs in year one and year two include the addition of an animal control officer each year, responding to concerns raised by communities throughout the consultation period.

CAPITAL EXPENDITURE

$48 thousand

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

Capital expenditure for this activity includes renewals of stock yards in Edgecumbe.

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our Annual Reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We ensure environmental and public health standards are maintained.	Percentage of licensed premises inspected at least once per year, excluding special licenses.	88%	100%	100%	100%	100%
We respond to community safety complaints in a timely manner.	Percentage of complaints relating to abandoned cars, litter, and general bylaw offences responded to within two working days.	96.4%	90%	90%	90%	90%
	Percentage of after-hours excessive noise complaints responded to promptly.*	98%	90%	90%	90%	90%
	Percentage of environmental health complaints (excluding noise) responded to within two working days.	93%	90%	90%	90%	90%
	Percentage of aggressive/threatening dogs and roaming stock complaints responded to within one hour.	89.7%	90%	90%	90%	90%
	Percentage of all other animal control complaints responded to within two working days.	98.9%	90%	90%	90%	90%

* 'Promptly' is defined as responding to excessive noise complaints within the following timeframes:
Area 1 (Ōhope, Whakatāne, Tāneatua, Coastlands, Awakeri, Thornton Road to Golf Links Road): less than 60 minutes
Area 2 (Edgecumbe, Matatā, Otamarakau, Otakiri, Onepū, Te Teko, Te Mahoe and Wainui to the Ōpōtiki intersection): less than 100 minutes
Area 3: (Murupara, Galatea, and environs): less than 120 minutes.

Funding Impact Statement 2024-34 - Community Regulation

AP 2024	($000) For 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 funding										
996	General rates, uniform annual general charges, rates penalties	1,822	2,135	2,332	2,364	2,391	2,461	2,486	2,542	2,608	2,644
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
925	Fees and charges	941	972	992	1,012	1,048	1,068	1,094	1,113	1,133	1,153
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
115	Local authorities fuel tax, fines, infringement fees, and other receipts	124	126	129	137	140	142	151	154	156	159
2,036	**Total sources of operating funding (A)**	**2,887**	**3,233**	**3,454**	**3,514**	**3,579**	**3,671**	**3,730**	**3,808**	**3,898**	**3,955**
	Applications of operating funding										
1,342	Payments to staff and suppliers	1,578	1,768	1,884	1,924	1,962	1,999	2,037	2,075	2,113	2,151
-	Finance costs	1	2	2	2	2	2	2	2	2	2
1,010	Internal charges & overheads applied	1,307	1,462	1,566	1,587	1,614	1,669	1,690	1,730	1,782	1,801
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
2,353	**Total applications of operating funding (B)**	**2,887**	**3,232**	**3,452**	**3,513**	**3,578**	**3,670**	**3,729**	**3,807**	**3,897**	**3,954**
(317)	**Surplus (deficit) of operating funding (A-B)**	**0**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
	CAPITAL										
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	48	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	**Total sources of capital funding (C)**	**48**	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**
	Applications of capital funding										
	Capital expenditure										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve level of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	48	-	-	-	-	-	-	-	-	-
(317)	Increase (decrease) in reserves	0	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
(317)	**Total applications of capital funding (D)**	**48**	**0**	**0**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
317	**Surplus (deficit) of capital funding (C-D)**	**(0)**	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Community Regulation

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Major projects total		-	-	-	-	-	-	-
Operational		-	48	-	-	-	-	48
Total group capital expenditure		-	48	-	-	-	-	48

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however.
The capital expenditure for forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

COMMUNITY FACILITIES
Ngā Rawa Hapori

Activities in this group

▲ Halls
▶ Public Conveniences

LEVELS OF SERVICE KEY	
▲	Increase
▶	Maintain

The level of service for Halls will increase.
The level of service for Public Conveniences will be maintained.

What we do and how we do it

This group of activities provides the community with access to great venues and ensures public conveniences are always available and well maintained.

Key projects

- Renewal work for our rural and urban halls.
- Rex Morpeth Park and War Memorial Hall redevelopment
- Public conveniences upgrade programme

Contribution to community outcomes

Strong, connected, interdependent, diverse communities

Constructively and collaboratively engaging with iwi, hapū and whānau

Significant negative effects

There are no significant negative effects associated with the activities in this activity group.

Challenges

- Maintaining ageing properties and responding to increasing costs of maintenance is a challenge for Council. Regular checks and maintenance schedules help to keep as many Facilities open and operating as possible.
- Vandalism of Council facilities continues to be a challenge that we attempt to address through stronger community partnerships and outreach.

Alignment with Strategic Priorities

Enhancing the safety, wellbeing, and vibrancy of communities ***– Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori***

- Invest wisely in recreation, events, and the arts to have a broader range of 'things to do' (especially for our youth).

Strengthening relationships with iwi, hapū and whānau ***– Me mātua whakawhanake i ngā kōtuituinga ā-iwi, ā-hapū, ā-whānau anō hoki***

- Work with iwi, hapū and whānau, to improve equity and wellbeing outcomes.
- Enable iwi participation in planning, decision-making and reflect cultural aspirations through the projects we deliver (e.g. financial support, capability, design).

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our annual reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We provide a variety of quality community facilities that meet community needs.	User satisfaction with public toilets.	New measure*	68%	68%	68%	68%
	User satisfaction with public halls.	New measure*	77%	77%	77%	77%

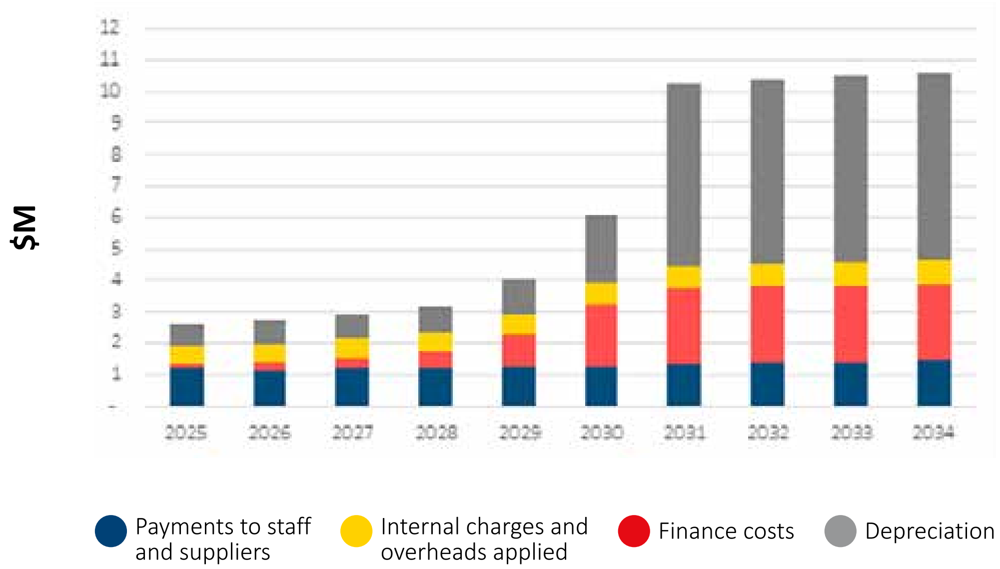
* This is a new measure for the Long-Term Plan 2024-34. Therefore, we do not have results from previous years to compare our targets to.

Key financial summary

OPERATING EXPENDITURE

$63.3 million

Total operating expenditure over the 10 years 2025-34



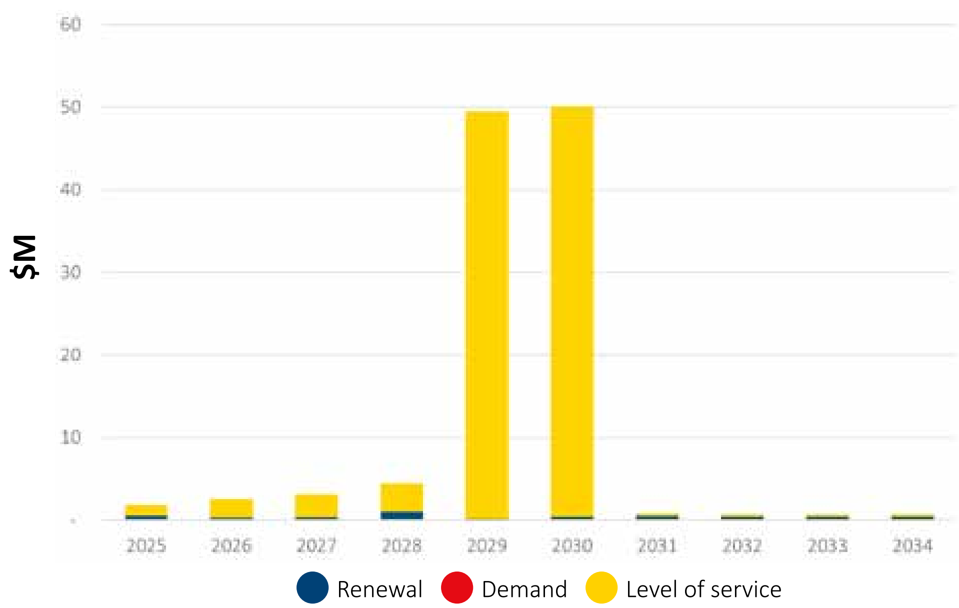
Commentary on material changes since the last Long Term Plan, if any:

The change in finance costs for the Community Facilities group is mainly due to debt from the Council's contribution to the Rex Morpeth Recreation Hub, after accounting for third-party subsidies and grants. The legislative approach that funding matches the benefits received by future generations, leading to initial debt to improve facilities, followed by future rates funding as the community benefits from these assets over time creates this impact.

CAPITAL EXPENDITURE

$114.4 million

Total capital expenditure over the 10 years 2025-34



Commentary on material changes since the last Long Term Plan, if any:

The material investment in 2029-2030 reflects capital expenditure of phase 2 of the Rex Morpeth Recreation Hub. The project has been reflected as phases within the Long Term Plan recognising that the material investment phase will be subject to further stop/go decision making points prior to commencement. The amount above reflects the full costs noting that a significant portion is anticipated to be offset by third party subisidies and grants, as well as future development contributions.

Funding Impact Statement 2024-34 - Community Facilities

AP 2024	($000) For 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 funding										
1,738	General rates, uniform annual general charges, rates penalties	1,379	1,783	2,184	2,967	3,987	5,473	8,859	9,052	9,220	9,378
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
126	Fees and charges	122	124	126	129	131	133	136	134	136	138
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
1	Local authorities fuel tax, fines, infringement fees, and other receipts	1	1	1	1	1	1	1	1	1	1
1,864	**Total sources of operating funding (A)**	**1,501**	**1,908**	**2,311**	**3,097**	**4,119**	**5,607**	**8,995**	**9,186**	**9,356**	**9,517**
	Applications of operating funding										
935	Payments to staff and suppliers	1,206	1,141	1,179	1,217	1,258	1,299	1,341	1,375	1,422	1,471
58	Finance costs	134	228	345	495	1,021	1,916	2,378	2,424	2,409	2,395
572	Internal charges & overheads applied	563	611	638	639	659	685	693	708	731	737
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
1,564	**Total applications of operating funding (B)**	**1,903**	**1,980**	**2,162**	**2,351**	**2,938**	**3,900**	**4,412**	**4,506**	**4,561**	**4,603**
300	**Surplus (deficit) of operating funding (A-B)**	**(402)**	**(72)**	**149**	**746**	**1,181**	**1,707**	**4,584**	**4,680**	**4,795**	**4,914**
	CAPITAL										
	Sources of capital funding										
785	Subsidies and grants for capital expenditure	63	-	-	-	24,433	24,848	-	-	-	-
-	Development and financial contributions	731	745	759	773	787	800	814	827	840	854
380	Increase (decrease) in debt	1,891	2,406	2,786	3,166	18,437	17,741	(720)	(748)	(796)	(847)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
1,165	**Total sources of capital funding (C)**	**2,685**	**3,151**	**3,545**	**3,939**	**43,657**	**43,390**	**94**	**79**	**44**	**7**
	Applications of capital funding										
	Capital expenditure										
11	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
780	- to improve level of service	1,304	2,260	2,831	3,412	49,367	49,697	292	296	301	306
657	- to replace existing assets	510	294	363	1,025	165	397	486	374	380	387
17	Increase (decrease) in reserves	469	524	500	248	(4,693)	(4,997)	3,900	4,088	4,158	4,229
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
1,464	**Total applications of capital funding (D)**	**2,283**	**3,078**	**3,694**	**4,685**	**44,838**	**45,097**	**4,678**	**4,758**	**4,839**	**4,921**
(300)	**Surplus (deficit) of capital funding (C-D)**	**402**	**72**	**(149)**	**(746)**	**(1,181)**	**(1,707)**	**(4,584)**	**(4,680)**	**(4,795)**	**(4,914)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Capital Expenditure – Community Facilities

($000) For years ending 30 June	Funding ratios	FCST 2024	LTP 2025	LTP 2026	LTP 2027	LTP 2028-30	LTP 2031-34	TOTAL 2025-34
MAJOR PROJECTS								
Improve levels of services:								
Rex Morpeth Recreation Hub:								
- Stage 1 Preliminary works	DEVCON 13.24 LOAN 27.36 RENEWAL 9.4 SUBSIDY 50	-	1,054	2,180	2,223	2,263	-	7,720
- Stage 2 Major works		-	-	-	-	98,562	-	98,562
- Stage 3 Completion		-	-	-	-	-	1,195	1,195
Halls Seismic Strengthening	LOAN 100	-	-	-	-	501	-	501
Thornton North Toilets	LOAN 100	-	-	-	-	446	-	446
Boon Street Toilets	LOAN 100	-	-	-	411	-	-	411
Edgecumbe War Memorial Hall	LOAN 100	-	-	-	-	279	-	279
Short Street Toilets	LOAN 100	-	-	-	-	223	-	223
Appenzell Park Toilets	DEVCON 8.39 LOAN 91.61	-	-	-	-	201	-	201
White Horse Drive Toilets	DEVCON 8.39 LOAN 91.61	-	-	-	197	-	-	197
Replace existing assets:								
Whakatāne War Memorial Hall	RENEWAL 50 SUBSIDY 50	-	126	-	-	-	-	126
Major projects total		**756**	**1,180**	**2,180**	**2,831**	**102,475**	**1,195**	**109,861**
Operational		**576**	**634**	**374**	**363**	**1,587**	**1,627**	**4,585**
Total group capital expenditure		**1,332**	**1,814**	**2,554**	**3,194**	**104,062**	**2,822**	**114,446**

The categorisation of assets based on demand, improvement, or renewal in this table is assigned based on the primary driver of the expenditure as provided for in Clause 3 (1), schedule 10 of the Local Government Act, which may not align to the separate categorisation in the Funding Impact Statement above, which is based on the ratio of the capital expenditure. The total capital expenditure reflected between this table and the Funding Impact Statement remain consistent however. The capital expenditure for Forecast 2024 is only shown at the detailed item level if the capital expenditure activity is in both 2024 and the Long Term Plan, therefore they may only reflect a portion of the summed totals.

CORPORATE SERVICES
Ngā Ratonga Rangatōpū

Activities in this group

- Corporate Fleet
- Corporate Project Management
- Corporate Property
- Customer Services
- Communications and Engagement
- Executive Support Admin and Executive Team
- Financial Services
- People and Capability
- Health Safety and Wellbeing
- Information Management
- Digital Services
- Procurement and Risk Management
- Strategy and Policy
- Group Eliminations/District Activities

Key projects

- Depot buildings renewals
- Replacement of operational vehicles
- Digital technology renewals
- Museum upgrade to heating, ventilation and air-conditioning technology

What we do and how we do it

This group of activities delivers a range of functions and services that support all activities of Council. These are often referred to as our 'internal activities' and include functions such as financial services, information management, human resources and technology and systems.

Being a strong, resilient Council organisation focused on continuous improvement is critical to deliver our activities and services.

Challenges

- Increased compliance obligations
- Attraction and retention of staff in a highly competitive environment
- Digital security
- Supply chain impacts

Key performance indicator

For this group, we have set the following performance measures and targets. We will report on these measures in our annual reports each year to show you how we are performing against the levels of service we have said you can expect from us.

Level of Service (What you can expect from us)	Performance Measures	Results for 2022/23	TARGET - Year 1 (2024/2025)	TARGET - Year 2 (2025/2026)	TARGET - Year 3 (2026/2027)	TARGET - Year 4+ (2027-34)
We provide our communities with access to the information they need.	User satisfaction with Council's Customer Service front desk.	75%	76%	76%	76%	76%

Key financial summary

Corporate services overhead costs are the indirect costs incurred by the Council that are not directly tied to the production or delivery of a specific activity or service.

Examples of corporate overhead costs include administrative salaries, rent for council offices, utilities, and other general expenses. The operating costs associated with the delivery of corporate services that support the wider activity delivery of Council to the community.

The costs of corporate services are allocated to each activity using an appropriate allocation base. For example, the cost of the People and Capability enabling service may be allocated based on the number of employees each activity has. This overhead allocation methodology, which is common good practice, means that the costs of corporate services are funded through the indicative percentages of each actual activity.

Funding Impact Statement 2024-34 - Corporate Services

AP 2024	($000) For 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 funding										
2,079	General rates, uniform annual general charges, rates penalties	84	88	90	92	94	97	99	101	104	107
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
300	Subsidies and grants for operating purposes	136	69	-	-	-	-	-	-	-	-
30	Fees and charges	30	30	31	32	32	33	34	34	35	35
20,466	Internal charges and overheads recovered	24,781	27,440	29,169	29,347	29,895	31,048	31,332	32,075	33,192	33,404
7	Local authorities fuel tax, fines, infringement fees, and other receipts	115	124	124	122	125	133	132	136	144	142
22,881	**Total sources of operating funding (A)**	**25,146**	**27,752**	**29,414**	**29,593**	**30,146**	**31,310**	**31,597**	**32,346**	**33,475**	**33,689**
	Applications of operating funding										
17,455	Payments to staff and suppliers	22,575	24,056	23,333	23,396	23,736	24,759	24,972	25,615	26,683	26,843
967	Finance costs	931	994	1,006	992	963	931	898	877	831	782
1,238	Internal charges & overheads applied	346	354	361	359	376	383	391	398	405	413
1,531	Other operating funding applications	1,707	1,829	1,926	2,009	2,093	2,179	2,233	2,300	2,356	2,406
21,190	**Total applications of operating funding (B)**	**25,560**	**27,234**	**26,627**	**26,756**	**27,169**	**28,253**	**28,494**	**29,190**	**30,274**	**30,444**
1,691	**Surplus (deficit) of operating funding (A-B)**	**(413)**	**518**	**2,787**	**2,837**	**2,977**	**3,057**	**3,102**	**3,156**	**3,201**	**3,244**
	CAPITAL										
	Sources of capital funding										
710	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
1,484	Increase (decrease) in debt	2,734	1,564	(1,090)	(812)	(1,032)	(919)	(952)	(1,009)	(1,036)	(1,054)
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
2,194	**Total sources of capital funding (C)**	**2,734**	**1,564**	**(1,090)**	**(812)**	**(1,032)**	**(919)**	**(952)**	**(1,009)**	**(1,036)**	**(1,054)**
	Applications of capital funding										
	Capital expenditure										
2,396	- to meet additional demand	-	-	-	168	-	-	-	-	-	-
902	- to improve level of service	1,106	680	96	210	100	138	128	91	92	94
1,277	- to replace existing assets	1,728	1,656	1,669	1,872	2,227	1,857	2,052	1,851	2,549	2,638
(690)	Increase (decrease) in reserves	(512)	(254)	(68)	(225)	(382)	143	(29)	206	(476)	(542)
-	Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-
3,885	**Total applications of capital funding (D)**	**2,321**	**2,082**	**1,697**	**2,025**	**1,945**	**2,139**	**2,151**	**2,147**	**2,165**	**2,190**
(1,692)	**Surplus (deficit) of capital funding (C-D)**	**413**	**(518)**	**(2,787)**	**(2,837)**	**(2,977)**	**(3,057)**	**(3,102)**	**(3,156)**	**(3,201)**	**(3,244)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

WHAKATĀNE DISTRICT COUNCIL

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WHAKATĀNE
District Council
Kia Whakatāne au i ahau

6.2.2 Appendix 2 - Unapproved LTP 2024-34 - Volume 2

VOLUME 2

Strategies and Policies
Ngā Rautaki me ngā Kaupapa here

WHAKATĀNE DISTRICT COUNCIL'S
LONG TERM PLAN 2024-34 *TE MAHERE PAE TAWHITI 2024-34*

WHAKATĀNE District Council
Kia Whakatāne au i ahau

Contents
Rarāngi upoko

Significant Forecasting Assumptions: Long Term Plan 2024-34

Ngā Matapae Ahumoni: Te Mahere Pae Tawhiti 2024-34

Whakatāne District Council needs to make several assumption to prepare a work plan and budget for the next 10 years. While things might not happen as assumed, we need to plan our costs and activities based on what we think is the most-likely scenario. This document lists the assumptions that we have made to inform the development of the Long Term Plan 2024-34. It also identifies the level of uncertainty and potential effect on the financial estimate if the assumption is incorrect. In addition to the assumptions below, we have also made some assumptions about how long significant assets are expected to last and the future replacement of these assets. Further information on these assumptions can be found as part of the draft Long Term Plan Volume 3 - Our Finances.

COVID-19/Pandemic

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
COVID-19 pandemic The Council makes this assumption because in the recent past, the COVID-19 pandemic has significantly disrupted our district, communities, economy and the Council's service delivery. The disruption and the need for subsequent response and recovery has substantial financial implications for the Council.	For the purposes of planning and budgeting our work over the next 10-years, the Council has made the assumption that a pandemic will not result in significant disruptions that would impact our ability to provide our services. We have not forecasted any additional demand for Council services and facilities as a direct result of a new pandemic. We have also not forecasted any reduction in revenue resulting from a pandemic. There continues to be the possibility that future pandemic events could impact our ability to access the materials or labour we need for key projects. We have assumed that we will be able to deliver the projects set in the Long Term Plan, but this would need to be assessed on a project-by-project basis at the time of any future developments. The cost of rates for the community continues to be a key consideration through the development of the Long Term Plan, particularly given the economic implications of COVID-19.	**MEDIUM**	**HIGH**

People, where they live and what they will need

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Population age The Council makes this assumption because age might influence people's ability to afford rates. The age of our community will also determine the types of services we need to provide.	The assumption for the Long Term Plan is that the median age of the overall population in the district will continue to rise. It is expected that the percentage of older people overall will continue to increase, while the percentage of people in the younger cohorts will decline. People aged 65+ are expected to make up 30 percent of the population by 2043. Implications of an ageing population include a changing demand for Council services, labour availability, changing housing needs and demand on health services and aged cared facilities. In contrast, the median age of Māori (who make up nearly 50 percent of the population) is 26.3 years compared to 39.8 years for the total population. The largest cohort of Māori is aged 14 years and below, which has implications for housing demand.	**LOW**	**LOW**

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Population growth Population projections impact both the supply (rating base) and the demand for Council services. Population projections will affect things like how we fund the replacement of long term assets, how we manage future debt and rates, and what infrastructure we need to invest in.	The assumption for this Long Term Plan is that the population of the district will continue to grow as set out below: (see table below) *Source: for 2022 and 23: Subnational population estimates (TA, SA2), by age and sex, at 30 June 1996-2023 (2023 boundaries) (stats.govt.nz)* *Source for 2024 onwards- Population Forecast – MR Cagney EBOP housing needs research. - 'Medium' assessed projections have been used. (with extrapolation for years between reference points)*	**LOW**	**MEDIUM**

Year	Population
2022	38,500
2023	38,800
2024	39,230
2025	39,665
2026	40,105
2027	40,550
2028	41,000
2029	41,276
2030	41,554
2031	41,834
2032	42,116
2033	42,400
2034	42,618
2038	43,500
2043	44,500
2048	45,300
2053	46,020

Climate Change and natural hazards

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Climate change (adaptation and mitigation) The Council makes this assumption because climate change represents a threat to a range of Council infrastructure assets, and the wellbeing of our communities.	The assumption for the Long Term Plan is that climate change will occur in line with the Intergovernmental Panel on Climate Change (IPCC) 'Representative Concentration Pathways (RCP) 8.5 scenario.' This scenario is set out in the IPCC's **Climate Change 2014 Synthesis Report**, and represents 'business as usual,' with greenhouse gas emissions continuing at current rates. In this scenario, in the Bay of Plenty, mean temperature is projected to increase by 0.5-1.0°C by 2040 under RCP 8.5, except in autumn where it is projected to warm up by 1.0-1.5°C. By 2090, under RCP8.5, warming is projected to be around 2.5-3.0°C for most of the region at the annual scale (with some isolated areas projecting 3.0-3.5°C of warming, and eastern areas projecting 1.5-2.5°C of warming). For more information about how climate change is likely to impact the Bay of Plenty, refer to '**Climate change projections and impacts for the Bay of Plenty Region**.'	LOW	HIGH
Occurrence of natural hazards The Council makes this assumption because historically natural hazard events have substantially impacted our district and communities. For the Council, substantial events disrupt service delivery and work programmes, while generating new unplanned costs for response and recovery.	The assumption under the Long Term Plan is that we will likely continue to face a similar, if not increased, number and intensity of natural hazard and/or extreme weather events than we have over the past decade. With this being said, as they are difficult to predict, we have not assumed any natural disasters will occur in the course of the Long Term Plan. Limited, specific funding for storm event repair has been provided for in the financial projections covered by the 10-years of the Long Term Plan.	HIGH	HIGH

[1] *NIWA, 2019, Climate change projections and impacts for the Bay of Plenty Region <* **https://atlas.boprc.govt.nz/api/v1/edms/document/A3434328/content**> *accessed 18/02/2021*

The Council's mandate and direction

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Purpose, structure and functions of local government sector The Council makes this assumption because no substantive policy decisions about the future structure, roles, functions or funding of the sector have been implemented following the Future For Local Government review (FFLG).	The assumption is that the purpose, structure and functions of the local government sector will remain as they are. The Future for Local Government review (FFLG) identified how our system of local democracy needs to evolve over the next 30 years to improve the wellbeing of Aotearoa New Zealand communities and the environment, and actively embody the Te Tiriti o Waitangi – the Treaty of Waitangi partnership. The change in government following the 2023 general election has resulted in repeals to substantial reforms programmes that were underway. Within the next 10-years covered by our Long Term Plan, there are aspects of our service delivery that could change if our role and obligations change. We assume the status quo because we have no visibility or certainty on this (except some direction for Three Waters and Resource Management Act).	LOW	MEDIUM
Water Services Reform Programme Following a change in government in the 2023 general election, the Three Waters reforms progressed by the previous government are being repealed. The impact of this (and assumption for this Long Term Plan) is that the Long Term Plan will have to fully reinstate responsibility, planning and funding for Three Waters. This replaces the previous assumption that the Council would retain waters services for 'up to' a two-year period only.	The Long Term Plan will be prepared on the basis that the Council retains 'ongoing' service delivery, planning and funding responsibilities for three waters. This includes across the 10-year period of the Long Term Plan and 30 years of the infrastructure strategy. Legislation has come into effect 17 February 2024 to repeal the Three Waters reform legislation. Further legislation is expected in mid-2024 and 2025 providing details around streamlined requirements for establishing Council-controlled organisations, structural finance tools to support financial sustainability and further regulatory changes. The assumption is that these changes will not not significantly impact the Long Term Plan 2024-34 in years one to three and we will incorporate changes in the Long Term Plan 2027-37.	MEDIUM	HIGH

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
National waste initiatives The Council makes this assumption because several national waste initiatives are being progressed, including the New Zealand Waste Strategy which aims to reduce emissions from waste and embed circular systems that will focus on reusing and reducing waste and litter.	The assumption for the Long Term Plan is that local government will work with central government to implement the strategy and the process to develop an action and investment plan. No new legislation is likely to be passed by the time the 2024-34 Long Term Plan is implemented. The assumption is that council's current kerbside services will continue and kerbside foodwsate collections will not be implemented unless legislatively mandated by central government.	LOW	LOW
Emission Trading Scheme	Council does not operate any landfills, but it does pay ETS charges on waste that is sent to landfill. Council has a special arrangement with the landfill operator and we pay a discounted rate below the NCU market price. The assumption for the Long Term Plan is that the ETS charge payable by council will remain at $60 per tonne. We have also assumed that waste going to landfill will increase by 1,000 tonnes per annum and therefore the ETS payable will increase by $60,000 per annum.	MEDIUM	LOW
Resource Management Act The Council makes this assumption because a letter was received in early 2024 from the minister responsible Resource Management Act reforms, Hon Chris Bishop, advising us of the Government's planned Resource Management Act reforms. These reforms follow on from the repeal of the Natural and Built Environment Act and the Spatial Planning Act in late 2023.	The assumption for this Long Term Plan is this activity will remain with the Council and that the Resource Management Act will be amended to introduce a permanent fast-track consenting process for locally, regionally and nationally significant infrastructure projects. Following this, amendment work will begin on the new resource management laws based on the enjoyment of property rights. There will also be changes to the National Policy Statement for Freshwater Management including changes to the hierarchy of obligations in the short term and a review and replacement of the National Policy Statement for Freshwater Management later in the parliamentary term. Whilst the details of the reform are unknown, the timing of the reforms and the scope of the interim changes to the Resource Management Act and National Policy Statement for Freshwater Management are such that the Council do not anticipate that significant changes will need to be made to the Long Term Plan. The interim changes relate to the application of the National Policy Statement for Freshwater Management which has greater implications for regional rather than district councils, while the Resource Management Act fast-track consenting changes relates to the process by which certain applications are assessed. The costs and timings of Council activities are not expected to be significantly affected by these and these changes can be incorporated through the review of the District Plan which is budgeted and planned for in this LTP. Longer term the replacement of the Resource Management Act with new resource management laws based on the enjoyment of property rights may require future amendments to the Long Term Plan. However, these are not likely to occur until after 2027 and can therefore be included in a future Long Term Plan.	MEDIUM	LOW

Revenue streams

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Rating base The Council's rating requirement (the amount we need to collect from rates) is divided among the available 'rateable properties' in the district. Certain types of properties, like schools, churches and recreation reserves, are not rateable.	The assumption for the Long Term Plan is that the rating base will increase as reflected in the table below. The table shows the projected rating units for each year of the Long Term Plan. Year / Rating units: 2022 17,039; 2023 17,081; 2024 17,308; 2025 17,538; 2026 17,771; 2027 17,975; 2028 18,181; 2029 18,303; 2030 18,426; 2031 18,549; 2032 18,674; 2033 18,799; 2034 18,898	**LOW**	**MEDIUM**
Rating revenue realisation The Council makes this assumption because rates are the most substantial and consistent portion of revenue to fund the Council services. The realisation of revenue may be impacted by levels of affordability and/or willingness to pay.	The assumption for this Long Term Plan is that rate arrears and defaults may increase across the first half of this 10 year Long Term Plan. Much of the local government sector throughout Aotearoa New Zealand is facing the need to increase rates revenue more than historical levels, and these increases may persist over a number of years. Alongside this, inflationary cost related to other goods and services is impacting communities, as are increasing mortgage interest rates. The economy is also entering a weak cycle at the time of drafting this Long Term Plan and unemployment levels (across New Zealand) are expected to rise. The combined risk is lower discretionary income for homeowners, landowners and business owners. Alongside this risk is a longer-term trend of overall aging in our population structure – this will result a greater proportion of older population on fixed incomes. The risk is that rates costs become more challenging to meet for some property owners and we may see a greater level of rate payments in arrears/default. In other cases there may be arrears arising from a political position, rather than an affordability position.	**MEDIUM**	**MEDIUM**

Projected rating units (Rating base):

Year	Rating units	Year	Rating units
2022	17,039	2029	18,303
2023	17,081	2030	18,426
2024	17,308	2031	18,549
2025	17,538	2032	18,674
2026	17,771	2033	18,799
2027	17,975	2034	18,898
2028	18,181		

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
External funding/Subsidies – Rex Morpeth Recreation Hub	Funding for this programme assumes $63M generated from sources other than rates including development contributions and subsidies including external funding sources such as corporate partnerships, various government and community grants, individual and philanthropic donations. A plan will be developed to secure the required levels of funding needed to progress through to the major redevelopment stage of the project. There is a risk that this external funding does not become available, and a stop-go decision point will be integrated into the next Long Term Plan (2027/37) regarding Rex Morpeth's redevelopment budget. On the basis that the project capital expenditure would be cancelled or deferred if external funding levels are not received, there are no anticipated negative financial implications or risks associated with not achieving the external funding. However, delay or cancellation to the redevelopment phase (Phase 2) of the project would negatively impact the Council's ability to deliver on our strategic priorities and intergenerational achievement across the four wellbeings. Additionally, our community would experience loss of revenue opportunity, loss of an important emergency management facility, limitations to community well-being opportunities, and not being able to attract large scale events.	HIGH	HIGH
External funding/Subsidies: Matatā WWTP	The assumption for the Long Term Plan is that external funding will be secured to support the next phase in development of a new wastewater scheme in Matatā. If funding is not secured, there will be an additional assessment for affordability that may impact future Long Term Plan finances.	HIGH	MEDIUM
External funding/Subsidies: NZ Transport Agency Waka Kotahi funding	The assumption for the Long Term Plan is that NZ Transport Agency Waka Kotahi funding assistance rates will be at approximately 65%.	LOW	MEDIUM
External funding/Subsidies - General It is mandatory for Council to make an assumption concerning sources of funds for the future replacement of significant assets and key projects.	The assumption for the Long Term Plan is that external funding/subsidies will be secured where these have been budgeted for. The Council has a number of projects planned that are contingent upon a significant level of external funding alongside rates (sponsors, grants and fund raising from central government, regional government and community sources). The potential impacts in the financial estimates if this assumption is incorrect are considered low. The decision to proceed with projects if subsidies are not received are thoroughly considered by Council's controls. The Council would adjust the investment to the level of external subsidies not received if necessary.	LOW	LOW

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Revenue from fees and charges The Council makes this assumption because revenue from fees and charges has an ongoing impact on Council's budget, especially when cost is not fully recovered.	The assumption for the Long Term Plan is that fees and charges will be established in line with a new Revenue and Finance Policy with a broad intent to shift from rate subsidy to a more cost recovery based model. Inflation and market rates will be considered to reflect true cost.	LOW	LOW
Development contributions The Council makes this assumption because the Council uses development contributions to recover from developers a fair and equitable portion of costs of capital expenditure needed to service growth.	The assumption for the Long Term Plan is that revenue from development contributions will be in line with the budget and the Development Contributions Policy.	LOW	MEDIUM
Investments and harbour endowment property It is mandatory for the Council to make an assumption concerning sources of funds for the future replacement of significant assets.	The assumption for the Long Term Plan is that the Council continues to receive income similar to the Long Term Plan 2021-31 from the Council's harbour lease properties and other properties with commercial leases.	MEDIUM	MEDIUM

Capital Programme

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Capital Programme Do-ability The Council's capital programme represents a larger than previous Long Term Plans.	The assumption is that the Council has the ability to deliver on the capital expenditure plan. This includes the capacity to deliver against the asset management plan (AMP) and achieving the objectives of our Improvement Plan. The Council is making strategic shifts to procurement and project delivery processes to achieve this. The first is a change to project budget allocation, requiring Activity Managers to phase project budgets by stages instead of solely at project onset. The second is the progression of an Enterprise Project Management Office within the Council to uplift project management maturity and facilitate successful project delivery. These changes are anticipated to bolster Council's capability to achieve its capital expenditure plan. Uncertainty arises from the Council's planning processes, project management processes, consenting process, public engagement, the construction market and other factors. Capital work programmes may also be varied by annual plans and future LTPs. If these factors change from the projection then the assumption will not be borne out. Any delay in achieving the stated capital works programme may result in a carry forward, whereby some or all projects are delivered the following year. This can result in other projects being delayed as a result. Delays in service level projects may also result in reduced borrowing requirements that, in turn, reduce rates required to repay that borrowing. Delays in renewal projects may reduce the funding taken from the renewal reserve that, in turn, reduces rates required to top up that reserve. There may also be additional costs in deferred projects as result of delays. These additional costs include cost escalation from additional inflation and, for renewals, the existing asset may require additional maintenance before replacement. From a resident viewpoint, it may mean that the Council does not improve service level in the timeframe expected, or increases the risk of asset failure through delayed renewal.	HIGH	HIGH
Lifecycle of assets This is a mandatory assumption under the Local Government Act.	The assumption is that the lifecycle of assets is as stated in the Statement of Accounting Policies in the 'Our Finances' section of this Long Term Plan, and that asset lifecycles will align with forecast and be used as the basis of depreciation.	HIGH	MEDIUM

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Revaluation of assets This is a mandatory assumption under the Local Government Act.	The assumption for the Long Term Plan is that revaluations will be in line with projections, and reflect ongoing assumed levels of inflation in capital costs. For the purpose of revaluation of asset estimations in this Long Term Plan it has been assumed that assets will increase in line with the underlying asset category CPI or PPI based on the inflation projections included in these significant assumptions based on BERL mid-point. All operational assets including land, buildings, library, museum, roading and three waters infrastructure assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value, and at least every three years. Other assets like forestry, investment property and non-current assets held for sale, as well as the derivative financial instruments, are revalued annually. For the purposes of the financial model, all assets are revalued annually in order to reduce the distraction of year on year peaks and troughs in revenues and expenditure that are generated by these revaluations. Fair value is the amount at which asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Valuations are undertaken every three years for the following asset classes: Museum collections, Library collections, Harbour assets, Parks and reserve assets, Roading assets, Three Waters assets, Land, Buildings, Restricted assets. With the exception of Roading assets, these were all last valued in 2023, and revaluations are expected in 2026 / 2029 / 2032. Roading were last valued in 2022 and revaluations are expected in 2025 / 2028 / 2031 / 2034. Valuations are undertaken every year for the following asset classes: Investment Properties, Properties held for sale, and Forestry, and revaluations are expected in each year of the Long Term Plan.	**LOW**	**MEDIUM**
Funded depreciation This is a mandatory assumption under the Local Government Act as a source of funding asset replacement.	The assumption for the Long Term Plan is that depreciation is based on correct values, and aligned to the lifecycle of assets. The Revenue and Financing Policy sets out how assets will be funded for different activities. Funding for the renewal of assets is calculated on a 'Long Range Average Renewals' Approach. This is an approach whereby the Council uses rates to maintain a reserve. The reserve is then used to fund the renewal of assets. The amount of rates added to the reserve each year is based on the 10 year forward horizon for renewal requirements.	**MEDIUM**	**MEDIUM**
Future replacements of assets (related to below) The Council makes this assumption because it must be able to demonstrate that it has budgeted its costs prudently.	The assumption for the Long Term Plan is that assets will be replaced at the end of their useful life (based on condition and/or performance) with a 'like-for-like' equivalent except where noted in Long Term Plan.	**MEDIUM**	**MEDIUM**

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Project costs (related to above) The Council makes this assumption because it must be able to demonstrate that it has budgeted its costs prudently.	The assumption for the Long Term Plan is that costs of projects and replacements have been accurately budgeted where not like-for-like (similar to above).	MEDIUM	MEDIUM
Reserve levels The Council makes this assumption because if funds are not available, other mechanisms of funding must be explored, for example drawing down debt. These are not budgeted.	The assumption for the Long Term Plan is that reserves will be managed over the 10-year timeframe of the Long Term Plan, and that by 2034 funding of depreciation through depreciation reserves will be sufficient to meet the renewal costs of assets. During the year where it is otherwise indicated in our financial statement that reserves are not available, it is assumed that the drawing down of debt will temporarily support the cost of renewal of assets.	MEDIUM	MEDIUM

Borrowing costs and inflation

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Interest Rates The Council makes this assumption because this will affect the level of rates required to service debt (and return on investment).	We based our interest rate assumptions on the latest treasury data from April 24, 2024, and the debt forecast in this plan. The model assumes that the Council will have a credit rating over the next 10 years, which would give us a better financing rate with LGFA at 0.85 percent instead of 1 percent if we were not credit-rated. We used the 90-day bank bill rate as of May 1, 2024, to project wholesale interest rates for the period up to June 2034.	HIGH	HIGH
Credit rating The Council makes this assumption because becoming credit rated is being considered, and should let Council borrow at more favourable rates, and affect the level of rates required to service debt.	The assumption for the Long Term Plan is that the Council will obtain a credit rating. The credit rating outcome will be known by the end of the 2024 financial year or early in the 2025 year. The Long Term Plan interest expense will be calculated on the assumption that the Council is credit rated. This will affect the cost of all debt uplifted from the 2025 financial year onwards.	LOW	HIGH UPDATE *Credit Rating was confirmed by FitchRatings 11/7/24*

Financial Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rate "AA-" May 2024	5.03%	4.80%	4.79%	4.96%	5.21%	5.33%	5.43%	5.63%	5.70%	5.78%

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Inflation The Council makes this assumption because inflation impacts the community's ability to pay and the Council's forecast expenditure.	There is more sensitivity to the uncertainty around inflation levels following recent economic conditions. It is assumed that inflation will be in line with BERL's 'mid' scenario, in the BERL Local Government Cost Adjustor Forecasts. The uncertainty around inflation levels is reflected in BERL releasing more than one scenario for the first time. As part of the review of financial assumptions following the release of the BERL Local Government Adjustor Forecasts we will seek to include comparatives of other council assumptions, and other economic updates such as those provided through Local Government Funding Agency for assumption testing.	HIGH	HIGH

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water	3.6	2.5	2.7	2.6	2.5	2.3	2.3	2.2	2.1	2.1
Roading	2.9	2.0	2.3	2.3	2.2	2.1	2.0	2.0	2.0	1.9
Property	2.3	1.9	2.0	1.8	1.8	1.7	1.7	1.6	1.6	1.6
Staff	2.4	2.2	2.1	2.1	2.0	1.9	1.9	1.9	1.8	1.8
Other	2.4	2.1	2.1	2.0	1.9	1.9	1.8	1.8	1.8	1.7

Service delivery

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Level of Service The Council makes this assumption because this will impact forecast expenditure.	The assumption for the Long Term Plan is that existing service delivery methods and levels of service will continue unless specified. While it is likely that some of our service delivery may look different over the period of the Long Term Plan, the Council can only budget for known changes.	LOW	MEDIUM
Staff and contractors The Council makes this assumption because staff and contractor availability impacts our ability to deliver our work programme.	The assumption for the Long Term Plan is that due to a shortage in parts of the labour market, the Council will compete with other workplaces to attract workforces and this will need to be factored in the Long Term Plan work programme to ensure the Council can continue to attract and retain a strong and capable workforce and a sustainable well equipped pool of contractors.	LOW	LOW

Financial Strategy
Te Rautaki Ahumoni

INTRODUCTION *Kupu Arataki*

The Financial Strategy outlines our overall approach to managing the Council's finances, how we plan to deliver Council activities and services and fund the capital investments planned for the period of the Long Term Plan 2024-34.

The Financial Strategy is central to the development of the Long Term Plan and builds on the associated Revenue and Financing Policy and Funding Needs Analysis undertaken in accordance with section 101 of the Local Government Act 2002.

This strategy has been adapted to respond to the many challenges faced by councils at present. It focuses on balancing the investment in priority areas to support the district's development and communities' aspirations, addressing historic under investment in critical infrastructure, responding to increasing policy and legislation requirement, and addressing the substantial and significant inflation and interest cost increases incurred in the last three years- well above the assumptions in the Long Term Plan 2021-31. The strategy reflects how we will do this in a manner that addresses rates affordability and ensures that the Council remains in a long-term stable financial position.

FINANCIAL STRATEGY *Te Rautaki Ahumoni*

Objectives – *Ngā Whāinga*

The Financial Strategy aims to provide the financial framework underlying the proposed expenditure and funding of the Long Term Plan. It is intended to guide the decisions we make now and, in the future, to enable the Council to contribute to the vision for the Whakatāne District. It aims to deliver on the following objectives, which provide the foundation for prudent sustainable financial management:

- **Minimising impact on ratepayers now and in the future.** We understand that rate increases can place a burden on current ratepayers and their future. We must balance the need to fund our immediate goals with the responsibility of not overburdening our residents. Striking this balance is essential for the wellbeing of current and future ratepayers.
- **Achieving outcomes.** We need to consider the strategic goals that aim to drive growth and improvement in the district now and in the future. We also recognise the importance of maintaining and, where appropriate, improving the essential services our community relies on daily.
- **Ensuring financial prudence and sustainability.** While we strive to achieve our strategic objectives, we are committed to being financially prudent, securing our long-term financial health, balancing budgets and minimising financial risks for resilient community wellbeing and growth. This means managing resources responsibly, avoiding excessive debt and ensuring every dollar spent delivers maximum value to the community.
- **Reflecting fairness and equity.** We need to ensure fairness and equitable distribution of costs across those who will benefit from the strategy.

These objectives are anticipated to be achieved by observing the following financial outcomes:

- **Ability to pay (affordability)** - we must, as part of the decision-making process, consider the community's ability to pay rates. Consideration will be given at both the macro level (i.e., general affordability to most) and at the micro level (i.e., for a specific individual where rates rebates, remissions or postponement policies may be required).
- **Value for money** - proposals for expenditure must contribute to the strategic outcomes agreed with the community, and the total cost must be reasonable. The cost effectiveness of the funding mechanism must be considered.
- **Prioritisation of investment choices** - careful consideration is given to investment options and decisions, which is done in consideration of legislative requirements of councils to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future, together with the vision and priorities of council laid out in this long term plan, including core infrastructure.
- **Environmental sustainability** - funding decisions will consider the community outcomes the Council seeks, including wider environmental and climate change impacts.
- **Prudent sustainable financial management**- budgets are managed prudently and in the best interests of the district in the long-term. Debt must be maintained at prudent levels and be affordable, reflecting limits at or better than those set by our primary lenders, Local Government Funding Agency (LGFA).
- **Good financial governance and stewardship** - good stewardship of the Council's assets and finances requires the Council to ensure that its actions now do not compromise the ability of future councils to fund future community needs.
  - » Assets should be maintained at least at current service levels to avoid placing a financial burden on future generations, unless they are no longer necessary to maintain required levels of service.
  - » Debt should not be used to fund operating expenditure other than in specific exceptional circumstances.
  - » The level of debt is regularly reviewed to ensure it will not restrict Council's ability to fund new assets through debt in the future.
  - » The consequential operational expenditure implications of capital expenditure decisions are considered.
- **Fairness and equity** - the funding of expenditure should be equitable across present and future ratepayers:
  - » Intergenerational equity, meaning the cost of long-term assets, should be met by ratepayers over the life of those assets. This is reflected by debt-funding new assets and funding the replacement or renewal of assets from rates.
  - » Balanced budget, meaning projected operating revenue over the lifetime of the 10-year plan is set at a level sufficient to meet projected operating expenses, ensuring that current ratepayers are contributing an appropriate amount towards the cost of the services they receive or are able to access; ie, 'every day costs' are paid for from every day income.
- **Growth pays for growth** - the capital costs incurred to develop infrastructure that supports growth within the district should be primarily covered by those creating the growth and increasing the demand on the Council's infrastructure.
- **Distribution of benefits** - consideration is given to the distribution of the benefits from Council activities over identifiable parts of the community, the whole community or individuals (users). Where there are identifiable direct benefits, the proportion of costs associated with these benefits should be covered by the user(s).

Background – *Tirohanga Whakamuri*

Whakatāne District Council remains committed to addressing the needs and aspirations of the community. The Long Term Plan 2021-31 outlined our strategic priorities and over the past three years, these have been front of mind in decision-making processes.

It was clear through the Annual Plan 2023/24 process that we can expect to face significant financial challenges, and there is a need for these challenges to be considered in a well-structured approach through the financial strategy of this 10-year plan.

As we embark on the next phase reflected in the Long Term Plan 2024-34, we recognise that like all councils across Aotearoa New Zealand, we are facing different and more significant challenges today than we did when we set the financial strategy in 2021, many of which have been caused by factors outside our control.

Inflationary pressures and starting from behind

The global economy is in a vastly different space, and we will continue to see the costs of delivering our plan significantly increase in the coming 10 years. We have seen unprecedented increases in inflation through what has been largely labelled the 'cost of living crisis', and with this has come an increase in interest rates and impacts to borrowing. Everything we do is costing more to deliver. While consumer inflation has risen as high as 7.5 percent, local government costs have inflated as high as 50 percent in some instances. As a result, the starting position of this Long Term Plan means current rates are unable to cover cost increases. We have been using borrowing to fund our asset renewals, which is acceptable in the short-term; however, it is not a sustainable option for the medium- to long-term.

Responding to increasing cost of compliance

We face the challenge of additional costs to maintain crucial services due to compliance demands from central government. These demands, through policy and legislation, while necessary for regulatory adherence and quality standards to ensure the wellbeing of the community, bring with them financial pressures on the Council's resources. Balancing the books for the Long Term Plan becomes more difficult as the Council strives to meet these mandated requirements without unduly burdening the community.

Recognising the future demand for critical infrastructure investment

We are also confronted with the pressing issue of addressing long-term historical underinvestment in critical infrastructure. To meet the needs of the community and ensure the reliability of essential services, capital expenditure projects are essential. However, the challenge lies in the limited ability to borrow funds for these necessary investments. Striking the right balance is crucial, as the Council must also be mindful of the rates burden on the community now and in the future.

Developing resilience to respond to climate change and weather events

Like many councils, we are grappling with the challenge of anticipating and responding to the unpredictable and volatile impact of climate change and extreme weather events. These phenomena pose a significant threat to the community's wellbeing and infrastructure. In our long-term financial strategy, it is imperative we continue to consider the increasing need to allocate resources for adaptation and resilience.

Planning for the long term – *E ao ki tūāpae*

The Long Term Plan 2024-34 has a particular focus, in the first three years, on undertaking key initiatives to ensure that we:

- remain mindful of the financial pressures our communities are facing
- are realistic about what we can achieve now while carefully planning for the future
- weigh up all options to close the gap between the cost of delivery and the rates income needed
- continue to prepare for changes brought about by central government reforms.

Balancing diverse and often conflicting financial priorities in the face of community needs and various challenges, such as high inflation and interest rates, is a complex task the Council faces. This delicate balance requires careful consideration and strategic planning within the Financial Strategy to ensure the wellbeing of current and future ratepayers.

Balancing priorities

- Rates fund capital spending on renewal of assets and service levels, impacting current service quality.
- Borrowings for long-term projects spread costs across generations, matching the benefit against when it is paid for, but it also comes with the obligation of future debt.
- Balancing rates, spending and borrowings is crucial for fair intergenerational equity – ensuring current services without compromising the future's financial stability or overwhelming future ratepayers with debt.
- These areas of influence create levels of uncertainty on performance and outcomes. This financial strategy and the approach to balancing priorities will be subject to review each year through Council's annual planning process and in the next Long Term Plan as required by legislation. More detail on Council's potential approaches to managing uncertainty and risk is detailed on page 31.

** Council's approach to climate change is addressed in detail in pages 14-16 of Volume 1 of the Long Term Plan.*

Levels of service

The approach to levels of services within the Financial Strategy has been informed by the Council's Vision and Priorities detailed at the start of Volume 1 of this Long Term Plan. A more detailed assessment of changes in levels of service by activity of Council are detailed in the Group of Activities section of Volume 1 of this Long Term Plan.

Maintaining levels of service and existing assets

In the 10 years of this plan, we will continue to deliver day-to-day services and facilities that are critical to the wellbeing of the district and its people. We will, wherever possible, ensure that we deliver these services as cost-effectively as possible, recognising the public benefit and the current affordability challenges posed by the cost of living. The Council does not currently intend to reduce levels of service.

With respect to maintaining the services associated with existing assets the Council's strategy is to generate revenue through rates and other income sources to (on average) match the capital expenditure costs (net of subsidies and grants) associated with the renewal of those assets over the 10 years of the Long Term Plan, where those assets are anticipated to be replaced at the end of their useful life in order to maintain service levels. Where assets are not anticipated to be required to be renewed to maintain service levels no such allowance is provided.

Over the 10 years of this Long Term Plan $181.7 million in funded depreciation to support renewal of assets has been funded, which is 100.5 percent of the value of anticipated capital expenditure to support renewals (net of subsidies). This reflects 96.6 percent of renewal assessed capital expenditure after allowance for subsidies and grants to support renewals.

Improving levels of service, existing and new assets

Some levels of service will be improved where this complements our vision. Most of the improvement is associated with improving capital assets to ensure we meet increasing demands, while addressing historic under-investment, and maintaining service level expectations at the minimum standards set by regulators such as Taumata Arowai.

Over the 10 years of this long term plan $338.5 million of capital expenditure relates to improving assets, of which $190.4 million is funded from additional debt.

This approach ensures current ratepayers are funding the depreciation of the assets they use and the debt repayments for improvements. This promotes intergenerational equity by ensuring that each generation pays for the consumption and enhancement of assets during their period of use.

In summary, the funded depreciation approach, combined with debt funding for improvements, ensures that sufficient funds are available for asset replacement and improvement. It supports fair cost distribution among current ratepayers and maintains financial sustainability for future infrastructure needs.

Capital expenditure

Capital expenditure is categorised into renewals (renewing existing assets), service improvement (new assets that improve the services provided to the community) and growth (new assets required to accommodate growth within the district).

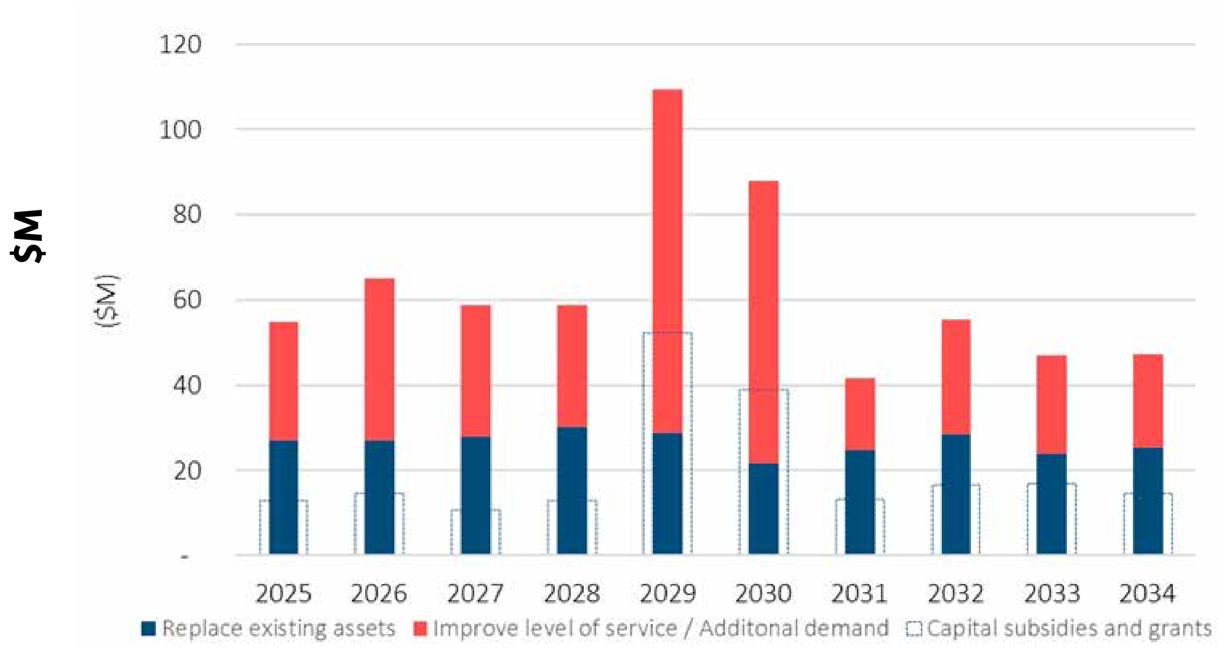
This Financial Strategy focuses on strong fiscal management whilst addressing historically generated demands for increasing capital expenditure into core infrastructure assets such as the stormwater, wastewater, water supply and transport networks.

Over the next 10 years, the Council's annual capital expenditure is planned to range from $41.7 million to $109.4 million. In total, the Council plans to spend $626.6 million on capital investment, 34 percent of which is in the Three Waters activity groups and 33 percent is on transportation connections (roading).

Council assets have very long lives. The Council's strategy is to ensure that both current and future ratepayers pay their fair share of the cost of providing assets and services. Intergenerational equity is achieved through loan funding, long-term assets and drawing rates to pay for the loan over an extended period.

Depreciation assists intergenerational equity by ensuring that a cost is recognised for the consumption of the assets. Where it is financially prudent, depreciation reserves will be set aside annually to meet the costs of renewing an asset as it nears the end of its lifespan.

FIGURE 1: TOTAL CAPITAL EXPENDITURE BY YEAR



The Infrastructure Strategy included in this Long Term Plan provides further information on capital expenditure plans, together with asset information and service levels.

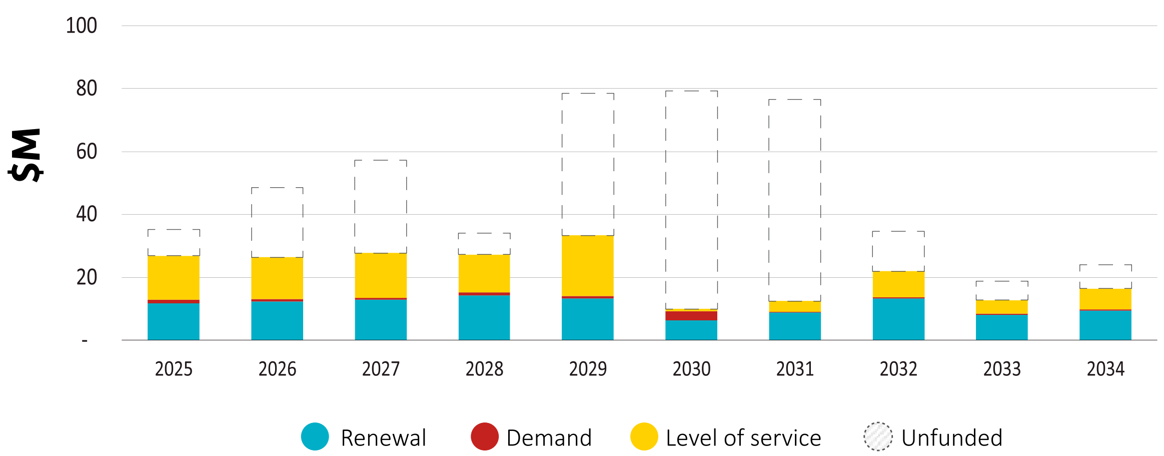
A major factor for consideration by the Council in preparing this financial strategy has been the uncertain nature of government reforms associated with the Three Waters activity groups. Government direction in water reforms has meant responsibility for Three Waters is retained by local government with the repealing of the enabling legislation. The government has advised that 'Local Water Done Well' policy development will occur in 2024 with possible regional or sub-regional groupings of willing participants.

The re-inclusion of Three Waters back into the Council's Long Term Plan and Infrastructure Strategy brings significant levels of service, funding and financing challenges. One of the key issues with water, highlighted in more detail in the Infrastructure Strategy, is the requirement for significant capital investment to address historic under-investment and maintain service level expectations. The volume of investment required far outweighs the Council's ability to secure borrowings to support the programme, irrespective of the additional affordability issues this increased investment would have on ratepayers.

As a result, the Council, in setting this Long Term Plan, has had to constrain the investment in water infrastructure capital investment to ensure it remains within its financial limits. Figure 2 highlights the extent to which demand for investment in water infrastructure has gone unfunded in this Long Term Plan.

The implications of the gap between the needs-based capex requirement and the constrained investment in waters infrastructure reflected in this Long Term Plan are addressed in detail in the Infrastructure Strategy section 2.1.

FIGURE 2: TOTAL CAPITAL EXPENDITURE ON WATER INFRASTRUCTURE (PLANNED VS REQUIRED)



Renewals

It is important the Council continues to renew/replace assets to ensure our assets are fit for purpose and deliver the level of service required. Funding for renewal expenditure is from rates. Funding renewal expenditure, and moving to a balanced budget will enable a financially sustainable asset replacement programme.

Robust asset management planning is critical in ensuring that this is done in the most cost effective and sustainable manner. Our Asset Management Plans (AMPs) set out the plans and timing for the renewal of our assets over the term of the Long Term Plan and beyond. Refer to the Infrastructure Strategy for more discussion on Council's approach to asset management planning.

Growth

The population of the district at the 2018 Census was 35,700. Latest assessments on 30 June 2023 indicates it was 38,800.

The population is forecast to grow by around 3,800 people, a 10 percent increase, by 2034. This has been assessed as indicating that approximately 1,250 additional households should be accounted for over the Long Term Plan 10-year period.

The Council's specific assumption on population growth by year across the 10 years of this Long Term Plan are provided in the Significant Forecasting Assumptions on page 3. These growth projections are considered to be moderate and therefore with respect to the Financial Strategy and organisational operating or capital expenditure, are not anticipated to have significant impact. No specific capital projects are included in this Long Term Plan, in response to population growth demands, though allowance is made within the renewal of existing assets or capital projects to improve services to allow for what growth is anticipated.

No change in land use is currently anticipated in the Long Term Plan, but may be identified as the Spatial Plan for the wider Eastern Bay of Plenty Region, including the Whakatāne District, is completed in the next one to two years.

PROJECTED GROWTH				
Year	Population	Households	Rating units	Projected Rateable Rating Units*
2024 Annual Plan	39,230	14,950	17,308	16,183
2025 LTP	39,665	15,149	17,538	16,224
2026 LTP	40,105	15,350	17,771	16,370
2027 LTP	40,550	15,526	17,975	16,498
2028 LTP	41,000	15,590	18,181	16,627
2029 LTP	41,276	15,695	18,303	16,704
2030 LTP	41,554	15,800	18,426	16,781
2031 LTP	41,834	15,906	18,549	16,859
2032 LTP	42,116	16,013	18,674	16,937
2033 LTP	42,400	16,120	18,799	17,016
2034 LTP	42,618	16,205	18,898	17,078

**Some rateable units are not assessed for rates as they are exempted as per LGRA or out remissions policy, such as crown lands including schools and hospital.*

Service improvement

Investing in better service levels for infrastructure is essential for any growing community; however, the Council must balance these improvements with our community's ability to pay.

FIGURE 3: TOTAL CAPITAL EXPENDITURE BY DRIVER

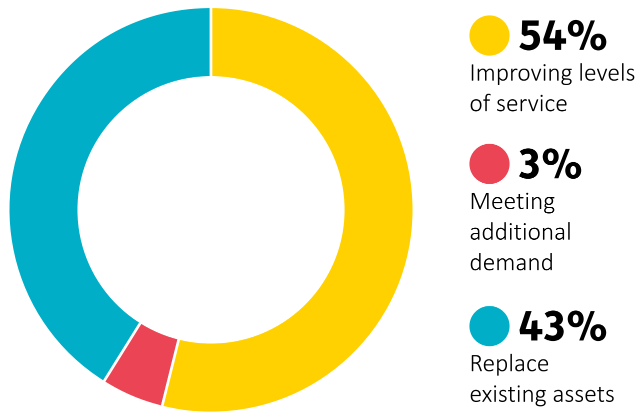
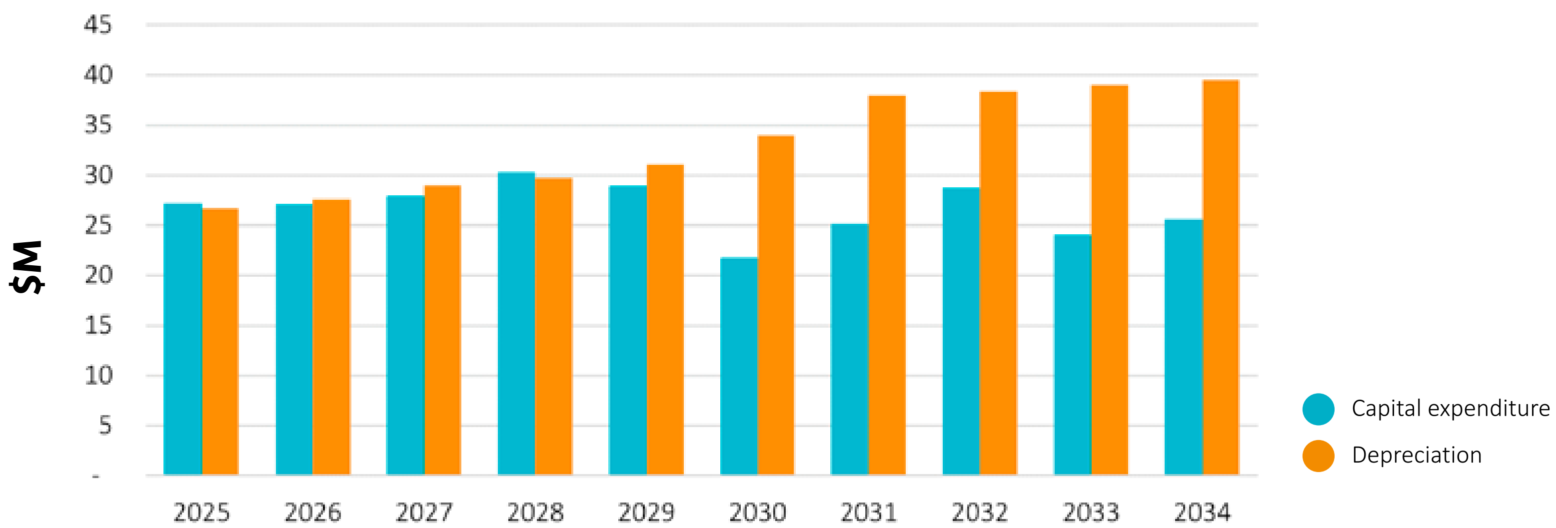
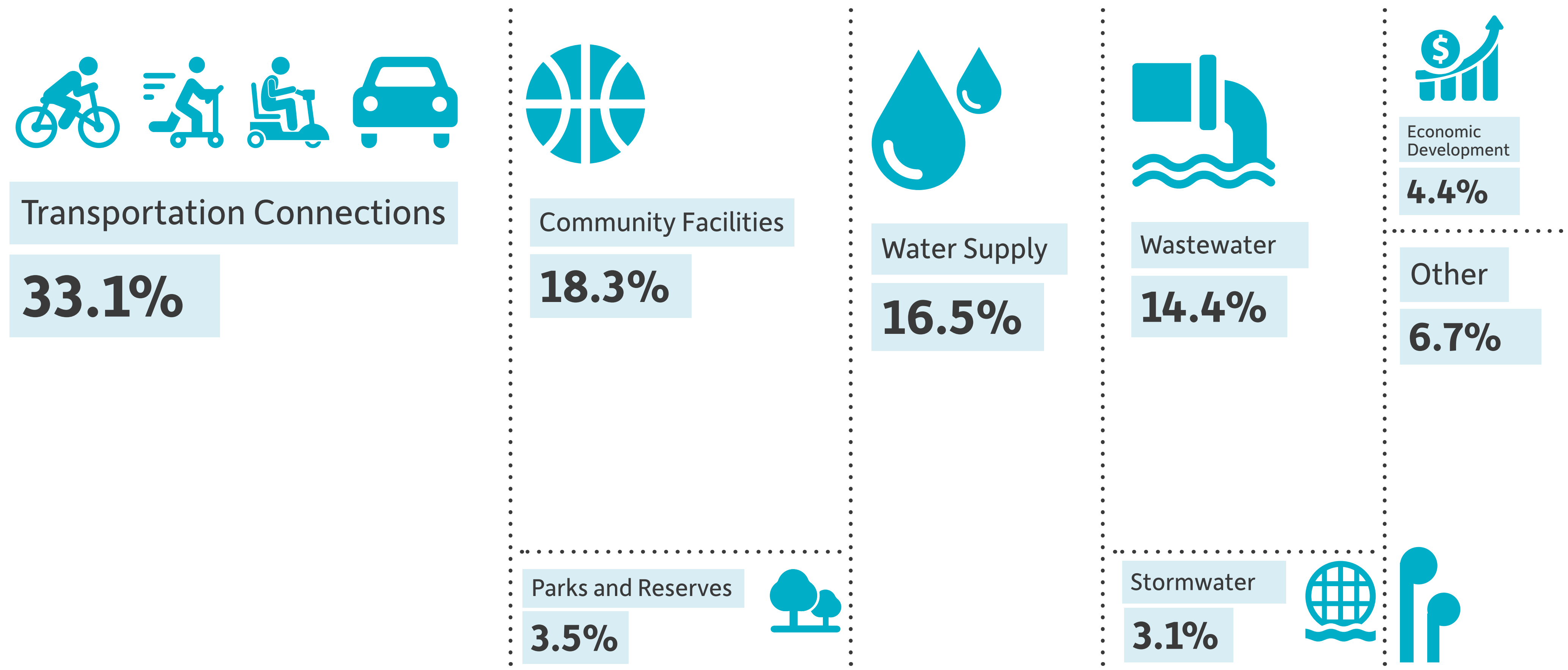


FIGURE 4: CAPITAL RENEWALS COMPARED TO DEPRECIATION



Note: The shift in alignment of capital expenditure on renewals in relation to depreciation in the period from 2029 onwards is materially caused by the additional depreciation associated with Rex Morpeth Recreation Hub and Matata Wastewater project neither of which result in corresponding renewal expenditure during the period immediately following their completion.

FIGURE 5: TOTAL CAPITAL EXPENDITURE BY COUNCIL ACTIVITY



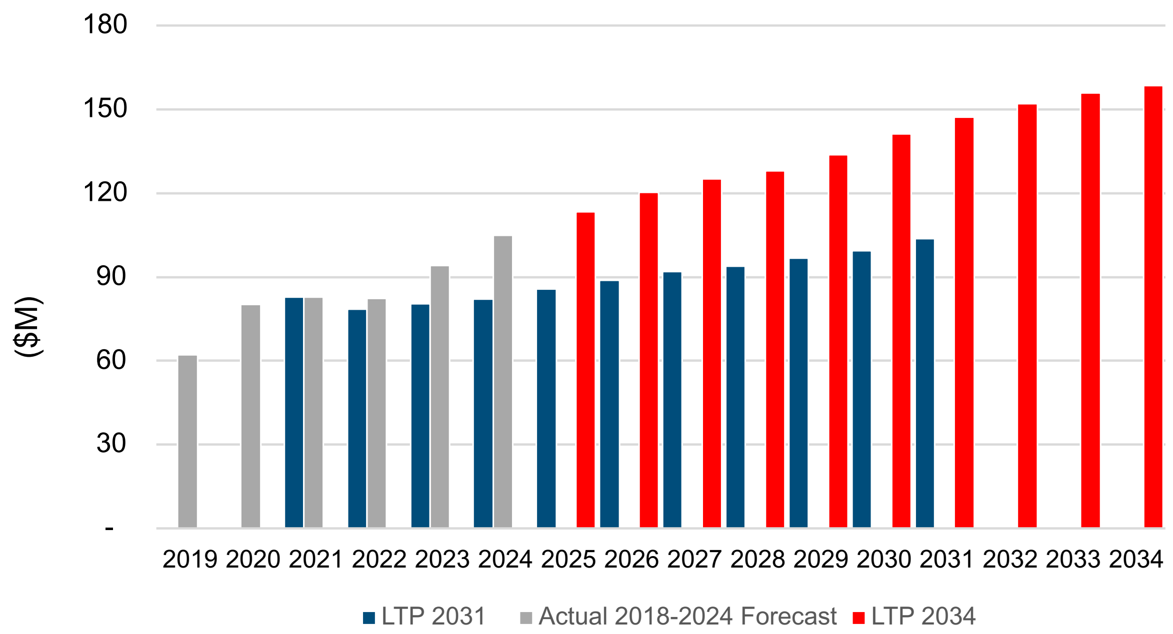
Operating expenditure – *Whakapaunga Utu Mahi*

Operating expenditure primarily pays for the Council's day-to-day costs of delivering services and maintaining existing assets. The Council is forecasting operational expenditure of $1.38 billion over the life of the 10-year plan. This reflects the costs of continuing with the Council's programme to prioritise spend based on the key priorities.

Council is forecasting that its operating expenditure will increase by 51 percent from $105 million to $159 million between 2023/24 and 2033/34. The majority of our operating expenditure is related to the four core network infrastructure activities which include transport connections, water supply, stormwater drainage, and sewage treatment and disposal.

The Council will continue to drive for efficiencies and revenue opportunities to reduce the rates burden into the future benchmarking with other councils. The proposed fees and charges reflect the outcome of this review process.

FIGURE 6: TOTAL OPERATING EXPENDITURE TREND



This chart reflects the significant shift in actual operating costs incurred and forecast for 2023-24 and the impact this combined with higher future inflation and interest rates together with financing costs from increased borrowing requirements is projected to have in the 10 years of LTP 2024-34, against the previous LTP 2021-31.

FIGURE 7: REVENUE SOURCES TO FUND OPERATIONAL EXPENDITURE

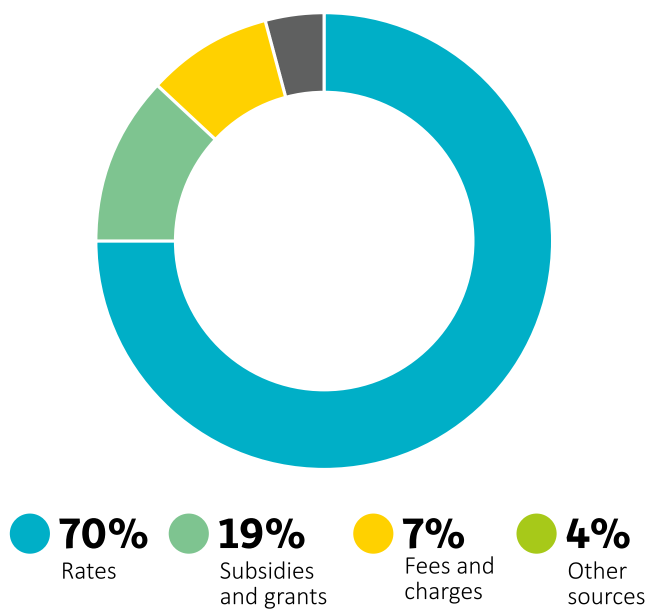


FIGURE 8: TOTAL OPERATING EXPENDITURE TREND BY NATURE OF EXPENDITURE

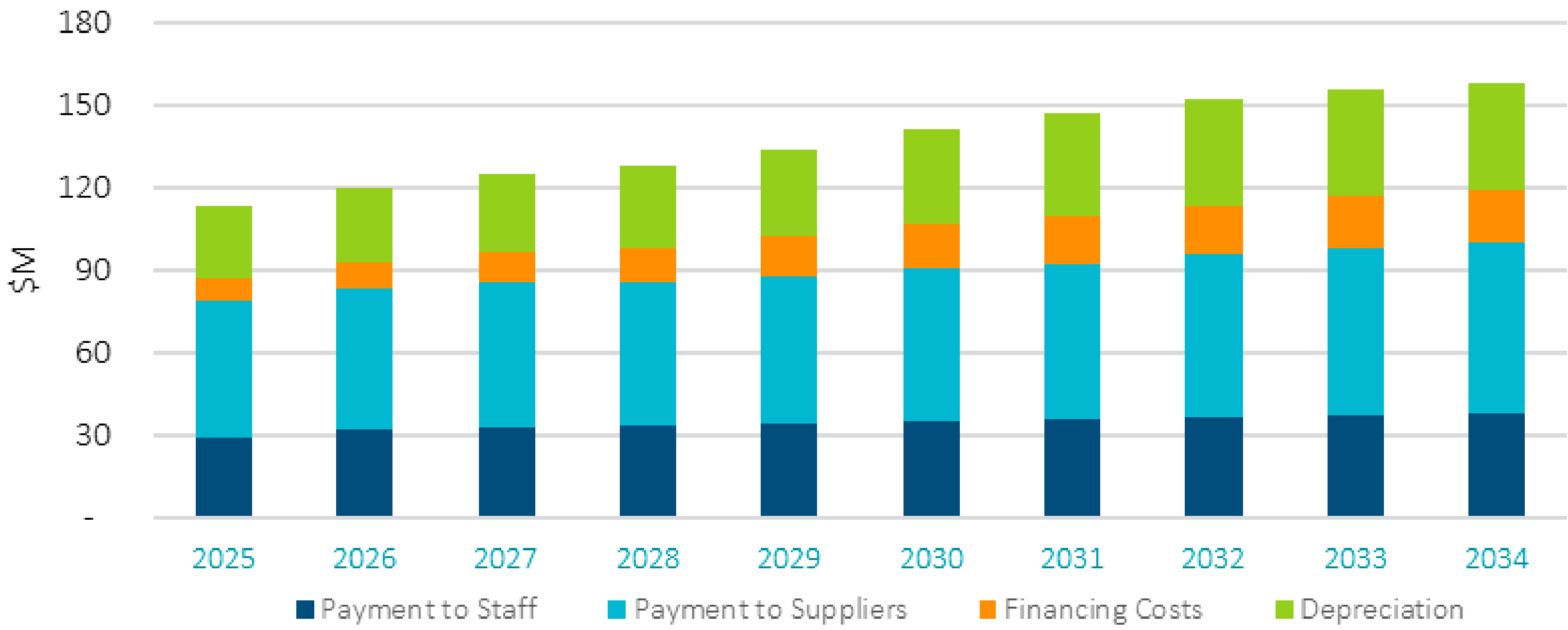


FIGURE 9: TOTAL OPERATING EXPENDITURE BY GROUP OF ACTIVITIES

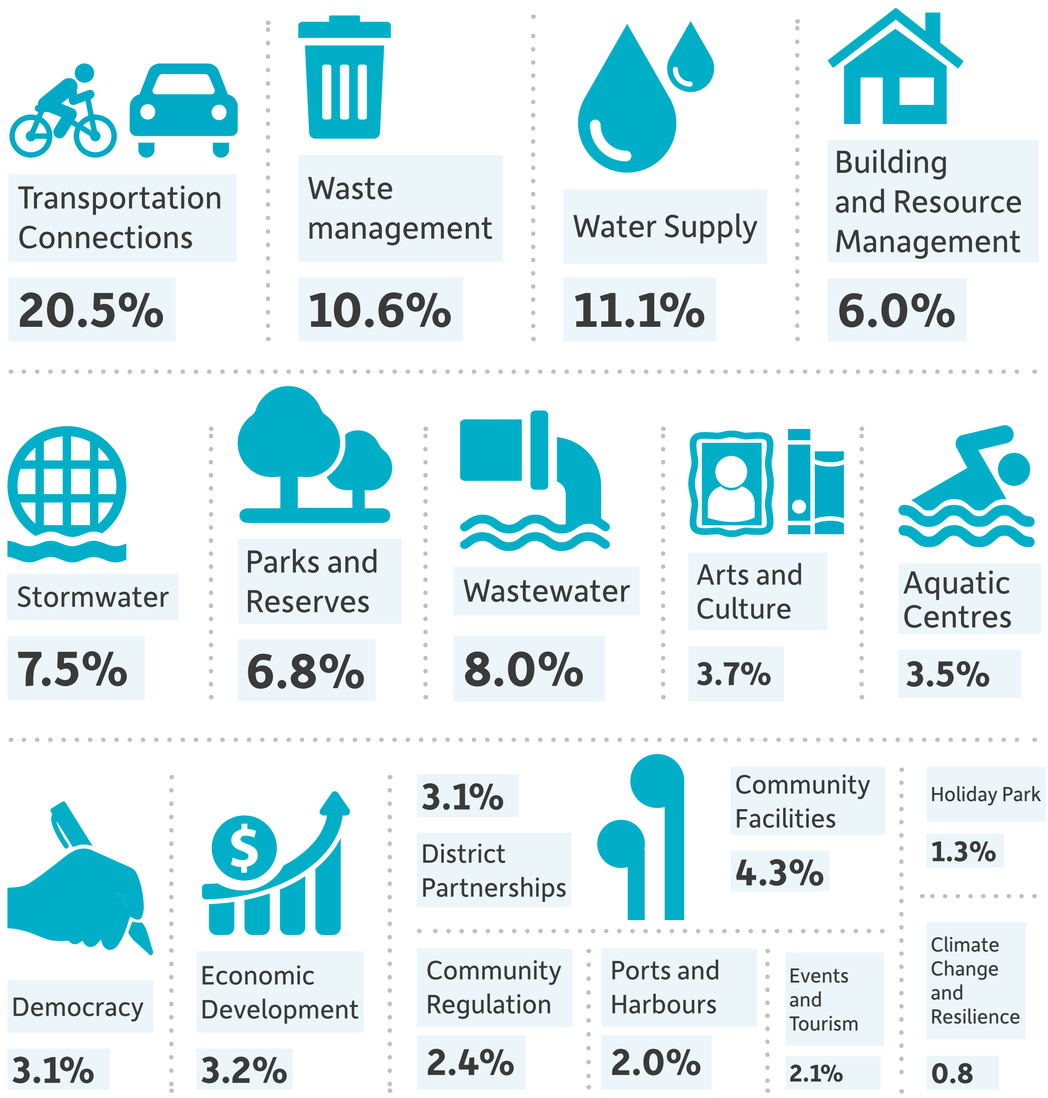
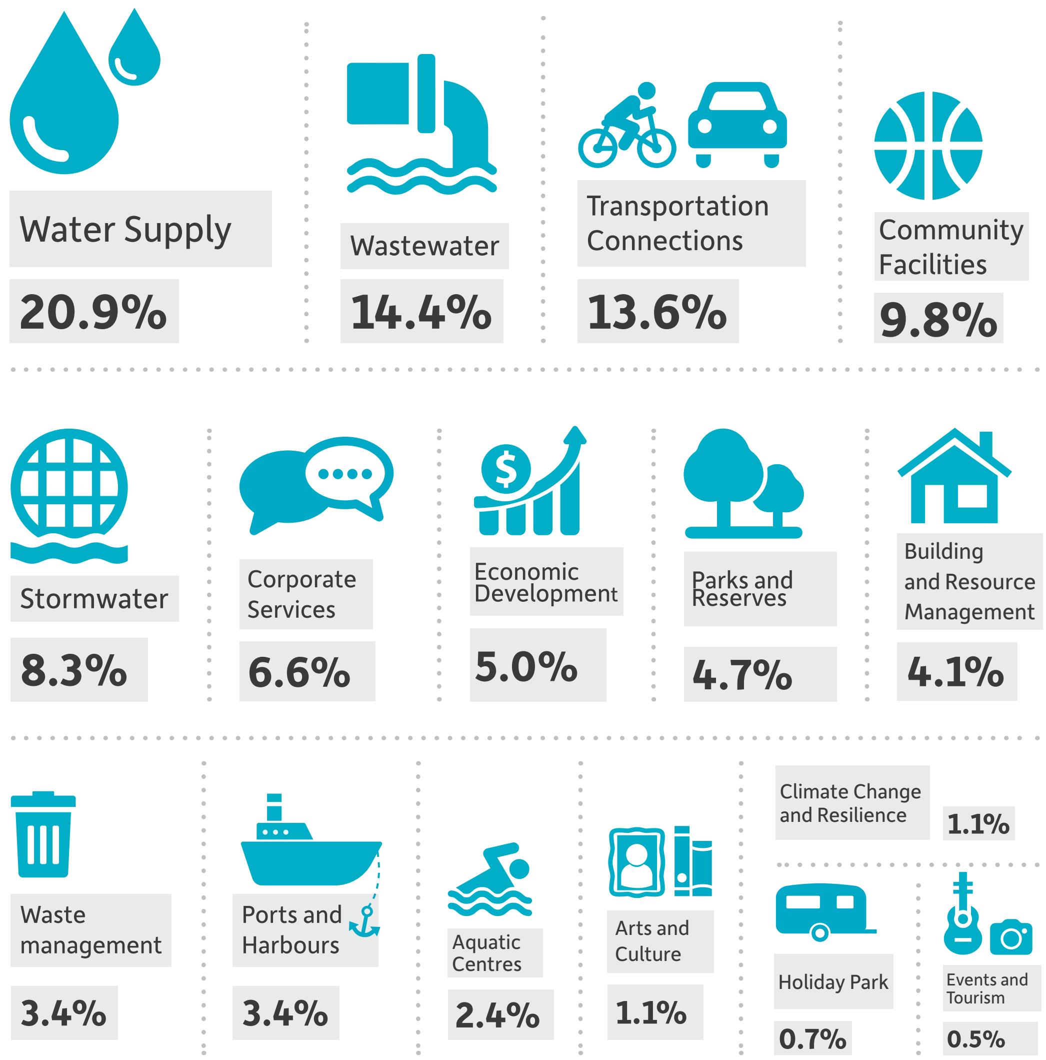


FIGURE 9B: TOTAL FINANCING COSTS BY GROUP OF ACTIVITIES



Borrowing for capital expenditure and impact on debt – *Ngā tono Whakapaunga Utu Rawa me te whakaaweawetanga i te taurewa*

Borrowings are a key component of recognising the intergenerational equity principle, and recognising that the cost of long-term assets should be met by ratepayers over the life of those assets. It is important that we prudently manage the amount of borrowings, while enabling continued investment in infrastructure and community assets.

In light of the significant capital expenditure plans, particularly as a response to the demands for improving water infrastructure and the Rex Morpeth Park Project, we will need to increase our debt to fund what is not provided for by way of capital subsidies, development contributions income and depreciation.

Setting prudent limits

The New Zealand Local Government Funding Agency are one of the main lenders to New Zealand councils. As our key lender, Local Government Funding Agency has set a limit on how much they believe our Council can comfortably borrow, based on our net debt (that's external borrowing less cash and investments) compared to revenue. We are currently undertaking a credit rating assessment and have assumed this will be completed successfully in the next few months, at that point our debt to revenue limit set by Local Government Funding Agency would be 280 percent, interest to rates revenue limit would be 30 percent, and interest to total revenue limit would be 20 percent.

In our Treasury Management Policy, which has been reviewed as part of setting this Long Term Plan, we have set our internal limits below those deemed acceptable by the Local Government Funding Agency with our net debt to total revenue limit set at 250 percent, and net interest to rates revenue limit set at 15 percent. These are limits not targets, and the Council has set them in consideration of the broader financial projections of Council, and in consideration of the covenant limits indicated by Local Government Funding Agency and other alignment with other similar limits set by other councils across New Zealand. In our Long Term Plan we project the maximum debt to revenue being 207 percent by 2031 before dropping to 190 percent with repayment by 2034.

Based on this projection that means we would have at minimum $66 million available to us to respond to unanticipated events while staying within this limit and up to $140 million, on average across the 10 years, if we went to the 280 percent limit allowed by our lenders.

Investment in capital expenditure is the major driver of the projected increase in borrowings, with $197 million in capital expenditure to meet demand and essential investment in infrastructure to improve levels of service. The Council has carefully considered the timing of the capital programme and the associated borrowing requirements to ensure that we can best meet the needs of current and future generations.

The significance of Three Waters on debt and debt limits

Central government have confirmed that the Three Waters reform programme will not proceed. At this stage, however, the tougher regulations remain in place, requiring significant upgrades to our assets and services over the coming decades in order to comply.

The emerging dominance of Three Waters has prompted several changes or considerations in our proposed Financial Strategy for this Long Term Plan. One of the key issues with water, as highlighted in more detail in the Infrastructure Strategy, is the acknowledged requirement for significant new projects to address historic under-investment and maintain service level expectations at the minimum standards that the Council must achieve as set by regulators like Taumata Arowai.

The volume of investment required over the next 30 years far outweighs the Council's ability to secure borrowings to support the programme, irrespective of the additional affordability issues this increased investment would have on ratepayers.

When we drill down and look at the proposed level of debt for just our Three Waters activities alone, compared to the revenue for these activities over the next 10 years, the ratio appears to be as high as 330 percent. As a reference, however, if we compared this with all activities of Council, excluding Three Waters, the Rex Morpeth Recreational Hub project, and debt associated with strategic property which has third party returns, the maximum projected debt to revenue ratio for the Council over the next 10 years would be 140 percent reducing to 125 percent by 2034, and the maximum interest to revenue ratio would be 7.5 percent.

NOTE: This Financial Strategy includes analysis and information on critical financial performance limits and benchmarks including those provided for within the Local Government Act. More detail on the purpose and nature of these benchmarks and quantified limits can be found in the Financial Prudence Benchmarks section of Volume 3 Our Finances In Detail on pages 38-43.

The Significance of External Funding

The Projections in the Long Term Plan provide for $219 million in external funding to support capital expenditure through subsidies and development contributions. There are three major components of capital that are particularly dependent on the assumptions of levels of subsidies being achieved.

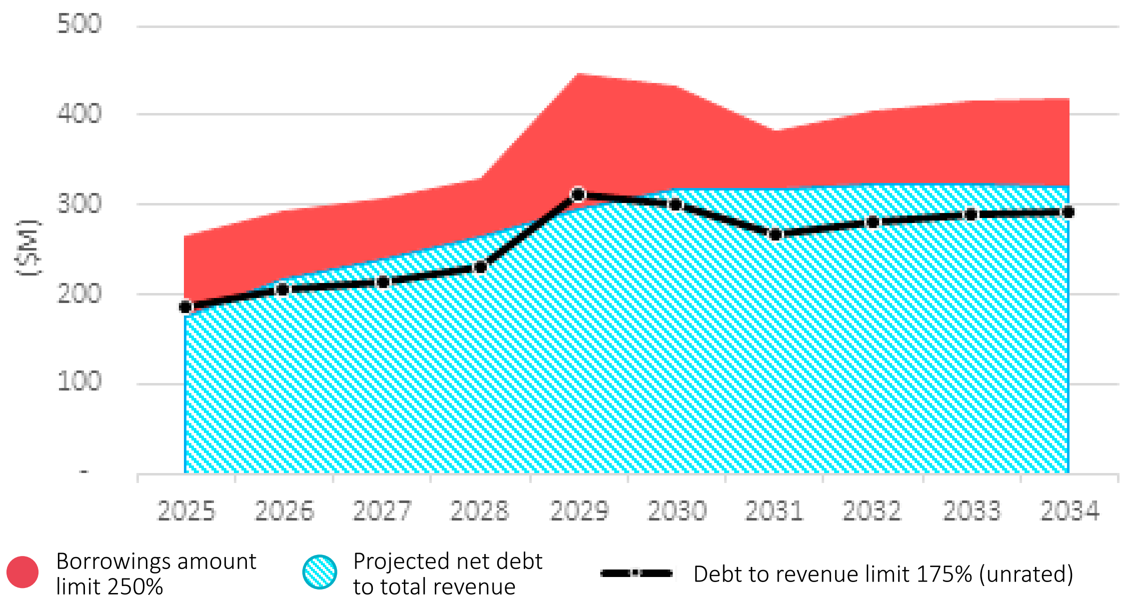
Transport Connections: 65 percent of the Transport capital expenditure of $207 million projected in this Plan is anticipated to be funded through subsidies particularly from Land Transport New Zealand Waka Kotahi.

Matatā Wastewater Project: 39 percent of the $42 million capital expenditure identified in the plan is anticipated to be funded by subsidies and grants.

Rex Morpeth Recreation Hub: Just over 50 percent of the $107 million associated with this project is assumed to be funded from external sources in this Long Term Plan, mostly related to the 2nd stage budgeted at almost $100 million including inflation and contingencies across 2028-2030.

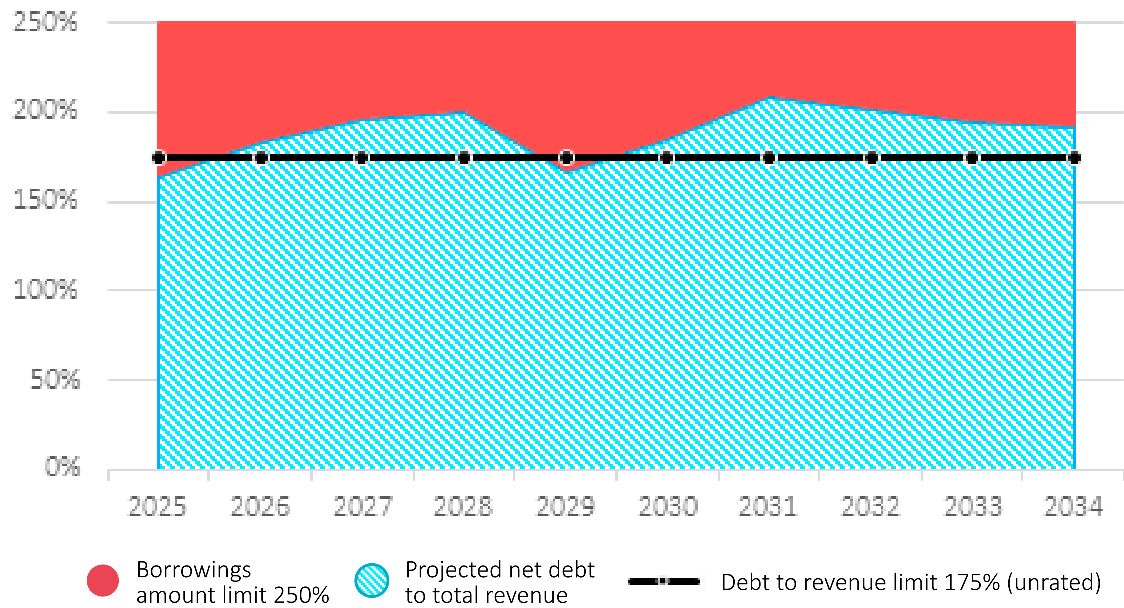
With respect to Matatā and Rex Morpeth where there is a higher level of uncertainty over the ability to secure external funding in line with these assumptions, on the basis that the project capital expenditure would be cancelled or deferred if external funding levels are not received, there are no anticipated negative financial implications or risks associated with not achieving the external funding. In the Group of Activities in Volume 1, based on the assumption of investment in these projects, we have indicated anticpated increases in levels of service for the Wastewater and Halls activities respectively. If these projects were not to proceed, based on not achieving the assumed external funding, the level of service for these activities would be 'maintain' rather than 'increase'. Additional detail on these assumptions is provided in the Significant Assumptions section of Volume 2 of the Long Term Plan.

FIGURE 10: PROJECTED NET DEBT PROJECTED NET DEBT AMOUNT COMPARED TO TOTAL REVENUE LIMIT OF 250%



Note: The spike in limit value in 2029 and 2030 is caused by the one-off impacts of subsidies associated with Rex Morpeth Recreation Hub

FIGURE 11: PROJECTED NET DEBT RATIO COMPARED TO TOTAL REVENUE LIMIT OF 250%



Managing interest and repayment of debt

Our risk management strategies for debt are outlined in the Council's Treasury Management Policy, including strategies to manage interest rate risk, limits to manage liquidity and funding exposure, counterparty credit exposure, debt repayment, borrowing limits, maintaining financial covenants and security arrangements. Interest rate swaps are held as part of the interest rate risk management strategy, in line with the Treasury Risk Management.

Our Financial Strategy ensures provision is made for funding the repayment of principal on debt associated with previous investment in improving assets, based on the anticipated benefit over the life of that investment to the ratepayers who benefit from it. Over the 10 years of this Long Term Plan that equates to over $100 million in repayments, of which over 40 percent relate to Three Waters.

As can be seen from the graph to the right critical decisions associated with Three Waters and Rex Morpeth Recreation Hub will need careful consideration as we head into the next Long Term Plan to ensure interest as a ratio of revenue is able to be maintained at a sustainable level.

FIGURE 12: PROJECTED RATES REVENUE COMPARED TO TOTAL REVENUE LIMIT OF 80%

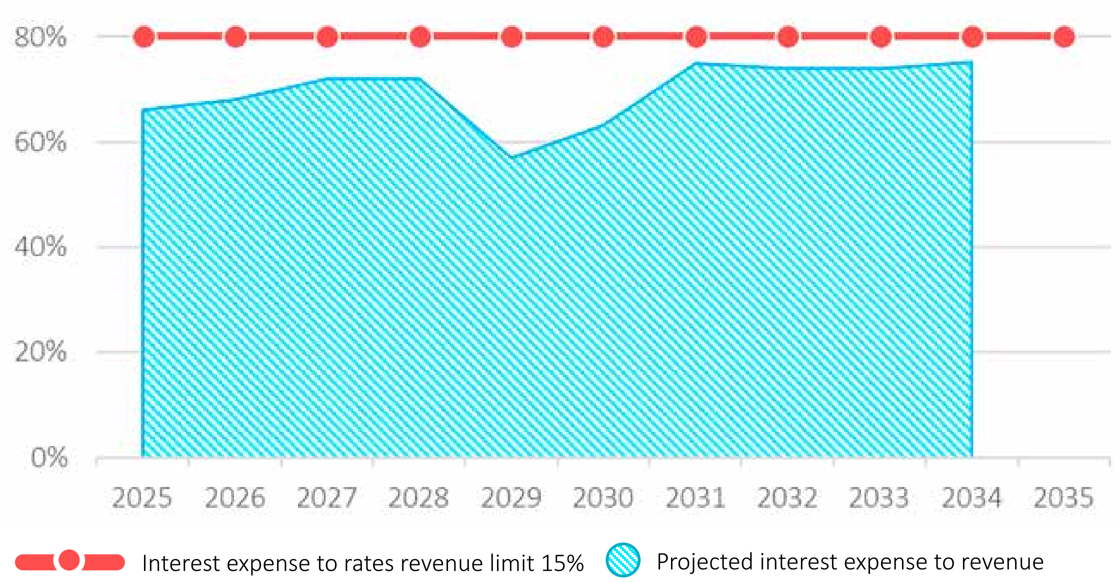
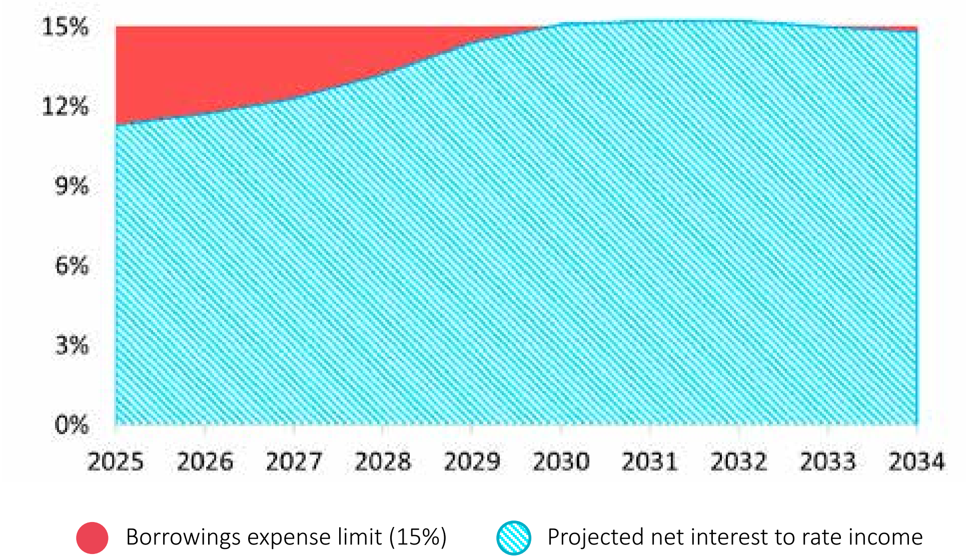


FIGURE 13:PROJECTED NET INTEREST COMPARED TO RATES REVENUE LIMIT OF 15%



NOTE: Annual Rates Revenue includes general rates, targeted rates including metered water rates, rates settled by rebate and rates penalties less rates remissions.

Rates and rates increases – *Ngā Tāke Kaunihera me ngā pikinga tāke kaunihera*

Rates revenue is the amount Council requires to provide services to residents and ratepayers after allowing for other income, such as fees and charges, grants and subsidies. The Council has a high dependency on rates revenue as its principal source of income. 70 percent of operating expenditure is funded from rates over the life of the 10 year plan.

Affordability of rates is a key principle of the Financial Strategy.

The Council has determined its rates increases based on a number of factors, including the levels of service it wants to provide and its capital programme. The increases reflect the guiding principles and issues referred to earlier in this strategy, including the challenge of achieving a balanced budget and responding to increasing costs of compliance.

It is important to distinguish between the increases in rates revenue from year to year and the average rate increase which can significantly vary from property to property.

Our revenue not only reflects the impact of rates increases to the average ratepayer; it also includes rates revenue received from the growth in new rateable properties each year, which is expected to be about 0.83 percent per annum.

Further information about the indicative rating impact for the average ratepayer by category and location is available in the Rates Funding Impact Statement which can be found in Volume 3: Our Finances.

Quantified limits and targets – *Ngā Arotakenga Tāke Kaunihera*

Rates and agreed limits on rates

The focus of the Long Term Plan is on what we need to do and spend to achieve the desired outcomes for our district recognising the challenges and issues that our district is facing.

Revenue from rates is one of the ways we fund expenditure. Other ways include direct charges to people using our services, subsidies and grants, developer contributions and shared arrangements or partnerships with other organisations as outlined above.

Where we decide to fund activities or services by rates, the Council must determine how much different members of the community contribute and for what.

Additional information on the relationship of rates and other sources of income, including the approach to fees and charges can be found in the Revenue and Financing Policy on page 113 of this document.

Quantified limit on rates income

The quantified limit on rates income is an affordability measure, which sets a limit on the maximum Council expects of income from rates as a ratio of total income.

For this Long Term Plan, the limit set by the Council is that the amount of rates revenue as a percentage of total revenue will not exceed 80 percent. Based on the assessment of funding needs, the Council believes this reflects the appropriate overall mix in funding sources to support delivery of services in line with the principles of the Revenue and Financing Policy, which can be found on page 113 of this document.

Quantified limit on rates increases

This quantified limit on rates increases sets the maximum budgeted increase in annual rates collected per year based on the Long Term Plan budgets.

In presenting rates increase limits for this Long Term Plan, we have set the limit on an annual basis reflecting the specific circumstances assumed to be in place for each year.

For this Long Term Plan, the limit on rates increases makes allowance for:

- The recovery to a balanced budget over a six-year period through 2030.
- Inflation on costs lines assumed to be greater than the Local Government Cost Index, such as waste management and insurance costs.
- Inflation on costs based on the Local Government Cost Index, plus an allowance of up to three percent for uncertainty and risk.
- The cost of borrowings on higher levels of borrowings to support an increased rate of investment in infrastructure assets.

The specific annual limits in rate increases are set as follows:

For the years ending 30 June				
2025	2026	2027	2028	2029
19%	14%	13%	11%	11%
2030	2032	2032	2033	2034
9%	5%	5%	5%	5%

The Long Term Plan remains compliant with the limits for borrowing and rates throughout the ten years.

What is Local Government Cost Index?

The Local Government Cost Index, is a measure of inflation, as it relates to costs specifically affecting the Local Government sector. Local Government Cost Index inflation figures are produced for the local government sector by Business and Economic Research Limited (BERL).

The inflation assumptions used in this Long Term Plan are based on the Local Government Cost Index forecast at the time this Financial Strategy was written. As annual updates are made to the Local Government Cost Index, the limits will be adjusted accordingly.

Quantified limits on borrowing

Consistent with the Council's Treasury Management Policy, Council will adhere to the following limits on borrowing:

- Net interest on external debt as a percentage of rates revenue will not exceed 15 percent.
- Net external debt as a percentage of total revenue will not exceed the lower of 250 percent or the borrowing limits set by the covenants of the Local Government Funding Agency.

Additional detail on the Council's projected performance against these limits, and the other prudence benchmarks are provided in the Financial Prudence Benchmarks section of Volume 3: Our Finances.

Ensuring the funding decisions of Council don't materially impact market neutrality

In delivering on its Financial Strategy, Council recognises that it is itself a significant entity within the economy of the district and at times may be in a position of competing with the private sector in producing or delivering services or securing resources, such as staff. To avoid Council being placed in an advantageous position or discouraging private enterprise, Council will apply commercial best practice when undertaking such activities.

Balancing the budget – *E whārite ana i te mahere pūtea*

One of the principles to our Financial Strategy which guides this Long Term Plan and is set out in detail in Volume 2, is prudent sustainable financial management, reflected here as the importance of a balanced budget.

Over the 10 years of the Long Term Plan it costs almost $1.38 billion to keep the services the Council delivers to the community operating. This means that everyday costs are paid by everyday revenues. If we are not balancing the books it means we're borrowing money (debt) to cover the shortfall, which also means we have to cover the interest costs on that debt and it reduces our ability to borrow for future projects.

Over the lifetime of the Long Term Plan revenues need to be set at a level sufficient not only to cover operating costs, but also to pay interest and principal on previous debt used to fund improvement to assets, ensuring that current ratepayers are contributing an appropriate amount towards the cost of the services they receive or can access.

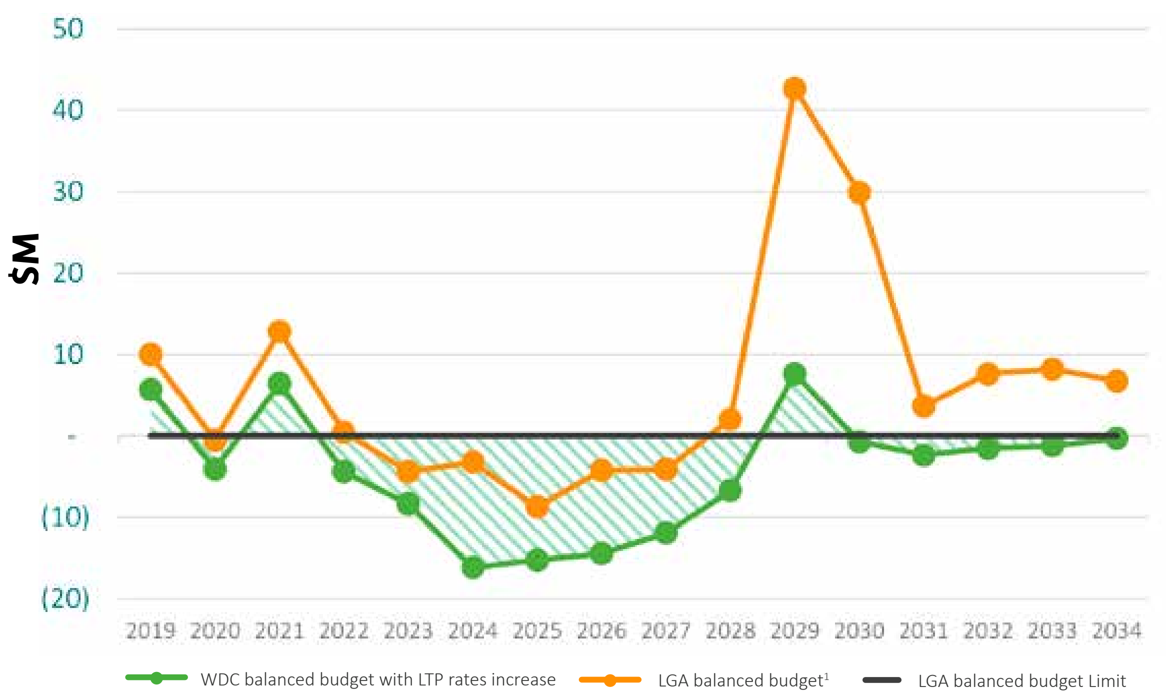
As a result of the financial challenges within this Financial Strategy our starting position is now in deficit.

Recognising the 'cost of living crisis' which has largely resulted in us being where we are, we need to move towards a sustainable position, balancing the budget over the medium term. The capital investment programme and cost pressures from the previous and current 10-year plan, together with limitations on revenue, particularly due to affordability issues of rates, makes this very challenging.

The Local Government Act 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. The Act, however, does allows councils to budget for a deficit, if it resolves that it is financially prudent to do so, including consideration of the well-beings of the community.

Feedback to this topic in the Long Term Plan consultation document largely supported the approach of returning to a balanced budget over the first six years of this Long Term Plan. The 10 year plan projects that we will essentially achieve a balanced budget target from 2027-28 onwards. Recognising, though not ideal, this represents 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.

FIGURE 14: PROJECTED COUNCIL BALANCED BUDGET POSITION



1 To project the Councils' Balanced Budget Position we have used the Local Government (Financial Reporting and Prudence) Regulations Act 2014 definition, 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.

Note: The spike in performance in 2029 and 2030 is caused by the one-off impacts of subsidies associated with Rex Morpeth Recreation Hub.

Uncertainty and risk – *Te pōkaikaha me te tūraru*

The Council has made a number of forecasting assumptions in preparing the 2024-34 Long Term Plan. These are outlined in the Significant Forecasting Assumptions section at the at the start of this document.

In preparing this Long Term Plan, a number of areas of uncertainty and risk were identified, many of them through the assumption setting process, which includes:

- Planned external funding to support the infrastructure capital programme, including from Ministry of Transport, NZ Transport Agency Waka Kotahi and other agencies, does not eventuate.
- Planned external funding from capital subsidies and grants to support the Rex Morpeth Park Redevelopment project, does not eventuate.
- The ability of the civil construction sector to deliver the volume of capital investment proposed in our district in the Long Term Plan.
- Unforeseen cost increases beyond the inflation levels assumed which could impact ability to pay (affordability).
- Unforeseen costs and challenges in delivering our capital investments (deliverability).
- Potential impact of unplanned failure of assets.
- The impact of a change in timing or quantity of projected population growth which would affect demand for services and revenue from development contributions.
- The impacts of climate change and the risk of unforeseen natural events such as earthquakes, tsunamis, major storms and flooding.
- Uncertainty about the future including disruptive technologies and changing lifestyles and living choices.
- Local government reform such as 'Local Water Done Well' (Three Waters) and resource management act reforms indicated in the coalition agreement of the current government which are likely to occur during the period of this Long Term Plan, but the specifics of which are at present uncertain.

There are a number of tools used to manage risk and uncertainty in this budget (or which could be utilised even as short-term treatments to absorb risks and uncertainty should it occur):

- Continued review of funding and confirmation of external revenue for projects before significant funds are committed, with an option of revising the capital programme should there be a significant shortfall in external funding.
- Identification of underutilised assets that could be realised to support new priority expenditure where external funding is less than budgeted.
- Investment in staff, systems, processes and governance arrangements to improve the capacity of the organisation to deliver the proposed capital investment in a timely and cost-effective way, managing and mitigating risks.
- Continued review of timing of projects in relation to growth requirements.
- Assessment of most appropriate areas to develop to address growth needs.
- Maintenance of debt levels below treasury limits to provide debt headroom to cope with unforeseen events.
- Sound asset management including revaluation of assets, and funding of depreciation into a depreciation reserve from which activity debt can be repaid and renewals funded over time.
- Implementing the funding of a risk reserve within the annual plan setting process, funded from annual rates, that enables consistent funding over time to respond to unforeseen events which are likely to occur sporadically through time.

Securities and financial investment disclosure – *Te puakanga taonga tauhokohoko me ngā haumitanga*

Policy on the giving of securities for borrowing

To borrow money, the Council has to offer lenders security. Like most councils, we secure our debt against our rates income, rather than against physical assets like land or buildings.

This means that lenders can make us increase rates to repay debt under certain circumstances. Using this form of security helps to keep the interest rates on our debt low.

The Council uses financial derivatives to arrange interest rate risk.

These derivatives, known as swaps, reduce variability in interest costs, allowing the Council to better manage cash-flow. The Council's full policy on security for borrowing, the Liability Management Policy, incorporated within its Treasury Management Policy, sets out its approach to managing securities for borrowings.

Objective for holding and managing financial investments and equity securities

Under the legislation, our Financial Strategy must disclose any objectives for holding and managing investments and equity securities.

The Council holds financial investments, such as term deposits, to manage its cash flow to finance expenditure on operations. As per the Council's Investment Policy, incorporated within its Treasury Management Policy, these investments are not significant.

The Council holds these funds to:

- Invest surplus cash and working capital funds.
- Invest proceeds from the sale of assets.
- Invest funds allocated for approved future expenditure to implement strategic initiatives or to support inter generational allocations.
- Invest amounts allocated to accumulated surplus, Council created and restricted reserves such as renewal reserves, operational reserves, development contributions and the harbour fund.

The Council has an Investment Policy in place, incorporated within its Treasury Management Policy, which can be found at whakatane.govt.nz/documents/policies-and-bylaws setting out its approach to managing any investments.

Infrastructure Strategy 2024-54

Te Rautaki Hangaroto 2024-54

Part A: Introduction – *Kupu Arataki*

1.1 OVERVIEW – *Tirohanga Whānui*

Reliable, high-quality infrastructure is essential to support our community's health, safety and prosperity. It is also necessary to allow the community to grow. Infrastructure is the term used for pipes, treatment plants, pump stations roads, footpaths, and other assets that our communities need to live, move around, do business, and enjoy recreational activities.

Like many districts across New Zealand, the Whakatāne District faces a number of infrastructure challenges including:

- Funding and financing of infrastructure;
- Maintaining our assets;
- Responding to the regulatory environment;
- Meeting the demands of future growth; and
- Improving resilience and responding to climate change.

Addressing these challenges will require significant planning and investment decisions and action. The Council will need to ensure that we balance affordability with the delivery of essential services and prioritisation of critical improvements that will enhance the district and help achieve our vision and communities' aspirations.

1.2 PURPOSE OF THE INFRASTRUCTURE STRATEGY – *Te Take o te Rautaki Hangaroto*

A significant portion of the Council's business is in the operation and maintenance of its infrastructure, with assets valued at $1.04 billion. Many of these assets have a very long life which means there is a long planning horizon for initial provision and renewal, both of which can present cost peaks that are best planned for well in advance.

This Infrastructure Strategy outlines how Council intends to manage infrastructure assets over the next 30 years, with a particular focus on the first 10 years. It outlines the Council's vision for our communities, identifies the significant infrastructure challenges and drivers in achieving that vision, and how the Council intends to address these through our long-term planning and investment.

The Whakatāne District's Infrastructure Strategy focuses on the critical assets of:

- Drinking water supply
- Wastewater collection, treatment and disposal
- Stormwater management
- Transport connections

The Infrastructure Strategy outlines:

- The significant infrastructure challenges that must be addressed
- The principal options available to address these.
- The cost and service delivery implications of these options for the community
- How the Council intends to manage its infrastructure assets over the next 30 years
- The most likely scenario for the Council infrastructure investment, including potential projects that may or may not proceed subject to funding decisions made through the Long Term Plan process.

1.3 ABOUT THE WHAKATĀNE DISTRICT – *Mō Whakatāne*

The Whakatāne District is located in the Eastern Bay of Plenty and comprises a total area of 4,465 square kilometres. Sandy beaches line much of the 54 kilometres of coastland that stretches from Ōtamarākau in the west to Ōhiwa in the east. Central areas include fertile lowlands and farming areas on the Rangitāiki Plans through to Murupara. Te Urewera in the south makes up 41 percent of the district. In 2023 the Whakatāne township was awarded the title of Most Beautiful Large Town and in 2021 was a Supreme Winner at the Keep New Zealand Beautiful awards.

The district has a population of 38,800 (2023), of which approximately 20,200 people live in Whakatāne town, which is the major service and administrative centre for the Eastern Bay of Plenty. Whakatāne town is physically constrained to a large extent, by the escarpment to the east and the Whakatāne River to the west. The Hub and Coastlands lie on the west bank of the river. A number of smaller towns and suburbs are located around the district which predominantly rely on Whakatāne for services and supply. Ōhope has a population of 2,800, while other settlements include Murupara (1,950), Edgecumbe (1,700), Tāneatua (750), Te Teko (600) with the remainder living in rural areas across the district. Dairy and horticulture are key activities on the Rangitaiki and Galatea Plains. The river valleys contain some dairy on the lower levels, with dry stock and forestry occupying the foothills and ranges. The southeast of the district is dominated by the ranges of Te Urewera and the southwest incorporates the massive forest plantations of the Central Plateau.

Significant industrial activity includes the Fonterra dairy factory in Edgecumbe, the Whakatāne Board Mills and two of the country's largest aluminium boat builders. The neighbouring Kawerau District is also home to other and varied heavy industrial operations and related geothermal power supply companies.

1.4 PLANNING FOR GROWTH – *E whakarite ana ki te tipuranga taupori*

The medium, and most likely, population projection estimates that the populations will continue to grow year on year between now and 2055. Whakatāne is projected to add 7,720 residents to its 2023 population of approximately 38,800, for a projected 2053 population of 46,020. See below for forecasts:

TABLE 1.1 – POPULATION FORECAST

17,975	2018	2022	2023	2024	2025	2026	2027	2034	2053
Source	Census	NZ Stats (Subnational Population TA)						MR Cagney	
Population	35,700	38,500	38,800	39,230	39,665	40,105	40,550	42,618	46,020
+/- % p.a.		1.9%	0.8%	1.1%	1.1%	1.1%	1.1%	0.7%	0.3%
Households	14,280	14,560	14,754	14,950	15,149	15,350	15,526	16,205	17,530
Rating Units	16,711	17,039	17,081	17,308	17,538	17,771	17,975	18,898	19,218
Rateable rating units	15,698	16,007	16,046	16,080	16,261	16,444	16,604	17,331	17,624

1.5 EASTERN BAY OF PLENTY SPATIAL PLAN – *Te Mahere Whaitua o Te Moana a Toi*

Whakatāne, Kawerau and Ōpōtiki councils are working collectively with iwi and central government project partners and the Bay of Plenty Regional Council to prepare a spatial plan for the Eastern Bay of Plenty. The Plan is due for completion in mid-2025.

The Eastern Bay Spatial Plan is about the places we live in and how we want them to be for our future generations. When completed, it will provide a roadmap for our future spaces and places (which is evidence based) and a direction to align other strategies and planning processes towards common outcomes.

In late 2022, local authorities and iwi authorities in the Eastern Bay of Plenty began to work collaboratively with government agencies to scope and develop a spatial plan for the sub-region. The intention is for a plan that reflects the partners aspirations for our rohe, informs the Council long term plan processes and government infrastructure investment decisions.

Key considerations include these options include Three Waters infrastructure (costs and environmental limits), transport links, access to jobs and services, and resiliency and climate change impacts. In particular, new development areas are likely to require new wastewater and water infrastructure, which will be confirmed in time for the next Long Term Plan and Infrastructure Strategy.

The Spatial Plan will support government agencies by guiding the delivery of infrastructure, housing development, and other critical services (such as health and education) needed to support growth across the Eastern Bay of Plenty and fulfill partner aspirations. To ensure that the project and funding implications arising from the Spatial Plan can be implemented, the Eastern Bay Spatial Plan is being developed collaboratively with Government agencies including NZ Transport Agency Waka Kotahi, the Ministry of Housing and Urban Development, Kāinga Ora and Ministry for Education.

A number of infrastructure planning projects have been included in years one to three of the Long Term Plan 2024-34 to better inform the scope, cost and timing of the supporting infrastructure required to enable the growth, as well as a number of key projects included in outer years which will be further refined in the Long Term Plan 2027-37 and Infrastructure Strategy 2027-57 when the Eastern Bay Spatial Plan is complete.

1.6 OUR CHANGING CONTEXT – *E mānenei ana te tai*

Whakatāne is going through a time of change, which brings an increased level of uncertainty about the future impacts impacts on the district.

In particular, key areas of change are:

1. **Government direction in water reforms** has meant responsibility of Three Waters is retained by local government. The coalition Government has advised that 'Local Water Done Well' policy development will occur in 2024 with possible regional or sub-regional groupings of willing participants. The re-inclusion of Three Waters back into Council's Long Term Plan and Infrastructure Strategy brings significant levels of service, funding and financing challenges.
2. **Escalating costs of maintaining and delivering essential infrastructure** is continually challenging when faced alongside other cost escalations in our communities. The Council needs to ensure that all options of funding and financing are investigated and that decisions deliver value for money where affordability is front of mind.
3. **Continued population growth** is putting pressure on the district's infrastructure. Annual increases of population and business activities are placing increased demand on our three waters and transport systems. Some of which are nearing end-of-life or are nearing their capacity. As the district grows, the Council needs to prepare and invest prudently for growth, while at the same time ensure current assets are well maintained and operated.
4. **Climate change** poses additional challenges for infrastructure management, including the need to adapt to more frequent extreme weather events and rising sea levels. Building resilience against these impacts requires substantial investment in infrastructure upgrades and mitigation measures.

1.7 KEY INPUT DOCUMENTS – *Ngā Tuhinga Matua*

A number of key input documents guide our decision making and approach to maintaining and investing in our infrastructure.

1.7.1 Three Waters Asset Management Plan

Quality drinking water supply, wastewater and stormwater services are essential for protecting public health, safeguarding the environment, respecting Te Mana o te Wai, complying with regulations, and enhancing community wellbeing.

We aim to manage infrastructure in a sustainable way to provide an adequate level of service and resilience. We operate under resource consents granted by the regional council and are required to meet drinking water standards and other key legislation.

We deliver services to agreed levels and ensure these are met by:

- Operating and maintaining assets.
- Investing capital in response to increasing demands for growth (greenfield and infill).
- Investing where appropriate in renewal.
- Investing where appropriate in improving level-of-service.

1.7.2 Transport Asset Management Plan

The Transport Asset Management Plan includes a vision of "Better Alignment = Greater Benefits for Minimised Cost" meaning *Benefits are maximised and cost minimised when there is greater alignment between community expectation, network needs and funded programme.*

This is focused on the alignment of three key areas including:

- **Community expectations** – the Long Term Plan strategic priorities represent our community's reasonable expectations and needs.
- **Our funded programme** – the Regional Land Transport Plan represents regional priorities and is consistent with the Government Policy Statement for land transport.
- **Network priorities** – defines and prioritises the key problems and opportunities in the network, and the benefits we want to achieve through investment.

1.8 THE COUNCIL'S VISION AND STRATEGIC PRIORITIES – *Te Matakitenga me ngā Rautaki Matua a Te Kaunihera*

1.8.1 Planning for the long-term

The Council's Long Term Plan 2024-34 sets out the Council's strategic direction including the vision and strategic priorities for the future of our district.

The strategic direction has been developed to recognise community aspirations for the future of the district, and to address big challenges and opportunities facing our communities. This Infrastructure Strategy seeks to address the challenges and opportunities and deliver on the strategic direction as it pertains to the Council's infrastructure assets (information about specific infrastructure challenges can be found later in this strategy).

The Council's strategic direction, and this Infrastructure Strategy, acknowledge that our context is changing rapidly, and the resulting uncertainty means that as we learn more, our plans will need to adapt. This is not a concept new to infrastructure planning with many assets having a long life (i.e. 80- 100 years), requiring the Council to plan for, invest in, maintain, and renew assets over a long-term horizon.

1.8.2 Council's vision

Our vision and community outcomes are set out below. These set the high-level direction and goals which the Council works towards to support and enhance the well-being of Whakatāne District and its people.

The vision statement recognises the Whakatāne District offers a great quality of life. It also embraces the Council's role in supporting the community to flourish, fulfil their potential and live life to its fullest. To have an impact on those things that are most important to all of us requires a strong, resilient, and enabled Council organisation.

FIGURE 1.2 – OUR VISION

1.8.3 Council's strategic priorities

The Council has identified five strategic priorities that underpin the development of the Long Term Plan 2024-34. These drive the priorities and projects the Council is proposing over the next 30 years and form the basis of both the Long Term Plan 2024-34 and the Council's Financial Strategy. The five strategic priorities are supported by significant strategies, programmes of work, and projects.

FIGURE 1.3 – STRATEGIC PRIORITIES

Enhancing the safety, wellbeing and vibrancy of communities
Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori

Strengthening relationships with iwi, hapū and whānau
Me mātua whakawhanake i ngā kōtuituinga ā-iwi, ā-hapū, ā-whānau anō hoki

Building climate change and natural hazard resilience, including our infrastructure
Me mātua whakakaha i te aumangea ki te huringa āhuarangi me ngā tūraru matepā taiao tae ana ki te hangaroto

Facilitating economic regeneration and responding to development pressures
Me mātua whakahaere i te tipuranga o te taiōhanga me ngā tonotono whare

Shaping a green district
Kia toitū te rohe

1.8.4 Council's approach to asset management

The Council seeks to achieve best practice asset management to meet the agreed levels of service for the community and takes a coordinated approach across the entire lifecycle of all its assets. The comprehensive asset management plans for drinking water supply, wastewater, stormwater and transport are reviewed and updated every three years. A significant part of asset management is to operate, maintain and manage existing assets. Renewals planning includes the collection of an extensive amount of asset data, including as-built information, maintenance costs, failure analysis and condition assessments. This data helps us predict and plan when to renew assets so that we do it at the best and most affordable time.

1.8.5 Council's Three Waters activity and assets

The Council provides drinking water to over 13,490 households and businesses throughout the district. The drinking water supply systems treat raw water to make sure it is safe to drink and continuously supply to customers at a suitable pressure and quantity. The Council's drinking water supply system also provides water for fire services in urban areas.

The wastewater system collects wastewater from connected houses and businesses (generally in urban areas), treats it and disposes of it. This activity also includes the Council's trade waste function which includes the monitoring and management of high volume and/or high strength wastewater from approximately 300 businesses.

The Council manages eight stormwater schemes which cover over 1,700 hectares of land and 78 percent of the population in the district. The stormwater systems are designed to take stormwater away from built-up urban areas and disperse it within our waterways to minimise the effects of flooding on property and the risk to human life.

1.8.6 The Council's transport activity

The Council provides and manages a safe, integrated, and efficient transport system for the Whakatāne District, including provision for private vehicles, freight, public transport, walking, cycling and pedestrians. The Council also manages on-street and off-street parking facilities.

Arterial roads make up only five percent of the network length but carry 60 percent of the traffic. At the other end of the scale, 50 percent of our network is access/low volume and carries less than 10 percent of our traffic.

The transport maintenance and renewals programme also gives the Council the opportunity to optimise assets, where appropriate, and to support the Council's environmental protection and climate change initiatives. Council works closely with the NZ Transport Agency Waka Kotahi on the future planning and investment of the transport system, including the continued monitoring of population growth and development demands.

Part B: Infrastructure Challenges – Ngā Wero Hangaroto

2.0 RESPONDING TO OUR CHALLENGES – *E urupare ana ki ngā wero*

The Council needs to ensure that we maintain, operate, and invest in core infrastructure to enable our District to grow and our communities to prosper. An evolving regulatory environment continued maintaining of our assets, and annual population growth brings significant infrastructure challenges that we must focus on and address over the coming years.

This strategy identifies five significant infrastructure challenges for the district over the next 30 years.

TABLE 2.1 – INFRASTRUCTURE CHALLENGES AND OUTCOMES SOUGHT

Challenge	Implications for the District
Challenge one: **Funding and financing of infrastructure**	• The provision of infrastructure required to support our centres and communities is extensive, and with that comes significant costs. • Costs to maintain and deliver new infrastructure have significantly increased, meaning more funding is required each year to deliver. • Increased costs for essential infrastructure are placing significant pressure on families and our communities at a time where affordability and cost of living is an everyday challenge. • Current funding sources within New Zealand to support the provision and operation of infrastructure, are stretched and access to alternative funding sources is limited. **OUTCOME SOUGHT** ***Identify, investigate, and explore funding and financing opportunities to support the future needs of our communities.***
Challenge two: **Maintaining our assets**	• A large number of the Council's core infrastructure assets are coming to the end of their useful life and will need replacing within the 30 year period of this strategy. There are also a number of source water supply issues and vulnerabilities that need to be addressed. • Robust Asset Management Plans ensure that core infrastructure is maintained and that a long-term prioritised programme of works, along with' whole of life' costs are balanced and shared across multiple planning periods. • A number of projects and programmes ensure that the Council is able to maintain and upgrade infrastructure as required in order to deliver core transport and Three Waters services. **OUTCOME SOUGHT** ***Maintain current levels of service within budget limitations.***

TABLE 2.1 – INFRASTRUCTURE CHALLENGES AND OUTCOMES SOUGHT (continued)

Challenge	Implications for the District
Challenge three: **Responding to the regulatory environment**	• Three Waters reforms are being repealed. This hands Three Waters management squarely back to councils. • Environmental standards regarding the quality of water continue to increase. New and upgraded infrastructure is needed to meet these standards. • There are no nationally consistent standards for the discharge of treated wastewater, which creates significant uncertainty during planning stages. • Tightening of environmental discharge rules will affect renewal of wastewater consents i.e. the National Policy Statement For Freshwater Management (NPS-FM) was updated in 2024. This contains specific requirements (Cl. 3.34) for the Bay of Plenty. • Updated health and safety regulations for temporary traffic management activities have increased costs to the Council. • The cconomic and performance oversight regulatory framework for Three Waters is unclear and still developing. **OUTCOME SOUGHT** ***Council has flexibility/agility to cope with a changing regulatory environment.***
Challenge four: **Meeting the demands of future growth**	• Forecasts show the district's population is expected to grow by nearly 7,200 people (over 3,000 households) by 2053. Much of the challenge is forecasting where this growth will occur. Agility is required. • The National Policy Statement on Urban Development (NPS-UD) requires land to be zoned and infrastructure provided for such development, and costs to be recouped where possible. • Growth in primary industries will result in more heavy vehicles on our roading network leading to increased deterioration of the network. **OUTCOME SOUGHT** ***Delivery of assets do not impose limitations on planned growth.***
Challenge 5: **Improving resilience and responding to climate change**	• Climate change is expected to generate more frequent and more severe weather events which cause increased flooding, coastal inundation and erosion, and droughts. • Large parts of the district are low lying and prone to flooding while changes to groundwater levels could have a significant impact on Council's transport and three waters infrastructure and assets. • Extreme temperatures and drought will affect Three Waters operations while the capacity of the stormwater network will need to be increased to manage more severe and more frequent storms. **OUTCOME SOUGHT** ***Improve resilience across our asset base.***

These challenges have been distilled down into five significant investment decisions. Three options are presented for each decision.

TABLE 2.2 – CHALLENGES AND ISSUES

Infrastructure Challenge	Significant Issue	Significant Investment Decisions
Funding and financing of infrastructure	How should the Council endeavour to tackle its infrastructure deficit – in particular the funding and financing tools for three waters?	• Do nothing. Continue with current funding and delivery model for Three Waters infrastructure. • Investigate and agree an alternative delivery and funding model for Three Waters infrastructure (e.g. rating, water charging, alternatively debt options).
Maintaining our assets	Is our asset renewal program right sized?	• Invest aggressively in renewals to get ahead of the curve. • Renew selectively based on asset condition, level of service delivered and criticality. • Scale back renewal program.
Responding to the regulatory environment	How should the Council tackle the requirement for new wastewater and water abstraction consents?	• Progress full reconsenting within mandated timeframes. Not possible with funding constraints. • Understand and assess risks. Prepare consenting plan. Engage with consenting authority. Propose delayed implementation. • Apply for renewals. No further action.
Meeting the demands of future growth	How proactively should the Council invest in infrastructure for growth? (Note that growth is largely private sector initiated and it is very difficult to establish a direct linkage to any particular capacity constraint).	• Invest fully in infrastructure to enable growth. • Limited investment in identified areas to assist growth. • No pro-active investment for growth.
Improving resilience and responding to climate change	How actively should Council be investing in managing resilience and climate change risks?	• Invest significantly to address resilience and climate change risks. • Limited investment to mitigate some risk. • No investment to manage resilience and climate change risks.

2.0.1 Supporting notes for significant challenges section

TABLE 2.3 – SCALE, FORECASTS, SCENARIOS

Cost scale of options	Low up to $5 million Medium $5 – $20 million High over $20 million
Maintaining our assets	Projects proposed in the early years of the Infrastructure Strategy have a higher degree of financial and timing certainty, often due to the work being planned, scoped and estimated. Project estimates in the later years of the Infrastructure Strategy (years 11 – 30) are less certain financially and in terms of timing. The cost and timings defined in this strategy are the Council's reasonable expectation of the capital investment required to maintain, grow and operate our critical infrastructure assets, based on best available information.
Most likely scenario	Each significant decision outlines the most likely scenarios for managing our infrastructure including the Council's preferred options to inform capital works and funding. Forecasts for the first three years are more detailed, while those in years four to ten are a reasonable outline of the most likely scenario. Forecasts beyond year ten are indicative and will be modified via future long term plans and annual plans as more information becomes available.

2.1 CHALLENGE 1: FUNDING AND FINANCING INFRASTRUCTURE – *Wero 1: Ngā Tahua Hangaroto*

2.1.1 Introduction to challenge 1

Managing infrastructure is a core responsibility for local government authorities across New Zealand, encompassing essential services such as water supply, wastewater treatment, stormwater management, roading, and footpaths. However, ensuring the capability and sustainability of this infrastructure presents numerous funding and financing challenges. From balancing limited financial resources to addressing the growing demand for infrastructure upgrades and maintenance, local councils face a complex landscape of fiscal constraints and regulatory requirements.

2.1.1.1 Funding and financing challenges

There are a number of funding and financing challenges confronting local government in New Zealand. The Council will need to explore potential strategies for overcoming these obstacles to build resilient and sustainable infrastructure for communities nationwide.

- **Limited funding sources:** Local governments in New Zealand primarily rely on rates, user charges, government grants, and borrowing to finance infrastructure projects. However, these funding sources may not always be sufficient to meet the growing demand for infrastructure upgrades and maintenance, especially in rapidly expanding urban areas.
- **Infrastructure deficit:** Many local authorities face an infrastructure deficit, where the existing infrastructure is aging and inadequate to meet current and future needs. Addressing this deficit requires substantial investment, which may strain the financial resources of councils.
- **Affordability:** Increasing infrastructure costs coupled with constraints on rates and user charges can pose affordability challenges for ratepayers. Balancing the need for essential infrastructure upgrades with the ability of ratepayers to afford higher rates or charges is a delicate balancing act for councils.
- **Asset management and maintenance:** Proper asset management and ongoing maintenance are essential to ensure the longevity and efficiency of infrastructure assets. However, limited funding can result in deferred maintenance, leading to asset deterioration and increased long-term costs.
- **Regulatory compliance and standards:** Local governments are required to comply with regulatory standards for water, wastewater, stormwater, and roading infrastructure. Meeting these standards, which often change, involves significant capital investment, which may strain council budgets.
- **Climate change resilience:** Climate change poses additional challenges for infrastructure management, including the need to adapt to more frequent extreme weather events and rising sea levels. Building resilience against these impacts requires substantial investment in infrastructure upgrades and mitigation measures.
- **Uncertainty in funding streams:** Changes in government policy or funding priorities can create uncertainty for councils in planning and financing infrastructure projects. This uncertainty can make long-term planning and investment decisions more challenging.

Addressing these funding and financing challenges requires a combination of innovative funding mechanisms, collaboration between government agencies and private sector partners, efficient asset management practices, and a focus on long-term sustainability and resilience.

2.1.1.2 Supporting Council strategies and plans

- The Council's Water Strategy sets the long-term strategy to provide improved and sustainable water schemes across the Whakatāne/Ōhope and Plains areas.
- The Council's Financial Strategy supports the delivery of Council activities and services to address rates affordability and ensure that the Council remains in a long-term stable financial position. Focuses on balanced investment in priority areas to support the district's development and communities' aspirations, while also ensuring the Council's long term financial position is strong, prudent and fair.
- The Council's Development Contributions Policy to enable development contributions to be taken that ensure developers make a fair and equitable contribution to the development of network infrastructure, community infrastructure and reserves required to maintain an accepted level of service as development increases demand in the district.
- The Council's Revenue and Financing Policy describes how each of Council's activities will be funded and the reasons for. Funding sources may include general rates, targeted rates, fees and charges, and others.

2.1.1.3 Three Waters reform

The previous government's "Three Waters Reform" aimed to address the financing and funding challenges related to Three Waters infrastructure within councils by establishing new Water Services Entities to take responsibility for delivering safe and sustainable drinking water, wastewater, and stormwater services. These entities were to be separate (have balance sheet separation) from local councils and and have dedicated governance and management structures focused solely on water service delivery.

By consolidating water services under regional or national entities, the reform aimed to achieve economies of scale and efficiency gains. This includes streamlining administrative processes, reducing duplication of services, and optimising resource allocation to deliver cost-effective and sustainable water services.

As part of the information gathering to support the Three Waters Reform, a draft Asset Management Plan (AMP) was developed by each Council. This AMP identified all projects and programmes considered necessary to meet the district's needs and aspirations over the planning period. This was labelled the 'Needs Based Three Waters Programme'. This programme totalled $440 million of investment over the ten year period, which would have represented a very ambitious programme of capital works and funding.

With the change in government direction around Three Waters Reform post-election, and the subsequent repealing of enabling legislation, the Council's Three Water activities are now re-included into the Long Term Plan 2024-34 development and prioritisation processes. This change in structure, and delivery and funding model, comes with significant funding constraints.

2.1.1.4 Impacts on the Council's capital works program

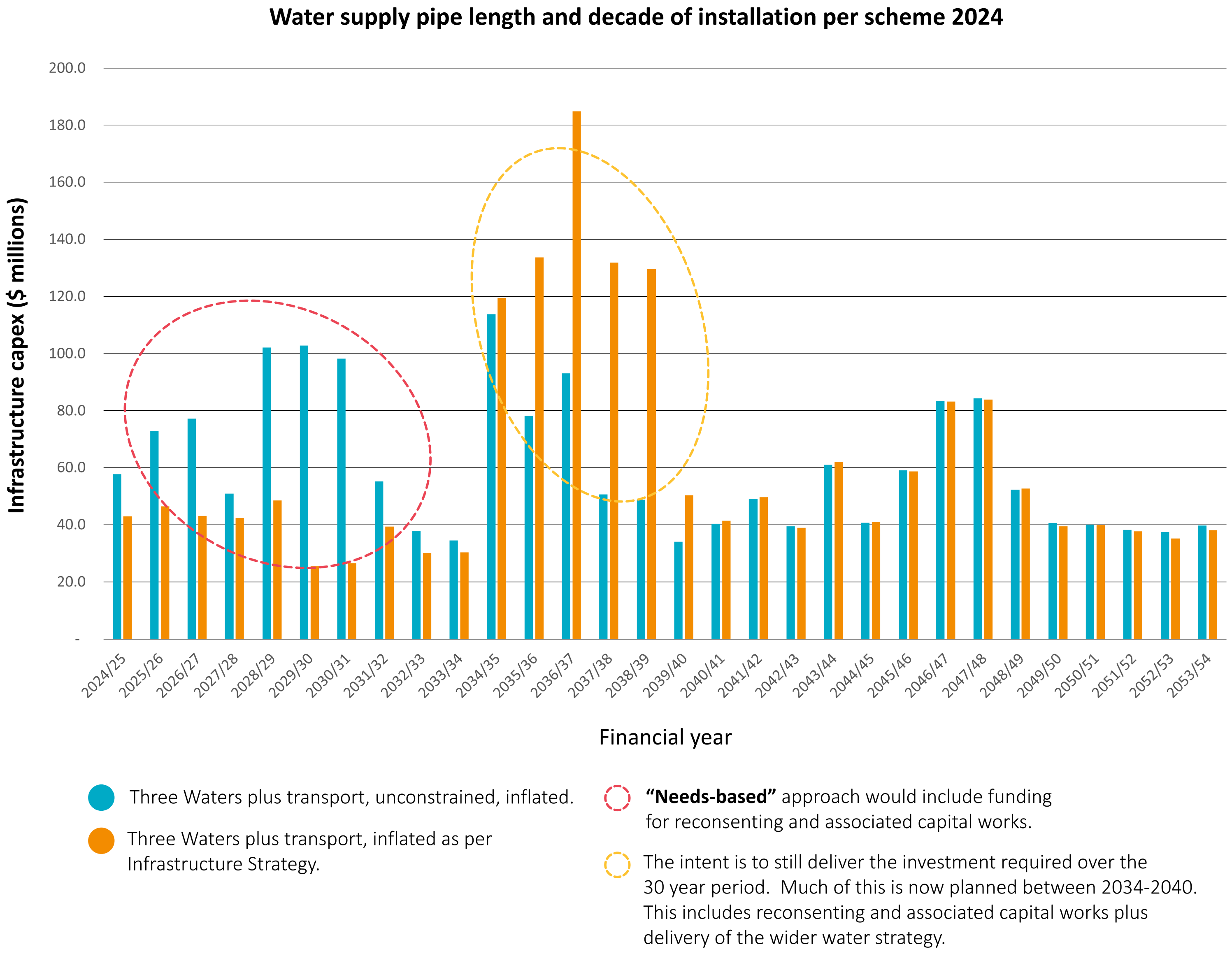
Council has a financially constrained allowance of some $180 million milllion (excluding inflation) available for Three Waters capex over year one to 10 of the planning period. Therefore, the Council proposes to defer the balance – i.e. $260 million until the latter years of the planning period – i.e. year 11 to year 30. This is due to the debt constraints on the Council from our primary lender Local Government Funding Agency.

For year one to 10 this has resulted in:

- No budget for the implementation of wastewater treatment plant upgrades to support re-consenting.
- No budget for management of wastewater sludge from treatment ponds.
- Reduced renewals of existing infrastructure assets down to 70 percent of what the needs based asset management plan recommends.
- reduced compliance and resilience based projects down to 50 percent of what the needs based asset management plan recommends.

We are forecasting our opening depreciation reserve balances for the Long Term Plan 2024-34 will be less that the amount required for renewals in the first year, which means we are already on the back foot for funding asset renewals.
We need to acknowledge, heading into a Long Term Plan that is forecasting a significant step change increase in capital expenditure, that the current depreciation funding model is not sustainable and no longer fit for purpose.

FIGURE 2.4 – CAPEX – CONSTRAINED VERSUS ‘NEEDS-BASED’ CAPEX



2.1.2 Significant investment decision – investigate alternative delivery and funding models for three waters infrastructure?

The local government sector generally fund infrastructure through a combination of Borrowing, depreciation reserves, rates, user fees and charges, grants and subsidies, and development or financial contributions. Capital works are predominantly funded through borrowing, reserves, and rates, whilst operating expenditure is largely funded through rates.

New infrastructure is largely funded by borrowing, and the loans repaid by ratepayers over a term of 20 to 30 years. The new infrastructure is capitalised when commissioned and depreciated along with existing infrastructure assets. Asset management practices outline when existing infrastructure assets are required to be renewed, it is common practice that these are largely funded by depreciation reserves, resulting in one of the most challenging issues, as depreciation reserves are often insufficient to cater for the level of renewals required.

Acknowledging the challenges we have and that fundamentally the current method of building reserves to fund the renewal of critical infrastructure is broken, we need to consider alternatives to the funding model that are more sustainable.

Date decisions required: 2024/25.

TABLE 2.5 – OPTIONS AND IMPLICATIONS, DECISION 2.1.2

Option(s)	Positive implications	Negative implications	Cost scale of option
Continue with current funding and delivery model for three waters infrastructure.	Perceived to be "fairer" - typically by those currently exposed to lower costs.	• Continued complicated model that treats and funds capital projects differently across the district. • Funding model that does not support a fair and equitable allocation of costs across communities.	Low
Investigate and agree an alternative delivery and funding model for three waters infrastructure. **This option is the preferred and most likely scenario.**	• Simple and transparent funding model that treats and funds all capital projects the same way. • Promotes the principle of inter-generational equity and allocates a fair share of infrastructure costs to ratepayers. • Takes into account the nuances of funding long life infrastructure assets. • Allows more flexibility in accounting for and recovering costs from drivers for the project.	• Possible increases, and decreases, in rates for properties, to achieve a more fair and equitable approach.	Low

TABLE 2.6 - ADDITIONAL INFORMATION FOR DECISION 2.1.2

Decision number	Decision 2.1.2
Topic	Funding and delivery model – three waters.
Preferred and most likely scenario	**Make changes to current funding and delivery model.**
Timing	2024-25 financial year.
Options and implications	High level options. • Status quo • Change **'Change'** is likely to move/combine most or all of the various separate schemes into fewer schemes (perhaps a single scheme). Sub-options. There will be sub options e.g. timing of the change from the current model with a gradual harmonisation of differing factors and costs.
Costs to prepare and make decisions	Low. Staff time. Scenario modelling. Financial models and forecasts.
Costs to implement/deliver	Low. Staff time. Professional advice.
Costs faced by current scheme customers	Could result in significant change.

2.1.2.2 Risk management

With a constrained budget, come a number of key risks that the Council must effectively manage across the three waters programme. The following outlines these risks including identifying relevant projects that won't be delivered or only partially delivered in the first ten years of the Long Term Plan. The Specific risks Identified are outlined below:

1. **Failure to meet current regulatory requirements**
    - Failures to meet current discharge consent conditions [accept]
    - Failure to meet current drinking water quality assurance rules [accept]
2. **Deferral of treatment plant upgrades**
    - Failures due to age and condition [manage using limited budget]
    - Consents expire 2026. Propose to use Resource Management Act s124 to operate on expired consents [accept]
    - Negative iwi / community perception – discharging into rivers [accept]
3. **Deferral of desludging**
    - Degraded pond performance [accept]
    - Increased odours – residents [accept]
    - Infringement / abatement notices [accept]
    - Note: Staff reviewing potential options to mitigate
4. **Limited magnitude of wastewater network renewals**
    - Increase in blockages / pipe collapses / breaks / spills [manage using limited budget]
5. **Risks**
    - Lack of resilience – storm events [accept]
    - Potential rising main failures result in environmental consequences [manage using limited budget]
    - Budgets could be exceeded if storm events / significant failures [accept]
    - Limited magnitude of wastewater network renewals
6. **Limited magnitude of drinking water network renewals**
    - Increased pipe failures, reactive cost more expensive [manage using limited budget]
7. **Limited drinking water treatment plant upgrades/renewals (excludes Rūātoki and Murupara, both included in year one to three)**
    - All other issues (moderate / minor) from Water Safety Plans [manage using limited budget]
    - Taste issues at Whakatāne plant [accept}
    - Risk of rural pollution, saline intrusion and possible cyanobacterial event at Whakatāne plant [accept].
8. **Johnson road upgrades**
    - May be able to re-scope or reduce. This will become clearer as we learn about the performance of the newly upgraded Braemar Water Treatment Plant and consent renewal implications. [manage]
9. **Various smaller projects**
    - Reservoirs ageing and not earthquake complaint – risk of damage or failure during seismic events [accept]
    - Coastlands watermain – lack of resilience and configuration issues [Accept]
    - Budgets could be exceeded if storm events / significant failures [accept]
10. **Edgecumbe drainage improvements**
    - Poor performance SW network in Edgecumbe [accept]
    - Budgets could be exceeded due to storm events / significant failures [accept]

2.1.2.3 Drinking water supply projects that are not substantially planned in the first 10 years of the Long Term Plan

TABLE 2.7 – DEFERRED DRINKING WATER PROJECTS

Project Name	Risks with not delivering	Negative implications
410037 - District Wide - Equalised New Drinking Water Treatment Plant. (year 1-10 $5.545 million, year 11-20 $105.829 million)	Dissatisfaction with performance of existing plant, nearing end-of-life. Continuing taste issues due to surface water source. No flexibility of separated, non-interconnected plants. Plant prone to saline, cyanobacteria and rural runoff pollution events.	Agile and active management of existing plant. (Upgrade funds programmed for Y7-Y15). Accept risk of rural pollution, saline intrusion and possible cyanobacterial events. Accept continuing taste issue.

2.1.2.4 Wastewater projects that are not substantially in the first ten years of the Long Term Plan

TABLE 2.8 – DEFERRED WASTEWATER PROJECTS

Project Name	Risks with not delivering	Negative implications
511054 - Ōhope Wastewater Treatment Plant upgrade. (year one to 10 $1.106 million, year 11 to year 20 $5.175 million)	Plant is relatively modern.	Actively manage and monitor performance of existing plant. (Renewal funds programmed for year 13).
New Wastewater Treatment Plants: Whakatāne, Edgecumbe, Tāneatua ($156 million)	Failures due to age of plants. Operating with expired consents. Negative iwi/community perception – e.g. discharge to surface waters.	Likely need to invest in end-of-life-asset (to keep it running). Carry out planning and scientific work to identify future options. Actively and openly communicate with interested parties about the situation that Council finds itself in.
New Wastewater Treatment Plant Murupara ($30 million)	As above.	As above.
Wastewater ponds desludging ($17 million)	Reduced pond performance. Increasing odours. Infringement abatement notices.	Agile and active management. Communicate challenges to the community. Engage up-front with Bay of Plenty Regional Council.
Climate Change Adaption plan actions – PV generation and others ($4.62 million)	Concern that Council is not implementing its own plans	Explore options for staged implementation. Communicate options with community.

There are no particular, critical stormwater projects that are not currently in the first ten years of the Long Term Plan.

See risk management section above for further information about risks, consequences and proposed management responses.

2.1.2.5 Roads and footpaths

The transportation programme included in the Infrastructure Strategy and Long Term Plan has been developed on a needs basis. This mostly focuses on a maintenance and renewals programme, supplemented with an improvements programme. There are more improvements projects identified, than what we have funding to deliver in the next 10 years. However, improvements are more the 'nice to haves' rather than the 'must haves'.

The programme developed will provide for the needs of the transport activity and the level of improvements funding included, will contribute towards the identified problems and benefits, at an affordable and cost-effective level.

2.2 CHALLENGE 2: MAINTAINING OUR ASSETS *– Wero 2: Te whakaukauka o ngā Rawa*

2.2.1 Introduction to challenge 2

The Council has robust Asset Management Plans in place for core infrastructure to ensure it's well- maintained, has a long-term prioritised programme of works and that the 'whole of life' costs are balanced and shared across multiple planning periods. The Council undertakes continuous monitoring of its assets, including forecasting models to plan long range renewal requirements and to ensure appropriate funding is in place.

Over the last three years the Council has undertaken significant scientific analysis, engagement and consultation with whānau, hapū and iwi, and the community to better understand Council's infrastructure assets. This work has enabled the Council to build increased knowledge and confidence in the design life of each asset including better understanding of how the asset is performing, what challenges the asset is facing and therefore the timing and appropriate level of planning and investment required to manage risk and the ongoing operations.

Level of service measures provide a good snapshot of how the Council is performing in relation to some level of metrics. Examples are responsiveness measures when network faults are reported and issue resolution times. While not complete this gives some insight into network condition and therefore the effectiveness of the renewal strategy.

2.2.2 Supporting Council strategies and plans

- Asset Management Plans provide an outline of the works required for each of the key asset activities in order to prudently manage infrastructure and deliver essential services to the community.

2.2.3 Significant investment decisions – Renewing our aging assets

The Council has an ongoing programme of renewals for its infrastructure assets. During each Long Term Plan, the Council is required to reconfirm the level of funding for these.

Our renewal approach endeavours to renew assets when they reach the end of their useful lives. Several factors come into play when assessing the renewal of an asset.

The following information is used when making renewal decisions:

- Asset installation date
- Expected asset lifetime (top down)
- Local knowledge of longevity factors (e.g. special ground conditions, construction materials)
- Climate change (e.g. incorporate climate change considerations when renewing assets)
- Knowledge of asset condition (e.g. inspection or testing records)
- Comparison with other peer assets
- Opportunities (e.g. roading or other service upgrades)
- Level of service delivered information (e.g. breaks, leaks, bursts)
- Maintenance history (e.g. work orders, costs)
- Obsolescence (e.g. availability of parts)
- Compatibility (e.g. interface with other components, fittings)
- Criticality
- Consequence of failure
- Grouping with other assets nearing renewal

In many instances some of these matters conflict with others. The weight of these factors also differs. Accordingly, renewal decision making is seldom simple.

Where appropriate, renewals for Three Waters are undertaken as a 'like for like' replacement. New (2024) materials are typically superior to the original material resulting in an inevitable improvement. A level of service improvement will therefore occur. In many cases, especially in the rural environment, renewal of assets is also requiring an upsizing in capacity to respond to increased resilience and climate change events as well as future proofing for growth over the long term. This upsizing means increased costs to renew.

Council has been underinvesting in road surfacing renewals for the last decade, due to funding constraints, and has a significant backlog of overdue resurfacings. Council currently has capacity in our lower classification roads condition ratings to absorb some managed decrease in levels of service. However, our higher classification roads are already showing signs of deterioration and require increased surfacing renewals to bring them back in line, deal with the overdue renewals and reduce the risk of large scale (and far more costly), premature failure of the underlying road pavements.

Date decisions required: 2024 onwards.

2.2.3.1 Key options for decisions

Three Waters renewal program

TABLE 2.9 – OPTIONS AND IMPLICATIONS, DECISION 2.2.3A

Option(s)	Positive implications	Negative implications	Cost scale of option
Lower scale implementation of renewals programme, i.e. lower investment than that described in the significant projects table below.		• Level of service decreases – water – drinking water standards compliance and water losses. • Level of service decreases – wastewater – satisfaction, dry weather overflows and resource consent breaches. • Lower system and infrastructure standards achieved. • Increased risk of failure with operations and maintenance implications.	Medium
Medium scale implementation of renewals programme. i.e. investment described in the significant projects table below. **This option is the preferred and most likely scenario.**	• No change to level of service. • Bring system and infrastructure up to a higher standard at a quicker pace. • Decreased risk of failure.		High
Higher scale implementation of renewals programme. i.e. higher investment than that described in the significant projects table below.	• Level of service – increases water. • Level of service – increases wastewater – satisfaction, dry weather overflows and resource consent breaches. • Deliver robust fit-for purpose system and infrastructure. • Decreased operational and maintenance costs over time.	• Significant investment required that could be potentially unaffordable for the district.	High

TABLE 2.10 - ADDITIONAL INFORMATION FOR DECISION 2.2.3A

Decision number	Decision 2.2.3A
Topic	Three waters renewal programme.
Preferred and most likely scenario	**Medium** scale implementation of renewals.
Timing	The scale of the programme will be thoroughly investigated and considered for each LTP – 3 yearly. It is expected that more minor changes may occur annually via Annual Plans.
Options and implications	• Lower • **Medium** • High Each of these scenarios has sub-options for how the renewal funds are split across the three activities. Within each activity there are sub-sub-options for how renewal funds are split across the asset classes. E.g. linear assets, point assets, treatment plants. Staff advice will result in work programmes. These can cover one or more years and are typically prepared at one or three yearly intervals. Over time, the implications of the options may lead to a gradual change in LoS. Long Term Plan intervention would be used to correct any negative change observed.
Costs to prepare and make decisions	Medium. Staff time.
Costs to implement/deliver	High. Staff time. Professional advice. Physical implementation.
Costs faced by current scheme customers	High. Ongoing increases to general and targeted rates and fees and charges.

Transport Maintenance and Renewal Programme

TABLE 2.11 – OPTIONS AND IMPLICATIONS, DECISION 2.2.3B

Option(s)	Positive implications	Negative implications	Cost scale of option
Proactive response - focuses primarily on renewals and more frequent maintenance to reduce failure risk on all corridors.	• Improve the level of service on higher classification roads. • Maintain level of service on lower classification roads.	• Higher up-front cost	High
Balanced response provides a proactive approach to higher classification roads and a reactive approach to lower classification roads. **This option is the preferred and most likely scenario.**	• Frequent maintenance through a proactive response.	• Decrease in level of service on lower classification roads.	High
Reactive response - focuses on maintaining the higher classification roads and only do repair works to lower classification roads when they fail.	• Lower upfront cost.	• Failure of lower classification roads before maintenance is carried out. • Increased costs to bring roads back to appropriate level of service.	High

TABLE 2.12 - ADDITIONAL INFORMATION FOR DECISION 2.2.3B

Decision number	Decision 2.2.3B
Topic	Transport maintenance and renewal programme.
Preferred and most likely scenario	**Balanced response.**
Timing	The scale of the programme will be thoroughly investigated and considered for each LTP – 3 yearly. It is expected that more minor changes may occur annually via Annual Plans.
Options and implications	• Proactive • **Balanced** • Reactive 'Balanced' proposes differing responses primarily based on road classification. There are sub-options for how maintenance and renewal funds are split across the asset classes. E.g. Surfacing and pavement treatments, drainage assets, road furniture. Staff advice will result in work programmes. These can cover one or more years and are typically prepared at one or three yearly intervals. LoS changes may occur over time. Long Term Plan intervention would be used to correct any negative change observed.
Costs to prepare and make decisions	Medium. Staff time.
Costs to implement/deliver	High. Staff time. Professional advice. Physical implementation.
Costs faced by current scheme customers	High. Ongoing increases to general and targeted rates.

Significant projects / programmes

TABLE 2.13 - SIGNIFICANT PROJECTS, MAINTAINING AND RENEWING

Option(s)	Positive Implications	Years 1-3 ($000)	Years 4-10 ($000)	Years 11-20 ($000)	Years 21-30 ($000)
Transport renewals *(uninflated)* • Pavements • Surfacing	• Renewal	29,286	69,043	85,130	85,130
Transport renewals *(uninflated)* • Structures • Drainage • Traffic Services • Active Modes • Carparking	• Renewal	7,861	13,010	31,160	31,540
Wastewater renewals *(uninflated)*	• Renewal	16,455	21,596	194,827	26,671
Drinking water renewals *(uninflated)*	• Renewal	10,171	31,954	68,757	21,816
Stormwater pump station and other renewals *(uninflated)*	• Renewal	6,371	5,268	15,273	9,080

2.3 CHALLENGE 3: RESPONDING TO THE REGULATORY ENVIRONMENT – *Wero 3: E urupare ana ki ngā ture taiao*

Environmental standards continue to increase regarding the discharges to the environment of gaseous, liquid and solid waste streams. All three apply to wastewater with lesser impact for stormwater and drinking water treatment plants. Conforming to these higher standards will be a requirement within the term of the Long Term Plan 2024-34 for three waters services, which will require a significant amount of work. This will include upgrades to our treatment processes and plants in order to gain consents from Bay of Plenty Regional Council.

In terms of transport, there are moderate impacts from increased resource consent conditions, National Environmental Standards for Freshwater i.e., culvert renewal costs, and increased general construction costs due to health and safety and traffic management requirements. These cost escalations are across the whole transport programme, rather than specific projects.

2.3.1 Three Waters reform and beyond

Between 2020 and 2023 New Zealand explored Three Waters reform. The proposal was that responsibility for management of drinking water, wastewater and stormwater services be removed from Council responsibility and handed to newly created, specialist, geographically based “entities”.

The main trigger, among other significant failures of three waters assets across the country, was the 2016 Havelock North campylobacter drinking water contamination event. The entities would have been excised from Council control and were to have balance sheet separation from the councils. It was considered that the newly formed entities would have much greater debt carrying capacity than councils. Via increased debt it was considered possible to make a step change in addressing a nationwide Three Waters infrastructure deficit.

This raised concerns with various parties, and it did not survive the October 2023 election. The newly elected coalition government moved quickly to repeal the enabling legislation. At the time of writing – February 2024 – Three Waters responsibility lies squarely with Whakatāne District Council without any prospect of future entity responsibility shift.

The new coalition government has a recent policy - “Local Water Done Well”. The direction, form and content of this is currently unknown. This Infrastructure Strategy is prepared as at February 2024 with the assets fully owned and operated by the Council.

Prior to legislative repeal considerable resource was committed to how reform might be accomplished. A national transition unit was established, and significant work was carried out across a number of workstreams. Like most other councils Whakatāne District Council took part in this work program. Whakatāne District Council was part of Entity B – one of four and then later one of ten.

Prior to being shelved, the Council contributed to exploring what a Waikato/Bay of Plenty water entity might look like. Of particular interest an early draft capital investment program was prepared. For this work the opportunity was taken to think afresh about what best-practice customer service and asset management might be delivered. This was labelled as the needs based unconstrained model.

The input work for this was Council sourced. The other participants were neighbouring councils and external expertise was used to conduct a first cut of "harmonisation" across the various participants. This work did not reach a conclusion. However, it provides a very good unconstrained view of investment opportunities.

The challenge for the Council is to take this unconstrained world view and tailor it to the particular circumstances that apply to the Whakatāne District. The result of this tailoring work forms the basis of this Infrastructure Strategy.

2.3.2 Supporting Council strategies and plans

- **Whakatāne District Plan** provides a rulebook guiding development in the district.
- **Eastern Bay of Plenty Spatial Plan** (in development – due mid 2025) will set out a comprehensive long-term strategy for the future growth and development of Whakatāne and immediate neighbours Ōpōtiki and Kawerau.
- **District Plan Review.** (to be developed – notification forecast for 2027/28) This is required by statute. To implement or enforce the Eastern Bay Spatial Plan, it will also be necessary.
- **Transport System Programme (to be developed)** in the form of a programme business case, covering the transport response to enable the spatial plan outputs. The business case will provide a programme of identified new transport investments, projects and their expected timeframes for delivery, based on the expected growth patterns and locations.

2.3.3 Significant investment decision – expiring consents. Carry out all necessary analysis, science, consultation and engagement to support robust consent applications?

Date decisions required: 2024 onwards.

2.3.3.1 Key options for decisions

TABLE 2.14 – OPTIONS AND IMPLICATIONS, DECISION 2.3.3

Option(s)	Positive implications	Negative implications	Cost scale of option
Do not apply for consent renewals.	• Low cost	• This course of action is bordering on reckless. • Regional Council actions may follow.	Low
Apply for S124 consent renewals – basic level.	• Low cost	• S92 requests for further information would follow. • There is a risk that the consenting authority would return the applications as insufficient S104(6). • Regional Council actions may follow.	Low
Prepare and lodge “best-practice standard” consent applications. **This option is the preferred and most likely scenario.**	• A credible application will be provided for serious consideration. • An improvement plan will be prepared and considered.	• The lack of time bound actions will make it difficult to issue consents. • Moderate cost.	Moderate

TABLE 2.15 - ADDITIONAL INFORMATION FOR DECISION 2.3.3

Decision number	Decision 2.3.3
Topic	Three waters consent renewals. Primarily wastewater treatment and discharge but also drinking water abstraction.
Preferred and most likely scenario	**Best practice consent applications.**
Timing	If best practice consent applications are to be prepared, work needs to begin during the financial year 2024/25. If either of the lesser two options are adopted, timing is less critical. However, to allow continuation of an existing activity, consent applications must be lodged at least six months before consent expiry in 2026.
Options and implications	• No consent application. • Basic application. • **Best practice application.**
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	Moderate. Staff time. Professional and legal advice.
Costs faced by current scheme customers	Moderate. Ongoing increases to general and targeted rates and fees and charges.

The Council needs to obtain new drinking water abstraction consents as well as new wastewater consents, with a number of existing consents expiring in 2026. Robust, evidence-based applications are required to allow consenting authority review and consideration. Obtaining these consents will result in updated consent conditions and upgrades to meet new compliance and legislative requirements. This includes Council giving effect to Te Mana o te Wai when implementing the National Policy Statement for Freshwater Management 2020 (NPS-FM).

Te Mana o te Wai refers to the vital importance of water. When managing freshwater, it ensures the health and well-being of the water is protected and human health needs are provided for before enabling other uses of water.

Bay of Plenty Regional Council agreed in February 2024 to defer the regional National Policy Statement for Freshwater Management limit setting from December 2024 to December 2025. The new government has indicated that it will review the current National Policy Statement for Freshwater Management (2020) and make changes to this by 2027, this will include reviewing Te Mana o Te Wai included in the National Policy Statement.

Once limits are set through the National Policy Statement for Freshwater Management specific discharge limits will likely be placed on the wastewater consents that the Council hold.

As part of obtaining new consents for both wastewater and water supply, updated consent conditions and upgrades will need to occur.

2.3.4 Significant investment decisions – expiring consents. Include new wastewater consent related cost allowances for physical works in year one to 10 of the Long Term Plan?

Ordinarily, freshly issued consent conditions outline and require a series of upgrade steps. For a wastewater discharge consent these would apply to gaseous, solid and liquid discharges and might include:

- Implementation timetable for the offered physical works
- Environmental Management Plans
- Inspections
- Maintenance
- Monitoring
- Notifications
- Signage
- Complaints process
- Review requirements
- Consent performance review committees/ structures
- Linkages back to the ‘promises’ in the consent application

It is expected that it will be difficult to progress consent applications beyond a certain point without budget to implement these requirements.

Date decisions required: 2024 onwards.

2.3.4.1 Key options for decisions

TABLE 2.16 – OPTIONS AND IMPLICATIONS, DECISION 2.3.4

Option(s)	Positive Implications	Negative implications	Cost scale of option
Include new wastewater consent related cost allowances for physical works in year one to 10 of the Long Term Plan.	• This option would ordinarily be used. • Consent application processing and issuance would be more straightforward.	• This course of action is not possible given Council's financial position. • Will make consent processing more straightforward.	Extremely high
Do not include new wastewater consent related cost allowances for physical works in year one to 10 of the Long Term Plan. **This option is the preferred and most likely scenario.**	• Low cost. • Can be modified as time passes, and further information becomes available in relation to the consent application and financial implications.	• Will make consent processing difficult.	Low

TABLE 2.17 - ADDITIONAL INFORMATION FOR DECISION 2.3.4

Decision number	Decision 2.3.4
Topic	Wastewater consent-related cost allowances for physical works in year one to 10.
Preferred and most likely scenario	**Exclude** new wastewater consent related cost allowances for physical works in year one to 10.
Timing	This decision needs to be made now as part of the current Long Term Plan preparation.
Options and implications	• Include physical works costs. This is not a viable option given Council's current and forecast financial position. This would trigger affordability or balance sheet issues or both. • Exclude physical works costs.
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	Low - moderate. Staff time. Professional and legal advice.
Costs faced by current scheme customers	Low - Moderate. Ongoing increases to general and targeted rates.

2.3.5 Significant investment decision – implement short term upgrades to carry plant performance through until implementation of future consent condition related works?

Date decisions required: 2025/26.

2.3.5.1 Key options for decisions

TABLE 2.18 – OPTIONS AND IMPLICATIONS, DECISION 2.3.5

Option(s)	Positive Implications	Negative implications	Cost scale of option
Retain current infrastructure without upgrades.	• Lower cost.	• Ongoing challenges to meet current discharge requirements. • Likely odour issues. • Regulator may become assertive – abatement/ infringement etc.	Low
Implement limited upgrades to extent plant performance. **This option is the preferred and most likely scenario.**	• Cost to be between low and moderate. • Demonstrates resolve to make environmental investment.	• No improvement compared to current situation.	Low
Implement upgrades to improve plant performance.	• Quality of discharges may improve.	• Moderate cost, possibly for little observed benefit. • May result in over-capitalising end-of-life assets.	Moderate

TABLE 2.19 - ADDITIONAL INFORMATION FOR DECISION 2.3.5

Decision number	Decision 2.3.5
Topic	Implement short term upgrades to carry wastewater treatment plant performance through until implementation of future consent condition related works.
Preferred and most likely scenario	Implement **limited upgrades** to extend plant performance.
Timing	This decision needs to be made in approximately 2025/26.
Options and implications	• Retain current infrastructure without upgrades. • **Implement limited upgrades to extent plant performance.** • Implement upgrades to improve plant performance.
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	Low - moderate. Staff time. Professional and legal advice. Physical implementation.
Costs faced by current scheme customers	Low - Moderate. Ongoing increases to general and targeted rates.

Significant projects / programmes

Key projects that will occur over the course of this strategy include:

TABLE 2.20 - SIGNIFICANT PROJECTS, REGULATORY

Option(s)	Positive Implications	Years 1-3 ($000)	Years 4-10 ($000)	Years 11-20 ($000)	Years 21-30 ($000)
Wastewater Resource Management Act reconsenting (excludes physical works) *(uninflated)*	• Level of service	4,887	300	280	2,619
Drinking water Resource Management Act reconsenting (excludes physical works) *(uninflated)*	• Level of service	870	100	206	856
Wastewater treatment plant interim upgrades *(uninflated)*	• Level of service	591	637	5,425	923
Boundary backflow prevention *(uninflated)*	• Level of service	1,702	750	Nil	Nil

2.4 CHALLENGE 4: MEETING THE DEMAND OF FUTURE GROWTH *– Wero 4: E urupare ana ki ngā tono o te tipuranga taupori*

Forecasts from Statistics New Zealand, following the 2013 Census, indicated that the population of Whakatāne would increase slightly before declining steadily in the medium to long term. Instead, since 2016 the reverse has happened. Whakatāne District has experienced moderate population growth.

The population of the district is expected to continue growing over the longer term due to the natural increase and migration. The table below shows the predicted population trends for the district.

TABLE 2.21 – POPULATION FORECAST

17,975	2018	2022	2023	2024	2025	2026	2027	2034	2053
Source	Census	NZ Stats (Subnational Population TA)						MR Cagney	
Population	35,700	38,500	38,800	39,230	39,665	40,105	40,550	42,618	46,020
+/- % p.a.		1.9%	0.8%	1.1%	1.1%	1.1%	1.1%	0.7%	0.3%
Households	14,280	14,560	14,754	14,950	15,149	15,350	15,526	16,205	17,530
Rating Units	16,711	17,039	17,081	17,308	17,538	17,771	17,975	18,898	19,218
Rateable rating units	15,698	16,007	16,046	16,080	16,261	16,444	16,604	17,331	17,624

The district is understood to be experiencing a housing shortage at present. Anecdotal reports indicate that the number of building consents being issued is currently in decline. Factors like this interact with population numbers to influence the supply of housing.

The current infrastructure serves the existing population and designated locations. Infill and greenfield development (including the location of new greenfield development) place different demands on existing infrastructure. Catering for growth requires investment in upgrades and extensions to existing infrastructure as well as the provision of new infrastructure to service new development areas.

The National Policy Statement on Urban Development requires that land is zoned, and that infrastructure is provided for such development and costs to be recouped where possible. This has financial implications for the Council due to new infrastructure needing to be constructed before costs can be recouped, either through rates or development and/or financial contributions.

The Council is yet to identify specific locations for future development. However, the Council is currently working with our regional partners on an Eastern Bay of Plenty Spatial Plan which will identify locations within the district and wider sub-region to be considered for future development. This work will be completed in mid-2025.

On its own the spatial plan will not dictate where growth must occur. At best it can guide growth and make it easier for it to occur in specified urban growth areas and potentially more challenging for it to occur in an ad-hoc manner is less favoured areas. The intervention mechanism for this to be put into effect is the District Plan. It needs to undergo a comprehensive review ending in 2027-28. The incorporation of the spatial plan initiatives can occur as part of this process.

Because of the lack of current locational signals for growth it can and does occur wherever the market chooses for it to occur. For this reason, critical infrastructure constraints have not been identified. Each separate development proposal must be assessed on its own merits with its own impacts on infrastructure. Macro level impacts (say treatment plant capacity issues) are not captured via current Resource Management Act processes for growth. Once the spatial plan work and associated District Plan review are in place the Council will be better positioned to steer growth and to potentially capture more of the costs that growth triggers via development or financial contributions.

This Infrastructure Strategy contains few discrete projects attributable to growth pressures.

2.4.1 Supporting Council strategies and plans

- **Whakatāne District Plan** provides a rulebook guiding development in the district.
- **Eastern Bay of Plenty Spatial Plan** (in development – due mid 2025) will set out a comprehensive long-term strategy for the future growth and development of Whakatāne and immediate neighbours Ōpōtiki and Kawerau.
- **District Plan Review** (to be developed – notification forecast for 2027/28). This is required by statute. To implement or enforce the spatial plan, it will also be necessary.
- **Transport System Programme** (to be developed) in the form of a programme business case, covering the transport response to enable the spatial plan outputs. The programme business case will provide a programme of identified new transport investments, projects and their expected timeframes for delivery, based on the expected growth patterns and locations.

2.4.2 Significant investment decision – new wastewater scheme at Matatā?

The Council has been investigating options to implement a new reticulated wastewater scheme for the Matatā community over a number of years. The scheme will help mitigate health and environmental risks from current practices, support whānau, hapū and iwi aspirations for environmental protection and increase the security and resilience of the system. Continued work has been undertaken to consider options that are fit for purpose.

Date decisions required: 2024- 2027.

2.4.2.1 Key options for decisions

TABLE 2.22 – OPTIONS AND IMPLICATIONS, DECISION 2.4.2

Option(s)	Positive Implications	Negative implications	Cost scale of option
Continue with the current wastewater system operations and practices in Matatā i.e. septic tanks.	• Lower capital costs.	• Increased public health and environmental risks. • Won't meet Bay of Plenty Regional Council regulations and compliance. • Cultural sensitivities with the operations and management of wastewater. • Won't support any future growth opportunities (if appropriate).	Low
Implement a new solution to manage and dispose of wastewater in Matatā. **This option is the preferred and most likely scenario.**	• Increased resilience in the system. • Decreased environmental and public health incidents and risks. • Support cultural sensitivities with the operations and management of wastewater.	• Considerable capital cost.	High

TABLE 2.23 - ADDITIONAL INFORMATION FOR DECISION 2.4.2

Decision number	Decision 2.4.2
Topic	New wastewater scheme at Matatā.
Preferred and most likely scenario	**Implement a new solution to manage and dispose of wastewater in Matatā.**
Timing	This decision needs to be made now as part of the current Long Term Plan preparation.
Options and implications	• Continue with current wastewater practice at Matatā. • Implement a new solution to manage and dispose of wastewater in Matatā.
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	High. Staff time. Professional co-design costs. Physical implementation.
Costs faced by current scheme customers	High. Ongoing increases to general and targeted rates and fees and charges.

2.4.3 Significant investment decision – significant upgrade of Johnson Road Drinking Water Scheme?

Date decisions required: 2026.

2.4.3.1 Key options for decisions

TABLE 2.24 – OPTIONS AND IMPLICATIONS, DECISION 2.4.3

Option(s)	Positive Implications	Negative implications	Cost scale of option
Renewal Johnson Road drinking water scheme assets in near term year one to three.	Provides greater operational flexibility. Greater reliability.	Medium capital cost. Could deliver assets to early before operational requirements are fully understood and scoped.	Medium
Upgrade Johnson Road drinking water scheme assets in medium term year four to 10. **This option is the preferred and most likely scenario.**	Allows time to bed-in the new Braemar treatment plant. Will provide greater reliability and flexibility - albeit slightly delayed.	Medium capital cost.	Medium
Do not upgrade Johnson Road drinking water scheme assets.	Low capital cost.	Higher opex costs likely. More reactive maintenance and outages. Less flexibility.	Low

TABLE 2.25 - ADDITIONAL INFORMATION FOR DECISION 2.4.3

Decision number	Decision 2.4.3
Topic	Significant upgrade of Johnson Road drinking water scheme.
Preferred and most likely scenario	**Upgrade Johnson Road drinking water scheme assets in medium term year four to 10.**
Timing	This decision needs to be made in 2026.
Options and implications	• Near term upgrade. • **Year four to 10 upgrade.** • No upgrade.
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	Medium. Staff time. Professional costs. Physical implementation.
Costs faced by current scheme customers	Medium. Ongoing increases to general and targeted rates and fees and charges.

2.4.4 Significant investment decision – Significant upgrade of Coastlands Watermains?

Date decisions required: 2026.

2.4.4.1 Key options for decisions

TABLE 2.26 – OPTIONS AND IMPLICATIONS, DECISION 2.4.4

Option(s)	Positive Implications	Negative implications	Cost scale of option
Upgrade Coastlands watermains in near term year one to three.	Provides greater operational flexibility. Greater reliability.	Medium capital cost. Could deliver assets too early before operational requirements are fully understood and scoped.	Low
Upgrade Coastlands watermains in medium term Y4-Y10. This option is the preferred and most likely scenario.	Will provide greater reliability and flexibility - albeit slightly delayed.	Medium capital cost.	Low
Do not upgrade Coastlands watermains.	Low capital cost.	Higher opex costs likely. More reactive maintenance and outages. Less flexibility.	Low

TABLE 2.27 - ADDITIONAL INFORMATION FOR DECISION 2.4.4

Decision number	Decision 2.4.4
Topic	Significant upgrade of Coastlands watermain.
Preferred and most likely scenario	**Upgrade Coastlands watermain in medium term year four to 10.**
Timing	This decision needs to be made in 2026.
Options and implications	• Near term upgrade. • **Year four to 10 upgrade.** • No upgrade.
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	Low. Staff time. Professional costs. Physical implementation.
Costs faced by current scheme customers	Low. Ongoing increases to general and targeted rates and fees and charges.

2.4.5 Significant investment decision – Upgrade Keepa Road?

Keepa Road is located on the edge of the Whakatāne urban area and is the main access to the business and residential growth areas of Coastlands and Piripai. It will also support the new Boat Harbour Development on the Whakatāne riverfront. Keepa Road requires investment to upgrade the road's overall network function and capacity to support the district's growth.

Date decisions required: 2024- 2026.

2.4.5.1 Key options for decisions

TABLE 2.28 – OPTIONS AND IMPLICATIONS, DECISION 2.4.5

Option(s)	Positive Implications	Negative implications	Cost scale of option
Continue with current levels of service for maintenance and operations programme on strategically identified transport corridors.	• Low capital cost.	• Decreased level of service as use increases resulting in increased safety, resilience, congestion and efficiency issues. • Increased impacts on operations and maintenance of key strategic routes. • Does not plan or cater for projected growth.	Low
Increase levels of service including improvements, maintenance and operations on strategically identified transport corridors. **This option is the preferred and most likely scenario.**	• Caters to and plans for projected growth. • Ensures efficient movement of people and goods within and through Whakatāne. • Meets the NZ Transport Agency Waka Kotahi classification standards and customer levels of service.	• Increase in capital cost.	Medium

TABLE 2.29- ADDITIONAL INFORMATION FOR DECISION 2.4.5

Decision number	Decision 2.4.5
Topic	Upgrade of Keepa Road.
Preferred and most likely scenario	**Upgrade Keepa Road in medium term year four to 10.**
Timing	This decision needs to be made between 2024 and 2026.
Options and implications	• Near term upgrade. • **Year four to 10 upgrade.** • No upgrade.
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	Medium. Staff time. Professional costs. Physical implementation.
Costs faced by current scheme customers	Medium. Ongoing increases to general and targeted rates.

2.4.6 Significant investment decision – transport planning to enable growth?

The Council is undertaking three transport planning activities in the first three years of the Long term Plan 2024-34 to support development and delivery of the Easten Bay of Plenty Spatial Plan. These include transport system programme, modelling and further investigation for a second river crossing. These transport planning activities will lead into growth related transport improvements, progressively rolled out over the next 30 years, aligned with growth.

The current bridge into Whakatāne town continues to be of high community interest because of peak congestion and vulnerability to natural hazards. The existing Landing Road bridge is a NZ Transport Agency Waka Kotahi asset as part of the state highway network. However, an additional bridge, would likely be a new local road asset. NZ Transport Agency Waka Kotahi may co-invest into an additional bridge as they do with our general transport assets. This requires the formation of the business case to support the need for this significant investment. An estimated cost for the additional bridge and associated roading infrastructure to provide connection with the bridge has been included within the 30-year budgets for reference. However, the cost and timing of this key investment will be further updated through the business case process.

Date decisions required: 2024- 2026.

2.4.6.1 Key options for decisions

TABLE 2.30 – OPTIONS AND IMPLICATIONS, DECISION 2.4.5

Option(s)	Positive Implications	Negative implications	Cost scale of option
Do not undertake transport planning and respond to growth reactively.	• No cost implications.	• Reactive approach to growth management resulting in unaligned infrastructure to support growth. • Increased overall costs and increased uncertainty in future investments. • Likely increases in safety risks, emissions and other transport problems, due to reactive approach.	Low
Undertake transport planning activities to support growth planning. **This option is the preferred and most likely scenario.**	• Enables a methodological response to anticipated growth. • Increases ability to implement measures at the optimal time to enable, rather than react to growth. • Provides the evidence cases to attract national funding opportunities. • Enables, informed decision making for investment values and timing in growth related infrastructure. • Increases ability to support a safe, efficient and lower emission transport system.	• Minor cost implications.	Low

TABLE 2.31 - ADDITIONAL INFORMATION FOR DECISION 2.4.6

Decision number	Decision 2.4.6
Topic	Carry out transport planning to enable growth.
Preferred and most likely scenario	**Undertake transport planning activities to support growth planning.**
Timing	This decision needs to be made between 2024 and 2026.
Options and implications	• Do not undertake transport planning and respond to growth reactively. • **Undertake transport planning activities to support growth planning.**
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	Low. Staff time. Professional costs.
Costs faced by current scheme customers	Low. Ongoing increases to general and targeted rates.

Significant projects / programmes

Key projects that will occur over the course of this strategy include:

TABLE 2.32 - SIGNIFICANT PROJECTS, GROWTH

Option(s)	Positive Implications	Years 1-3 ($000)	Years 4-10 ($000)	Years 11-20 ($000)	Years 21-30 ($000)
Matatā wastewater scheme *(uninflated)*	• Level of service/growth	14,041	22,210	750	750
Johnson Road drinking water upgrades *(uninflated)*	• Upgrade/growth	201	4,720	327	327
Coastlands watermain upgrade *(uninflated)*	• Level of service/growth	-	2,350	2,500	-
Keepa Road upgrade *(uninflated)*	• Growth	4,433	-	-	-
Transport Planning *(uninflated)* • Transport System Programme • Modelling • Second River Crossing	• Planning	950	-	-	-
Transport system business case implementation including second river crossing *(uninflated)*	• Level of service • Growth	-	11,915	39,200	165,200

2.5 CHALLENGE 5: IMPROVING RESILIENCE AND RESPONDING TO CLIMATE CHANGE *– Wero 5: E whakakaha ana te aumangea me te urupare atu ki te huringa āhuarangi*

2.5.1 Introduction to challenge 5

Our communities expect certain levels of service from Council provided services, many of which have a strong health and safety focus. Protecting public health and keeping people safe is a high priority for the Council. We recognise that new processes and procedures will need to be developed to fully deal with known issues such as saline source water, arsenic contamination and possible cyanobacterial contamination. The Council's storage of treated drinking water is considered to be less than desirable in terms of volume, offering less than 24 hours supply.

Improving the safety of road users is a Council priority. Some of the Council's main arterial roads are poorly aligned, have out-of-context curves and widths that are no longer appropriate for the amount of traffic they carry. Together with poor driver behaviour, these factors have resulted in an increase in the district's predicted and actual crash risk. Regular road safety inspections are undertaken on all the district's roads, with identified safety deficiencies assessed, costed and prioritised.

Climate change is already affecting our communities with impacts expected to increase in magnitude and extent over time. Climate change risks are likely to be significant in parts of the Whakatāne District, such as inundation and erosion risk to our coastal areas. Large parts of the district are low-lying and susceptible to flooding, while periods of drought and extreme temperatures are also impacting our three waters operations.

In addition to climate change, natural disasters and events also pose a serious challenge for the Whakatāne District and often result in significant ongoing costs. The Council needs to ensure our infrastructure networks can withstand these events and don't fail. As much of the Rangitāiki Plains is low-lying, changes to groundwater levels could have a significant impact on the Council's transport and three waters infrastructure and assets.

The Council has started work on a Climate Change Adaptation Plan, which will develop over time to define risk areas (that we do not already know about) and put in place an adaptive planning framework to respond. This will also build on Council's existing knowledge of where our vulnerable infrastructure is located and help define what we need to consider, as decisions around land use (residential and businesses use) are made. This will also get covered through the Spatial Plan work to be completed by December 2025 but probably at a higher strategic level.

The Council is reviewing the current District Plan rules and defined risk areas that manage response to sea level rise (and erosion and inundation) based on updated information being commissioned by the Bay of Plenty Regional Council. The current rules manage this risk including applying an adaptive planning framework. As erosion is monitored this enables relocation and demolition of dwellings entirely built within the current 2060 and 2100 coastal erosion risk areas.

2.5.2 Supporting Council strategies and plans

- The Climate Change Strategy provides clear direction, including a range of action plans that identify initial actions the Council is committed to undertaking over the short-term, medium-term and long-term to increase the resilience of our transport and three waters infrastructure against the potential impacts of climate change.
- Climate Change Adaptation Plan will build on the Climate Change Strategy and identify communities and Council infrastructure at highest risk from climate change, prioritise risk and identify appropriate community-led adaptation plans and works required to Council's infrastructure. This will inform the Infrastructure Strategy 2024-54.
- Comprehensive stormwater catchment strategy outlines the best options and techniques for the future management of stormwater. It also supports Council's Comprehensive Stormwater Consent processes with Bay of Plenty Regional Council.
- Water loss, Pressure and Demand Management Strategy to reduce levels of leakage and demand.
- Inflow and Infiltration Reduction Strategy to economically target a reduction in the levels of wet weather flows.
- Transport System Programme (to be developed) in the form of a programme business case, covering the transport response to enable the spatial plan outputs. The programme business case will provide a programme of identified new transport investments, projects and their expected timeframes for delivery, based on the expected growth patterns and locations.

2.5.3 Significant investment decision – improve Edgecumbe gravity drainage system?

Date decisions required: 2024 onwards.

2.4.6.1 Key options for decisions

TABLE 2.33 – OPTIONS AND IMPLICATIONS, DECISION 2.5.3

Option(s)	Positive Implications	Negative implications	Cost scale of option
Invest in Edgecumbe drainage system upgrade in near term year one to 10.	Improved stormwater drainage performance. Wastewater network less prone to overflows.	Moderate cost. May result in stranded assets due to climate change.	Medium
Invest in Edgecumbe drainage system upgrade in medium term year four to 20. **This option is the preferred and most likely scenario.**	Improved stormwater drainage performance. Wastewater network less prone to overflows.	Moderate cost. May result in stranded assets due to climate change. Delayed benefits realisation.	Medium
Do not invest in Edgecumbe drainage system upgrade	Low cost No potentially stranded assets.	Poor performance of wastewater and stormwater drainage systems. Resource consent breaches.	Low

TABLE 2.34 - ADDITIONAL INFORMATION FOR DECISION 2.5.3

Decision number	Decision 2.5.3
Topic	Edgecumbe gravity drainage system. This includes both the stormwater and wastewater systems.
Preferred and most likely scenario	**Invest in Edgecumbe drainage system upgrade in medium term year four to 20.**
Timing	This decision needs to be made between 2024 and 2026.
Options and implications	• Invest in Edgecumbe drainage system upgrade in near term year one to 10. • **Invest in Edgecumbe drainage system upgrade in medium term year four to 20.** Do not invest in Edgecumbe drainage system upgrade. Note that there are ‘only stormwater’ or ‘only wastewater’ options. There are however strong synergies in treating the two systems in tandem. During heavy rainfall or flood events the two systems become interconnected.
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	Medium. Staff time. Professional costs. Physical implementation.
Costs faced by current scheme customers	Medium. Ongoing increases to general and targeted rates.

2.5.4 Significant investment decision – Improve Rūātoki drinking water scheme?

At Rūātoki the Whakatāne river has changed course in the vicinity of the bore that supplies source water for the scheme. The riverbed has now effectively moved to engulf the bore at high-level events. Turbidity problems can make the UV system ineffective. This occurs multiple times per year. In such instances staff are unable to adhere to the water safety plan. Emergency measures are taken to address the situation. A new site for a new bore is required. Depending on the bore site a new treatment plant may also be required.

Date decisions required: 2024 onwards.

2.5.4.1 Key options for decisions

TABLE 2.35 – OPTIONS AND IMPLICATIONS, DECISION 2.5.4

Option(s)	Positive Implications	Negative implications	Cost scale of option
Invest in Rūātoki drinking water scheme upgrade in near term year one to 10. **This option is the preferred and most likely scenario.**	Improved system resilience. Less emergency intervention required. Ability to adhere to water safety plan.	It may be necessary to purchase some land for a bore and/or treatment plant.	Low
Invest in Rūātoki drinking water scheme upgrade in medium term year four to 20.	Expenditure is delayed.	Council is not able to comply with the water safety plan at present.	Medium
Do not invest in Rūātoki drinking water scheme.	Expenditure is avoided.	An ongoing poor level of service for scheme customers. Council is not able to comply with the water safety plan at present. Water of poor quality (and potentially contaminated with pollutants enters the scheme.	Low

TABLE 2.36 - ADDITIONAL INFORMATION FOR DECISION 2.5.4

Decision number	Decision 2.5.4
Topic	Rūātoki drinking water scheme.
Preferred and most likely scenario	**Invest in Rūātoki drinking water scheme upgrade in near term year one to 10.**
Timing	This decision needs to be made in 2024.
Options and implications	• **Invest in Rūātoki drinking water scheme upgrade in near term year one to 10.** • Invest in Rūātoki drinking water scheme upgrade in medium term year four to 20. • Do not invest in Edgecumbe drainage system upgrade. Note that current practice at Rūātoki during river fresh events is not in accordance with the drinking water safety plans nor with drinking water QA rules. The issue here is lack of available land for a new bore and treatment facility – not with a lack of funds.
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	Low. Staff time. Professional costs. Physical implementation.
Costs faced by current scheme customers	Medium. Ongoing increases to general and targeted rates and fees and charges.

2.5.5 Significant investment decision – commit budget to deal with unforeseen, emergency reactive recovery works – three waters?

Climate change and its consequences is making the Council's three waters assets at greater risk of damage when events occur.

Date decisions required: 2024 onwards.

2.5.5.1 Key options for decisions

TABLE 2.37 – OPTIONS AND IMPLICATIONS, DECISION 2.5.5

Option(s)	Positive Implications	Negative implications	Cost scale of option
Allocate budget for emergency, unforeseen reactive works. **This option is the preferred and most likely scenario.**	Council is positioned to carry out prompt, efficient recovery works.	Medium cost. In some years funds may not be required. Inefficient use of (unused) budget.	Medium
Do not allocate budget for emergency, unforeseen reactive works.	Lower cost.	Time may be spent determining options and course of action in the wake of weather events. Due to delayed response the Council may appear slow-moving.	High

TABLE 2.38 - ADDITIONAL INFORMATION FOR DECISION 2.5.5

Decision number	Decision 2.5.5
Topic	Funding for unforeseen, emergency reactive recovery works, three waters.
Preferred and most likely scenario	**Allocate budget for emergency, unforeseen reactive works.**
Timing	This decision needs to be made in 2024.
Options and implications	• **Allocate budget for emergency, unforeseen reactive works.** • Do not allocate budget. (Note that there may be the option of ring fencing unused funding from any particular financial year for use in a future financial year.) Also note that allocation of funding does not equate to use of funding – in non-cyclone climate years for example.
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	Medium. Staff time. Professional costs. Physical implementation.
Costs faced by current scheme customers	Medium. Ongoing increases to general and targeted rates.

2.5.6 Significant investment decision – improve risk and resilience to cope with roading flooding events?

Date decisions required: 2024 onwards.

2.5.6.1 Key options for decisions

TABLE 2.39 – OPTIONS AND IMPLICATIONS, DECISION 2.5.6

Option(s)	Positive Implications	Negative implications	Cost scale of option
Do nothing.	No additional capital cost.	• Re-occurring flooding of key access routes, resulting in frequent road closures. • Impacts on communities to access key services (food, health, work, education). • On-going operational costs to respond to flood events, road closures and impact on the roading asset (pavement and surfacing).	Low
Undertake resilience improvements on identified routes (Tāneatua and Rūātoki), undertake further resilience focused transport planning to identify and prioritise other resilience improvements across the transport network. **This option is the preferred and most likely scenario.**	• Basic access to key services is retained during severe weather events. • Transport planning work allows proactive and methodical approach to resilience improvements, enabling better value for money and timed investments.	• Considerable capital cost and transport planning cost.	High

TABLE 2.40- ADDITIONAL INFORMATION FOR DECISION 2.5.6

Decision number	Decision 2.5.6
Topic	Risk and resilience to cope with roading flooding events.
Preferred and most likely scenario	**Improve risk and resilience to cope with roading flooding events.**
Timing	This decision needs to be made in 2024.
Options and implications	• Do nothing. • **Improve risk and resilience to cope with roading flooding events.** The implications of 'do nothing' are reduced reliability in the roading network and travel time confidence.
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	High. Staff time. Professional costs. Physical implementation.
Costs faced by current scheme customers	High. Ongoing increases to general and targeted rates.

2.5.7 Significant investment decision – improving mode shift in our urban areas?

As the Whakatāne District grows, moving people differently from private vehicles to alternative modes (public transport, cycling, walking, micro-mobility) has become increasingly important for the district, especially within and connecting our town centres and communities.

Implementing the Active Whakatāne Strategy is a key Council priority to help create a healthier, more active community, achieve our climate change targets and increase the safety of non-vehicle users getting around our district.

Date decisions required: Ongoing 2024-34 (and beyond).

2.5.7.1 Key options for decisions

TABLE 2.41 – OPTIONS AND IMPLICATIONS, DECISION 2.5.7

Option(s)	Positive Implications	Negative implications	Cost scale of option
Continue with primarily roading improvement-related interventions that prioritises vehicles.	• No additional costs.	• Not aligned with government direction and priorities around mode shift, emission reduction and alternative transport choice. • Increased congestion on key transport corridors as more people drive. • Increased costs to operate and maintain the transport system over time.	Low
Increase transport options and choice within the Whakatāne District. **This option is the preferred and most likely scenario.**	• Aligns with local and government direction and priorities. • Supports and plans for growth-related travel. • Increases community's choice and options to access and be able to live, learn, work and play • Aligns with local and government direction and priorities. • Supports and plans for growth-related travel. • Increases community's choice and options to access and be able to live, learn, work and play.	• Capital investment required.	Medium

TABLE 2.42- ADDITIONAL INFORMATION FOR DECISION 2.5.7

Decision number	Decision 2.5.7
Topic	Improving mode shift in our urban areas.
Preferred and most likely scenario	**Increase transport options and choice within the Whakatāne District.**
Timing	This decision needs to be made in 2024 and beyond.
Options and implications	• Continue with primarily roading improvement-related interventions that prioritises vehicles. • Increase transport options and choice within the Whakatāne District. The implications of 'continue' are a greater reliance on vehicles, decreased safety for non-vehicle road users and an insatiable desire for more and wider roads.
Costs to prepare and make decisions	Low. Staff time.
Costs to implement/deliver	Medium. Staff time. Professional costs. Physical implementation.
Costs faced by current scheme customers	Medium. Ongoing increases to general and targeted rates.

Significant projects / programmes

Key projects that will occur over the course of this strategy include:

TABLE 2.43 - SIGNIFICANT PROJECTS, GROWTH

Option(s)	Positive Implications	Years 1-3 ($000)	Years 4-10 ($000)	Years 11-20 ($000)	Years 21-30 ($000)
Otumahi drinking water storage *(uninflated)*	• Levels of service	6,324	300	-	-
Edgecumbe stormwater, inflow and infiltration *(uninflated)*	• Levels of service	884	2,043	4,242	192
Emergency, unforeseen, reactive works – Three Waters *(uninflated)*	• Levels of service	2,130	4,970	10,000	10,000
Rūātoki drinking water *(uninflated)*	• Levels of service	3,745	-	-	-
Tāneatua and Rūātoki network resilience improvements *(uninflated)*	• Levels of service	-	-	-	-
Transport Planning Network Resilience Programme Business Case and expected future implementation costs *(uninflated)*	• Levels of service	4,430	7,000	10,000	10,000
Active Whakatāne implementation *(uninflated)*	• Level of service • Growth	1,022	5,250	7,500	7,500

Part C: Infrastructure Activities Summary
Whakarāpopototanga Mahi Hangaroto

3.1 DRINKING WATER SUPPLY – *Te Puna Wai-inu*

3.1.1 Overview of this activity

The Council is responsible for the abstraction, treatment, storage, distribution and management of the district's drinking water supply, where a community drinking water supply scheme exists.

This activity provides safe, reliable and sustainable drinking water. This currently includes provision of 13,493 water connections to the district's 18,893 properties for domestic, industrial, commercial and agricultural use. Water is also provided for urban firefighting requirements. With large areas of our district being rural and, in some cases, isolated, many households have independent systems supplying their own needs.

Further information about this activity, including level of service performance measures, can be found in the 'Our Groups of Activities' section of this Long Term Plan.

3.1.2 Key focus

Maintaining the supply of drinking water and adhering to legislation, consents and other regulations.

3.1.3 Summary context

There are ten different drinking water supply schemes across the district (Whakatāne/Ōhope, Otumahi/Edgecumbe, Rangitāiki Plains, Tāneatua, Murupara, Matatā, Waimana, Rūātoki, and Te Mahoe).

3.1.4 Asset condition

The condition of the piped drinking water supply network has been largely assessed. This amounts to between 92 percent and 100 percent of the asset (having been assessed) depending on asset type. The results of the assessment are shown below in table 3.2. Between six percent and 17 percent falls into the poor or very poor category depending on the different asset types.

Inspection of this non-gravity asset is relatively difficult, hence there is a lower degree of confidence in this condition assessment. This is in comparison to the gravity drainage assets where internal CCTV inspection is possible.

As it is a pressure network, its performance is less forgiving compared to the gravity assets. Leaks or their effects can often be observed relatively quickly. Within the district a large proportion of supplies are metered. This assists greatly with leak detection – particularly leaks on private property.

A renewal program is deployed year-on-year to renew aged or inferior assets and to cope with the demands placed on the system. A feature of the system is that while the quality of the asset itself may be adequate, there are difficulties with the water sources at times. These are primarily saline intrusion, farm runoff and potential cyanobacteria presence in source waters. Over time interventions are proposed to address these issues.

In 2020, the Council carried out a condition assessment and seismic assessment of all the critical reservoirs in the district including four timber reservoirs. The visual condition assessment was undertaken in accordance with the Visual Assessment Manual guidelines provided by the New Zealand Water and Wastes Association, and the seismic resilience assessment was undertaken in accordance with NZS 3106: 2009 – Design of Liquid Storage Structures.

The five reservoirs at Melville Place have since been removed and the remaining condition data is shown in table 3.1 below.

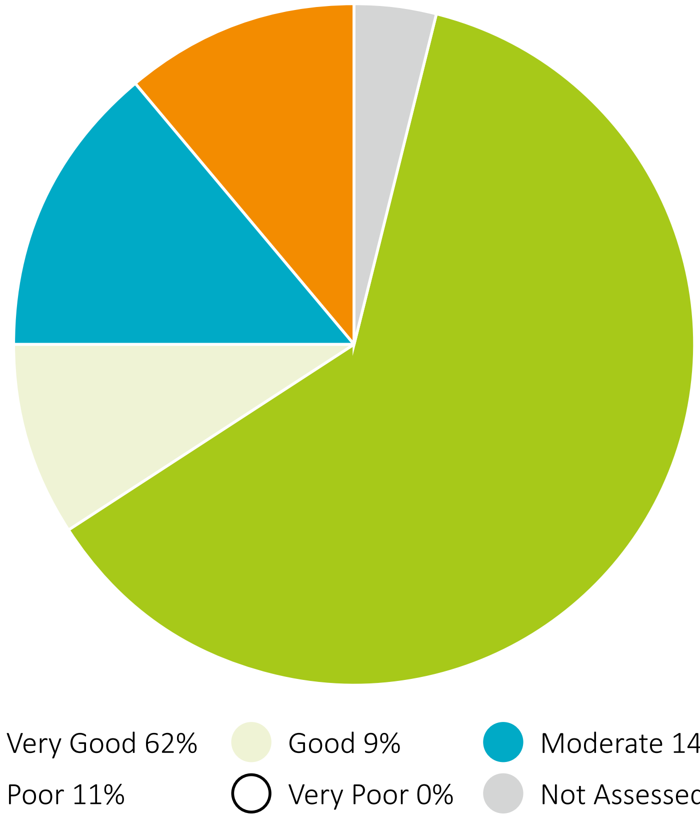
In 2020, the Council also carried out a condition assessment of drinking water mains, incorporating information about forecast remaining life and pipe material. The assessment was based on actual pipe sample data from both the Council pipe network and within the region, as well as deterioration modelling. The desktop assessment is being used to prepare asset condition assessment programs for piped assets. The results of the exercise are shown below. Overall assessment of pump stations and treatment plants is difficult as components typically vary in condition across the spectrum.

TABLE 3.1 - DRINKING WATER SUPPLY ASSET CONDITION PROFILE

Asset Type	Very good (1)	Good (2)	Moderate (3)	Poor (4)	Very poor (5)	Unknown Condition	Total
Trunk Mains (metres)	36,755	13,000	39,418	15,508	15	1,148	**105,844**
Other Mains (metres)	102,568	17,558	36,950	34,243	916	12,002	**204,238**
Service lines (metres)	62,223	4,730	7,425	5,668	663	6,872	**87,582**
Reservoirs (each)	1	2	8	8	0	4	**23**
Pump Stations (each)	10	6	1	2	1	0	**20**
Bore Pumps (each site)	3	1	7	0	1	0	**12**
Treatment Plants (each)	4	3	1	1	0	0	**8**

FIGURE 3.2 – DRINKING WATER PIPED ASSETS CONDITION RATINGS

Whakatāne piped water asset conditions 2024



3.1.5 Critical assets

The selection criteria for drinking water supply critical assets include size and functionality of assets as set out in the table below. Further work in developing site-specific criticality is required, the Council is in the process of improving the criticality criteria assessment of assets with most appropriate industry practices, and will include assets located in areas where disruptions would have a high economic impact, assets supplying customers including critical users, and assets that will have a significant environmental impact in case of failure.

TABLE 3.1 - DRINKING WATER SUPPLY ASSET CONDITION PROFILE

Asset Type	Description of criteria	Base Approach Rating
Pipes	✓ Less than 100mmØ ✓ 100mmØ to 300mmØ ✓ Greater than 300mmØ ✓ All falling and rising mains to and from sources, reservoirs and pump stations ✓ Pipes that are important to supply critical customers. ✓ Single pipes serving more than 1,000 customers. ✓ Potential pipe failures which may cause significant social, environmental or economic impact	Low (1) Medium (3) High (5) High (5) High (5) High (5) High (5)
Valves	Valves located along the critical water mains. All other valves	High (5) Low (1)
Water pump stations	Drinking water pump stations without resilience (i.e. backup alternative power supply) Drinking water pump stations with resilience (i.e. backup alternative power supply)	High (5) Medium (3)
Water reservoirs	Active drinking water reservoirs Decommissioned / unused water reservoirs	High (5) Medium (3)
Water treatment plants	All drinking water treatment plants	High (5)

3.1.6 Asset renewal

Asset renewal programmes are prepared following a number of criteria, including:

- The base life of the assets – from the asset management system.
- The maintenance history and expenditure – from the asset management system and Council's request for service (RFS) system.
- The condition assessment of assets – routine inspections, pipe sampling, visual inspection, etc.
- Applying a risks-based approach – criticality of the asset, public safety.
- External factors such as:
  - » Natural disaster events
  - » Opportunistic working with other Council department programmes. i.e. transportation renewal programme, places and open spaces.
  - » Third-party works within the same asset corridor i.e. telecommunications, power.
  - » Regulatory requirements (i.e. safety improvement).
  - » Construction and installation defects. Renewal prior to end-of-life but out of warranty period. This is becoming more common i.e. water meter renewals.
  - » Aggressive soils / environment etc.

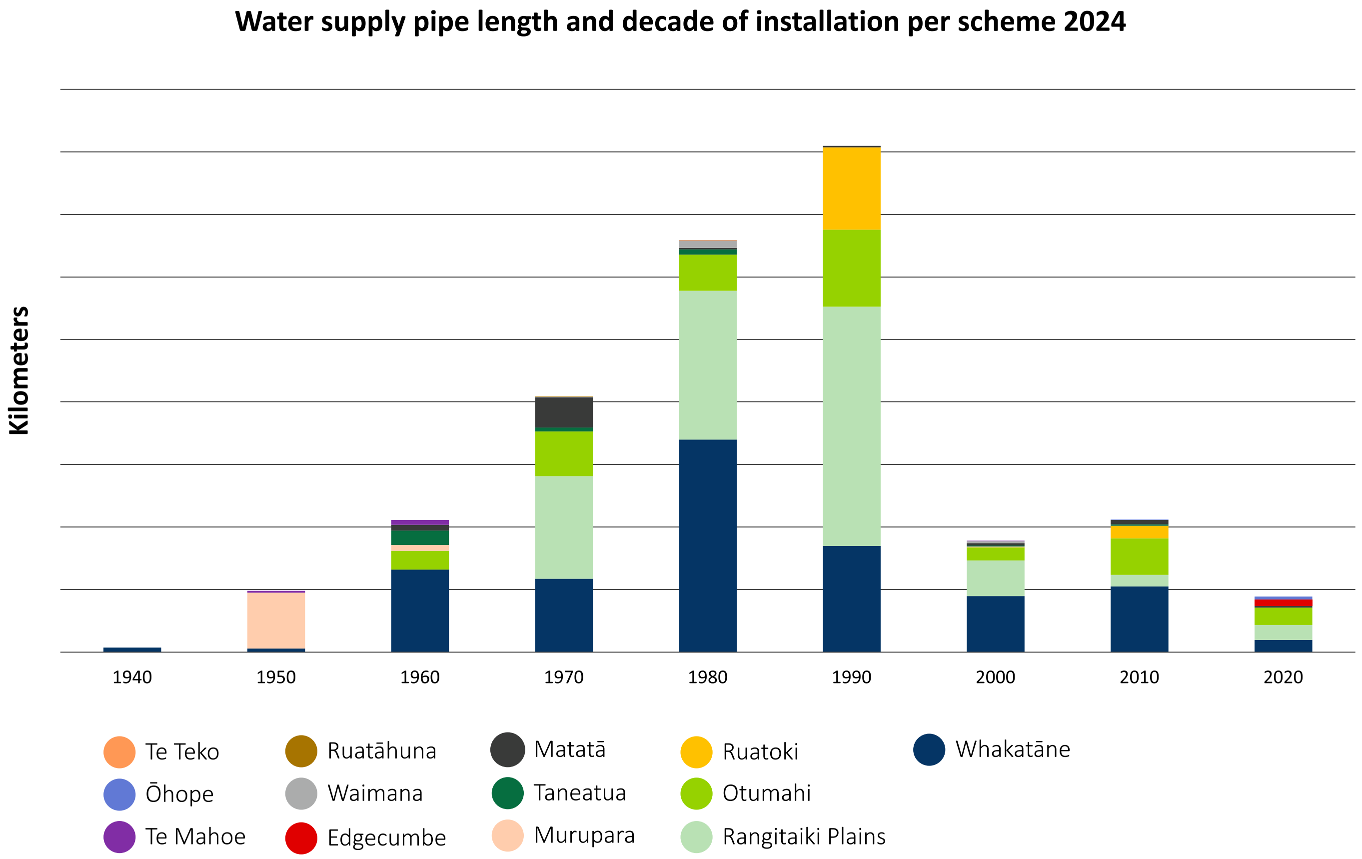
3.1.7 Asset summary

Asset data confidence and asset reliability information have been developed for various asset classes and are detailed within the Drinking Water Supply Asset Management Plan.

3.1.8 Asset age

The indicative age of the assets is shown below; also showing the associated scheme. This displays a relatively young asset with peak installation during the 1990s (30 years ago).

FIGURE 3.4 – DRINKING WATER INSTALL DATE - LINEAR



3.1.9 Infrastructure level of service (LoS) – drinking water supply

There is a significant suite of measures used to score the level of service delivered by drinking water supply schemes. These include absence of bacteria and protozoa, turbidity, UV intensity, chlorine availability, data integrity, complaints, customer satisfaction, responsiveness to callouts, issue resolution times, water consumption, percentage water loss.

The level of service material below has been sourced from the 2022/23 Annual Report. As can be seen it is quite challenging to meet all of the measures for all of the schemes/plants for all of the time. For the most recent reporting year Council does not meet many of the measures.

Meeting some of the not met measures does not require additional investment while some measures will require additional investment in order to meet the required standard.

The two largest sources of risk to the community are the Ruatoki and Murupara schemes. Significant capital investment is shown in the early years of the Long Term Plan to lift the level of service for these schemes. Other non-compliance is considered to be less critical, and improvements are continually underway based on available budget.

The following results have been sourced from Whakatāne District Council's 2022/23 Annual Report.

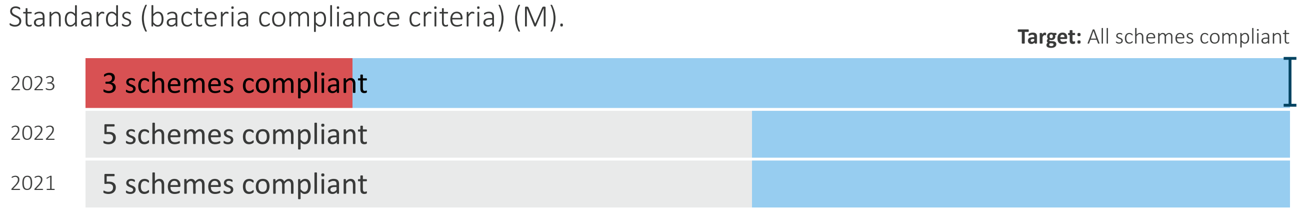
Performance measures (how we will measure our service delivery)

The regulatory framework for drinking water transitioned in the 2022/23 year from the Drinking Water Standards 2018 to the Drinking Water Quality Assurance Rules, which came into effect on 14 November 2022. Compliance against both requirements was independently assessed and verified by Wai Comply.

The first two performance measures below are mandated by the Department of Internal Affairs which we are required to report against in in the upcoming annual report. There are currently no mandated performance measures pertaining to the new Drinking Water Quality Assurance Rules and as such the results below are against the Drinking Water Standards 2018 for the full financial year.

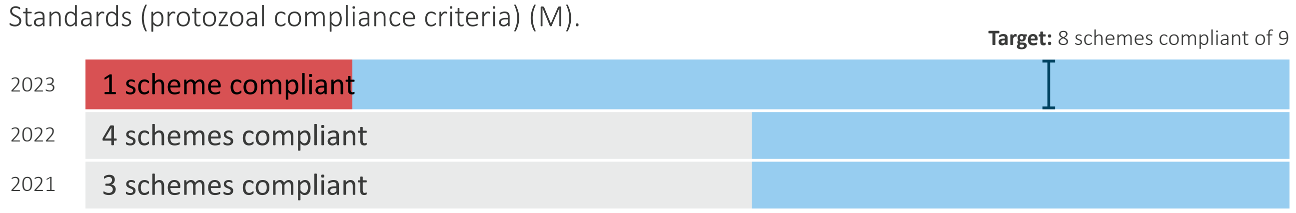
In the graphs below, 'Target' relates to the 2024/2034 LTP performance measures outlined in the Group of Activities in Volume 1.

The extent to which the Council's drinking water supplies comply with part 4 of the Drinking Water Standards (bacteria compliance criteria) (M).



Note: Please refer to the table on the next page for a breakdown of compliance by scheme.

The extent to which the Council's drinking water supplies comply with part 5 of the Drinking Water Standards (protozoal compliance criteria) (M).



Note: Please refer to the table on the next page for a breakdown of compliance by scheme.

LEGEND Not comparable against target | Achieved | Not achieved | Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

The bacterial compliance criteria (part 4) in the former Drinking Water Standards 2018 applied to water leaving the treatment plants and water in the distribution zones. Water leaving the treatment plants was assessed against one of five criteria based on the type of disinfection employed. Water in the distribution zones was monitored for the presence of E. coli and met the bacterial compliance criteria when the number of samples in which E. coli was found was equal to or less than the allowable exceedances listed in the Drinking Water Standards 2018. Taumata Arowai is notified if any samples are positive for E. coli.

The protozoal compliance criteria (part 5) in the former Drinking Water Standards 2018 were assessed at the treatment plants. A scheme was determined to achieve protozoal compliance if all treatment plants supplying the scheme during the reporting period met the criteria. Protozoal treatment of water is typically achieved through filtration and/or ultraviolet (UV) disinfection. However, if treatment is interrupted during the reporting period (for example due to power outages or flood events that cause periodic high turbidity issues), compliance with the protozoal criteria will not be met. As such, some Council schemes did not meet the part 5 criteria. To ensure a safe drinking water supply if treatment is interrupted, all Council water supplies are monitored with alarm systems which alert staff or automatically shut down the water supply if necessary for cases of high turbidity or low levels of free available chlorine equivalent (FACE).

Council's drinking water supplies compliance

Wai Comply Limited completed an independent assessment of the performance of Whakatāne District Council as a 'water supplier' for the period of 1 July 2022 – 30 June 2023. The assessment was undertaken against the standards and regulatory framework outlined in the below table.

Performance standard and general criteria

Period	Performance standard(s)	General assessment criteria
July to December 2022	Drinking Water Standards for New Zealand 2005 (Revised 2018) (DWSNZ 2018)	Section 4 Bacterial Compliance Criteria Section 5 Protozoal Compliance Criteria
January to June 2023	Drinking Water Quality Assurance Rules 2022 (DWQAR)	General Rule G17 T1, T2 and T3 Bacterial Rules T1, T2 and T3 Protozoal Rules D1, D2 and D3 Bacterial Rules
	Water Services (Drinking Water Standards for New Zealand) Regulations 2022 (DWSNZ 2022)	E. coli maximum acceptable value (MAV)

Assessment summary

Water Supply Scheme	Section and Component	DWSNZ 2018 Jul-Dec 2022	DWQAR outcome Jan-Jun 2023	*E. coli* review outcome Jan-Jun 2023
Whakatāne	Bacterial criteria • one treatment plant • owo zones	**Met**	**Met**	**Met**
	Protozoa criteria • one treatment plant	**Met**	**Met**	**N/A**
Matatā	Bacterial criteria • one treatment plant • two zones	**Met**	**Not met** No UV disinfection was in place for several days in March 2023 due to a major treatment plant upgrade. Treatment plant chlorine rules were not met on one or more days during the audit period. No online UVT monitoring was in place during the audit period.	**Met**

Assessment summary (continued)

Water Supply Scheme	Section and Component	DWSNZ 2018 Jul-Dec 2022	DWQAR outcome Jan-Jun 2023	*E. coli* review outcome Jan-Jun 2023
	Protozoa criteria • one treatment plant	**Not met** Low UV intensity event in July 2022.	**Not met** No UV disinfection was in place for several days due to a major treatment plant upgrade. No online UVT monitoring was in place during the audit period.	**N/A**
Murupara	Bacterial criteria • one treatment plant • one zone	**Met**	**Not met** No bacterial treatment option was in place, zone residual disinfection rules not met during the audit period.	**Not met** E. coli detected at multiple locations on the 8 and 9 February 2023, and 28 of February.
	Protozoa criteria • one treatment plant	**Not met** No recognised protozoa barrier in place during the audit period.	**Not met** No recognised protozoa barrier in place during the audit period.	**N/A**
Otumahi	Bacterial criteria • one treatment plant • one zone	**Met**	**Not met** Low chlorine event in April 2023 and high turbidity across several days in April 2023 that were suspected to be a monitoring equipment issue.	**Met**
	Protozoa criteria • two treatment plants	**Met**	**Not met** Paul Road Treatment Plant: no DWQAR-recognised protozoa barrier in place during the audit period. Te Teko Treatment Plant: no online UVT monitoring was in place during the audit period.	**N/A**
Rangitāiki Plains	Bacterial criteria • 2 treatment plants • one zone	**Not met** Johnson Road Treatment Plant: data loss event 8 and 9 September 2022.	**Not met** Braemar Treatment Plant and the Johnson Road Treatment Plant: treatment plant DWQAR chlorine rules were not met on one or more days during the audit period.	**Met**
	Protozoa criteria • two treatment plants	**Not met** Braemar Treatment Plant and the Johnson Road Treatment Plant: no protozoa barrier in place during the audit period.	**Not met** Braemar Treatment Plant and the Johnson Road Treatment Plant: no DWQAR-recognised protozoa barrier in place during the audit period.	**N/A**

Assessment summary (continued)

Water Supply Scheme	Section and Component	DWSNZ 2018 Jul-Dec 2022	DWQAR outcome Jan-Jun 2023	*E. coli* review outcome Jan-Jun 2023
Rūātoki	Bacterial criteria • one treatment plant • one zone	**Not met** The maximum interval between E. coli samples exceeded the requirement each month between July and November 2022.	**Not met** Multiple days during the audit period, usually associated with events where poor-quality source water overwhelmed the treatment plant processes, affecting chlorine and UV disinfection rules, no online UVT monitoring was in place during the audit period.	**Met**
	Protozoa criteria • one treatment plant	**Not met** Multiple days during the audit period, usually associated with events where poor-quality (high turbidity) source water overwhelmed the treatment plant processes.	**Not met** Multiple days during the audit period, usually associated with events where poor-quality (high turbidity) source water overwhelmed the treatment plant processes, no online UVT monitoring was in place during the audit period.	**N/A**
Tāneatua	Bacterial criteria • one treatment plant • one zone	**Not met** High turbidity and low UV intensity events between July and November 2022.	**Not met** Low chlorine event in June 2023.	**Met**
	Protozoa criteria • one treatment plant	**Not met** High turbidity and low UV intensity events between July and November 2022.	**Not met** No online UVT monitoring was in place during the audit period.	**N/A**
Te Mahoe	Bacterial criteria • one treatment plant • one zone	**Met**	**Met**	**Met**
	Protozoa criteria • one treatment plant	**Met**	**Not met** No DWQAR-recognised protozoa barrier in place during the audit period.	**N/A**
Waimana	Bacterial criteria • one treatment plant • one zone	**Met**	**Met**	**Met**
	Protozoa criteria • one treatment plant	**Met**	**Not met** No online UVT monitoring was in place during the audit period.	N/A

3.1.10 Murupara drinking water issues

E. coli transgressions in Murupara during 2022/23

Samples collected from the Murupara distribution zone on 8 February 2023 tested positive for E. coli. There were further E. coli transgressions in samples collected on 9 February 2023. The Council issued a boil water notice and began dosing with sodium hypochlorite. Daily sampling was carried out from 10 to 23 February, returning to the usual frequency after no further positive results were obtained. A water tanker was provided as an alternative supply to the community.

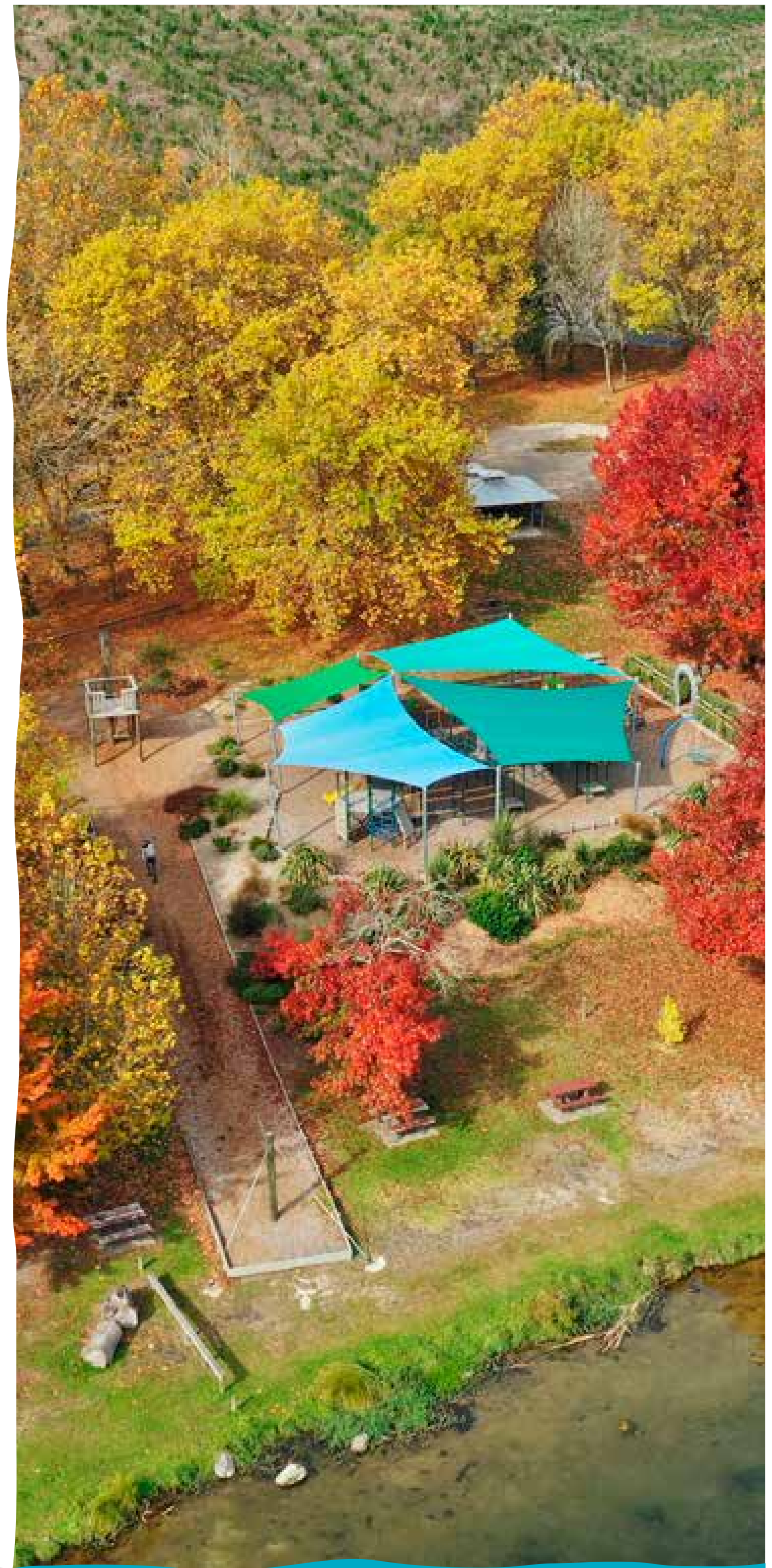
On 28 February 2023, a positive E. coli result of 1 MPN/100mL was detected in a sample collected from the Murupara distribution zone. The system was dosed with sodium hypochlorite and daily sampling was carried out on 1, 2 and 3 March 2023. Sampling returned to the usual frequency after no further positive results were obtained.

3.1.11 Upgrades during 2022/23

During 2022/23, the Awakaponga Water Treatment Plant (which supplies Matatā township) was upgraded including the installation of an upgraded UV treatment system and chlorine contact tank.

The Braemar Spring Water Treatment Plant was upgraded with a new plant to include UV treatment and arsenic removal using an adsorptive media process in addition to chlorination.

Planned future upgrades include installation of UVT sensors where required and installation of UV treatment at Te Mahoe and Paul Road drinking water treatment plants. Council is investigating alternative water sources for the Ruatoki supply. Consultation is underway with iwi and the community in Murupara regarding drinking water treatment options for the Murupara supply.



3.1.12 Further drinking water performance measures

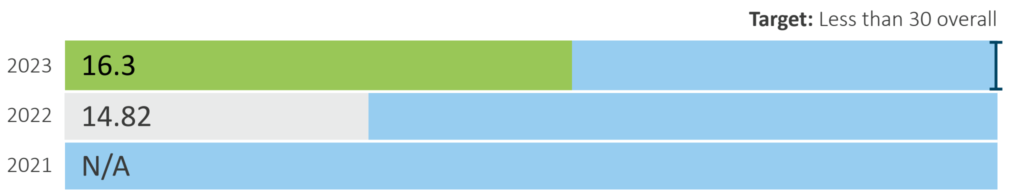
The following material has been sourced from Whakatāne District Council's 2022/23 Annual Report.

Performance measures (how we will measure our service delivery)

In the graphs below, 'Target' relates to the 2024/2034 Long Term Plan performance measures outlined in the Group of Activities in Volume 1.

The total number of complaints per 1,000 connects, received by the Council about any of the following:

- Drinking water clarity
- Drinking water taste
- Drinking water odour
- Drinking water pressure or flow
- Continuity of supply
- The Council's response to any of these issues (M)



Note: The 2022 and 2021 previous year results have been restated from 6.33 and N/A to better align with the DIA performance measure guidelines. This change in calculation has seen Council include complaints where we have found no problem on inspection of the complaint, and calculate the number of connections by rating system. Total number of connections as of 1 July 2022 was 13,360.*

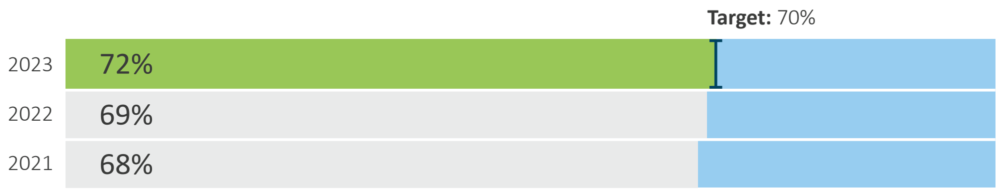
**The method of restatement has enabled a comparative to be completed for 2021.*

The processes used by the Council and its afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013. Although Council has recorded the number of planned and unplanned shutdowns to water supply, it has not recorded the number of calls received in relation to these shutdowns. In respect of calls received by the afterhours call centre service, Council were not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.

LEGEND Not comparable against target | Achieved | Not achieved | Target value indication

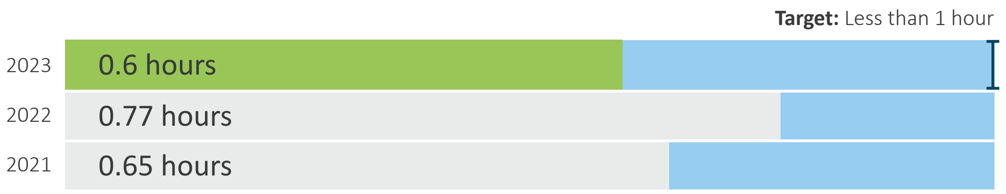
(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

Satisfaction with the water supply and quality of drinking water (supplied by Council).

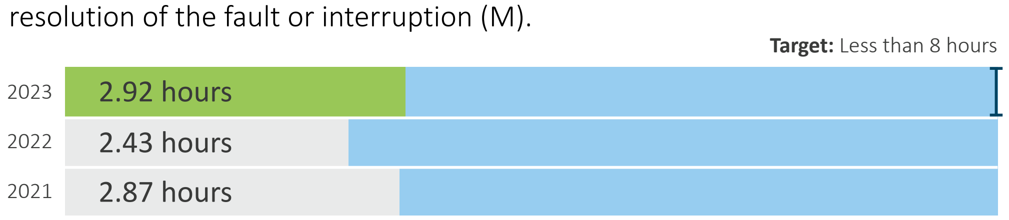


Note: Margin of error 4%.

Median response time to attend urgent call-outs for a fault or unplanned interruption to Council's networked reticulation system from the time that the Council receives notification to the time that the service personnel reach the site (M).



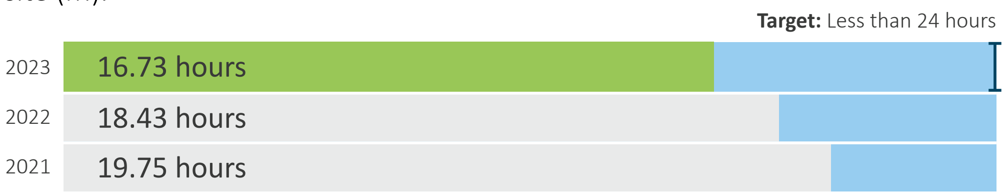
Median response time to resolve urgent call-outs for a fault or unplanned interruption to Council's networked reticulation system from the time that the Council receives notification to the time that the service personnel confirm resolution of the fault or interruption (M).



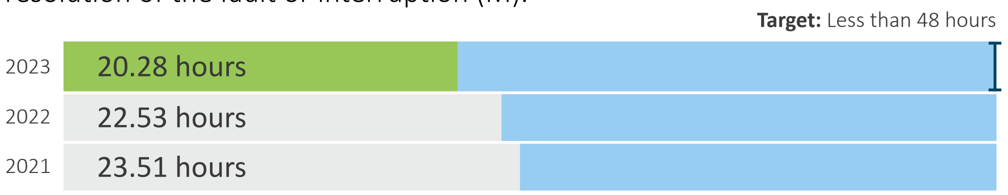
Performance standard and general criteria

In the graphs below, 'Target' relates to the 2024/2034 Long Term Plan performance measures outlined in the Group of Activities in Volume 1.

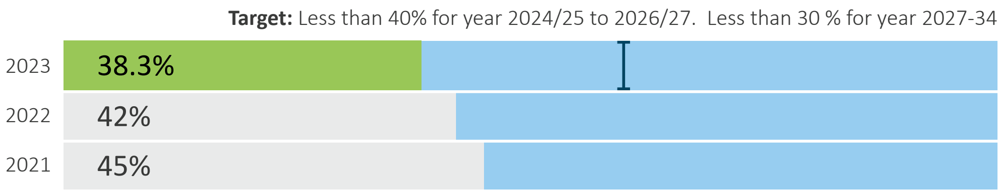
Median response time to attend non-urgent call-outs for a fault or unplanned interruption to Council's networked reticulation system from the time that the Council receives notification to the time that the service personnel reach the site (M).



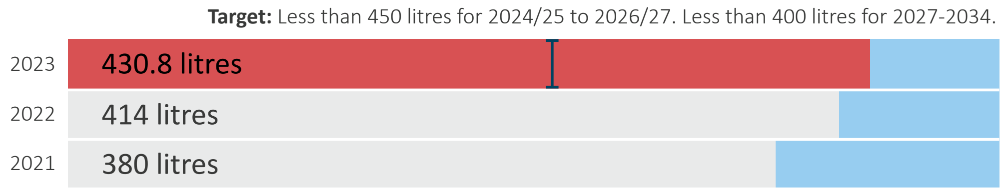
Median response time to resolve non-urgent call-outs for a fault or unplanned interruption to Council's networked reticulation system from the time that the Council receives notification to the time that the service personnel confirm resolution of the fault or interruption (M).



Percentage of real water loss from council-networked reticulation system for unmetered schemes based on the standard International Water Association (IWA) methodology assessing water loss (M).

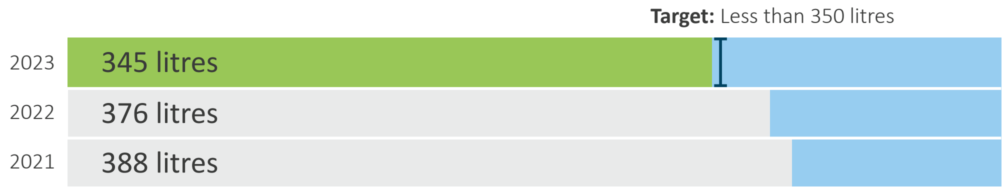


Average consumption of drinking water per day per resident in the district for metered areas supplied by Council (M).



Note: A number of factors can contribute to council not meeting the target, including properties with internal leaks. As council is continuing to install water meters throughout the district a number of newly metered properties have shown to have previously undetected internal leaks. Meters are installed on properties in both urban and rural area and a number of farm connections are high water users.

Average consumption of drinking water per day per resident in the district for unmetered areas supplied by Council (M).



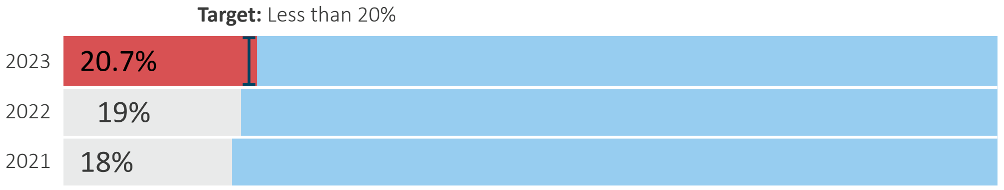
LEGEND Not comparable against target | Achieved | Not achieved | Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

Performance measures (how we will measure our service delivery)

In the graphs below, 'Target' relates to the 2024/2034 Long Term Plan performance measures outlined in the Group of Activities in Volume 1.

Percentage of real water loss from Council-networked reticulation system for metered schemes based on the standard International Water Association (IWA) water balance (M).



Note: Percentage of metered properties for water systems within the Whakatāne district: Whakatāne and Ōhope 100 percent; Plains 100 percent; Murupara five percent; Rūātoki 100 percent; Tāneatua 94 percent; Matatā nine percent; Waimana 100 percent; Te Mahoe 100 percent. Council staff have been trained to undertake water loss data analysis based on industry best practice, utilising the International Water Association (IWA) methodology, Benchloss New Zealand software and Water NZ Waterloss Guidelines. Real water losses are dependent upon the size of a water supply system, water pressure, total length of pipes and whether metered or unmetered. Metered supplies use the recorded production volume and the consumption volume of water, with adjustments made for expected unavoidable water losses. Small, unmetered water supplies are calculated using minimum night flow assessment reduced by the estimated nighttime consumption. At times the Council engages third-party consultants to review and validate Council data and processes.

LEGEND Not comparable against target · Achieved · Not achieved · Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

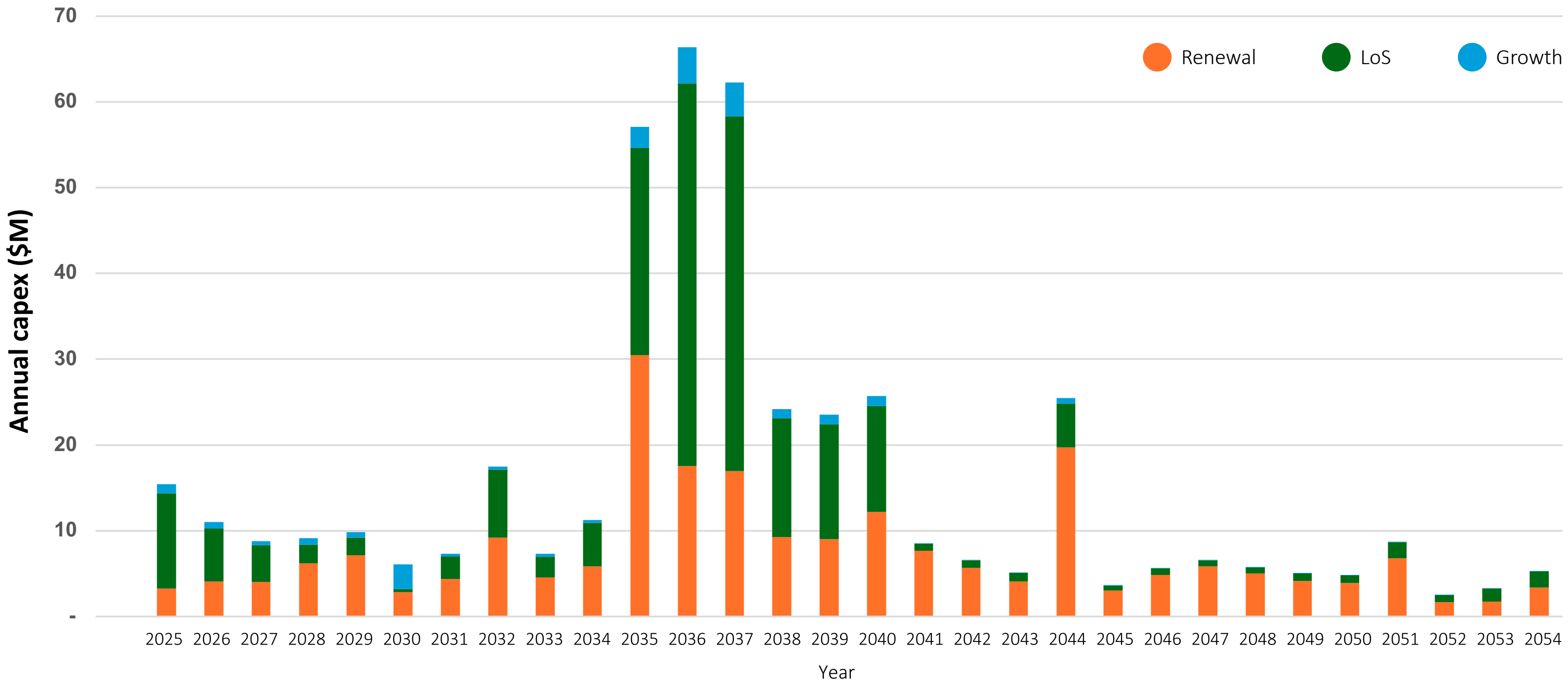
3.1.13 Capital expenditure

The chart to the side shows the capital expenditure for the drinking water supply activity during the 30 year period.

TABLE 3.5 – DRINKING WATER CAPEX (INFLATED)

Financial Year	Renewal ($)	LoS ($)	Growth ($)	Total ($)
2025	3,279,329	11,079,321	1,042,112	**15,400,761**
2026	4,089,611	6,138,055	799,730	**11,027,396**
2027	3,994,994	4,309,689	465,768	**8,770,452**
2028	6,192,165	2,175,130	783,786	**9,151,082**
2029	7,153,693	2,028,549	657,518	**9,839,760**
2030	2,866,729	346,792	2,837,162	**6,050,683**
2031	4,345,055	2,645,951	327,672	**7,318,678**
2032	9,182,171	7,918,898	377,384	**17,478,453**
2033	4,575,324	2,369,393	350,790	**7,295,507**
2034	5,854,698	5,028,287	377,290	**11,260,275**
2035	30,442,727	24,160,350	2,497,598	**57,100,675**
2036	17,553,783	44,573,299	4,225,434	**66,352,516**
2037	16,947,083	41,377,981	3,963,618	**62,288,682**
2038	9,276,322	13,838,250	1,069,812	**24,184,384**
2039	9,035,913	13,394,111	1,092,249	**23,522,273**
2040	12,217,389	12,324,612	1,155,124	**25,697,125**
2041	7,671,919	840,065	54,348	**8,566,332**
2042	5,672,877	857,701	55,489	**6,586,067**
2043	4,098,548	1,004,970	42,330	**5,145,848**
2044	19,683,657	5,135,352	667,277	**25,486,286**
2045	3,022,133	604,511	14,765	**3,641,409**
2046	4,856,574	763,632	15,074	**5,635,280**
2047	5,839,880	733,943	15,391	**6,589,214**
2048	4,991,165	749,338	15,714	**5,756,217**
2049	4,110,931	922,759	16,044	**5,049,734**
2050	3,912,689	859,763	16,381	**4,788,833**
2051	6,804,584	1,867,915	16,725	**8,689,224**
2052	1,682,193	827,923	17,076	**2,527,192**
2053	1,731,482	1,548,671	17,434	**3,297,587**
2054	3,386,500	1,890,067	40,482	**5,317,049**
Total	**224,472,117**	**212,315,278**	**23,027,578**	**459,814,973**

FIGURE 3.6 – DRINKING WATER CAPEX



3.2 STORMWATER – *Wai Āwhā*

3.2.1 Overview of this activity

This activity helps to protect people and property from the impacts of stormwater run-off and flooding. It includes collection, conveyance and limited treatment of stormwater run-off.

Further information about this group of activities, including level of service performance measures, can be found in the 'Our Groups of Activities' section of this Long Term Plan.

3.2.2 Key focus

The key focus is to manage runoff and stormwater volumes to deal with significant rainfall events. An increasing urbanised and impermeable district places more and more demand on the existing infrastructure. Climate change increases event intensity and frequency.

3.2.3 Summary context

There are eight stormwater schemes covering 1,700 hectares of land and 78 percent of the population in the district.

TABLE 3.7 – STORMWATER METRICS

Stormwater Assets	Unit	Quantity (Source: 2024 AMS)
Connections	each	644
Main	km	101
Open Channel	km	21
Pump Stations	each	23
Resource Consents	each	38

3.2.4 Asset condition

The condition of the piped stormwater network has been largely assessed. This amounts approx. 70 percent of the asset (having been assessed). The results of the assessment are shown below in table 3.8. Approx. 10 percent falls into the poor or very poor category.

A CCTV inspection programme is underway to verify the condition of the gravity drainage elements of the network. While relatively young by New Zealand standards, portions of the network are now 'mature'. The 1970s was the decade with the greatest installation length.

The network generally delivers as per expectations – it accepts stormwater and conveys it away. A characteristic of the stormwater system for the towns of Whakatāne and Edgecumbe is that they are protected by stopbanks from the Whakatāne and Rangitāiki rivers.

The stopbanks incorporate a series of floodgates and pumps. These protective flood schemes are generally under the control of the Bay of Plenty Regional Council. To ensure the successful interface between district and regional schemes and assets it is necessary to ensure very close operational linkages between the two organisations. Previous flood events have tested these linkages, generally with very positive outcomes.

The table below shows the condition profile for piped assets following an exercise into asset condition. Note that in 2019, the Council carried out a condition assessment and capacity assessment of all the critical stormwater pump stations in the district. The results of that assessment are not reflected on the table at this time.

FIGURE 3.9 – STORMWATER PIPED ASSETS CONDITION RATINGS

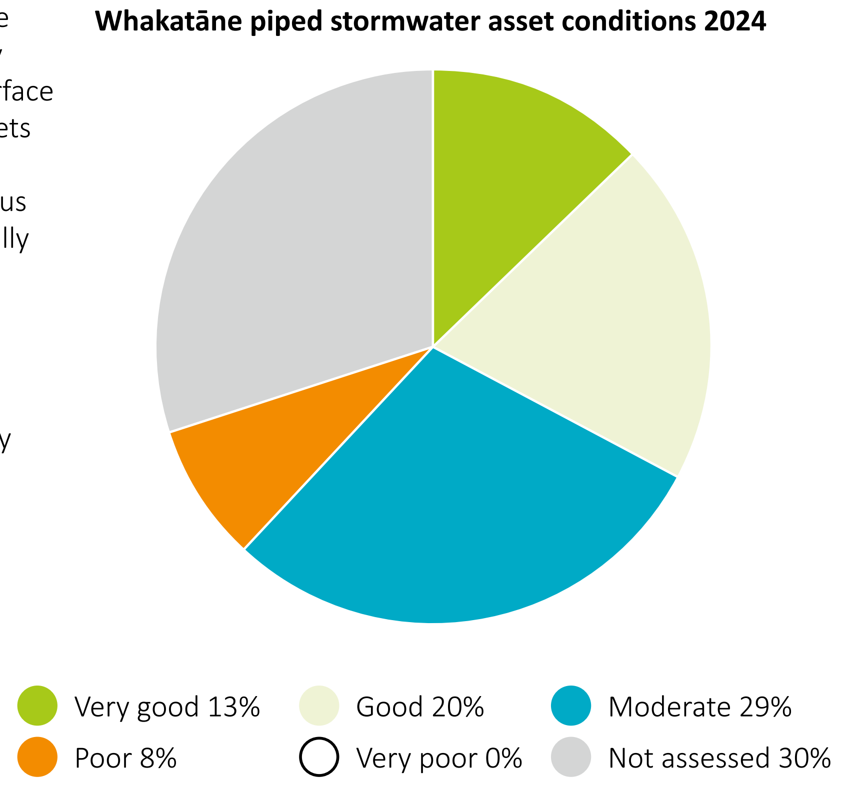


TABLE 3.8 – STORMWATER LINEAR ASSET CONDITION PROFILE

Asset Type	Very good (1)	Good (2)	Moderate (3)	Poor (4)	Very poor (5)	Unknown Condition	Total
Gravity mains (metres)	15,453	23,141	32,203	9,413	-	19,417	**99,627**
Rising mains (metres)	287	540	28	-	-	611	**1,466**
Drains/channels (metres)	103	-	-	80	-	20,855	**21,038**
Pump Stations (each)	-	-	-	-	-	19	**19**
Ponds / storage (each)	-	-	-	-	-	12	**12**
Floodgates (site)	-	-	-	-	-	45	**45**

3.2.5 Critical assets

The selection criteria for stormwater critical assets include size and functionality of assets as set out in table 3.10. In the future it may be possible to add criteria for significant environmental impact or significant, specific vulnerability.

Critical asset selection criteria

TABLE 3.10 - CRITICAL ASSET SELECTION CRITERIA - STORMWATER

Asset Type	Description of criteria	Base Approach Rating
Pipes	✓ Less than 150mmØ ✓ 150mmØ to 600mmØ ✓ Greater than 600mmØ	Low (1) Medium (3) High (5)
Open drains/ channels, stream and watercourse banks	Minor drains/channels Medium drains/channels, minor stream and watercourse banks Large drains/channels, all other stream and watercourse banks	Low (1) Medium (3) High (5)
Stormwater outlets	Stormwater outlet to 'dry' stream/watercourse Stormwater outlet to 'wet' stream/ watercourse	Low (1) High (5)
Storage pond/ retention dams	Dry Wet	Low (1) High (5)
Manholes	Manholes on critical pipes (pipes greater than 600mmØ All other manholes	High (5) Low (1)
Floodgates	Floodgates at 'dry' locations Floodgates at 'wet locations	Low (1) High (5)
Pump stations	All	High (5)

3.2.6 Asset renewal

Stormwater drainage assets differ from drinking and wastewater assets in that they are predominately concrete. Concrete is generally robust with a long lifespan. The manholes, junctions and sump connections are often of very poor quality however requiring more frequent renewal. The open drain network requires ongoing maintenance rather than traditional renewal. Floodgates and pumping facilities require both frequent inspection and maintenance and renewal.

Asset renewal programmes are prepared following a number of criteria, including:

- The base life of the assets – from the asset management system.
- The maintenance history and expenditure – from the asset management system and Council's Request For Service system.
- The condition assessment of assets – routine inspections, pipe sampling, CCTV assessment, visual inspection, etc.
- Applying a risks-based approach – criticality of the asset, public safety.
- External factors such as:
  - » Natural disaster events.
  - » Opportunistic working with other Council department programmes i.e. transportation renewal programme, places and open spaces.
  - » Third-party works i.e. Bay of Plenty Regional Council, telecommunications, power.
  - » Regulatory requirements (i.e. safety improvement).
  - » Construction and installation defects.
  - » Aggressive soils / environment etc.

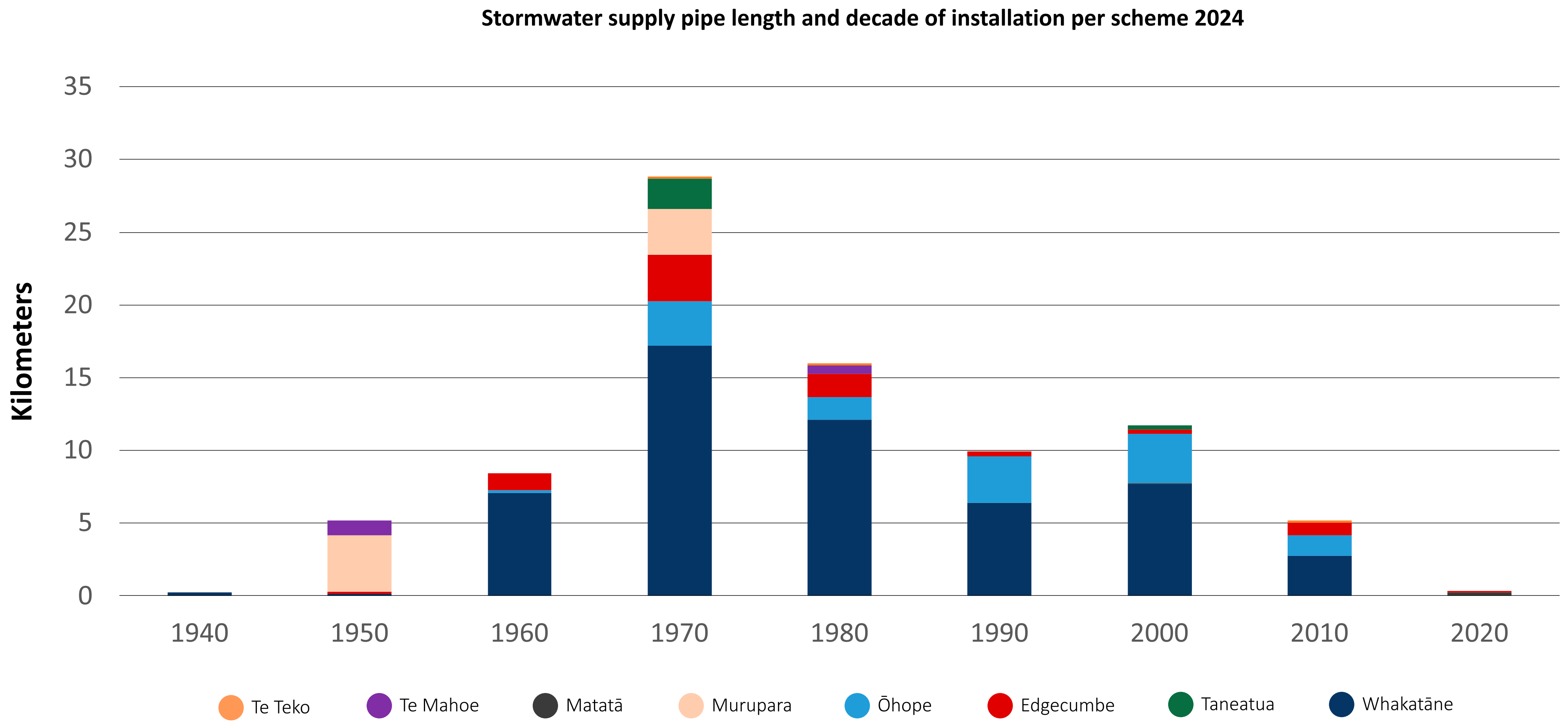
3.2.7 Asset summary

Asset data confidence and asset reliability information have been developed for various asset classes and are detailed within the Stormwater Asset Management Plan.

3.2.8 Asset Age

The indicative age of the assets is shown below; also showing the associated scheme. As can be seen the peak decade for stormwater installation was the 1970s. This places it midway between the drinking water asset (youngest) and the wastewater asset (oldest).

TABLE 3.11 – AGE PROFILE OF PIPED STORMWATER ASSET



3.2.9 Infrastructure level of service (LoS) – stormwater

There is a suite of measures used to score the level of service delivered by storm water schemes. These include flooding events, habitable floors flooded, complaints, customer satisfaction, responsiveness to callouts, issue resolution times, infringement/enforcement/conviction events.

The level of service material below has been sourced from the 2022/23 Annual Report. As can be seen all measures were achieved for 2022/23. Aiding this level of compliance is the fact that the district managed to substantially avoid events such as cyclone Gabrielle during the year.

'Target' relates to the 2024/2034 Long Term Plan performance measures outlined in the Group of Activities in Volume 1.

LEGEND

Not comparable against target
Achieved
Not achieved
Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

**The DIA requires results for these measures to be presented according to the following definitions:*

'Flooding event' - an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. 'Stormwater system' - the pipes and infrastructure (excluding roads) that collect and manage rainwater run-off, from the point of connection to the point of discharge.

Performance measures (how we will measure our service delivery)

Number of flooding events* in the district.

Target: Less than 3

Year	Result
2023	No flooding events
2022	No flooding events
2021	1 flooding event

For each flooding event*, the number of habitable floors affected (per 1,000 properties connected to the Council's stormwater system) (M).

Target: Less than 10

Year	Result
2023	No flooding events
2022	No flooding events
2021	0.25

The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.* (M).

Target: Less than 3 hours

Year	Result
2023	No flooding events
2022	No flooding events
2021	2.32

The number of complaints received about the performance of the stormwater system, expressed per 1,000 properties connected to the Council's stormwater system (M).

Target: Less than 10

Year	Result
2023	8.5
2022	9.49
2021	6.82

Note: The 2022 and 2021 previous year results have been restated from 11.57 and 2.03 to better align with the DIA performance measure guidelines. This change in calculation has seen Council include complaints where we have found no problem on inspection of the complaint, and calculate the number of connections by rating system. The number of properties connecting to the stormwater system as of 1 July 2022 was 10,435.

The process used by the Council's afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013. In respect of calls received by the afterhours call centre service, Council were not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.

Performance measures (how we will measure our service delivery)

Number of abatement notices received by the Council in relation to the resource consents for discharge from our stormwater system (M)

Target: Zero

Year	Result
2023	Zero
2022	Zero
2021	Zero

Number of infringement notices received by the Council in relation to the resource consents for discharge from our stormwater system (M).

Target: Zero

Year	Result
2023	Zero
2022	Zero
2021	Zero

Number of enforcement orders received by the Council in relation to the resource consents for discharge from our stormwater system (M).

Target: Zero

Year	Result
2023	Zero
2022	Zero
2021	Zero

Number of convictions received by the Council in relation to the resource consents for discharge from our stormwater system (M).

Target: Zero

Year	Result
2023	Zero
2022	Zero
2021	Zero

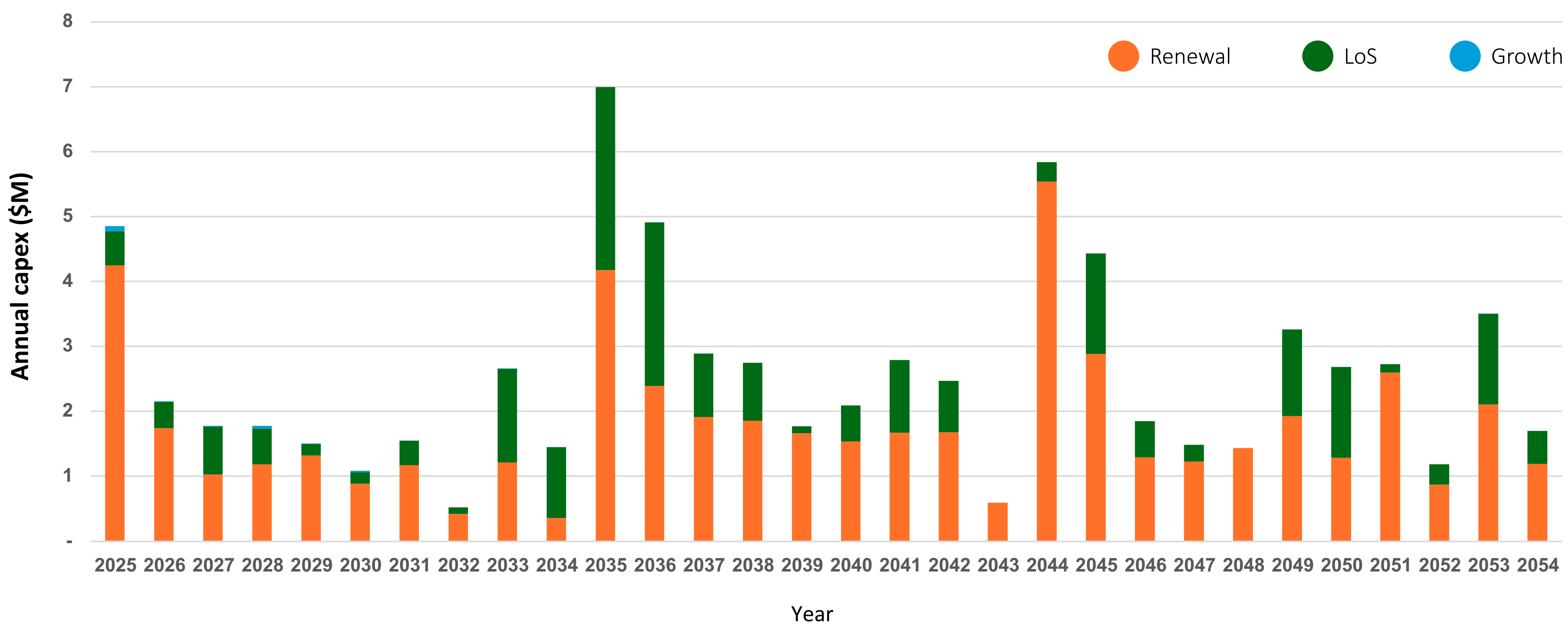
LEGEND Not comparable against target · Achieved · Not achieved · Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

TABLE 3.12 – STORMWATER CAPEX (INFLATED)

Financial Year	Renewal ($)	LoS ($)	Growth ($)	Total ($)
2025	4,249,182	528,834	74,586	**4,852,602**
2026	1,745,636	400,172	11,150	**2,156,958**
2027	1,030,398	736,169	12,466	**1,779,033**
2028	1,182,098	554,364	38,184	**1,774,645**
2029	1,322,260	179,433	3,011	**1,504,703**
2030	882,070	182,944	18,479	**1,083,493**
2031	1,173,948	373,041	-	**1,546,990**
2032	419,438	104,779	-	**524,217**
2033	1,216,290	1,442,085	5,260	**2,663,635**
2034	357,821	1,090,917	-	**1,448,737**
2035	4,178,199	2,816,994	-	**6,995,193**
2036	2,393,316	2,516,481	-	**4,909,797**
2037	1,910,573	978,865	-	**2,889,438**
2038	1,855,848	891,449	-	**2,747,297**
2039	1,663,883	104,272	-	**1,768,155**
2040	1,534,284	558,475	-	**2,092,759**
2041	1,671,589	1,123,451	-	**2,795,040**
2042	1,675,768	792,700	-	**2,468,468**
2043	590,825	-	-	**590,825**
2044	5,539,850	297,486	-	**5,837,336**
2045	2,883,767	1,552,408	-	**4,436,175**
2046	1,290,378	561,633	-	**1,852,011**
2047	1,227,782	255,055	-	**1,482,837**
2048	1,436,720	-	-	**1,436,720**
2049	1,927,114	1,338,528	-	**3,265,642**
2050	1,282,388	1,404,075	-	**2,686,463**
2051	2,595,681	133,798	-	**2,729,479**
2052	870,369	312,240	-	**1,182,609**
2053	2,108,065	1,394,750	-	**3,502,815**
2054	1,192,099	508,575	-	**1,700,674**
Total	**53,407,639**	**23,133,972**	**163,135**	**76,704,746**

FIGURE 3.13 – STORMWATER CAPEX



3.3 WASTEWATER – *Te Parakaingaki*

3.3.1 Overview of this activity

The Council is responsible for the collection, conveyance, treatment and disposal of wastewater, where a community wastewater scheme exists.

This activity collects, treats and disposes of wastewater in a safe and sustainable way that protects public health and doesn't compromise ecosystems.

Further information about this activity, including level of service performance measures, can be found in the 'Our Groups of Activities' section of this Long Term Plan.

3.3.2 Key focus

Maintaining the current system, expanding schemes to other communities and renewing resource consents.

3.3.3 Summary context

Six wastewater schemes serve 8,992 customer connections and cover 1,690 hectares of land, providing wastewater services to the urban and residential areas of Whakatāne, Edgecumbe, Tāneatua, Ōhope, Te Mahoe, and Murupara.

3.3.4 Asset condition

The condition of the piped wastewater network has been largely assessed. This amounts to between 95 percent and 100 percent of the asset (having been assessed) depending on asset type. The results of the assessment are shown below in table 3.14. Between zero and 14 percent falls into the poor or very poor category depending on the different asset types.

The network generally delivers as per expectations – it accepts wastewater and conveys it away. Treatment plants are variants of simple oxidation ponds, have not been condition assessed and are nearing the end of their consented lives. Treatment plant upgrades are typically structured around consenting processes for the various waste streams – liquid, solid and odour.

In 2020, the Council also carried out a desktop condition assessment of wastewater piped assets (mains only) based on the remaining useful life and pipe material. The assessment was based on actual pipe sample data from both Council pipe network and within the region as well as deterioration modelling. The assessment is being used by the Council to prepare asset condition assessment programs for piped assets.

FIGURE 3.15 – WASTEWATER PIPED ASSETS CONDITION RATINGS

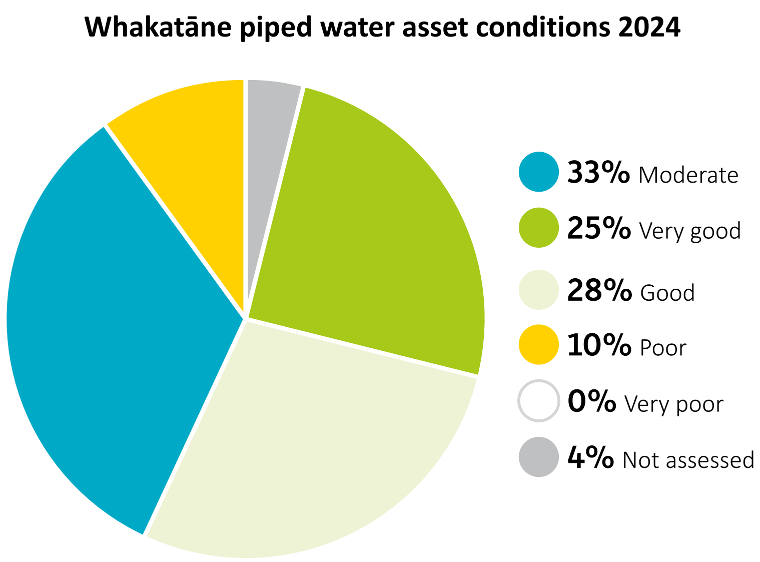


TABLE 3.14 – WASTEWATER ASSET CONDITION PROFILE

Asset Type	Very good (1)	Good (2)	Moderate (3)	Poor (4)	Very poor (5)	Unknown Condition	Total
Gravity mains (metres)	43,321	57,794	72,881	23,651	307	10,268	**206,788**
Outfall (metres)	52	2,199	2,664	800	-	5	**5,720**
Rising mains (metres)	19,166	9,748	5,194	835	-	2,224	**37,167**
Pump Stations (each)	-	-	-	-	-	55	**55**
Treatment Plants (each)	-	-	-	-	-	6	**6**

3.3.5 Critical assets

The selection criteria for wastewater critical assets include size and functionality of assets as set out in the table below. In the future it may be possible to also add criteria for significant environmental impact or significant, specific vulnerability.

Critical asset selection criteria

FIGURE 3.16 – WASTEWATER ASSET CRITICALITY

Asset Type	Description of criteria	Base Approach Rating
Pipes	✓ Less than 250mmØ ✓ 250mmØ to 375mmØ ✓ Greater than 370mmØ ✓ All rising mains ✓ Outfall mains ✓ Potential pipe failures which may cause significant social, environmental or economic impact	Low (1) Medium (3) High (5) High (5) High (5) High (5)
Treatment plants/ oxidation ponds	All	High (5)
Manholes	Manholes on critical pipes (pipes greater than 375mmØ) All other manholes	High (5) Low (1)
Pump stations	Wastewater pump stations without resilience (i.e. backup alternative power supply, by-pass pumping arrangement) Wastewater pump stations with resilience (i.e. backup alternative power supply, by-pass pumping arrangement)	High (5) Medium (3)

3.3.6 Asset renewal

Asset renewal programmes are prepared following a number of criteria, including:

- The base life of the assets – from the asset management system.
- The maintenance history and expenditure – from the asset management system and Council's request for service (RFS) system.
- The condition assessment of assets – routine inspections, pipe sampling, CCTV assessment, visual inspection, etc.
- Applying a risks-based approach – criticality of the asset, public safety.
- External factors such as:
  - » Natural disaster events.
  - » Opportunistic working with other council department programmes i.e. transportation renewal programme, places and open spaces.
  - » Third-party works i.e. Bay of Plenty Regional Council. telecommunications, power.
  - » Regulatory requirements (i.e. safety improvement).
  - » Construction and installation defects.
  - » Aggressive soils / environment etc.

3.3.7 Asset summary

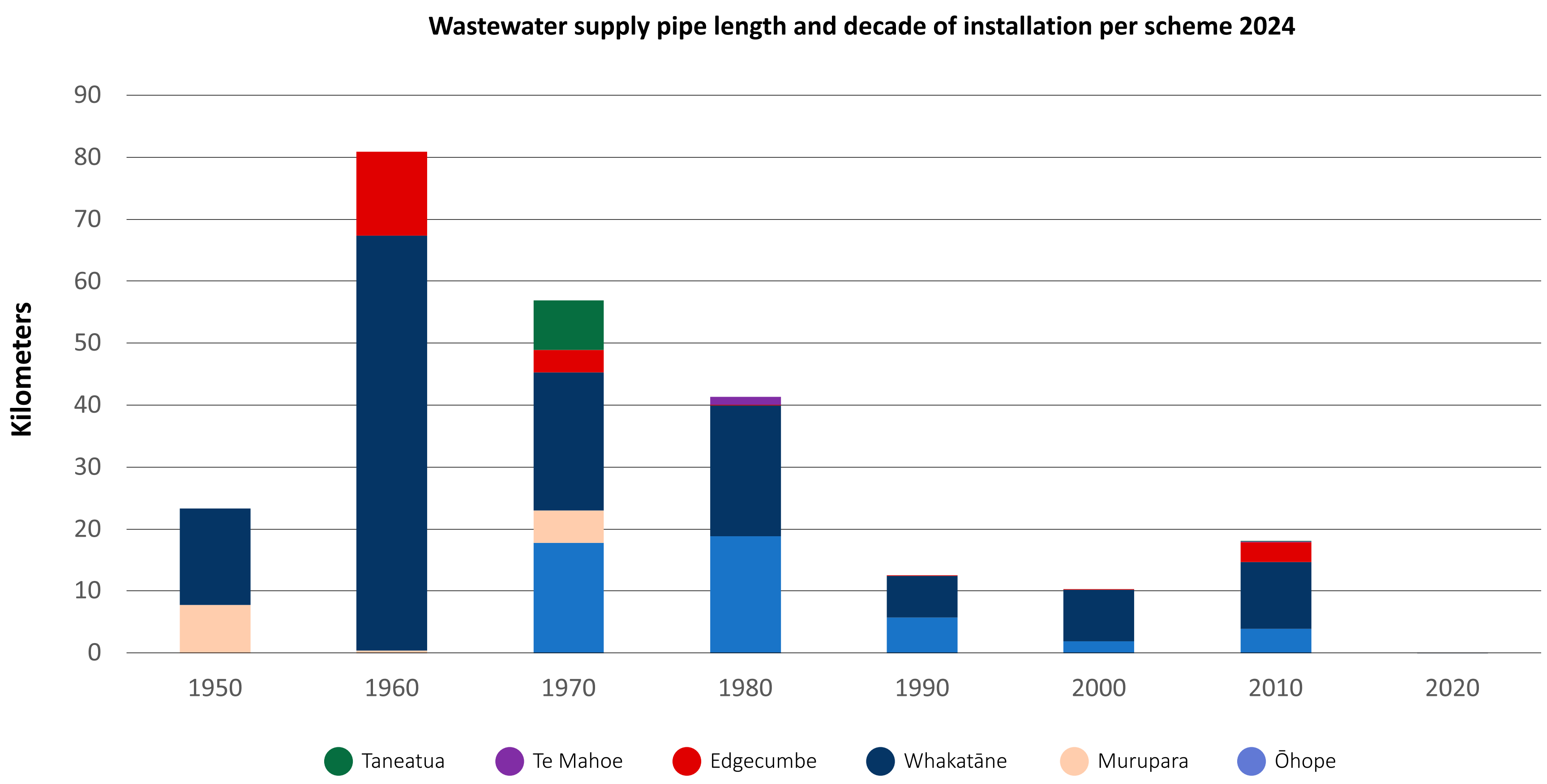
Asset data confidence and asset reliability information have been developed for various asset classes and are detailed within the Wastewater Asset Management Plan.

3.3.8 Asset Age

The indicative age of the assets is shown below; also showing the associated scheme. As can be seen the peak decade for wastewater asset installation was the 1960s. This is older than the drinking water or stormwater assets.

2023 wastewater data:

FIGURE 3.17 – AGE PROFILE OF WASTEWATER PIPED ASSET



3.3.9 Infrastructure level of service (LoS) – wastewater

There is a suite of measures used to score the level of service delivered by wastewater networks. These include complaints, customer satisfaction, responsiveness to callouts, issue resolution times, dry weather overflows and abatement/infringement/enforcement/conviction events.

The level of service material below has been sourced from the 2022/23 Annual Report. As can be seen all measures were achieved for 2022/23.

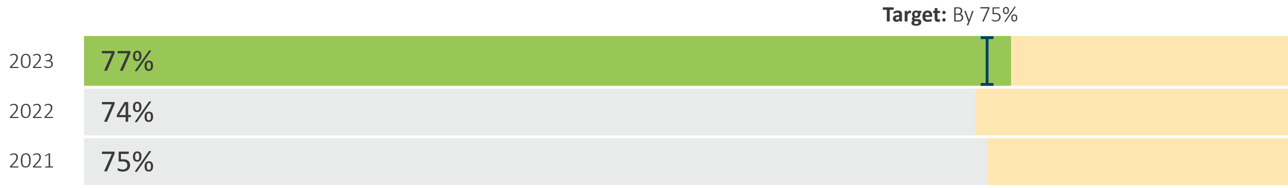
Note that adherence to consent conditions is measured outside this framework. For 2022/23 there were instances of not meeting consent conditions.

The following material has been sourced from Whakatāne District Council's 2022/23 Annual Report.

Performance measures (how we will measure our service delivery)

In the graphs below, 'Target' relates to the 2024/2034 Long Term Plan performance measures outlined in the Group of Activities in Volume 1.

Satisfaction with the sewage system for areas supplied by the Council.

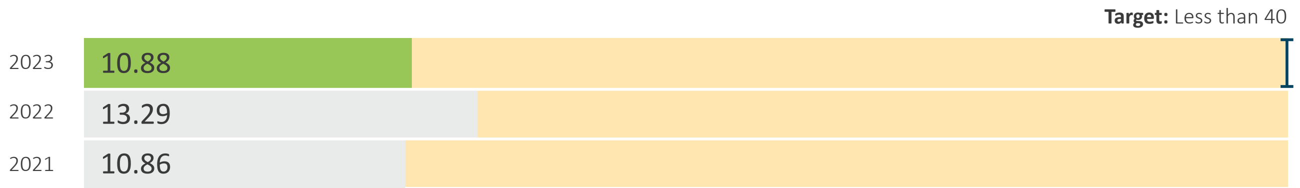


Note: Margin of error 4%.

The total number of complaints received by the Council about any of the following:

- sewage odour
- sewerage system faults
- sewerage system blockages
- the Council's response to issues with its sewerage system,

expressed per 1,000 connections to the Council's sewerage system (M).



Note: The 2022 and 2021 previous year results have been restated from 9.42 and N/A to better align with the DIA performance measure guidelines. This change in calculation has seen Council include complaints where we have found no problem on inspection of the complaint, and calculate the number of connections by rating system. Total number of connections as of 1 July 2022 was 12,557.*

**The method of restatement has enabled a comparative to be calculated for 2021.*

The process used by the Council's afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013.

In respect of calls received by the afterhours call centre service, Council were not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.

LEGEND Not comparable against target | Achieved | Not achieved | Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

Performance measures (how we will measure our service delivery)

In the graphs below, 'Target' relates to the 2024/2034 Long Term Plan performance measures outlined in the Group of Activities in Volume 1.

Median response time to attend a sewage overflow resulting from a blockage or other fault in the Council's sewerage system, from the time that the Council receives notification to the time that service personnel reach the site (M).

Target: Less than 2 hours

2023	0.67 hours
2022	0.49 hours
2021	0.52 hours

Median response time to resolve a sewage overflow resulting from a blockage or other fault in the Council's sewerage system, from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault (M).

Target: Less than 8 hours

2023	3.75 hours
2022	1.93 hours
2021	2.53 hours

Number of dry weather sewage overflows from the Council's sewerage system per 1,000 connections to that sewerage system (M).

Target: Less than 3 overflows

2023	0.86
2022	1.18
2021	2.36

LEGEND Not comparable against target · Achieved · Not achieved · Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

Number of abatement notices received by the Council in relation to the resource consents for discharge from our sewerage systems (M).

Target: Zero

Year	Result
2023	Zero
2022	Zero
2021	Zero

Number of infringement notices received by the Council in relation to the resource consents for discharge from our sewerage systems (M).

Target: Zero

Year	Result
2023	Zero
2022	Zero
2021	Zero

Number of enforcement orders received by the Council in relation to the resource consents for discharge from our sewerage systems (M).

Target : Zero

Year	Result
2023	Zero
2022	Zero
2021	Zero

Number of convictions received by the Council in relation to the resource consents for discharge from our sewerage systems (M)

Target: Zero

Year	Result
2023	Zero
2022	Zero
2021	Zero

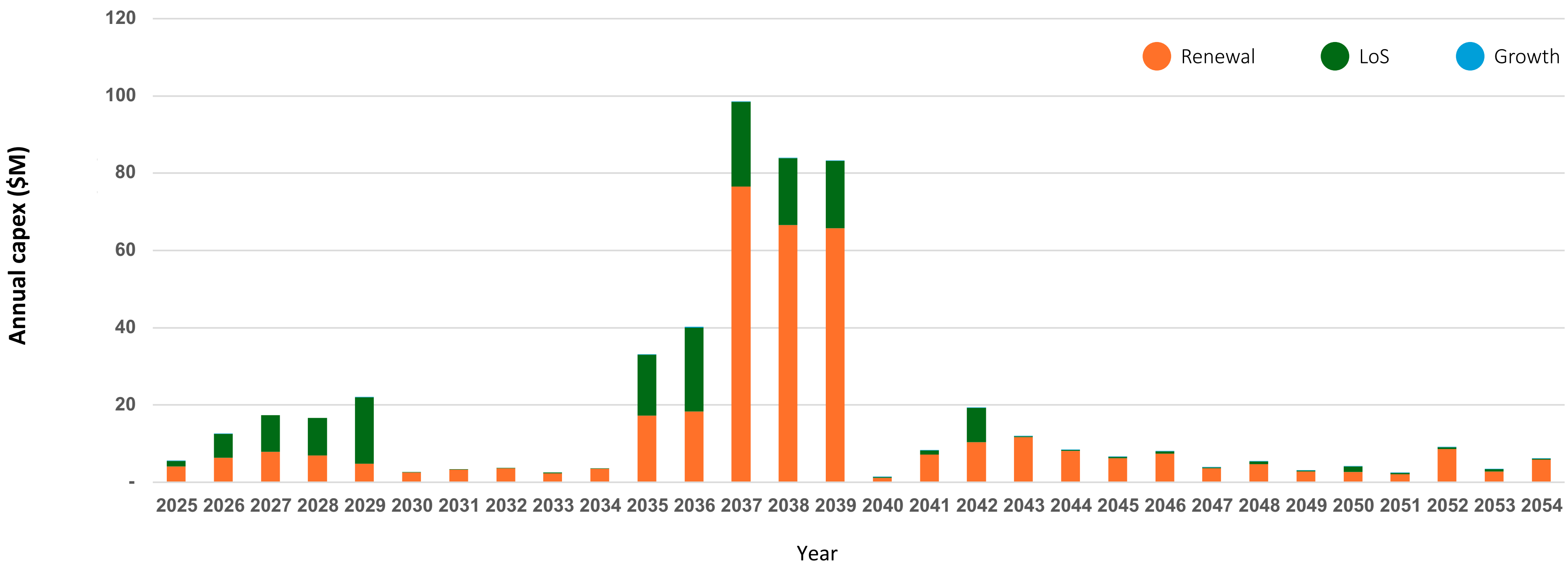
LEGEND Not comparable against target · Achieved · Not achieved · Target value indication

(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

TABLE 3.18 - WASTEWATER CAPEX (INFLATED)

Financial Year	Renewal ($)	LoS ($)	Growth ($)	Total ($)
2025	4,084,923	1,488,480	34,113	**5,607,517**
2026	6,418,469	6,072,708	99,904	**12,591,081**
2027	7,951,000	9,417,875	-	**17,368,875**
2028	6,919,059	9,760,840	-	**16,679,899**
2029	4,785,713	17,247,141	67,438	**22,100,291**
2030	2,515,010	30,799	-	**2,545,808**
2031	3,234,500	97,671	-	**3,332,171**
2032	3,580,647	99,821	-	**3,680,468**
2033	2,319,223	257,487	-	**2,576,710**
2034	3,466,766	198,043	-	**3,664,809**
2035	17,311,697	15,723,281	131,529	**33,166,507**
2036	18,339,729	21,740,056	132,123	**40,211,908**
2037	76,559,318	21,938,937	148,473	**98,646,728**
2038	66,583,946	17,260,627	40,633	**83,885,206**
2039	65,805,464	17,342,445	50,721	**83,198,630**
2040	1,175,960	200,683	43,878	**1,420,521**
2041	7,245,676	1,040,608	105,047	**8,391,331**
2042	10,380,644	8,934,521	115,497	**19,430,662**
2043	11,750,062	238,678	59,245	**12,047,985**
2044	8,143,265	230,139	53,712	**8,427,116**
2045	6,252,154	371,144	122,927	**6,746,225**
2046	7,403,819	635,627	57,714	**8,097,160**
2047	3,603,135	308,792	61,653	**3,973,580**
2048	4,719,264	656,492	121,492	**5,497,248**
2049	2,769,745	298,969	81,412	**3,150,126**
2050	2,654,731	1,463,887	61,780	**4,180,398**
2051	2,146,980	269,985	64,032	**2,480,997**
2052	8,645,048	400,937	128,019	**9,174,004**
2053	2,829,151	616,876	66,749	**3,512,776**
2054	5,829,796	285,311	67,132	**6,182,239**
Total	**375,424,246**	**154,629,507**	**1,915,223**	**531,968,976**

FIGURE 3.19 – WASTEWATER CAPEX



3.4 TRANSPORT CONNECTIONS – *Ngā Hononga Waka*

The Council provides and manages a safe, integrated and efficient transport system for Whakatāne including provision for private vehicles, freight, public transport, walking, cycling and pedestrians. Council also manages on-street and off-street parking facilities.

This group of activities aims to provide a safe, reliable and sustainable transport system that is accessible to everyone and caters to a variety of transport choices including increasingly for pedestrians, cyclists and the mobility impaired.
We aim to deliver a well-functioning transport system that keeps people and places connected, supports a vibrant economy, and allows for the efficient day-to-day running of communities.

The transport maintenance and renewals programme also gives Council the opportunity to optimise assets, where appropriate, and to support the Council's environmental protection and climate change initiatives.

The Council works closely with NZ Transport Agency Waka Kotahi on the future planning and investment of the transport system, including the continued monitoring of population growth and development demands.

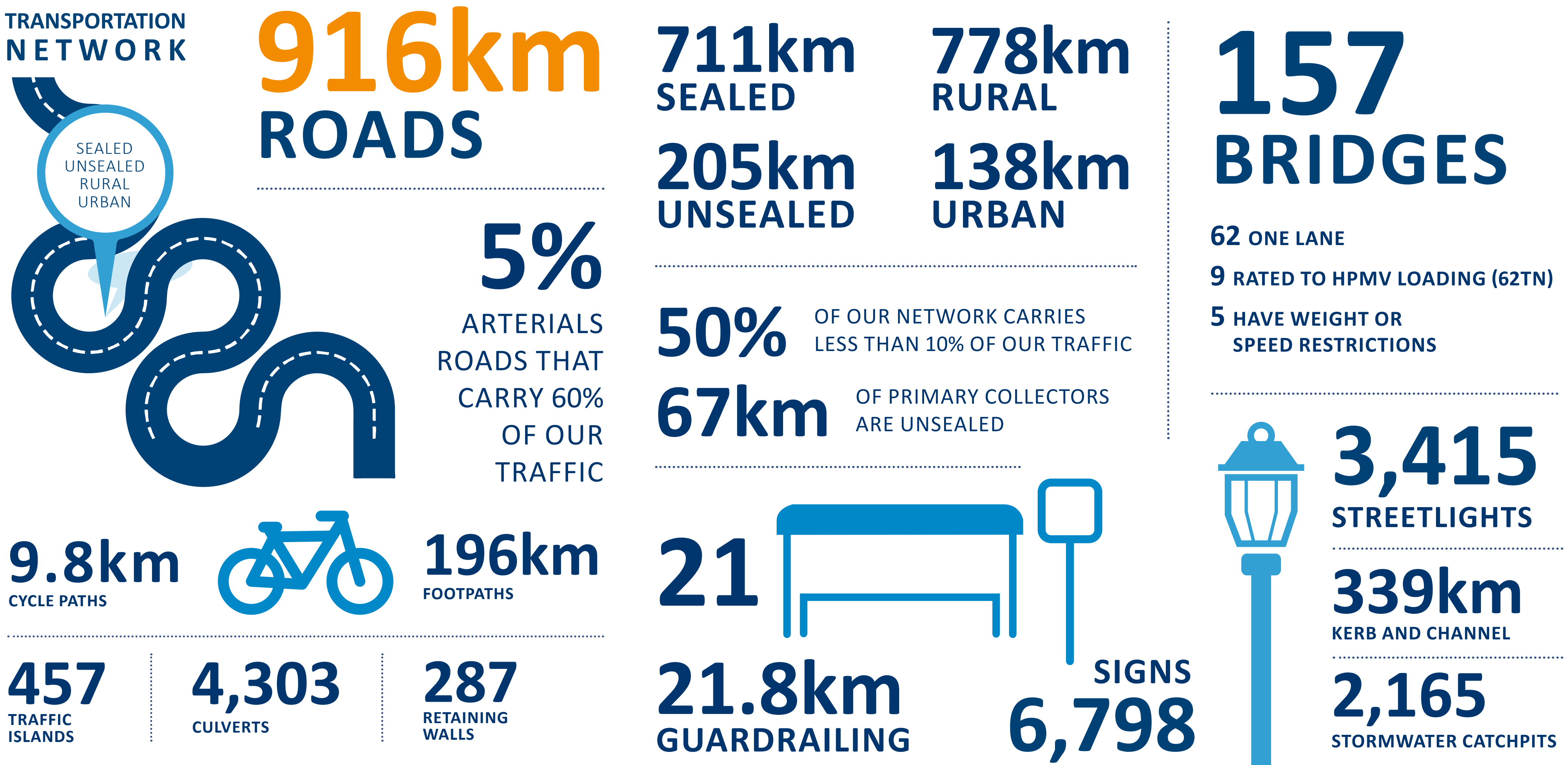
Further information about this group of activities, including level of service performance measures, can be found in the 'Our Groups of Activities' section of this Long Term Plan and within the Transportation Activity Management Plan.

3.4.2 Key focus

Continue to manage and operate the transport network while focusing on alternative modes of transport and road safety (Road to Zero) in line with NZ Transport Agency Waka Kotahi priorities.

3.4.3 Summary context The transport system is made up of:

FIGURE 3.20 – TRANSPORT CONNECTIONS ASSETS



3.4.4 Critical assets

Council's transport system is classified using the NZ Transport Agency Waka Kotahi 'One Network Framework', in terms of the function-specific roads needed to deliver within the district's transport system. The One Network Framework also has clear performance measures for each classification that the Council takes into account through asset management planning and investment.

Examples of critical assets being our arterial routes; Thornton Road, Landing Road, Commerce Street, Gorge Road, Ōhope Road, Pohutukawa Avenue, Wainui Road and supporting state highways.

3.4.5 Asset condition

Pavements and Surfacing: Good

Three principal measures are used to monitor and benchmark pavement and surfacing condition at a network level. These are:

1. Pavement Condition Index. This combines a range of condition and fault data to indicate the overall performance of the structural base layers of the road.
2. Surface Condition Index. This combines a range of condition and fault data to indicate the overall performance of the surfacing layers of the road.
3. Smooth Travel Exposure. This calculates the percentage of travel on smooth roads (defined as road roughness below a prescribed value for different road classes). It is a proxy for user experience.

FIGURE 3.21 – PAVEMENT AND SURFACE CONDITION

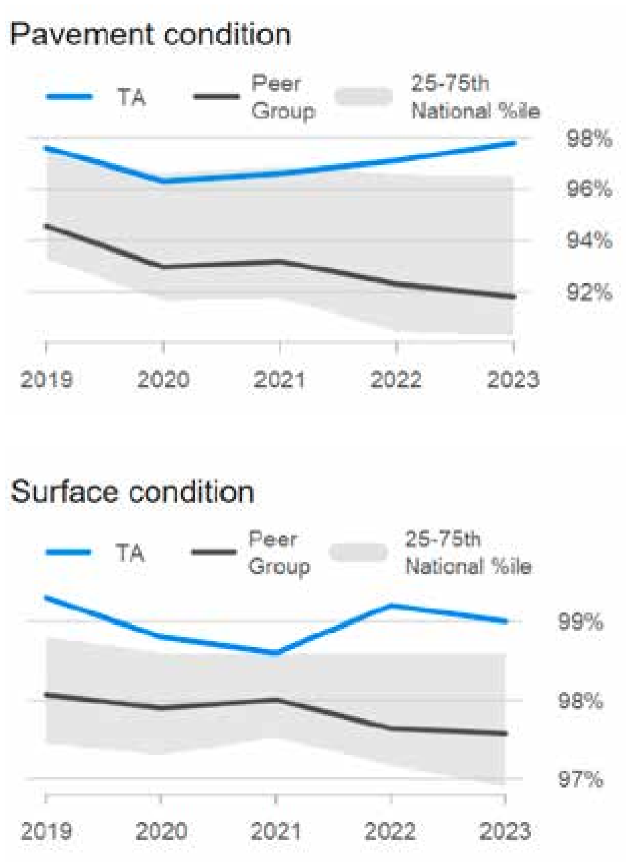
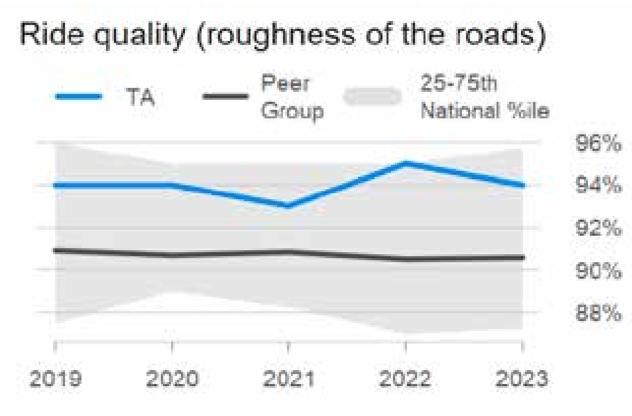


FIGURE 3.22 – ROAD ROUGHNESS



There is an anomaly in the pavement data. Pavement Condition Index and Surface Condition Index had both shown a declining trend for some years, then in the current year there has been an apparent large improvement. The high speed data indicates a significant improvement in rutting and shoving; however, this does not align with observation of the network which visibly shows increasing rutting and shoving.

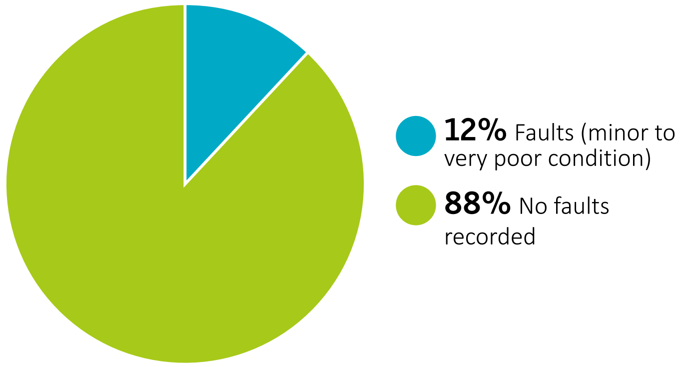
Condition rating also shows increasing potholes, edgebreak, and cracking which is consistent with observed changes. A change in rutting and shoving of the extent indicated implies a significant investment in pavement renewals, which has not occurred. Rutting and shoving are a significant component of Surface Condition Index and Pavement Condition Index and has potentially impacted these measures.

Footpaths and cycleways: Good

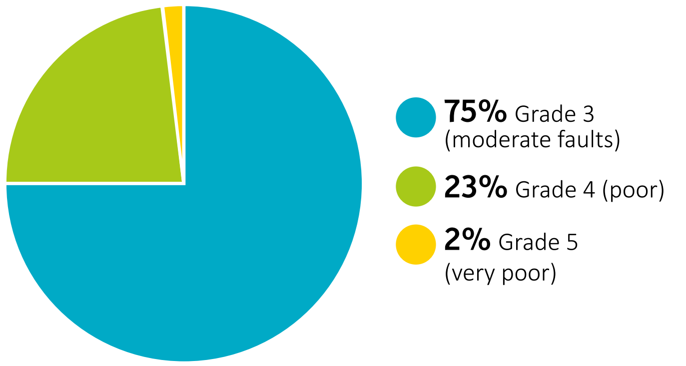
- Indicator: 88 percent of footpath sections record no faults. Only three percent of total footpath sections record grade 4 (poor) or 5 (very poor) faults.

FIGURE 3.23 – FOOTPATH FAULTS

Portion of footpath network with faults recorded 2023 survey



Extent of faults recorded



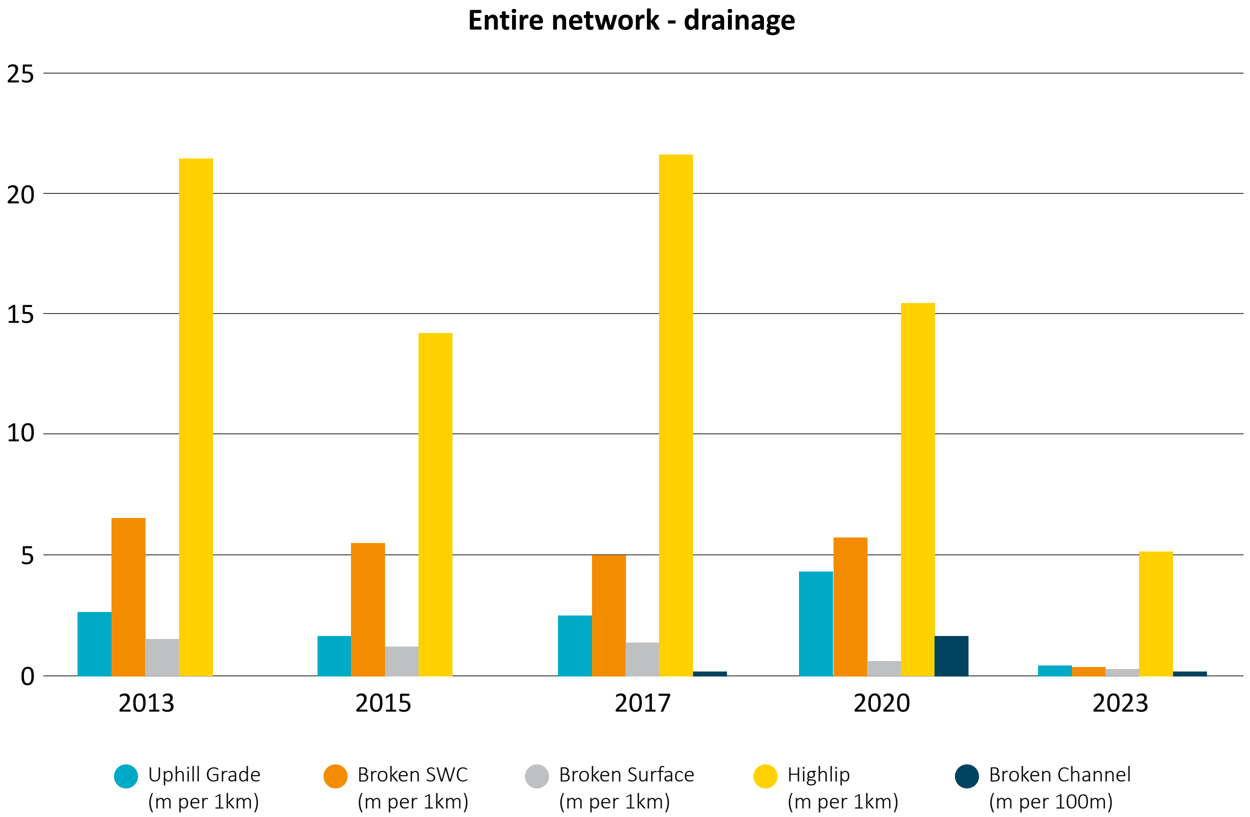
Bridges and Structures: Good

- Indicator: Three bridges (out of 157 total) posted below class 1 or 50MAX (restricted loading), affecting one percent of the network. Zero bridges require replacing in the 10-year programme.
- Indicator: Two retaining walls (out of 287 total) require replacing in the 10-year programme.

Drainage: Good

The figure below shows condition rating results for the previous 10 years from full network surveys. The results of an increased focus on drainage maintenance over the previous two Long Term Plan periods (2018 – 2024) can be seen.

FIGURE 3.24 – ROADING DRAINAGE CONDITION



Traffic Services: Good

- Indicator: 99 percent of signs rate at grade 3 (good/moderate faults) or better. 95 percent of rails rate at grade 3 (good/ moderate faults) or better
- Indicator: Streetlights: Recently completed LED replacement programme for 100 percent of the network.

TABLE 3.25 – TRAFFIC SERVICES CONDITION CRITERIA

Rating	Description of Condition
1. Excellent condition	No faults
2. Very good	Minor faults
3. Good	Moderate faults
4. Poor	Significant faults
5. Very Poor	Failed

3.4.6 Customer levels of service (LoS) – Transport Connections

The benefits and measures associated with delivery of the transport activity are described in the following tables. This is currently a work in progress with the recent change from the One Network Road Classification Framework to the new One Network Framework as per the NZ Transport Agency Waka Kotahi direction. An improvement item is included in our Transport Activity Management Plan, improvement plan section, to determine methods for capturing current performance, trend, and benchmarking for these new measures.

Pavements

TABLE 3.26 – PAVEMENT MEASURES

Benefits	Measures	Measure description	ILM?*	Target	Current performance	Trend	Benchmarking
Improved environmental performance	9.1.1 Resource Efficiency	Proportion of sustainable and recycled materials	Y	Increasing			
		Water minimisation	Y	Improving			
	9.1.2 Embodied carbon	Tonnes of CO2 equivalents emitted		Decreasing			
A resilient, future-proofed transport system	4.1.1 Availability of alternative to high risk/Impact routes	Percentage of high-risk and high-impact routes with a viable alternative	Y	Increasing			
	4.1.2 Level of service and risk	Percentage of network assessed as having a major or extreme risk rating		Decreasing			
Improved accessibility, connectivity, and travel reliability	5.2.6 Access to key economic and social destinations - all models	Proportion of population living within travel threshold of economic opportunities by different models	Y	Increasing			
	5.1.4 Temporal availability - road	Number and duration of resolved road closures		Decreasing			
	2.1.1 Access - perception	Perception of safety and ease of walking and cycling	Y	Improving			
Increased user health and safety	1.1.3 Deaths and serious injuries	Number of deaths and serious injuries	Y	Decreasing			
	1.2.1 Road assessment rating	Infrastructure risk rating		Improving			

** Invest Logic Map*

Structures

TABLE 3.27 – STRUCTURES MEASURES

Benefits	Measures	Measure description	ILM?	Target	Current performance	Trend	Benchmarking
Improved environmental performance	9.1.1 Resource efficiency	Proportion of sustainable and recycled materials	Y	Increasing			
		Water minimisation	Y	Improving			
	9.1.2 Embodied carbon	Tonnes of CO2 equivalents emitted		Decreasing			
A resilient, future-proofed transport system	4.1.1 Availability of alternative to high risk/Impact routes	Percentage of high-risk and high-impact routes with a viable alternative	Y	Increasing			
	4.1.2 Level of service and risk	Percentage of high-risk and high-impact routes with a viable alternative		Decreasing			
Improved accessibility, connectivity, and travel reliability	5.2.6 Access to key economic and social destinations - all models	Proportion of population living within travel threshold of economic opportunities by different models	Y	Increasing			
	5.1.4 Temporal availability - road	Number and duration of resolved road closures		Decreasing			
	2.1.1 Access - perception	Perception of safety & ease of walking and cycling	Y	Improving			
Increased user health and safety	1.1.3 Deaths and serious injuries	Number of deaths and serious injuries	Y	Decreasing			
	1.2.1 Road assessment rating	Infrastructure risk rating		Improving			

Drainage

TABLE 3.28 – DRAINAGE MEASURES

Benefits	Measures	Measure description	ILM?	Target	Current performance	Trend	Benchmarking
Improved environmental performance	9.1.1 Resource efficiency	Proportion of sustainable and recycled materials	Y	Increasing			
		Water minimisation	Y	Improving			
	9.1.2 Embodied carbon	Tonnes of CO_2 equivalents emitted		Decreasing			
A resilient, future-proofed transport system	4.1.1 Availability of alternative to high risk/Impact routes	Percentage of high-risk and high-impact routes with a viable alternative	Y	Increasing			
	4.1.2 Level of service and risk	Percentage of high-risk and high-impact routes with a viable alternative		Decreasing			
Improved accessibility, connectivity, and travel reliability	5.1.4 Temporal availability - road	Number and duration of resolved road closures		Decreasing			

Traffic Services

TABLE 3.29 – TRAFFIC SERVICES MEASURES

Benefits	Measures	Measure description	ILM?	Target	Current performance	Trend	Benchmarking
Improved environmental performance	7.2.1 Biodiversity	Roadside wilding trees and pest plants		Improving			
	9.1.1 Resource efficiency	Proportion of sustainable and recycled materials	Y	Increasing			
		Water minimisation	Y	Improving			
	9.1.2 Embodied carbon	Tonnes of CO_2 equivalents emitted					
Improved accessibility, connectivity, and travel reliability	2.1.1 Access - perception	Perception of safety and ease of walking and cycling	Y	Improving			
	5.2.6 Access to key economic and social destinations - all models	Proportion of population within travel threshold	Y	Increasing			
Increased user health and safety	1.1.3 Deaths and serious injuries	Number of deaths and serious injuries	Y	Decreasing			
	1.2.1 Road assessment rating	Infrastructure risk rating		Decreasing			

Footpaths and Active Modes

TABLE 3.30 – FOOTPATH AND ACTIVE MEASURES

Benefits	Measures	Measure description	ILM?	Target	Current performance	Trend	Benchmarking
Improved environmental performance	8.1.1 Greenhouse gas emissions	Tonnes of CO2 equivalents emitted	Y	Improving			
Facilitating economic renegeration and responding to development pressures	10.2.3 Spatial coverage - cycle lanes and paths	Percentage completion of the strategic cycling network	Y	Increasing			
Improved accessibility, connectivity, and travel reliability	2.1.1 Access - perception	Perception of safety and ease of walking and cycling	Y	Improving			
	10.2.1 People - mode share	Number of pedestrians, cyclists, public transport boardings and motor vehicles x persons per vehicle		Increasing			
Increased user health and safety	1.1.3 Deaths and serious injuries	Number of deaths and serious injuries vulnerable users	Y	Decreasing			
	3.1.1 Physical health benefits from active modes	TBA		Improving			

In addition to these level of service measures, we are required to report performance using the framework outlined in the Transport Connections activity of volume 1.

3.4.7 Capital expenditure

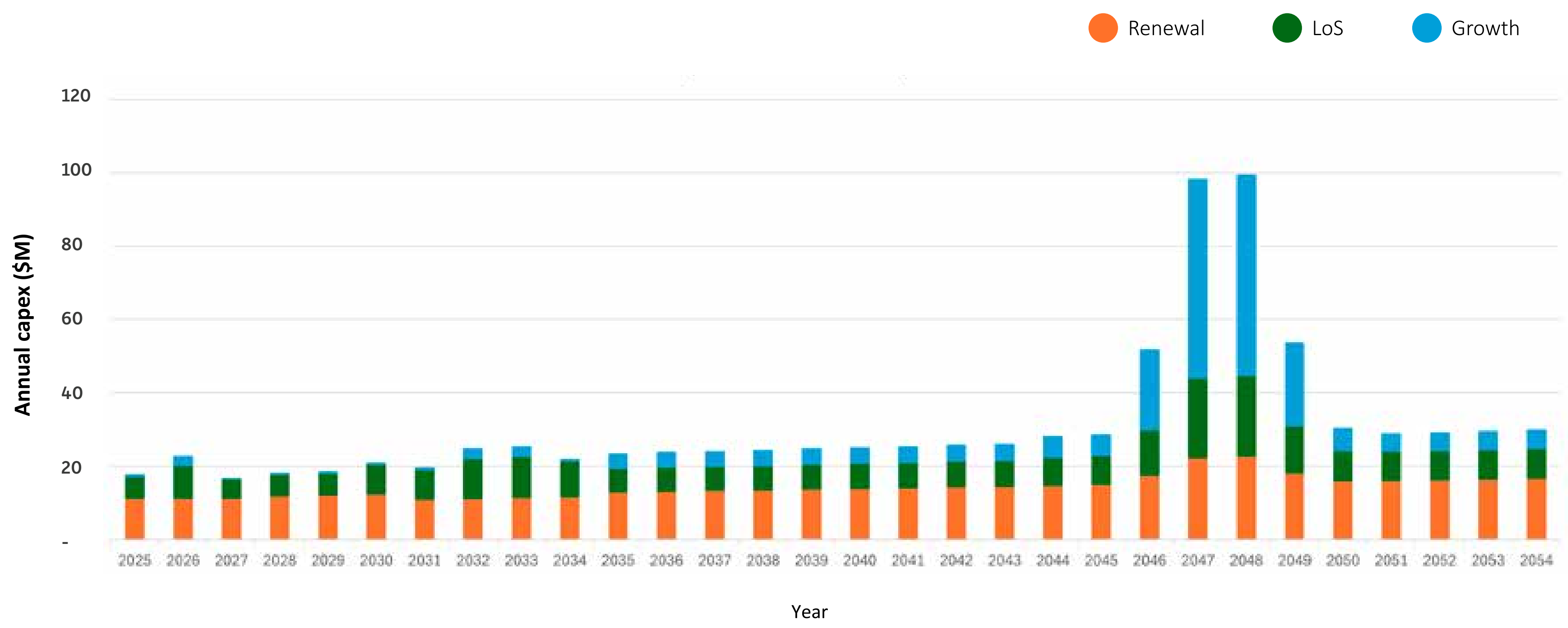
The chart below shows the capital expenditure for the transport activity during the 30-year period.

TABLE 3.31 – TRANSPORT CAPEX (INFLATED)

Financial Year	Renewal ($)	LoS ($)	Growth ($)	Total ($)
2025	11,102,900	5,870,075	905,001	**17,877,975**
2026	11,096,558	9,110,549	2,566,928	**22,773,366**
2027	11,020,391	5,312,033	434,441	**16,766,865**
2028	11,709,399	5,889,474	580,910	**18,179,783**
2029	11,967,006	6,019,043	593,689	**18,579,738**
2030	12,259,953	8,076,935	726,913	**21,063,801**
2031	10,791,685	8,209,957	739,630	**19,741,272**
2032	11,007,519	11,035,369	2,796,749	**24,839,637**
2033	11,271,858	11,285,746	2,854,578	**25,412,181**
2034	11,447,428	9,861,796	655,480	**21,964,704**
2035	12,814,788	6,443,295	4,124,727	**23,382,811**
2036	13,047,650	6,568,196	4,186,745	**23,802,590**
2037	13,187,796	6,630,844	4,244,788	**24,063,429**
2038	13,374,300	6,724,619	4,304,819	**24,403,738**
2039	13,609,157	6,850,859	4,366,922	**24,826,937**

Financial Year	Renewal ($)	LoS ($)	Growth ($)	Total ($)
2040	13,747,308	6,912,168	4,424,880	**25,084,356**
2041	13,933,812	7,005,942	4,484,910	**25,424,665**
2042	14,170,664	7,133,522	4,547,099	**25,851,284**
2043	14,306,820	7,193,491	4,604,971	**26,105,283**
2044	14,670,504	7,641,626	5,905,262	**28,217,392**
2045	14,968,460	7,775,104	5,983,496	**28,727,060**
2046	17,377,373	12,381,795	21,959,493	**51,718,661**
2047	22,195,879	21,738,129	54,438,483	**98,372,491**
2048	22,525,223	22,043,948	55,115,303	**99,684,472**
2049	18,031,391	12,847,798	22,785,964	**53,665,154**
2050	15,863,647	8,231,633	6,361,205	**30,456,485**
2051	15,916,346	7,981,510	5,087,629	**28,985,486**
2052	16,047,239	8,037,462	5,145,246	**29,229,947**
2053	16,234,465	8,131,236	5,205,276	**29,570,978**
2054	16,480,019	8,264,173	5,267,806	**30,011,999**
Total	**426,177,186**	**267,208,036**	**245,399,344**	**938,784,566**

FIGURE 3.32 – TRANSPORT CONNECTIONS CAPEX



Part D: Financial Forecasts – Ngā Matapae Ahumoni

4.1 OVERALL EXPENDITURE SUMMARY – *Whakarāpopototanga Whakapaunga Utu*

This section summarises the total capital and operational expenditure forecast for each infrastructure activity over the next 30 years, as proposed through this strategy. Council has included the four infrastructure activities that require significant investment and delivery including drinking water supply, wastewater, stormwater and transport connections.

This strategy is based on best information available at this time; however, the strategy will be updated in three years alongside the 2027-37 Long Term Plan. Decisions regarding major infrastructure projects will be considered in line with the 'dates decisions required' information within this strategy.

4.1.1 Balancing the work programme against cost and capacity

The strategy has a focus on investment in three waters infrastructure, predominantly wastewater and drinking water activities to ensure the Council achieves compliance, delivers security and resilience of networks, meets agreed levels of service and standards, plans for increased demand through population growth and development and manages the impact on our environment.

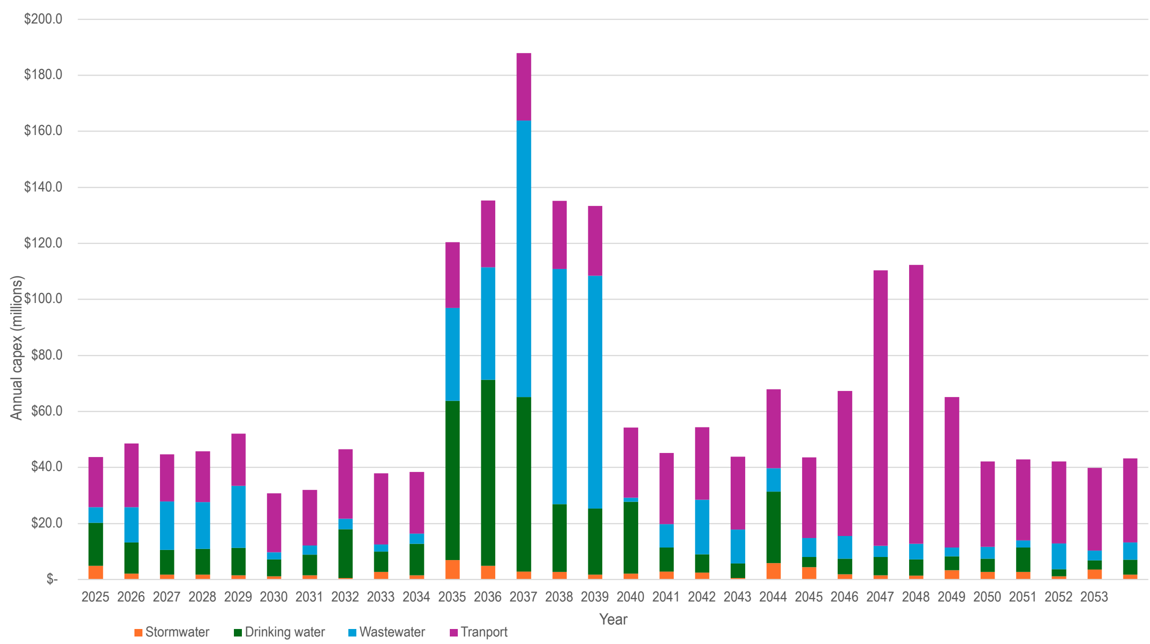
Over the next 30 years, there are a number of significant challenges and decisions required to deliver the overall plan. Addressing all of these challenges will require significant planning and investment. Council will need to ensure that we balance affordability with the delivery of essential services and prioritise critical improvements that will enhance the district and help achieve our vision and communities' aspirations.

Ensuring the Council is able to deliver on the programme of works is another key consideration. The Council is taking steps to develop and deliver an achievable work program. This includes prioritising the work programme, sequencing projects, building capacity within the Council, managing our project pipeline, having a long-term view of rates and debt, and staying flexible. It also includes fostering relationships with civil contracting services and other contractors to ensure robust thriving businesses who can help us to deliver.

4.2 TOTAL PROJECTED CAPITAL EXPENDITURE 2024-2054 – *Te Tapeke Whakapaunga Utu Rawa 2024-2054*

Figure 4.1 shows the expected capital expenditure year-on-year up to 2054 for the various contributing activities.

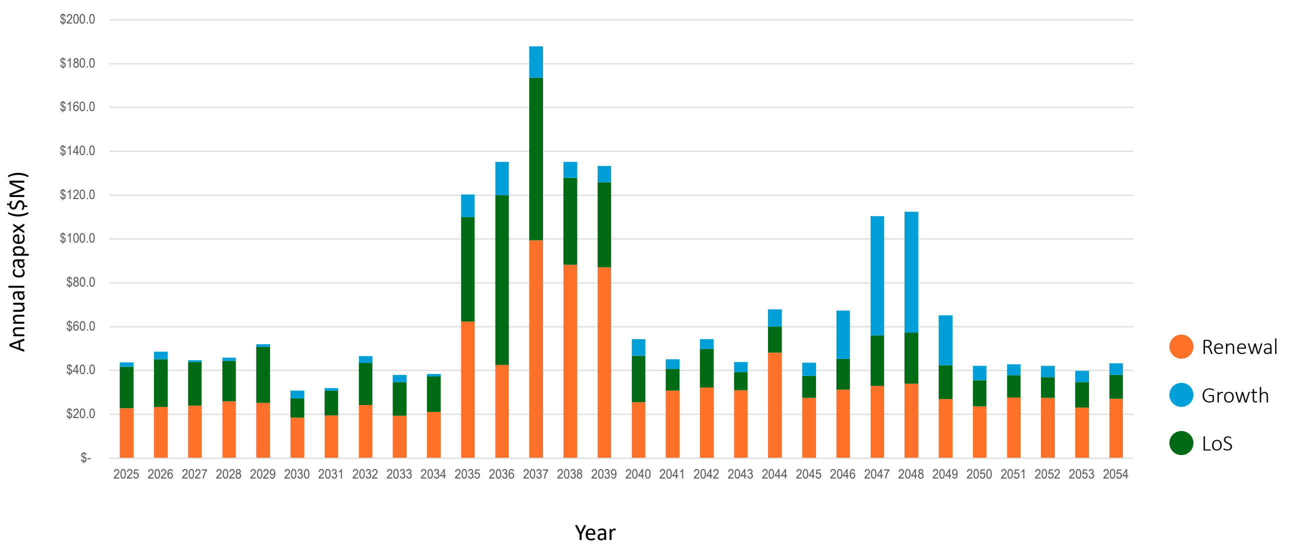
FIGURE 4.1 – ANNUAL COMBINED CAPEX (BY ACTIVITY)



Projected infrastructure capital expenditure by activity classification 2024-2054

Figure 4.2 shows expected capital expenditure year-on-year up to 2054 by the main cost driver (growth, level of service or renewal.

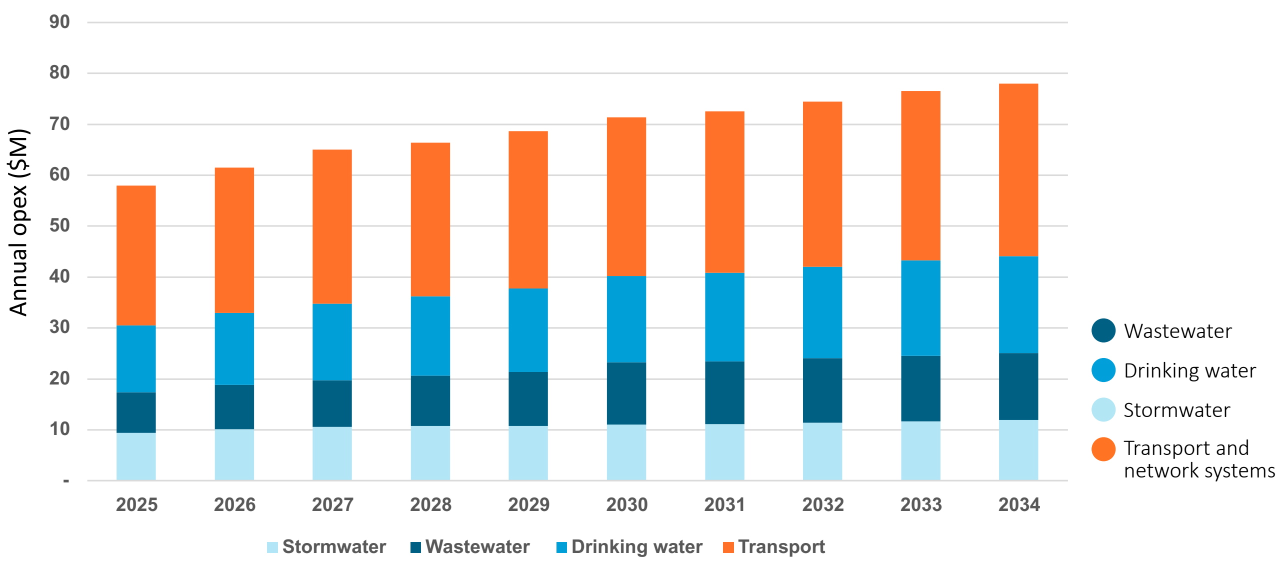
FIGURE 4.2 – ANNUAL COMBINED CAPEX (THREE WATERS PLUS TRANSPORT)



4.2.1 Total projected operational expenditure 2024-2054

Figure 4.3 shows expected operating costs, including personnel costs, direct costs, finance costs and depreciation up to 2034 by infrastructure activity area classification (i.e. for transport, waster supply, wastewater and stormwater).

FIGURE 4.3 – TRANSPORT AND THREE WATERS OPEX



4.3 SIGNIFICANT ASSUMPTIONS – *Ngā Matapae*

The Infrastructure Strategy has been prepared using the following assumptions, which are consistent with the Significant Forecasting Assumptions for the Long Term Plan 2024-34.

Note the following Infrastructure Strategy specific matters when reading the Significant Forecasting Assumptions.

Topic	Issue	Assumption for Infrastructure Strategy	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
Renewal of assets	Future replacement of assets - water assets not strictly 'like-for-like'.	Where appropriate, renewals for three waters are undertaken as a 'like for like' replacement. New (2024) materials are typically superior to the original material resulting in an inevitable improvement. A level of service improvement will therefore occur. In many cases, especially in the rural environment, renewal of assets is also requiring an upsizing in capacity to respond to increased resilience and climate change events as well as future proofing for growth over the long term. This upsizing means increased costs to renew.	MEDIUM	MEDIUM
Renewal of assets	Future replacement of assets - maintenance and renewal of transport assets not strictly 'like-for-like'.	The Council has been under-investing in road surfacing renewals for the last decade, due to funding constraints, and has a significant backlog of overdue resurfacings. The Council currently has capacity in our lower classification roads condition ratings to absorb some managed decrease in levels of service. However, our higher classification roads are already showing signs of deterioration and require increased surfacing renewals to bring them back in line, deal with the overdue renewals and reduce the risk of large scale (and far more costly), premature failure of the underlying road pavements.	MEDIUM	MEDIUM

Revenue and Financing Policy

Te Kaupapa here Pūtea whiwhi me te Ahumoni

REVENUE AND FINANCING POLICY
Te Kaupapa here Pūtea whiwhi me te Ahumoni

1.0 PURPOSE – *Te Take*

The purpose of the Revenue and Financing Policy is to provide certainty about how the Council manages its finances prudently and in a way that promotes the current and future interests of the community.

This policy is a framework to ensure the appropriate funding sources for operating and capital expenditure are allocated, based on decisions in the Long Term Plan.

It also outlines how the decisions were made and how it will guide future decisions.

Under sections 102 and 103 of the Local Government Act 2002, the Council must adopt a Revenue and Financing Policy.

2.0 POLICY PRINCIPLES – *Ngā Mātāpono*

Section 101 of the Local Government Act 2002 requires local authorities to consider certain matters when determining the sources that will be used to meet funding needs.

To assist with the identification of the appropriate funding methods, incorporating the matters set out in section 101, the Council has used a set of guiding principles, set out in table 2.0.1 below:

TABLE 2.0.1: PRINCIPLE/RATIONALE FOR ITS APPLICATION
Ensuring compliance with legislation
This principle reflects the Council complies with legislative requirements as a minimum standard. The Local Government Act 2002 and related legislation, specifically the Local Government Act 2002 and related legislation.
Honouring our obligations under Te Tiriti o Waitangi
This principle reflects the policy appropriately supports the principles set out in Te Ture Whenua Māori Act 1993, and more broadly the principles of the Treaty of Waitangi. The Council will specifically take these into account when considering funding decisions that impact Māori landowners.
Aligned to our strategic goals
This principle reflects the Revenue and Financing Policy supports the broader strategies and priorities as set out in the council's vision and Long Term Plan 2024-34. It should also show how investment in infrastructure is funded.
Ensuring we maintain financial prudence and sustainability
This principle ensures that the Council is able to operate both short- and long-term in a financially sustainable manner that promotes the current and future interests of the community.
Delivering community outcomes
This principle guides the Council's decisions on how revenue requirements will be met (by ratepayers and other groups), taking into account the impact of such decisions on the achievement of the strategic goals and community outcomes from each activity, while minimising the effect of changes from those decisions.

There are some inherent conflicts between these guiding principles. In practice, establishing the Council's specific revenue and financing policies involves balancing competing guiding principles. For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability. In practice, when the Council applies these principles to assess how to fund the separate activities, Council then considers the overall impact of any allocation of liability on the community.

Focusing on broader wellbeing outcomes
This principle guides the Council to consider the revenue requirements, and consider the impact of such decisions on the current and future social, economic, environmental and cultural wellbeing of the community.
Considering the affordability of funding decision
This principle guides the Council to consider the impact of funding methods on people's ability to pay, balanced against the delivery of services through Council activities, as this can have implications for community wellbeing.
Ensuring transparency in how activities are delivered and funded
This principle guides Council to ensure transparent decision-making that enables the funders and users of services to assess whether they get value for money and to make more informed decisions in using Council services.
Ensuring accountability in how activities are delivered and funded
This principle guides the Council to ensure transparent decision-making that enables funders and users of services to assess whether they get value for money and to make more informed decisions in using Council services.
Aligning who benefits and who pays
This principle guides the Council's decisions to consider who benefits from the services provided in each activity and the impact on costs this creates, (whether for the community as a whole, any identifiable part of community, or individuals); as well as the period in which benefits and costs are expected to occur (current or future funding).
Ensuring efficiency in the use of funding sources used for activities
This principle influences the Council's decisions on the best mix of funding (between rates income, other revenue sources, borrowings and asset sales) to pay for its assets and activities. The Council's limited financial resources should be used in such a way to maximise the benefits provided to the community, while minimising the burden on ratepayers.
Ensuring the funding decisions of the Council don't materially impact market neutrality
This principle is relevant when the Council is competing with the private sector in producing or delivering services. To avoid the Council being placed in an advantageous position or discouraging private enterprise, the Council will apply commercial best practice when providing such services, in tandem with other principles.
Ensuring this policy is practical and fit for purpose for the period intended
This principle ensures the Council's Revenue and Financing Policy is achievable and retains relevance in the face of challenging circumstances.

3.0 FUNDING SOURCES – *Ngā Mātāpuna Pūtea*

Legislation requires the Council to make adequate and effective provisions in its Long Term Plan to meet the expenditure needs identified. Generally, this will mean that all expenditure is funded: a 'balanced budget'.

The sources of funding applied under this policy are limited to those set out under section 103 (2) of the Local Government Act 2002.

3.1 Funding of operating cost

Operating costs are the every day spending on activities the Council provides. This includes recognising the costs of previously developed or acquired assets with the benefits they provide over time (depreciation), as well as interest charged on borrowing for capital projects and overhead costs.

The nature of depreciation, as a non-cash charge, does make it distinct from the majority of other operating costs that are generally cash. Further detail on the funding of depreciation is provided in 3.2 below.

We must consider the funding for operating costs of each activity individually. Some activities may be best funded by user charges, such as swimming pool admission fees, others with targeted rates, such as a stormwater schemes, and others from the general rate, such as parks, reserves and gardens.

Often the benefit of outcomes from a particular activity of council may include a mix of direct user benefits as well as wider community benefits, so the funding for the activity may appropriately include a mix of different sources.

The funding sources for operating costs are listed below, and are defined in more detail in 3.3 definition of funding sources:

- General rates, including uniform annual general charges
- Targeted rates, including fixed targeted rates
- Subsidies and grants - operating
- User fees and charges
- Interest and dividends from investments
- Other sundry operating income; and operating reserves.

The Council has determined the proportion of operating costs that needs to be funded from each of the sources through a Fundings Needs Analysis for each activity. These are summarised in table 3.8.1.

The Council will consider forecasting future debt levels when deciding whether it is prudent to budget for an operating surplus for debt repayment.

Investments are managed within the framework specified in the Council's Investment Policy in accordance with section 102(2)(c) of the Local Government Act 2002.

The Local Government Act 2002 requires the Council to produce a Funding Impact Statement that provides details on the funding mechanisms to be used for each year covered. This statement is included in the Long Term Plan and Annual Plan, and shows how the Council intends to implement the Revenue and Financing Policy each year. It also shows the amount of funding to be collected from each available source, including how various rates are to be applied.

3.2 Funding of depreciation

Depreciation is a non-cash charge that reflects the reduction in the usability of our assets over time. Because this is a non-cash expense, any revenue raised to cover depreciation (referred to as 'funding depreciation') generates a cash surplus that is used to fund capital expenditure.

Fully funding depreciation from rates and current revenue would mean that, on average, over the long run, we are not relying on borrowing to fund asset replacement expenditure. This represents a sustainable approach.

The use of borrowings and depreciation reserves may be appropriate to smooth the matching of cashflows between revenues and the funded capital expenditure over time.

In some cases, it is not financially prudent to fund depreciation. In determining the level of non-funded depreciation, the Council will consider:

- Whether at the end of its useful life, the replacement of an asset will be or is likely to be funded by way of a grant or subsidy from a third party.
- Whether the council has elected not to replace an asset at the end of its useful life.
- Whether a third party has a contractual obligation to maintain the service potential of an asset throughout all or part of its useful life or to replace the asset at the end of its useful life.

- Where a portion of the capital expenditure on the asset cost on which depreciation is being amortised has been subsidised by a third party such as capital grants from NZ Transport Angency Waka Kotahi, or development contributions.
- Whether fully funding depreciation in the short-term will result in an unreasonable burden on ratepayers, presenting conflict between funding principles, for example between affordability and financial prudence and sustainability. In such circumstances, the Council will remain prudent and ensure it promotes both the current and future interests of the community by forecasting to reach a position over time where it fully funds depreciation (apart from the exceptions above).

3.3 Funding of capital expenditure

Capital expenditure reflects investment in buying or building new assets. It also includes replacing, improving or extending the useful life of an existing asset contributing to community outcomes and the district's growth and operational capabilities.

Where possible, the Council offsets the impact of cash flow required for capital expenditure, minimising the impact of debt repayments on both current and future rate payers, by first looking for other funding sources for capital expenditure. These may include:

- Subsidies and grants – capital, including from agencies such as NZ Transport Agency Waka Kotahi, Ministry of Business, Innovation & Employment - Hīkina Whakatutuki and Kānoa- Regional Economic Development & Investment Unit.
- Development contributions and financial contributions.
- Lump sum contributions.
- Proceeds from the sales of assets.

Development contributions and financial contributions are managed within the framework specified in the Councils' Development and Financial Contributions Policy in accordance with section 102(2)(d) of the Local Government Act 2002.

After allowing for the offset from the other funding sources above, the Council usually funds the balance of capital expenditure from the following sources:

- Funding of depreciation as provided for in 3.2;
- Depreciation from reserves; and
- Borrowings.

Borrowing for capital expenditure enables the Council to ensure there is intergenerational equity in terms of who funds capital expenditure – the repayments are spread over the reasonably-expected average life of the asset where practicable. This means today's ratepayers are not asked to fund tomorrow's assets.

Borrowing is managed within the framework specified in the Council's Liability Management Policy in accordance with section 102(2)(b) of the Local Government Act 2002.

3.4 Funding of operating cost

This section provides some simple definitions of the different sources that are available to fund the Council's activities. Activities may be funded from one or more source.

General rates

General rates are used to raise revenue for activities that are of public good or where recovery from users (private good) is not efficient or possible.

They include two portions. The first portion is set based on capital value (value of land plus improvements), and the second portion is by fixed amount per rating unit (Uniform Annual General Charges – UAGC).

A more detailed specification of the rating policy is detailed in 3.5 below.

Targeted rates

Targeted rates are used to raise revenue for activities where an area of benefit can be recognised. For example, a rate may be charged to the commercial sector, or to a specific ward. They are set based on the capital value or as a fixed amount per rating unit (Fixed Targeted Rate). This can be used for both private good and public good.

Grants and subsidies

Proceeds through grants and subsidies from external entities must be applied against the project for which the subsidy was acquired. These generally would be of a public good; however, this can depend on the purpose or source of the grant or subsidy.

In some cases, financial assistance relates to a specific project and the ongoing management of the infrastructure e.g. Waka Kotahi NZ Transport Agency subsidises capital costs, and contributes towards the operational costs of the transport team.

User fees and charges

Fees, charges and the recovery of fines are used to raise revenue for services or activities that have a high component of private good, and where the users of the service or the exacerbators are identifiable.

Interest and dividends from investments

The Council has very little external investment holdings and these do not make any return of note. Any income that is received from an investment is generally used to fund activities of public good.

Other sundry operating income

The Council receives income across its activities from a number of other sundry income sources unique to each activity, such as royalties, sponsorships, insurance claims and expense recoveries.

Development contributions

To levy these, there must be a specific policy. The Revenue and Financing Policy must signal why these are going to be levied. There must be a high component of private good. The Council generally considers development contributions as its main funding tool for development-related costs.

Financial contributions

The Council may also require a financial contribution to mitigate environmental effects of a development or subdivision. This may be in the form of money or land, or a combination of both. The Resource Management Act restricts the charging of financial contributions to only those activities that avoid, remedy or mitigate environmental effects.

Lump sum contributions

Lump sum contributions are for the recovery of specific capital expenditure and are otherwise loan funded (optional for ratepayer). These must have a high component of private good, as they are paid by ratepayers for capital. Our policy is to not accept lump sum contributions for targeted rates.

Proceeds from asset sales

Proceeds from asset sales will be applied to reduce debt either within the activity from which the sale arose or by the Council allocating the proceeds to retire debt in a specific activity, or as otherwise provided for within other policies.

Borrowing

Borrowing refers to loans, both short-term and long-term. Our policy is that borrowing is a funding tool and does not need a split between public and private good, as it is only deferring the eventual charge.

Council reserves

Council-created reserves are used to fund a number of activities, where the activity meets the purpose for which the reserve was created.

Operating reserves are used for a specific purpose or activity usually to cover short-term financial fluctuations, ensuring smooth operations and mitigating cash flow issues, such as unexpected expenses or revenue delays.

Depreciation reserves are used for funding asset renewals. In some instances where it is considered appropriate by the Council (excluding reserves which have specific restrictions), and where appropriate approval is granted, reserves are used to fund items outside their original purpose.

Restricted reserves are specific funds set aside for designated purposes, often by donors, granting institutions or through other legal requirements, and can’t be freely used by the Council but are applied against the expenditure associated with the specific purpose intended, ensuring compliance and transparency.

Harbour Endowment Fund: The Council owns a number of harbour properties in the Whakatāne Central Business District. The income from these properties and any sale of harbour endowment assets are held as the Harbour Endowment Fund as a specific reserve. Rules associated with the Harbour Endowment Fund have been set through legislation and govern the use of income derived from leases or the sale of assets.

The Long Term Plan 2024-34 operates within the required parameters of all restricted reserves.

Any other source

Other funding sources may be available from time to time to fund Council activities.

The Council's final consideration of funding by rates comes:

- after considering how other funding sources will be used to fund operating costs and capital expenditure
- after that has been applied to activities in the Funding Needs Analysis; and/or
- after being adjusted for the overall funding considerations.

3.5 Setting of rates

The Council sets its rates on an annual basis under resolution in accordance with the Local Government (Rating) Act 2002 section 23, with due consideration of the Long Term Plan, this policy and other policies.

General rates

The general rate is allocated to all rateable properties based on the capital value of the property.

The Council differentiates the general rate into differential rating categories based on one or more of the uses to which the land is put, the provision or availability to the land of a service provided, the activities permitted, controlled, or discretionary for the area in which the land is situated and the rules to which the land is subject under the operative district plan, and the location of the land.

The current differential rating categories set within this policy are:

- Residential properties capital value up to $30 million
- Commercial properties capital value up to $30 million
- Industrial properties capital value up to $30 million
- Farming and horticultural properties capital value up to $30 million
- District-wide rateable properties capital value portion greater than $30 million.

In setting the differential categories, and the differential factors, the Council considers the requirements of the Local Government Act 2002 and a number of other considerations, including:

- The activities funded by the general rate and the s101(3) considerations for the activities.
- The impact of any change, or rate of change to the differential.
- The views of those impacted by the differentials.
- Other reasonable options, and the advantages and disadvantages of those options.
- The overall impact of the differential on ratepayers.

The full definition of these differential rating categories and the general rate differential factors calculation is contained in the Funding Impact Statement.

Uniform annual general charge

A portion of general rates is assessed as a Uniform Annual General Charge. The Uniform Annual General Charge is set under section 15(1)(b) of the Local Government Rating Act 2002. The Uniform Annual General Charge is a fixed general rate that Council uses to cover charges for services most residents benefit from, being a flat dollar charge for each Separately Used or Inhabited Part of a rating unit. The Uniform Annual General Charge is a fixed charge regardless of the value of a property.

The Uniform Annual General Charge is not a direct allocation of the cost of a single activity or targeted at a single rating category, it is allocated equally to all Separately Used or Inhabited Part's of all rating units.

The definition of a Separately Used or Inhabited Part is contained in the Funding Impact Statement.

The Uniform Annual General Charge will not be charged on each division of a rating unit unless it is evident that the divided rating unit is separately used or inhabited. Revenue collected from the Uniform Annual General Charge for all rateable properties is set out in the Funding Impact Statement. The amount of rates revenue collected from the Uniform Annual General Charge is limited to a maximum of 30 percent of the total rates revenue collected as prescribed by the Local Government Rating Act 2002.

Targeted rates

Targeted rates are set in accordance with sections 16, 18, and 19, and schedules 2 and 3 of the Local Government Rating Act 2002.

Targeted rates are rates used to fund an activity or group of activities and may be set on a on a single rating category or multiple rating categories.

Targeted rates may be applied either uniformly on all rating units or at different amounts for different groups of rating units.

One or more of the requirements of schedule 2 of the Local Government Rating Act 2002 must be used when defining a category to set targeted rates differentially.

Targeted rates are used to fund the following activities which the Council feels all, or part of, the cost of an activity is best met by a defined category.

- Democracy - community boards
- Economic development - district growth
- Events and tourism - EPIC
- Transportation connections - roading
- Stormwater
- Wastewater - sewerage
- Water supply
- Waste management - refuse removal

General revaluation

The Council is required to revalue each rating unit at least once every three years. This is a set out in the Rating Valuation Act 1998 (RVA). Along with decisions made by the Council, values established under general revaluation are used for assessing and setting rates. The valuation changes do not change the rates budget, instead they change the allocation of the budget on individual properties.

The next effective date of general revaluation for the Whakatāne District is September 2025. The new values will be used for setting rates for a three-year period commencing 1 July 2026.

Calculating differentials following general revaluation

Following general revaluation, the Council may consider changes to differentials used for each rating category when assessing and setting rates in the year following.

Rates remissions and postponements

The Council may remit rates where it is considered appropriate to do so and as allowed for in the Rates Remission and Postponement Policies (All Land) and Rates Remission and Postponement Policies (Maori Freehold Land). These policies address social matters and adjusting rates for benefits that differ for some rates assessments (e.g. additional or no provision of some services).

The remission or postponement of rates is done in accordance with the Council's Rates Remission and Postponement Policy as required under the Local Government Act section 102(3).

The remission of rates reduces the overall income from rates as such it conceptually results in a shift across the balance of the rating base in future years. This impact is significantly diminished because historically the level of penalties Council collects on rates revenue has been equivalent to, or often greater than, the level of rates remitted per annum, meaning general rates have not had to be increased to fund the revenue reduction from rates remissions.

The remission or postponement of rates on Māori Freehold Land is done in accordance with the Councils' Remission and Postponement of Rates on Māori Freehold Land Policy as required under Local Government Act section 102(2)(e) and with additional reference to Te Ture Whenua Māori Land Act 1993,
Local Government (Rating of Whenua Māori) Amendment Act 2021, and the Local Government Rating Act 2002.

3.6 Setting of user fees and charges

User fees and charges are one of the ways the Council can fund the costs of delivering an activity or service directly from those who use, and therefore benefit, from the activity or service.

The Council sets fees and charges to share costs between ratepayers and the people using a particular service (user pays model) in line with the principles of this policy and its supporting activity level.

There is no perfect balance between the two, but generally where an activity has greater public good, such as libraries and sport fields, a higher proportion of that activity will be funded by general rates.

In general, the process of setting user fees and charges typically involves several key steps:

- Identification of services within an Activity
- Cost identification
- Funding requirement
- Who benefits from the services
- User fee setting
- Consideration of affordability
- Consideration of the efficiency in recovering the fees and charges
- Public consultation
- Approval.

Periodic review

User fees and charges are not static. Councils regularly review and adjust these fees, usually in coordination with setting a long term plan or annual plan, to ensure they remain fair, transparent and aligned with the costs of providing activities. Adjustments may be made in response to changes in costs, inflation, or shifts in community needs.

Waiving or discounting of user fees and charges

The Council may waive or discount fees and charges where they're considered appropriate to do so. Considerations include social reasons, the promotion of events and facilities, commercial reasons, poor service, or to minimise risk.

3.7. Assessing the impact of funding needs

In accordance with the Local Government Act 2002 section 101(3), and guided by the principles documented in the Financial Strategy and identified in this policy, the Council has considered the above sources of funding against each of its activities. This includes determining the amount of the funding required, understanding the sources of funding, mix of funding and timing of funding. The detail to support the Council assessment is included in the Funding Needs Analysis, which is adopted in support of this policy.

This Policy uses the bands in table 3.7.1 below as a percentage of the revenue required to fund each activity and is indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from budgeted funding sources. Therefore, in line with good practice, these are set as funding bands rather than specific funding percentages to allow for minor changes over time e.g. a one-off subsidy or grant.

TABLE 3.7.1: FUNDING BANDS

Description	Range	Key
Unlikely	0% (-)	⊗
Low	0% - 30%	☆
Medium	30% - 70%	☆
High	70% - 100%	☆
Potential to be Used		☆

3.8 Summary of sources of funding for operational cost by activity

The table below shows the indicative percentages of each funding source which is used to fund the operating costs of the activities.

TABLE 3.8.1: SUMMARY OF SOURCES OF FUNDING FOR OPERATIONAL COSTS BY ACTIVITY

Activity Grouping/Activity	General rates	Targeted rates	User fees and charges	Development and financial contributions	Subsidies and grants	Investment income	Other income	Operating reserves
Democracy								
Governance	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Community Support and Grants	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Community Boards	⊗	☆	⊗	⊗	☆	⊗	☆	☆
Arts and Culture								
Libraries and Galleries	☆	⊗	☆	⊗	☆	⊗	☆	☆
Museums and Archives	☆	⊗	☆	⊗	☆	⊗	☆	☆
District Partnerships								
Māori Relationships	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Community Development	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Community and Road Safety	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Aquatic Centres								
District Aquatic Centres	☆	⊗	☆	⊗	☆	⊗	☆	☆
Events and Tourism								
Visitor Information	☆	⊗	☆	⊗	☆	⊗	☆	☆
Marketing and Events	☆	☆	☆	⊗	☆	⊗	☆	☆
Economic Development								
Economic Development	☆	☆	⊗	⊗	☆	☆	☆	☆
Strategic Property	☆	⊗	☆	⊗	⊗	☆	☆	☆

Activity Grouping/Activity	General rates	Targeted rates	User fees and charges	Development and financial contributions	Subsidies and grants	Investment income	Other income	Operating reserves
Climate Change and Resilience								
Emergency Management	⍟	⍟	⊗	⊗	⍟	⊗	⍟	⍟
Climate Change	⍟	⍟	⊗	⊗	⍟	⊗	⍟	⍟
Stormwater								
Waters Management	⍟	⊗	⊗	⊗	⊗	⊗	⍟	⍟
Stormwater and Drainage Services	⍟	⍟	⊗	⊗	⍟	⊗	⍟	⍟
Wastewater								
Wastewater Services	⍟	⍟	⍟	⊗	⍟	⊗	⍟	⍟
Trade Waste Services	⍟	⊗	⍟	⊗	⍟	⊗	⍟	⍟
Water Supply								
Water Supply Services	⍟	⍟	⍟	⊗	⍟	⊗	⍟	⍟
Ports and Harbour								
Ports and Harbour	⍟	⊗	⍟	⊗	⍟	⊗	⍟	⍟
Parks and Reserves								
Parks Reserves and Gardens	⍟	⊗	⍟	⊗	⍟	⊗	⍟	⍟
Cemeteries	⍟	⊗	⍟	⊗	⍟	⊗	⍟	⍟
Holiday Park								
Whakatāne Holiday Park	⍟	⊗	⍟	⊗	⍟	⊗	⍟	⍟
Transportation Connections								
Transport Network Connections	⍟	⍟	⍟	⊗	⍟	⊗	⍟	⍟
Shared Use Pathways	⍟	⊗	⍟	⊗	⍟	⊗	⍟	⍟
Parking Enforcement	⍟	⊗	⍟	⊗	⍟	⊗	⍟	⍟

Activity Grouping/Activity	General rates	Targeted rates	User fees and charges	Development and financial contributions	Subsidies and grants	Investment income	Other income	Operating reserves
Building and Resource Management								
Building Services	☆	⊗	☆	⊗	☆	⊗	☆	☆
Resource Consents	☆	⊗	☆	⊗	☆	⊗	☆	☆
Resource Management Policy	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Waste Management								
Waste Disposal	☆	☆	☆	⊗	☆	⊗	☆	☆
Waste Minimisation	☆	☆	☆	⊗	☆	⊗	☆	☆
Community Regulation								
Animal Control	☆	⊗	☆	⊗	☆	⊗	☆	☆
Environmental Health	☆	⊗	☆	⊗	☆	⊗	☆	☆
Liquor Licensing	☆	⊗	☆	⊗	☆	⊗	☆	☆
Regulation Monitoring	☆	⊗	☆	⊗	☆	⊗	☆	☆
Community Facilities								
Halls	☆	⊗	☆	⊗	☆	⊗	☆	☆
Public Conveniences	☆	⊗	☆	⊗	☆	⊗	☆	☆

Corporate Services

Corporate Services overhead costs are the indirect costs incurred by the Council that are not directly tied to the production or delivery of a specific activity or service. Examples of corporate overhead costs include administrative salaries, rent for council offices, utilities, and other general expenses.

The costs of Corporate Services are allocated to each activity using an appropriate allocation base. For example, the cost of the People and Capability service may be allocated based on the number of employees each activity has. This overhead allocation methodology, which is good practice, means the costs of Corporate Services is funded through the indicative percentages of each actual activity, reflected in table 3.8.1 above, in the ratio to which they are allocated.
It's important to note that overhead allocation may not perfectly reflect the actual consumption of resources by each activity. The goal is to provide a reasonable and consistent method for assigning indirect costs to the activities in a way that aligns with the Council's overall financial objectives.

3.9 Summary of sources of funding for capital expenditure by activity

The table below shows the indicative percentages of each funding source, which is used to fund the capital expenditure costs of the activities. Where an activity has little or no depreciation, it has been excluded.

TABLE 3.9.1: SUMMARY OF SOURCES OF FUNDING FOR CAPITAL EXPENDITURE BY ACTIVITY

Activity Grouping/Activity	Development contributions	Subsidies, grants and other third parties	Assets replacement depreciation reserves	Borrowings
Arts and Culture				
Libraries and Galleries	⊗	☆	☆	☆
Museums and Archives	⊗	☆	☆	☆
Aquatic Centres				
Aquatic Centre Services	⊗	☆	☆	☆
Events and Tourism				
Marketing and Events	⊗	☆	☆	☆
Economic Development				
Strategic Property	⊗	☆	☆	☆
Stormwater				
Stormwater and Drainage Services	☆	☆	☆	☆
Wastewater				
Wastewater Services	☆	☆	☆	☆
Water Supply				
Water Supply Services	☆	☆	☆	☆
Ports and Harbour				
Ports and Harbour	⊗	☆	☆	☆
Parks and Reserves				
Parks Reserves and Gardens	☆	☆	☆	☆
Cemeteries	☆	☆	☆	☆
Holiday Park				
Whakatāne Holiday Park	⊗	⊗	☆	☆
Transportation Connections				
Transport Network Connections	⊗	☆	☆	☆
Waste Management				
Waste Disposal	⊗	☆	☆	☆
Waste Minimisation	⊗	☆	☆	☆
Community Facilities				
Halls	☆	☆	☆	☆
Public Conveniences	☆	☆	☆	☆

Development Contributions Policy

Te Kaupapa Here Tāpaetanga Whakawhanake

1.0 INTRODUCTION – *Kupu Arataki*

This policy sets out what monetary contributions or contributions in the form of land are required when development occurs that will result in a growth-related impact.

Under the Local Government Act 2002, the Council is required to adopt a Development Contributions Policy to fund or partly fund capital projects from development contributions. This allows Council to adopt a framework to manage growth and ensure that its associated costs are attributed to those generating the impact on infrastructure and community facilities.

The Council first adopted a Development Contributions Policy in June 2004, and it has been regularly reviewed since. The current policy aligns with the 2024-34 Long Term Plan.

Development contributions under the Local Government Act are in addition to and need to be clearly separate contributions to financial contributions imposed as a condition of a resource consent under section 108 of the Resource Management Act 1991.

Development contributions taken by the Council under the Long Term Plan relate directly to the assumed cost of development on current and future community facilities.

2.0 PURPOSE – *Te Take*

Population and business growth create the need for new subdivisions and developments, and these add increased demand on the assets and services provided by the Council. As a result, significant investment in new or upgraded assets and services is required to meet the demands of growth.

The purpose of the development contributions provisions (and the need for a policy) is to ensure that a fair, equitable and proportionate share of the cost of the infrastructure required to meet growth demands over the long term, is funded by development contributions under the Local Government Act 2002.

The policy has been developed to meet the principles of the act that (amongst other principles) require development contributions to be required:

- If the effects or cumulative effects of developments will create or have created a requirement for the Council to provide or to have provided new or additional assets or assets of increased capacity.
- Once consideration has been given to the capacity life of the assets in a way that avoids over recovery of costs allocated to development contribution funding.
- Once consideration has been given to the persons who will benefit from the assets, including the community as a whole, as well as those who create the need for those assets.
- For or towards the purpose of the activity or the group of activities for which they were required, and for the benefit of the district or the part of the district where they were required.

3.0 APPLICATION OF THE POLICY – *Ngā Tōno*

The policy will apply to the type and/or location of development, where applications are received for:

a) Resource consent (land use and subdivision consents); or
b) Building consents; or
c) Authorisations for service connection.

This policy applies to any applications received for resource consent, building consent or authorisations for service connections on or after 1 July 2024, for the type of activity or within a defined area as stipulated in this policy. The policy also applies if payment has not been received before this date based on an earlier assessment, with the Council reserving a right to reassess the development contribution based on this new policy.

4.0 PREAMBLE TO TE TURE WHENUA MĀORI ACT 1993 – Kupu Whakataki ki Te Ture Whenua Māori 1993

Section 102(3A) (a) of the Local Government Act 2002 states a development contributions policy must support the principles set out in the preamble to the Te Ture Whenua Māori Act 1993. That preamble reads:

Nā te mea i riro nā te Tiriti o Waitangi i motuhake ai te noho a te iwi me te Karauna: ā, nā te mea e tika ana kia whakaūtia anō te wairua o te wā i riro atu ai te kāwanatanga kia riro mai ai te mau tonu o te rangatiratanga e takoto nei i roto i te Tiriti o Waitangi: ā, nā te mea e tika ana kia mārama ko te whenua he taonga tuku iho e tino whakaaro nuitia ana e te iwi Māori, ā, nā tērā he whakahau kia mau tonu taua whenua ki te iwi nōna, ki ō rātou whānau, hapū hoki, a, a ki te whakangungu i ngā wāhi tapu hei whakamāmā i te nohotanga, i te whakahaeretanga, i te whakamahitanga o taua whenua hei painga mō te hunga nōna, mō ō rātou whānau, hapū hoki: ā, nā te mea e tika ana kia tū tonu he Kooti, ā, kia whakatakototia he tikanga hei āwhina i te iwi Māori kia taea ai ēnei kaupapa te whakatinana.

Whereas the Treaty of Waitangi established the special relationship between the Māori people and the Crown: And whereas it is desirable that the spirit of the exchange of kawanatanga for the protection of rangatiratanga embodied in the Treaty of Waitangi be reaffirmed: And whereas it is desirable to recognise that land is a taonga tuku iho of special significance to Māori people and, for that reason, to promote the retention of that land in the hands of its owners, their whānau, and their hapū, and to protect wāhi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whānau, and their hapū: And whereas it is desirable to maintain a court and to establish mechanisms to assist the Māori people to achieve the implementation of these principles.

The policy recognises land is a taonga tuku iho of special significance and the importance of retaining that land and facilitating its occupation, development and use for the benefit of its Māori owners, their whānau and hapū. This policy provides for greater flexibility in relation to the assessment of development contributions in relation to iwi/hapū and whānau seeking to occupy, develop and utilise land for the benefit of their owners, whānau and hapū. This policy will only apply to papakainga housing development on Māori land (as defined under the Te Ture Whenua Māori Land Act) as follows: Roading/transportation development contributions; and water, wastewater and stormwater reticulated services where connection is proposed.

5.0 POPULATION AND LABOUR FORCE CHANGE *– Ngā panonitanga ki te Taupori me te Hunga Mahi*

The policy has been informed by the report titled “Eastern Bay of Plenty Housing and Business Needs Research” by MRCagney (July and September 2023). The report identifies the following trends:

- Population is expected to grow by about 20 percent in the next 30 years across the Eastern Bay.
- Net migration was responsible for about 70 percent of population change between the period 2013 and 2020. While there is a positive natural increase in population, this rate is declining.
- The average household size is likely to remain at 2.6 to 2.7 people per household.
- While there is still a pattern of an aging population, it is moderated in the Whakatāne District by a younger Māori population.
- There is an increasing number of seasonal employer workers in the Eastern Bay.
- Employment is expected to grow by 21 percent over the next 30 years. Based on the 2023 assessment by Infometrics, the average number of employees of a business in the district is a modest 3.8, with 93 percent of all businesses employing 10 or fewer employees.
- Recent construction trends show that more is being built and that the typologies are changing, albeit at a moderate rate.

The report concludes that this will result in an additional 7,700 people by 2055 (38,300 in 2022 (base) to 46,000 in 2055.

For this Long Term Plan, it means that the population is likely to increase from 39,230 (est. 2024) to 42,618 by 2034 – an increase of 3,388 people, with an estimated additional 1,255 units of accommodation being needed over this period. For the purposes of this policy, 1,255 additional dwellings will be consented or built over the next ten years, with an additional 2,048 over the next 20 years. This is based on 14,950 existing dwellings in 2024, increasing to 16,998 by 2044.

The labour force is predicted to increase by 1,500 people between 2022 (base) and 2034, with 45 percent in commerce, 18 percent in heavy industry, 13 percent in light industry and 24 percent in other (rural based or intensification of existing business).

The building consent data for the last three years (2020/21, 2021/22, 2022/23) show there have been on average 84 building consents issued per year for new dwellings in the district, with the majority of these being built in the Whakatāne/Ōhope (56.2 percent) and Rangitāiki (35 percent) Wards. These figures exclude a number of building consents issued for “pods” constructed in the district, but which may or may not have been located within the Whakatāne District.

5.0 POPULATION AND LABOUR FORCE CHANGE (continued) *– Ngā panonitanga ki te Taupori me te Hunga Mahi*

The level of development throughout the district is variable with the demand for new dwellings and new commercial investment higher in the north of the district, particularly in the urban areas of Whakatāne and Ōhope, and on the Rangitāiki Plains (Matatā/Otakiri, Onepū Springs, Te Teko Lakes and Thornton/Awakeri).

There has been increased interest in building on Māori land, either as papakainga development (housing for whānau) or housing to provide broader socio-economic benefit, although this is yet to be realised. For the purposes of this policy, the additional houses that are projected to be built will include Papakāinga and other housing on Māori land. The policy exempts some contributions being charged for housing recognising the 102(3A) of the Local Government Act. As the exemption is not in total, it is not appropriate to amend the assessed total number of additional household units to reflect papakainga housing developments. However, the uptake of papakāinga and other housing on Māori land will be monitored over time.

Investment in industrial development in Kawerau and Ōpōtiki Harbour in Ōpōtiki, and the Te Rāhui Herenga Waka (Whakatāne Commercial Boat Harbour) in Whakatāne through Government investment by Kanoa Regional Economic Development & Investment Unit will also also provide opportunities to leverage off these investments.

The actual number of new dwellings being consented and built is less the projected demand described above, and this could be due to a number of factors including the diminishing amount of available residential zoned land, funding constraints, construction costs, and burgeoning but unrealised housing developments on Māori land.

The amount of land available for development will be considered as part of the Eastern Bay of Plenty Spatial Plan and subsequent review of the Whakatāne District Plan, starting in 2025.

While the MRCagney report outlines demand for growth into the future, it is unlikely to be fully realised based on the constraints identified above. The Long Term Plan 2024-34 does not yet include the full suite of capex projects required to meet the demand in the MRCagney report, and this will be more informed once the Eastern Bay Spatial Plan is completed by December 2025, alongside the completion of the Waters Strategy (drinking water) and Open Spaces Strategy.

On this basis, this Development Contribution Policy will continue to seek contributions for projects that have been historically provided to meet growth and/or are currently planned to support growth at a rate consistent with what has occurred over the last three years.

Hence, the number of household equivalent units in some planning areas has remained the same as in the previous Long Term Plan for consistency. This can be reviewed once further census data is available and amendments to the estimated household equivalent units can be made through the next review of the development contributions policy.

6.0 SPATIAL PLAN *– Te Mahere Whaitua*

Council is working together with Kawerau District Council, Ōpōtiki District Councils and the Bay of Plenty Regional Council to prepare an Eastern Bay of Plenty Spatial Plan. The plan outlines a 30-year strategy to meet and plan for new housing and business growth and provide the infrastructure to support that growth but to also develop a spatial strategy that supports the delivery of broader social, cultural, environmental, and economic benefits. This will support investment into the Eastern Bay of Plenty through a coherent and agreed strategic direction. The plan is being developed with iwi partners, and key agencies such as Kainga Ora, The Ministry of Housing and Urban Development, The Ministry of Education, NZ transport Agency Waka Kotahi and representatives from key business and social sectors (such as Horizon Energy and Te Whatu Ora). The key challenges for the Plan include determining the economic drivers for the next 30 years, its implications on employment opportunities and job creation, and population increases. Climate change impacts will also be a significant determinant to new growth areas, as several existing settlements may be affected by the impacts of more frequent weather events and changes in coastal areas through sea level rise and other coastal processes.

The Eastern Bay Spatial Plan is not scheduled to be completed until the end of 2025, so this policy assumes that development will generally follow the pattern outlined in the District Plan for this next three-year period.

7.0 POLICY DIRECTION – *Te Arotahi o tēnei Kaupapa Here*

This policy is not intended to unnecessarily hinder or obstruct investment opportunities in the Whakatāne District, but it recognises the demand for services and infrastructure to support new developments should not place unfair costs on the wider ratepayer base.

The Council will charge development contributions for new residential development as described below:

Household Unit or other Accommodation Unit, or a residential lot or service connection for a Household Unit or Accommodation Unit for the following activities and areas:

- Water, wastewater and stormwater infrastructure in Whakatāne, including Coastlands and Bunyan Road, or otherwise connecting to the Whakatāne reticulated supply.
- Water and wastewater in Ōhope (or connecting to the Ōhope wastewater or Whakatāne/Ōhope Water scheme).
- Water and wastewater infrastructure for the Huna Road/Shaw Road Structure Plan Area. This is staged with the development zoned residential in the Whakatāne District Plan prior to 2024 being known as Stage 1, and the subsequent residential zoned land (through Plan Change No. 8) being known as Stage 2.
- Roads and other transport infrastructure, including walking and cycling, throughout the Whakatāne District.
- Reserves Contribution throughout the Whakatāne District.
- Community Infrastructure throughout the Whakatāne District.

The Council will charge development contributions for new commercial and industrial development; or per subdivision lot for this purpose, as described below:

- Water, wastewater and stormwater infrastructure in Whakatāne, Coastlands, Bunyan Road, Huna/Shaw Road Structure Plan, and Ōhope or elsewhere if connected to one of these reticulated services.
- Roads and other transport infrastructure, including walking and cycling, throughout the Whakatāne District.

The Council will update the Development Contributions Policy at least every three years, alongside the Long Term Plan cycle, to account for:

a) The Eastern Bay of Plenty Spatial Plan and associated place-based development strategies or plans that will be developed over the next three years.
b) The review of the Whakatāne District Plan which is planned to start in 2025.
c) Legislative changes that may occur.
d) Any changes to the significant assumptions to the Development Contributions Policy (refer to section 15.0).
e) Any other changes in policy as the Council deals with growth issues (or a lack of growth).
f) Any changes in the capital works programme for growth.
g) Changes in growth assumptions.
h) Any changes in the pattern and distribution of development in the district.
i) The regular reviews of the Financial Strategy, including the Revenue and Financing Policy.
j) The use of financial contributions under the Resource Management Act.

8.0 FINANCIAL CONTRIBUTIONS – *Ngā Tāpaetanga Pūtea*

Development contributions under the Local Government Act 2002 are different from financial contributions under the Resource Management Act 1991.

A financial contribution may be in the form of money or land or a combination of both. The Resource Management Act 1991 restricts the charging of financial contributions to only those activities that avoid, remedy or mitigate environmental effects.

While the Council generally considers development contributions as its main funding tool to meet the costs associated with community facilities resulting from growth, it may also require financial contributions for other activities as set out in the District Plan. It is recognised that a financial contribution cannot be charged for the same purpose as a development contribution. Therefore, a financial contribution will be more commonly charged as a condition of resource consent to mitigate or remedy the environmental effects of a specific development or subdivision. These effects are often localised or unanticipated and arise from the land use activity or subdivision itself, rather than the incremental or cumulative effects on a broader infrastructure network or the district as a whole.

The Whakatāne District Plan was made operative in June 2017, and includes objectives, policies and rules regarding the charging of financial contributions. These enable financial contributions to be taken to mitigate the environmental effects of a development or subdivision. Financial contributions may be taken to mitigate the effects on roads, public car parking and service lanes (for business activities), water supply, sewage collection and disposal, stormwater detention, collection and disposal, and community facilities, including reserves.

This Development Contributions Policy has been changed so reserve contributions are collected through this policy, rather than as a financial contribution as a condition of resource consent. This change is for administrative efficiencies.

It is not anticipated financial contributions will be utilised for the vast majority of subdivisions or land use consents, and the anticipated income from this source will be less than $100,000 per year.

A review of the Whakatāne District Plan will commence (subject to legislative reform) during the life of this policy. That will include a review of the Financial Contributions Policy in the District Plan.

9.0 CAPITAL EXPENDITURE FOR COMMUNITY FACILITIES *– Te Whakapaunga Utu Rawa mō ngā Hua o te Hapori*

Development contributions reflect the impact a development (or a development in conjunction with other developments) has in requiring new or additional assets or assets of increased capacity.

Capital works that are needed to improve the level of service to existing ratepayers or for renewal of existing assets are funded from other sources.

The Council will spend all collected contributions on the asset classes they are taken under to deliver the benefit, or equivalent benefit, for which they are collected.

The following table summarises:

a) The total estimated capital expenditure for projects that include a growth component over the next 10 years or 20 years.

b) The amount of total estimated capital expenditure that will be funded from development contributions by asset group.

TABLE 1 - ESTIMATED TOTAL CAPITAL EXPENDITURE AND AMOUNT TO BE FUNDED BY DEVELOPMENT CONTRIBUTIONS

Asset Group	Total Cost of Capital Works Project ($)	Amount Funded by Development Contributions ($)
Water supply	16,536,898	1,764,604.52
Stormwater drainage	2,304,899	38,722.30
Wastewater treatment and disposal	3,044,821	212,224.02
Roading and transportation	32,423,949	2,720,369.33
Community facilities (other than Rex Morpeth)*	3,870,512	324,735.96
Community facilities (Rex Morpeth)+	107,477,296	14,229,993.99
Reserves	3,219,849	270,145.33
TOTAL	**168,878,224**	**19,560,795.45**

The capital expenditure costs are based on the best current estimate of total cost. These costs will be refined in subsequent revisions of the policy based on updated information about assets and growth.

In most cases, a percentage estimate of what is growth related costs has been used to determine the capital expenditure required for growth. This is based on additional household units within defined catchments or the district over the next ten years or beyond.

** Amount funded over 10 years.*
+ Amount funded over 20 years.

10.0 HISTORIC CAPITAL EXPENDITURE *– Te Whakapaunga Utu Rawa o ngā rā o mua*

In addition to the proposed capital programme, the Council has already incurred capital expenditure to cater for future development, and the development contributions include fees to continue to recover this growth component.

TABLE 2: HISTORICAL CAPITAL EXPENDITURE AND AMOUNT TO BE FUNDED BY DEVELOPMENT CONTRIBUTIONS

Asset Group	Total Cost of Capital Works Projects budgeted in previous Policy ($)	Amount Funded under previous Development Contributions Policy ($)
Water supply	2,914,012	564,447 *($402,455 to collect)*
Wastewater treatment disposal	4,046,012 est.*	2,277,216 *($1,967,388 to collect)**
Stormwater drainage	7,255,014	164,760 *($760 to collect)*
Roading and transportation	-	-
Community facilities	-	-
TOTAL	**14,215,038**	**3,0006,423** ***$2,370,603 to collect***

** Includes one project that is subject to a separate development agreement and valued at $1.3 million.*

In some cases, the Council has received development contribution income through the current and previous long term plans, and this, as well as interest accrued on reserve balances reflecting timing of capital expenditure and timing of receipts, has determined the balance of the amount needed to be further collected.

11.0 FUNDING CONSIDERATIONS – *Ngā Whaiwhakaaro Pūtea*

The Council sets out its funding philosophy through the Revenue and Finance Policy.

The Council has determined the use of development contributions is appropriate for the above capital expenditure with regard to community outcomes, strategic priorities, the distribution of benefits across the community over time, those driving the need for the expenditure, costs and benefits and impact on future revenue requirements.

11.1 Community outcomes and strategic projects

The Council has four community outcomes. These were set through the Long Term Plan 2021-31 and identify the main goals the Council aims to achieve in order to fulfil its vision and purpose. They are:

The Council has also identified strategic priorities that underpin the development of the Long Term Plan 2024-34. These drive the priorities and projects the Council is proposing over the next 30 years and form the basis of both the Long Term Plan 2024-34 and the Council's Financial Strategy. The eight strategic priorities are set out on the next page. Each priority is supported by significant strategies, programmes of work, and projects.

Strategic Priorities

Enhancing the safety, wellbeing and vibrancy of communities
Me mātua whakanui i te marutau, te oranga, me te wana o ngā hapori

Strengthening relationships with iwi, hapū and whānau
Me mātua whakawhanake i ngā kōtuituinga ā-iwi, ā-hapū, ā-whānau anō hoki

Building climate change and natural hazard resilience, including our infrastructure
Me mātua whakakaha i te aumangea ki te huringa āhuarangi me ngā tūraru matepā taiao tae ana ki te hangaroto

Facilitating economic regeneration and responding to development pressures
Me mātua whakahaere i te tipuranga o te taiōhanga me ngā tonotono whare

Shaping a green district
Kia toitū te rohe

In terms of community outcomes, community infrastructure, in principle, contributes to T*hriving Circular Economies*, but more particularly the strategic priority of *Facilitating economic regeneration and responding to development pressures – Me matua whakaaere I te tipuranga o te taiohanga me ngā tonotono whare.*

Development contributions are necessary to service and facilitate new developments, contributing to the above outcomes and priorities.

11.2 Distribution of benefits between the community as a whole, any identifiable part of the community, and individuals

It is appropriate that development contributions fund the additional capacity benefiting new households or equivalent units of development, as it is these units that will benefit. The use of development contributions not only allows the specific community benefitting from the new works to be identified but also, through catchments, is further refined to specific areas where the benefit will occur.

The Council recognises that users from across the district enjoy the benefits of roading, reserves, and community infrastructure. Therefore, all new lots, developments, or service connections in the district will be required to pay development contributions for these asset groups.

The Council runs a number of water, wastewater and stormwater schemes across the district. Growth-related capital expenditure improvements will mainly have benefits related to those people connected to that system.

For this reason, development contributions for water, stormwater and wastewater are collected on the basis of defined catchments (planning areas). Only those lots and developments or service connections that are located within those catchments that will benefit from the works are required to pay a development contribution for water, stormwater and sewerage.

The identified catchments and their census area unit equivalents are noted below.

TABLE 3: CATCHMENTS OF BENEFIT AND CENSUS AREA UNITS (CAUS)

Project Catchments	Census Area Units (CAUs)
Transportation (roading and other transport)	District wide – All CAUs
Community infrastructure	District wide – All CAUs
Reserves	District wide – All CAUs
Whakatāne wastewater treatment and reticulation - Whakatāne township, Huna/Shaw Road Structure Plan and Coastlands	Allandale, Mokorua Bush, Trident, Whakatāne North, Whakatāne West, part of Coastlands statistical area
Whakatāne Water treatment and reticulation - Whakatāne, Ōhope, Coastlands, Huna/Shaw Road Structure Plan	Whakatāne Water treatment and reticulation- Whakatāne, Ōhope, Coastlands, Huna/Shaw Road Structure Plan
Whakatāne Stormwater (south of Whakatāne River)	Allandale, Mokorua Bush, Trident, Whakatāne North, Whakatāne West, part of Coastlands statistical area, and Ōhope

11.3 The period over which benefits are expected to occur

It is expected the benefits of the capital works projects identified, some of which are already available to the district, may extend beyond the 10-year timeframe used according to the life of the particular asset built. The cost recovery timeframe is set for reasons of fiscal prudency and to recognise intergenerational equity. This approach helps manage the significant financial risks faced by the Council in creating infrastructure in anticipation of growth and is a fair balance of developer and wider community interests.

For some projects that will exclusively benefit new developments in a defined catchment, cost recovery is made across the whole development, and the timeframe for recovery will be set by the timeframe of completion of the development in the catchment.

While the 10-year timeframe is the basis of capital expenditure forecasting information held by the Council, growth rates longer than 10 years can be used where the benefits of capex currently proposed District Plan and household growth figures suggest not all anticipated growth will be realised within the next 10 years.

11.4 The extent to which an exacerbator can be identified

The need to install new capacity in Council-provided networks is directly linked to those undertaking subdivision, development or connection to a service resulting in the creation of new household equivalent units. Accordingly, it is appropriate that the costs of installing additional capacity are passed on through development contributions, payable by developers on the granting of resource or building consent or an application for a service connection.

The degree to which a development exacerbates a need for new assets or increased capacity can depend on its function. The Council will charge development contributions for residential development, in the identified catchment area. This recognises the increased pressure put on the Council water, stormwater and wastewater schemes as well as roading and other transport, reserves and community infrastructure as a result of more people living in an area.

Commercial and industrial developments or subdivisions will be charged specific development contributions to reflect the impact of vehicle movements on our roading network and demand for water, wastewater and stormwater services.

11.5 The costs, benefits and overall impact

Development in the district will place a strain on the capacity of community facilities if it is not well managed. The challenge is to put in place a transparent, consistent, and equitable basis for requiring contributions so that those undertaking developments pay a fair share of the required growth capital expenditure without inhibiting growth.

If development contributions are not taken from developments, then either:

- the Council will not be able to provide the necessary community facilities to meet new demands
- or more revenue will need to come from other funding sources, such as rates.

The latter scenario means existing ratepayers meet the costs for growth capacity for new development. This situation does not necessarily align with the Council's funding philosophy, given the exacerbators and high level of private benefit can be identified. However, the Council also recognises that development contributions fall on those developing land at a time of high cost through land development or construction costs. Therefore, the Council is mindful to recognise that new development can bring wider economic, social and cultural benefits to the district over time, and that this benefit can outweigh the initial cost of a development contribution.

The Council considers that requiring an appropriate level of development contributions from development, applied alongside other funding tools, is the best overall solution in achieving the best community outcomes, while balancing the costs and benefits in terms of funding between the community, the Council, and those undertaking developments.

The benefits of collecting development contributions are expected to outweigh the administrative costs of collection.

The Development Contributions Policy will provide certainty about the sources and levels of funding for the costs of growth and continue to ensure the sustainable development of the district as a whole, without negatively impacting on growth.

12.0 SCHEDULE TO DEVELOPMENT CONTRIBUTIONS POLICY *– Kupu Āpiti ki te Kaupapa Here Tāpaetanga Whakawhanake*

The following is the schedule to the Development Contributions Policy that is required under sections 201(2) and 202 of the Local Government Act. The schedule specifies, in summary form where required:

a) Statement on Goods and Services Tax.
b) Explanation of units of demand.
c) The event that will give rise to a requirement for a development contribution (resource consent, building consent or authorisation for service connection).
d) The development contributions required from development for capital expenditure for growth for water, stormwater, sewerage, roading and community infrastructure.

12.1 Requirement for development contributions

Section 197 of the Local Government Act defines 'development' as:

a) any subdivision, building (as defined in Section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but
b) does not include the pipes or lines of a network utility operator.

A development contribution may be required in relation to a 'development' when:

a) The effect of that "development" is to require new or additional assets or assets of increased capacity.
b) The Council incurs capital expenditure to provide appropriately for those assets.
c) This policy provides for it to be required.

The 'effect' of a development, in terms of impact on these assets, includes the cumulative effect that a development may have in combination with another development.

The policy also enables Council to require a development contribution that pays in full or in part for capital expenditure already incurred by the Council in anticipation of development.

The Council will not require a development contribution if:

a) Under s108(2)(a) of the Resource Management Act 1991, it has imposed a condition on a resource consent in relation to the same development for the same purpose.
b) The developer will fund or otherwise provide for the same reserve network infrastructure. community infrastructure.
c) The Council has received, or will receive, full funding from a third party.

Development contributions will be required from new development in the form of money or land or both, at the Council's discretion, for capital expenditure required for new or additional assets or assets of increased capacity arising from that development (or that development in combination with other development) for network infrastructure, community infrastructure and reserves according to the calculation of development contributions specified in section 12.8.

Financial contributions under the Whakatāne District Plan for development or subdivision of land will apply since these charges relate to environmental effects and will only be charged for effects not already anticipated by this policy.

The requirement for a development contribution is subject to the credits and review procedure provided for in section 13 of this policy.

Generally, the maximum level of development contributions will be required on development over and above that existing at the time of an application, where additional units of demand are generated, as assessed by the Council according to section 12.8 of this policy.

Under this policy, development contributions can be assessed with the applicant before the lodgement of a resource consent, building consent or service connection application. However, in the absence of an applicant seeking this assessment before the lodgement of an application, the Council will assess the quantity of the development contribution once it has received the relevant application and will include that assessment with the decision for resource consent or the issuing of the building consent or the granting of a service connection.

12.2 Capital expenditure and cost inflation

All costs from projects in the 10-year plan used in the Development Contributions Policy are based on current estimates of infrastructure construction prices in 2024 dollar terms.

The value of the development contribution will be inflation adjusted in accordance with the Business and Economic Research Limited (BERL) adjustors in time for each financial year.

12.3 Statement on Goods and Services Tax (GST)

The amounts set in this development contributions policy are exclusive of GST.

Development contributions will be required inclusive of GST.

12.4 Units of demand

The Council has apportioned the cost of capital works projects between renewal, additional capacity/growth and improved level of service. The additional capacity/growth component of capital expenditure has been allocated to growth based on units of demand generated by new development only.

Growth assumptions provide an estimate of potential Household Equivalent Units. The number of Household Equivalent Units provides the base unit of demand for cost recovery across the district.

The total estimated Household Equivalent Units for the Whakatāne District over the next ten years are based on the following:

- The Eastern Bay of Plenty Housing and Business Needs Research by MRCagney which recommends a medium (most likely) growth scenario, reflecting the Stats NZ high population projections. This reflects the trend over the last 10 years that population has grown faster than expected and aligns with the experience and expectations of the Council. This report only predicts household and population growth for the district as a whole.
- The estimated number of new Household Equivalent Unit to be provided through defined Structure Plan areas.
- Infill potential and the location of existing residential zoned land in the Whakatāne District Plan and its capacity to meet future demand.

To moderate and validate these estimates, the Council also had regard to:

- The volume of building consents for new dwellings and other forms of residential accommodation, and commercial and industrial development over the last three years.
- The number of new allotments approved and created through subdivision consents granted over the past three years.
- Knowledge of other potential housing or business investment such as papakāinga, iwi or government-led housing initiatives.
- The available information form the development of the Eastern Bay of Plenty Spatial Plan.

The unit of demand is the Household Equivalent Unit, calculated as follows:

a) For green-field residential development, a contribution per Household Equivalent Unit will be applied uniformly for each lot existing or created regardless of size for reasons of administrative simplicity and because lot size is not considered to have a material impact on demand.

b) For an infill residential development, one Household Equivalent Unit is assessed as one household unit as defined in this policy.

c) For household units that are 75m2 in gross floor area or less, the Household Equivalent Unit should be reduced based on the actual gross floor of the proposed household as a percentage of 75m2. For example, a household unit of 60m2 in gross floor area will be assessed as 0.8 of an Household Equivalent Unit, being 80 percent of the size of a 75m2 household unit.

d) For commercial and industrial subdivision, land use and building development, a Household Equivalent Unit 'equivalent' has been assessed based on the characteristics of the development, and demand loading likely to be placed on services and our roading network.

The number of additional Household Equivalent Units that are anticipated to be provided over the 2024-34 period (10 years) is as follows:

a) Whakatāne (south of the river) – 95 Household Equivalent Units in 10 years.
b) Whakatāne (north of the river, including Coastlands/ Opihi) – 200 Household Equivalent Units in 10 years.
c) Ōhope – 50 Household Equivalent Units in 10 years.
d) Huna Road/Shaw Road Structure Plan Area and Kawarehe Trust land – 175 Household Equivalent Units in 10 years (recognising that 60 Household Equivalent Units have been built in the first stage of this development). Hence the complete Structure Plan area will comprise 235 Household Equivalent Units.
e) Whakatāne District – 1,255 Household Equivalent Units in 10 years or 2,048 Household Equivalent Units in 20 years.

Catchments of benefit, primarily for water, wastewater and stormwater assets, have been defined and growth Household Equivalent Units for these catchments have been identified based on analysis by Census Area Unit. The identified catchments are noted in section 8.7 (Calculation of development contributions).

For roads and other transport, reserves and community infrastructure, the catchment of benefit is assumed to be the entire district, as all residents have access to these facilities.

12.5 Household Equivalent Conversion Factors

Units of demand will be reviewed when the policy is reviewed. The Council has prepared the following conversion factors for different land use types as follows:

TABLE 4: UNITS OF DEMAND APPLICABLE TO DIFFERENT LAND USE AND SUBDIVISION TYPES

Activity	HEU Conversion Factors
Subdivision	
One residential lot	1.0 Household Equivalent Unit
Development	
One household unit- more than 75m2 in gross floor area	1.0 Household Equivalent Unit per unit
One household unit of 75m2 in gross floor area or less	Actual floor area as a percentage of 75m2. For example, 60m2/75m2 is 80% or 0.8 Household Equivalent Unit.
Accommodation units that do not meet the definition of a household unit, but otherwise provides overnight, temporary or rental accommodation, including motel units, hotel rooms or backpackers) or retirement units/rooms.	0.5 Household Equivalent Unit per room or unit, or 0.5 Household Equivalent Unit per 5 guest beds for a backpackers. Stormwater - 0.28 Household Equivalent Unit per 100m2 of additional impervious surfaces area associated with the accommodation unit(s).
Service Connection	
A service connection for water, wastewater or stormwater services provided by the Council	The applicable Household Equivalent Unit as defined by the use listed above.

12.6 Commercial/industrial lots or use

In the case of commercial and industrial subdivisions or developments, the Council will make a Household Equivalent Unit 'equivalent' assessment based on the characteristics of the development and demand loadings likely to be placed on the services.
To provide consistency, the demand measures in table 5 have been converted for assessing commercial and/or industrial subdivision developments based on gross floor area and impervious service area. The Council will use these rates for determining Household Equivalent Units for commercial and/or industrial subdivision and developments for water, wastewater, stormwater, roads and other transport services. For clarity, commercial and industrial development will not be assessed for reserves or community facilities as the demand for these services from commercial or industrial users will be minimal.

Given the wide range of commercial and industrial uses that exist and the variability in impacts on The Council services and other methods that could be implemented to reduce that impact, the Council is willing to consider entering into a development agreement to better reflect that impact and to make a fair assessment for the purpose of charging a development contribution.

TABLE 5: HEU PER 100 M2 GFA UNLESS STATED (*EXCEPT STORMWATER, WHICH IS HEU PER 100M2 OF TOTAL IMPERVIOUS SURFACE AREA)

Development Type	Water	Wastewater	Stormwater*	Roads and Other Transport
Industrial	0.40	0.40	0.28	Warehouse/agricultural/forestry - 0.25 Others - 0.8
Commercial, including retail	0.30	0.30	0.28	Commercial office - 0.75 Retail - 1.6 Restaurants/cafés/bars/takeaways - 1.9

Note: Ratios are based on the broad averages of actual usage based on local and national standards.

12.7 Timing

The event that will give rise to the **assessment** of a development contribution is, at Council's discretion, the earlier of:

a) The granting of a resource consent under the Resource Management Act 1991.
b) The granting of a building consent under the Building Act 2004 for building work situated in the Whakatāne District.
c) The granting of an authorisation for a service connection.

Where payment is not made within 12 months of the date of the assessment of a development contribution, the amount of the development contribution will be reassessed in accordance with the latest contributions policy.

The event that will give rise to the requirement for **payment** of the assessed development contribution is, at Council's discretion, the earlier of:

a) The granting of a building consent for the development.
b) The granting of an authorisation of a service connection.
c) A resource consent (land use) has been given effect to.
d) The signing of a section 224(c) certificate under the Resource Management Act 1991 for a subdivision.

12.8 Calculation of development contributions required from development or subdivision

DC = Development contributions payable.

A = The applicable rate of development contribution as specified in tables 6 to 11 below.

B = The total units of demand for the site or total units of demand for the development, whichever is greater.

The total development contribution payable will be the development contributions rate per Household Equivalent Unit (A) times the total Household Equivalent Units for development (B).

Development contributions rate per Household Equivalent Unit includes interest accrued on reserve balances reflecting timing of capital expenditure and anticipated contributions.

12.8.1 Water

The development contributions payable for water will be calculated by:

DC = A x B

TABLE 6: DEVELOPMENT CONTRIBUTIONS FOR WATER

Catchment	Catchment Cost of Capital Works Projects ($)	Growth Component of Capital Works Projects ($)	Number of HEUs	Development Contributions Rate Per HEU ($)
Whakatāne	15,777.308	1,005,014.52	520	1,932.72
Whakatāne All – Historic	2,289,012	125,627	520	241.59
Whakatāne (Huna/Shaw Road - Stage 2)	681,250	681,250	175	3892.86
Whakatāne (Historic- Huna/Shaw Road)	625,000	276,828	175	1,581.87

The dollar figure in the 'development contributions rate per Household Equivalent Unit' column is the rate of development contribution required for water on a catchment basis applicable to the development as listed in table 6. To determine if a site or development falls within the planning areas listed in the table above refer to appendix A (catchments).

Refer also to table 4: Units of demand applicable to different land use and subdivision types for the unit of demand.

Development contributions for water will not be required where:

a) There is no connection to the Council's water service and the development can proceed without this connection.

b) The applicant is required to complete or has elected to complete works to provide water to serve their development to an equivalent standard compliant with any relevant act, regulation or District Plan rule.

12.8.2 Stormwater

The development contributions payable for stormwater will be calculated by:

DC = A x B

TABLE 7: DEVELOPMENT CONTRIBUTIONS FOR STORMWATER

Catchment	Catchment Cost of Capital Works Projects ($)	Growth Component of Capital Works Projects ($)	Number of HEUs	Development Contributions Rate Per HEU ($)
Whakatāne (South of the River)	2,304,899	38,722.30	95	407.60
Whakatane (South of the River) - Historic	7,255,014	760	95	8*

** Represents the balance of $164,760 required to be to collected.*

The dollar figure in the 'development contributions rate per Household Equivalent Unit' column is the rate of development contribution required for stormwater on a catchment basis applicable to the development as listed in table 7. To determine if a site or development falls within the planning areas listed in the table above refer to appendix A.

Refer also to table 4: Units of demand applicable to different land use and subdivision types for the unit of demand.

Note: A development contribution for stormwater is required by all developments and subdivisions as defined in the planning areas shown in Appendix A.

12.8.3 Wastewater

The development contributions payable for sewerage will be calculated by:

DC = A x B

TABLE 8: DEVELOPMENT CONTRIBUTIONS FOR WASTEWATER TREATMENT AND DISPOSAL

Catchment	Cost of Capital Works Projects ($)	Growth Component of Capital Works Projects ($)	Number of HEUs	Development Contributions Rate Per HEU ($)
Whakatāne	3,044,821	212,224	470	451.54
Whakatāne – Historic	5,446,013	272,457	470	579.70
Whakatāne (Huna/Shaw Road)	1,045,000	504,001	175	2,880.01
Whakatāne (Historic - Huna/Shaw Road)	764,001	764,001	200	3,820.00

The dollar figure in the 'development contributions rate per Household Equivalent Unit' column is the rate of development contribution required for sewerage on a catchment basis applicable to the development as listed in table 8. To determine if a site or development falls within the catchment listed in the table above refer to appendix A.

Refer also to table 4: Units of demand applicable to different land use and subdivision types for the unit of demand.

Development contributions for wastewater will not be required where:

a) There is no Council wastewater service to connect to and the development can proceed without this connection.
b) The applicant is required to complete or has elected to complete works to provide sewage facilities to serve their development to an equivalent standard compliant with any relevant act, regulation or District Plan rule.

12.8.4 Transportation - roading and other transport

The development contributions payable for stormwater will be calculated by:

DC = A x B

TABLE 9: DEVELOPMENT CONTRIBUTIONS FOR ROADING AND OTHER TRANSPORT

Catchment	Cost of Capital Works Projects ($)	Growth Component of Capital Works Projects ($)	Number of HEUs	Development Contributions Rate Per HEU ($)
District Transportation	32,423,949	2,320,869.33	1255	1,849.30

12.8.5 Reserves Contribution

The development contributions payable for reserves will be calculated by:

DC = A x B

TABLE 10: DEVELOPMENT CONTRIBUTIONS FOR RESERVES AND OPEN PUBLIC SPACES:

Catchment	Cost of Capital Works Projects ($)	Growth Component of Capital Works Projects ($)	Number of HEUs	Development Contributions Rate Per HEU ($)
District Reserves	2,898,877	112,215.78	1255	89.41

**Previous balance of reserves of $131,000 applied.*

The dollar figure in the 'development contributions rate per Household Equivalent Unit' column is the rate of development contribution required for roading and other transport on a district basis applicable to development as listed in table 10.

Refer also to table 4: Units of demand applicable to different land use and subdivision types for the unit of demand.

12.8.6 Community Infrastructure

The development contributions payable for community infrastructure will be calculated by:

DC = A x B

TABLE 11: DEVELOPMENT CONTRIBUTIONS FOR COMMUNITY INFRASTRUCTURE

Catchment	Cost of Capital Works Projects ($)	Growth Component of Capital Works Projects ($)	Number of HEUs	Development Contributions Rate Per HEU ($)
District Community Infrastructure (10 years)	3,943,667	230,873.67*	1255	183.96

**Reserve balance of $100,000 applied.*

The dollar figure in the 'development contributions rate per Household Equivalent Unit' column is the rate of development contribution required for roading and other transport on a district basis applicable to development as listed in Table 11.

Refer also to table 4: Units of demand applicable to different land use and subdivision types for the unit of demand.

12.7 Total fees per Household Equivalent Unit by location

Table 12 shows the total development contribution payable per ousehold Equivalent Unit by location. These contributions cover growth-related capital expenditure listed in the Long Term Plan and historic capital expenditure incurred in anticipation of growth. These figures are exclusive of GST.

TABLE 12: DEVELOPMENT CONTRIBUTIONS BY LOCATION

	Whakatāne			Ōhope	District
	Whakatāne – South of the Whakatāne River ($)	Whakatāne -North of River (excluding Huna Road/Shaw Road Structure Plan Area ($)	Huna/Shaw Road Structure Plan Area ($)	Ōhope, including Ōtarawairere ($)	Areas not already covered in this table ($)
Water	2,174.31	2,174.31	7,649.04	2,174.31	-
Stormwater	415.60	-	-	-	-
Wastewater	1,031.24	1,031.24 77 Bunyan Road – $4,851.24	3,911.25	-	-
Transportation	1,849.50	1,849.50	1,849.50	1,849.50	1,849.50
Reserves	89.41	89.41	89.41	89.41	89.41
Community Infrastructure	183.96	183.96	183.96	183.96	183.96
Total Contribution	**5,744.02**	**5,328.42** ***77 Bunyan Road – $9,148.42***	**13,683.16**	**4,297.18**	**2,122.87**

All figures are GST exclusive.

13.0 CREDITS – *Ngā Pūtea Taurewa*

Credits towards the requirement for development contributions will be considered by the Council on a case-by-case basis. There are two types of credits:

13.1 Credits that recognise previous contributions

In awarding such credits, the Council must take into account:

a) The level of legally established existing development on the site or that occurred within the previous five years where the site is 'between uses'. Where multiple existing uses are established, the Council will have regard to the intensity of those uses in determining the level of credit to be given.

b) Money paid and/or works undertaken and/or land set aside by prior:
   i. Financial contributions taken from a development under the Whakatāne District Plan for capital expenditure that meets the purpose of the development contribution that subsequently applies.
   ii. Developer agreements between a developer and the Council.
   iii. Development contributions paid or land vested that achieves the purpose for the development contribution now being charged.

c) Written confirmation of any other formally acknowledged credit given by the Council towards future development of a site.

13.2 Credits acknowledging historical demand on the site

In awarding such credits, the Council must take into account:

a) Where a subdivision is developed (e.g. a vacant lot is built on) or an existing lot is further subdivided, full credit will be given for the existing use or deemed existing use rights of the parent lot.

b) For residential subdivisions (where the balance lot remains residential), the existing lot has a historic credit equal to one Household Equivalent Unit developed in the catchment.

c) Historical credits for properties will be calculated based on present-day catchments and in terms of present-day assessment methodology.

d) Where a building has been relocated from one site to another, the title holder of the property will be given a credit of the relevant value of development contribution for the site or lot where the building was formerly sited and be required to pay a development contribution of the relevant value for the site or lot where the building will be moved to.

Credits will be associated with the existing title and calculated and assigned on a per-activity basis. Any excess historical credits that are identified as a result of an amalgamation of individual titles will accrue on the new amalgamated title but will lapse if not utilised within a period of five years.

Any excess historical credits that are identified for any other reason other than amalgamation such as through subdivision of a parent lot will not accrue on an individual title.

Generally, development contributions will be required on development over and above that existing at the time of an application, creating additional units of demand, assessed by the Council according to section 12.8 of this policy.

Any credit given for a contribution paid in the past that exceeds the amount of the contribution payable under this policy cannot be credited towards other types of contributions that are otherwise payable. For example, a credit for water supply contributions paid in the past for a site cannot be used as a credit towards stormwater.

Where a development will result in a lesser number of units of demand than that exists on the site at the time of application, the credit will remain with the site for a period of five years and will not be payable to the applicant by the Council.

The units of demand applicable in the calculation of a development contribution required on a development shall be assessed by the Council at the time of application for the necessary consents or service connection and may be re-adjusted prior to the issue of a section 224 Resource Management Act 1991 certificate in the case of a subdivision, or prior to the commencement of a resource consent, the issue of a code compliance certificate under the Building Act or a service connection as applicable, in the case of a development. This is to allow for units of demand for which development contributions may have previously been paid over and above credits provided for in this policy. That is, adjustments will be made by the Council in its assessment to avoid potential double counting of development contributions required for the development.

14.0 RECONSIDERATION PROCESS – *Te Hātepe Whaiwhakaaro anō*

An applicant may formally request the Council reconsider the development contributions required on the development concerned, under section 199A of the Local Government Act.

The applicant must have grounds to believe that—

a) The development contribution was incorrectly calculated or assessed under the territorial authority's development contributions policy.
b) The territorial authority incorrectly applied its development contributions policy.
c) The information used to assess the person's development against the development contributions policy, or the way the territorial authority has recorded or used it when requiring a development contribution, was incomplete or contained errors.

Any such request shall be made by notice in writing to the Council within 10 working days after the Council has advised in writing that development contributions are required on the development. The request will set out the reasons for reconsideration.

15.0 OBJECTIONS – *Ngā Tarawene*

An applicant may formally object to the assessed amount of development contributions required, under section 199C, of the Local Government Act 2002. The objection will be heard by Development Contributions Commissioners.

The applicant must lodge the objection by serving notice of the objection to the Council within 15 working days of having been advised in writing by the Council that development contributions are required on the development or the outcome of a reconsideration process.

16.0 REFUNDS – *Whakahokinga Pūtea*

Sections 209 and 210 of the Local Government Act apply to refunds of development contributions paid to Council, where:

a) Resource consent lapses or is surrendered.
b) Building consent lapses.
c) The development or building does not proceed.
d) The Council does not spend the money to provide the growth infrastructure for which the development contribution was required.
e) Previous overpayment has been made (for whatever reason).

The development contribution will be refunded to the registered titleholders of the subject allotment as at the date of the refund assessment.

17.0 ENFORCEMENT – *Whakauruhi Ture*

Where payment is not received, the Council will, as relevant:

a) Withhold a certificate under section 224(c) of the Resource Management Act 1991.
b) Prevent commencement of a resource consent under the Resource Management Act 1991.
c) Withhold a code of compliance certificate under section 95 of the Building Act 2004.
d) Withhold a certificate of acceptance under section 99 of the Building Act 2004.
e) Withhold a service connection to the development.
f) Register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the affected land.

18.0 DEVELOPMENT AGREEMENTS *– Ngā Whakaaetanga Whanake*

The Council may enter into specific arrangements with a developer for the provision and funding of particular infrastructure under a development agreement including the development contributions payable, as provided for under sections 207A-207F of the Local Government Act 2002. For activities covered by development agreement, the agreement overrides the development contributions normally assessed as payable under this policy.

The Council will consider a developer's written request to enter into a development agreement without unnecessary delay. The Council will provide the developer written notice of its decision on the request and reasons for that decision. The Council will take into account the provisions contained in the policy, as well as any other matters it considers relevant. Similarly, where the Council requests a developer enter into a development agreement, the request should be considered by the developer without unnecessary delay, and they must provide a written response to Council.

A development agreement may record specific arrangements with a developer for the provisions of particular infrastructure to meet the special needs of a development, which include (but are not limited to) the situation:

- Where a development involves a large area to be developed in stages, and over time.
- Where a development requires a special level of service or is of a type or scale which is not readily assessed in terms of units of demand.
- Where a development is in an area that the Council is not currently planning to provide infrastructure for the 10-year period covered by the Long Term Plan and the Development Contributions Policy.

The Councils agreement to consider a development agreement may be reliant on confirmed private sector funding of infrastructure; and/or an agreed structure plan.

The content and effect of a development agreement must meet the requirements of the Local Government Act 2002, and in particular s207C.

19.0 METHODOLOGY – *Tukanga Mahi*

The full methodology which demonstrates how the calculations for development contributions are made is set out in this policy.

20.0 SIGNIFICANT ASSUMPTIONS – *Ngā Mōhiohio*

Significant assumptions underlying the calculation of the schedule to the Development Contributions Policy (section 12.8) are as follows:

Best available information: Capital expenditure costs are based on the best available information at the time of preparation and largely represent a 'rough order of costs' rather than specific estimates. In most cases, a percentage estimate of the increase in household units over the next 10 years (or longer) has been used to determine the capital expenditure required for growth.

Growth assumptions: Growth assumptions underpinning this policy are based on recent growth trends in the district based on analysis by MR Cagney using Stats NZ information, building consent and resource consent data from 2021 to 2023, and Stats NZ census data (from 2018). These figures show there is a deficit of land to meet growth predictions over the medium to long term, and the Eastern Bay of Plenty Spatial Plan will define further growth areas by the end of 2025.

Population growth estimates (MR Cagney), plus new households and other forms of residential accommodation are a proxy for 'growth'.

The Whakatāne District Plan has been relied upon to determine future growth areas, pending the completion of the Eastern Bay Spatial Plan.

Planning horizon: A 10-year timeframe is generally used as a basis for forecasting growth, planning growth infrastructure provision and applying a development contribution. However, it is most unlikely that the capacity for growth in some of the identified catchments will be realised in 10 years. In cases where it is reasonable to assume growth capacity over a longer timeframe, a 20-year time horizon has been used.

Estimates of growth-related capital expenditure: The Council has assumed that its planned growth-related capital expenditure will be undertaken. This is a realistic assumption, given that the Council has planned its capital expenditure in accordance with statutory processes.

Growth affordability: The Council assumes that managed growth in the Whakatāne District is affordable. The Council's contributions to major services can mainly be funded through capital expenditure, with support from development contributions, alongside the Council's core business and other projects.

Community facilities built in anticipation of growth: The Council's policy on development contributions for development will include consistent and equitable contributions towards the impact of growth on existing community facilities. This includes water, stormwater, wastewater, roading and transport, reserves and community infrastructure built in anticipation of growth.

Commercial and industrial development: Based on past commercial and industrial development, most commercial and industrial development occurs as redevelopment of existing sites rather than 'new' growth. The number of additional Housing Equivalent Units arising from commercial and industrial has been minor compared to the number of residential Housing Equivalent Units and has little material difference to the overall number of additional Housing Equivalent Units.

Financial and administrative assumptions:

a) All costs from projects in the Long Term Plan used in the Development Contributions Policy are based on current estimates of infrastructure construction prices in 2023/24 dollar terms. Inflation will be added each year based on advice from BERL.
b) The income generated from rates will be sufficient enough to meet the operating costs of capital expenditure for the future.
c) Operating expenditure will be allocated according to the Council's Revenue and Financing Policy.
d) There will be an impact from the capital expenditure on operating expenditure and an allowance has been made for this based on the type of asset.
e) The adopted methods of service delivery will remain substantially unchanged.

21.0 KEY RISKS *– Ngā Tūraru Matua*

The key financial risks to the Council are:

- The growth assumptions are not met resulting in delayed development and delayed development contributions revenue. If this is the case, the Council faces increased holding costs.
- There is a lag between expenditure being incurred by the Council and contributions received from those undertaking developments.
- Capital expenditure exceeds its forecasted cost.
- The Council's borrowing limits are exceeded.

Other key risks are:

- A volatile and fluctuating residential and commercial/industrial real estate market.
- The pace with which growth can be planned and accommodated through the Spatial Plan, District Plan and Infrastructure Strategy.
- Political pressure to moderate compliance and other costs from the Council.

22.0 POLICY REVIEW *– Te Arotake*

The Whakatāne District Council will review the implementation of the Development Contributions Policy on an annual basis, by monitoring the actual uptake of building consents for dwellings, commercial and industrial activities, and the creation of allotments by subdivision to ensure that the estimates of the units of demand are accurate. The review process will be reported to the Council each year, where a decision will be made on whether to change the policy under the provisions of the Local Government Act.

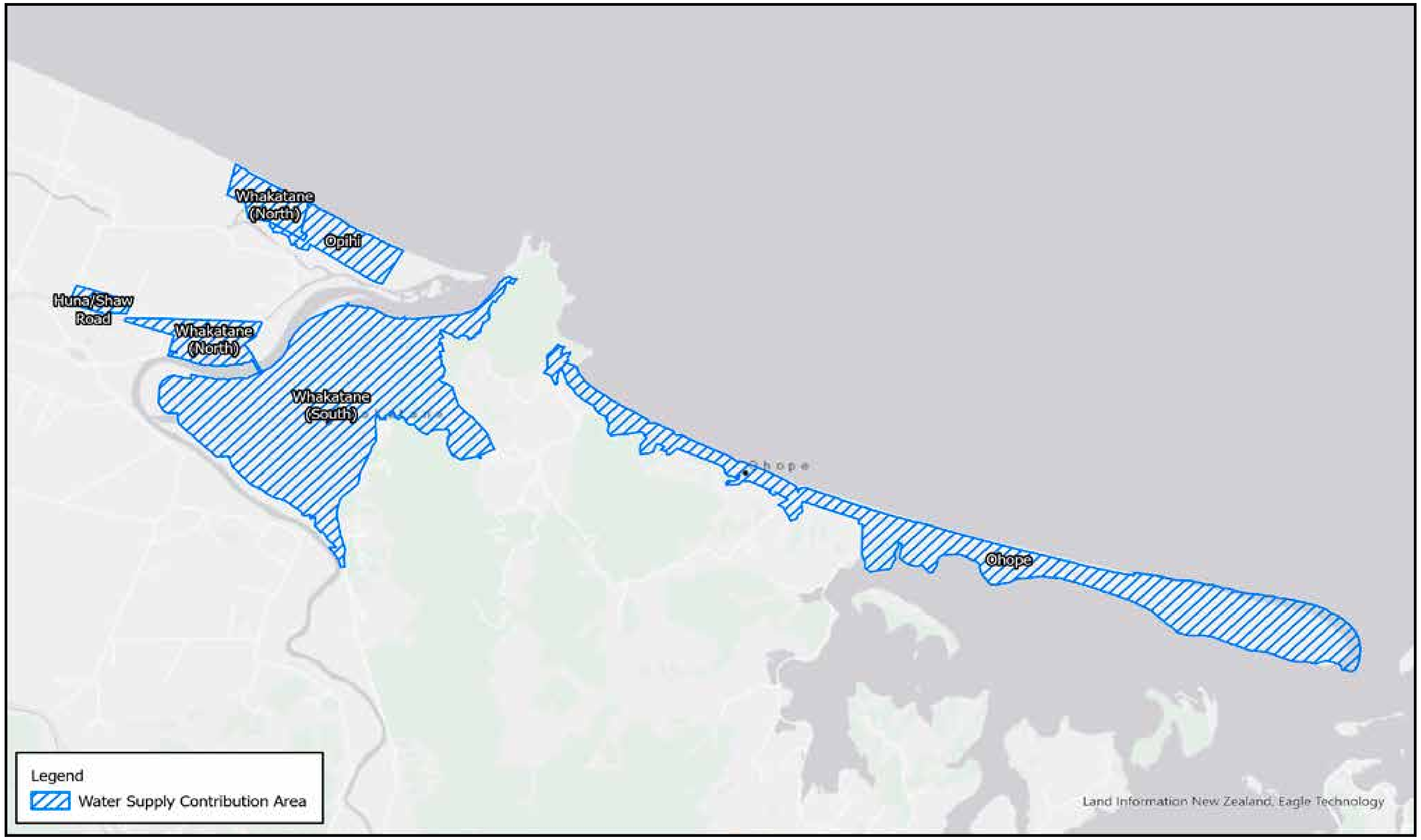
APPENDICES

APPENDIX A: CATCHMENTS – *Ngā Wāhi Kohi Wai*

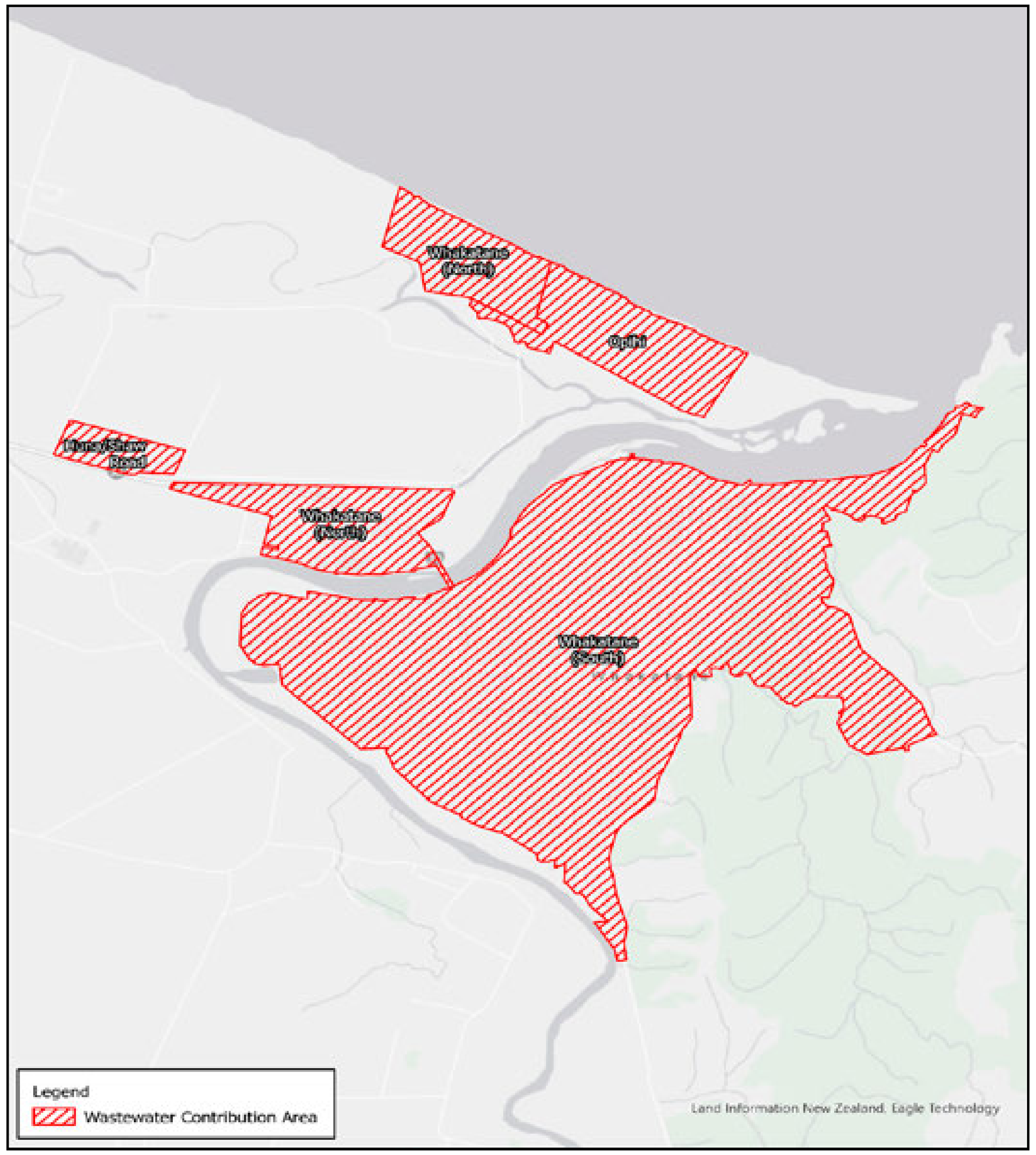
The following maps are included within this appendix:

1. Water – Whakatāne (including Coastlands and Opihi), Huna Road/Shaw Road Structure Plan and Ōhope catchments
2. Wastewater – Whakatāne (including Coastlands) and Huna Road/Shaw Road Structure Plan catchment
3. Stormwater – Whakatāne (South of the River) catchment
4. Huna Road/Shaw Road catchment

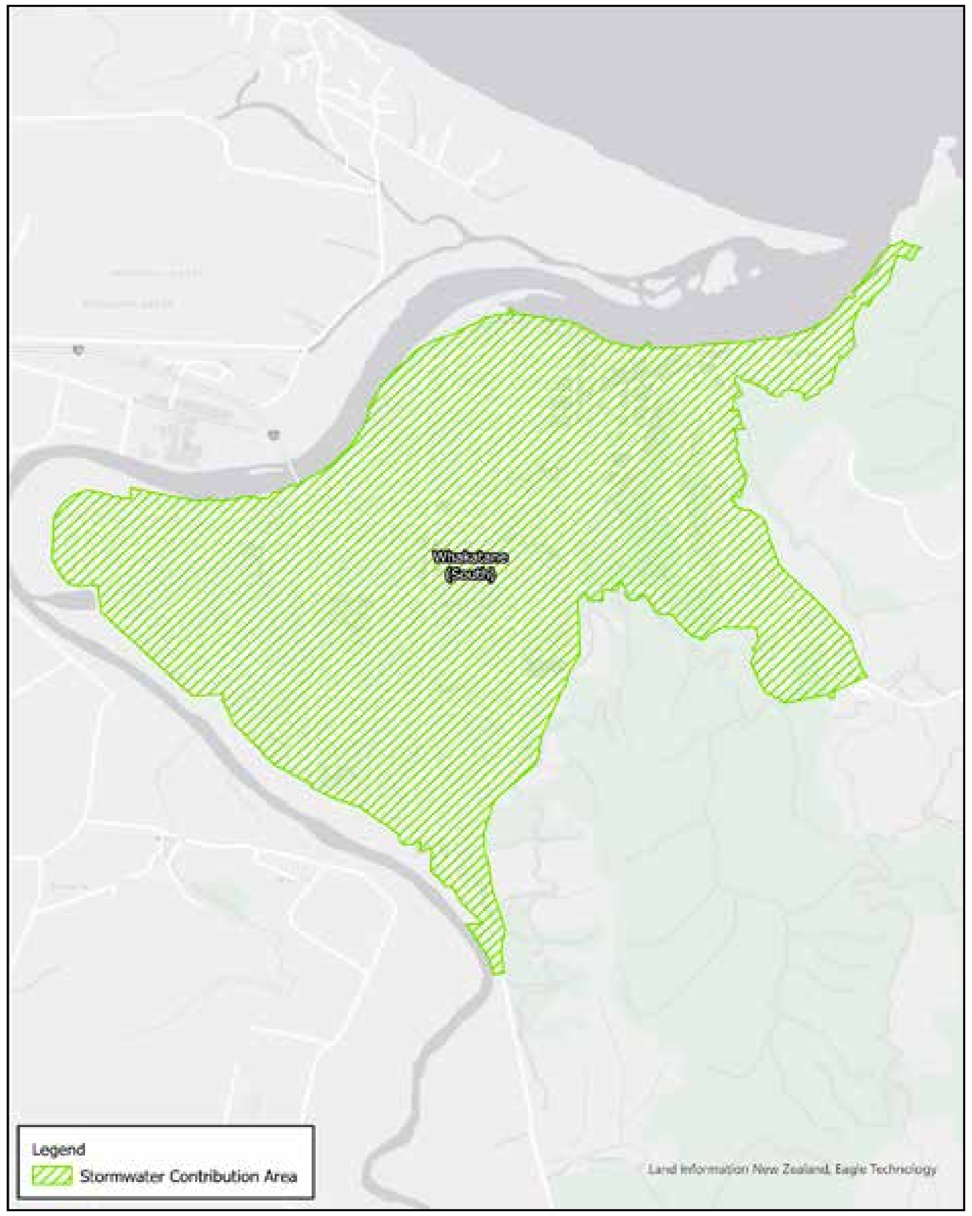
WATER – WHAKATĀNE (INCLUDING COASTLANDS AND OPIHI), HUNA/SHAW ROAD STRUCTURE PLAN AND ŌHOPE CATCHMENTS.



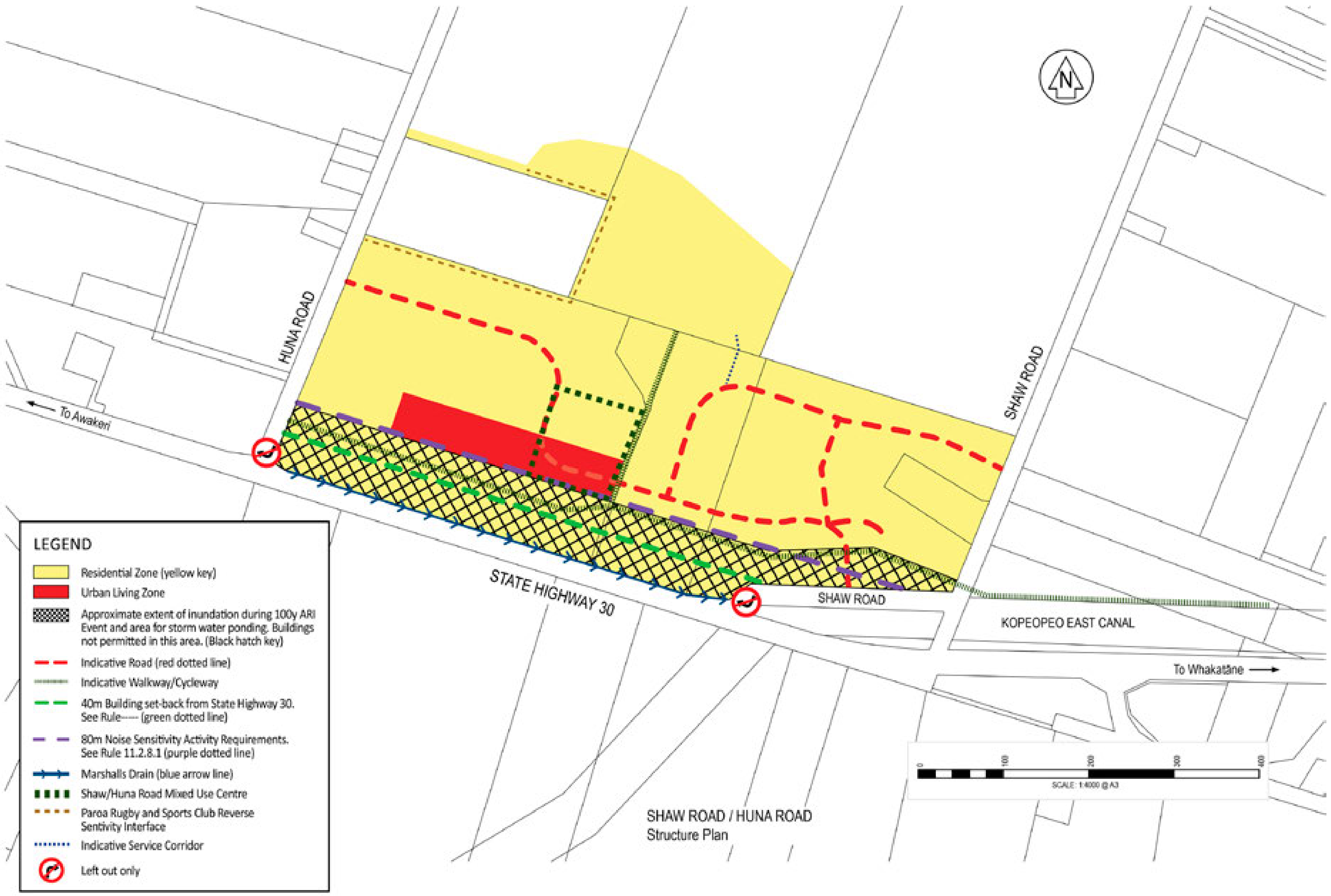
WASTEWATER – WHAKATĀNE (INCLUDING COASTLANDS) AND HUNA/SHAW ROAD STRUCTURE PLAN CATCHMENTS



STORMWATER – WHAKATĀNE (SOUTH OF THE RIVER) CATCHMENT



HUNA/SHAW ROAD CATCHMENT



APPENDIX B: DEFINITIONS – *Kupu Āpiti Hangaroto kua tahuatia*

Accommodation units	Has the same meaning set out in section 197 of the Local Government Act 2002, or any legislation substituted for the same.
Activity	Has the same meaning set out in section 5 of the Local Government Act 2002, or any legislation substituted for the same as below: Section 5 interpretation: (1) In this act, unless the context otherwise requires; activity means a good or service provided by, or on behalf of, a local authority or a council-controlled organisation; and includes: (a) the provision of facilities and amenities; and (b) the making of grants; and the performance of regulatory and other governmental functions.
Community Infrastructure	Has the same meaning set out in section 197 of the Local Government Act 2002, or any legislation substituted for the same as below: Section 197 interpretation in this subpart, community infrastructure means: (a) land, or development assets on land, owned or controlled by the territorial authority to provide public amenities; and includes land that the territorial authority will acquire for that purpose.
Development	Means any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure or community infrastructure; but does not include the pipes or lines of a network utility operator.
Development Contribution	Has the same meaning set out in section 197 of the Local Government Act 2002, or any legislation substituted for the same as below: Section 197 interpretation in this subpart, development contribution means a contribution: (a) provided for in a development contribution policy of a territorial authority; (b) calculated in accordance with the methodology; and (c) comprising: (i) money or land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Māori land within the meaning of Te Ture Whenua Act 1993, unless that act provides otherwise; or both.

Development Contribution Policy	Has the same meaning set out in section 197 of the Local Government Act 2002, or any legislation substituted for the same as below: Section 197 Interpretation In this subpart - development contribution policy means: The policy on development contributions included in the long-term council community plan of the territorial authority under section 102(1).
Goods and Services Tax (GST)	Means goods and services tax under the Goods and Services Tax Act 1985 or any legislation substituted for the same.
Hotel	Means temporary accommodation in an establishment with at least one licensed bar and restaurant on the premises (or adjacent) with charge back facilities. All rooms have tea and coffee making facilities and there is on-site management at all times. All provide breakfast whether in a restaurant or breakfast room, or via room service. Some hotels have conferences and banqueting facilities. A standard room usually has one room for both sleeping and living, with an ensuite bathroom. A suite will usually have a living room and at least one separate bedroom and possible a mini kitchen. Hotel apartments usually have both mini kitchens and laundry facilities.
Household unit	A building or part of a building intended to be used as an independent residence, with a kitchen sink, a toilet and a shower or bath (or plumbing for these facilities). It includes an apartment, semi-detached or detached dwelling, townhouse, retirement unit, dwelling unit, flat or home unit or tiny house.
Lot	A parcel of land held in a separate certificate of title (or two or more titles required to be held in one ownership) but does not include a parcel of land which has been or may be disposed of separately as a public reserve or for other public purposes or which is to be amalgamated with adjoining land. In the case of land subdivided under the cross-lease or company lease systems (other than strata titles), lot shall mean an area of land containing: (a) A building or buildings for residential or business purposes with any accessory building, plus any land exclusively restricted to the users of that building, or (b) A remaining share or shares in the fee simple creating a vacant part of the whole for future cross-lease or company lease purposes. In the case of land subdivided under the Unit Titles Act 2010 (other than strata titles), lot shall mean an area of land containing a principal unit or proposed unit on a unit plan together with its accessory units, and an area of land being equivalent to the total land title area divided by the number of principal units located thereon. In the case of strata titles, site shall mean the underlying certificate(s) of title immediately prior to subdivision.

Motel	Means temporary, self-contained and serviced accommodation and includes motor lodges, motor inns, motel apartments, serviced apartments and serviced holiday cottages. Units are usually serviced daily or as otherwise agreed with the guest, and are self-contained providing at least tea and coffee making facilities and a private or ensuite bathroom. Frequently, cooking facilities (microwave and/or range) are provided within the accommodation so guests can prepare their own meals independently. Milk, tea, coffee and sugar are supplied for guests' immediate use. Off-street carparking and all bedding and linen are provided. Communal laundry facilities are available and some units may have their own laundry facilities. Units may have TV's, phone, iron and modem for computer use. At extra cost, breakfasts can usually be ordered the night before. There is a responsible person constantly in charge on site. A studio has one room for both living and sleeping. Other units can have one or more separate bedrooms. For clarity, the area used for permanent accommodation by the motel manager(s) is considered to be a separate household unit for the purposes of this policy, and does not fall within this definition.
Network Infrastructure	Means the provision of roads and other transport, water, wastewater, and stormwater collection and management.
Reserves	Has the same meaning set out in section 2 of the Reserves Act 1977.
Residential Lot	A lot, as defined in this policy that is or will be used for a household unit or units or other accommodation units.
Roading	Has the same meaning set out in section 315 of the Local Government Act 1974.
Service connection	Has the same meaning set out in section 197 of the Local Government Act 2002, or any legislation substituted for the same as below: Section 197 interpretation in this subpart, service connection means: A physical connection to a service provided by, or on behalf of, a territorial authority.
Site Area	The total area of the new and/or additional development proposed, including all buildings, structures and other areas used for car parking, access, manoeuvring areas, loading areas, outdoor storage and display areas, rubbish and waste collection areas and the like, associated with the new and/or additional development.
Solid Waste	Facilities to collect, sort and dispose of waste material (rubbish, refuse) generated from industrial, commercial, agricultural, residential and community use.

Stormwater	Stormwater drainage and any associated infrastructure.
Units of demand	Means those units set out in schedule 13 of the Local Government Act 2002 or any legislation substituted for the same.
Wastewater	Means sewerage, treatment and disposal of sewage wastewater and all associated infrastructure.
Stormwater	Stormwater drainage and any associated infrastructure.
Units of demand	Means those units set out in schedule 13 of the Local Government Act 2002 or any legislation substituted for the same.
Wastewater	Means sewerage, treatment and disposal of sewage wastewater and all associated infrastructure.
Water	Means Water Supply as defined in section 124 of the Local Government Act 2002, or any legislation substituted for the same as below: “124 Interpretation Water Supply means the provision of drinking water to communities by network reticulation to the point of supply of each dwelling house and commercial premise to which drinking water is supplied.

APPENDIX C: SCHEDULE OF ASSETS DEVELOPMENT CONTRIBUTION FUNDED *– Kupu Āpiti Hangaroto kua tahuatia*

Asset	New Projects ($)	Total Cost of Project ($)	Percentage funded by DC (%)	DC amount ($)	Historic Projects/ Funding ($)	Total Historic DC value ($)	Total Proposed and Historic ($)	Reserve balance (July 2024) ($)	Balance to be recovered ($)	10 or 20 years	HEU's ($)	DC per HEU ($)	Statistic Area
Reserves	Eve Rimmer Park	704,354											
	Accessible Play Spaces	1,109,711											
	Play Space Improvements	228,723											
	Maraetōtara Improvements	319,110											
	Wairaka Park Upgrade	161,057											
	Murupara Park Improvements	325,334											
	Aniwhenua Camp Water Supply Upgrade	99,999											
	Bike Park/Pump Track	107,371											
	Basketball facilities	164,190											
Total Reserves		**3,219,849**	**8.39**	**270,145.33**			**270,145.33**	**131,000**	**139,145.33**	**10**	**1,255**	**110.87**	**District wide**
Community Infrastructure	New Whakatāne Cemetery	3,346,254											
	Whitehorse Drive Toilets	197,133											
	Appenzell Drive Park Toilets	200,682											
	Tāneatua Cemetery	126,443											
Subtotal		3,870,512	8.39	324,735.96			324,735.96	100,000	324,735.96	10	1,255	179.07	
	Rex Morpeth Park	107,477,296	13.24	14,229,993.99			14,229,993.99	461,000	13,768,993.99	20	2,048	6,723.14	
Total Community Infrastructure		**111,347,808**		**14,554,729.95**			**14,554,729.95**	**561,000**	**13,993,729.95**			**6,902.21**	**District Wide**

** Rex Morpeth Recreation Hub – Final design and cost estimate to be made at a later date. DC Policy change to be made to reflect that decision when made.*

Asset	New Projects ($)	Total Cost of Project ($)	Percentage funded by DC (%)	DC amount ($)	Historic Projects/ Funding ($)	Total Historic DC value ($)	Total Proposed and Historic ($)	Reserve balance (July 2024) ($)	Balance to be recovered ($)	10 or 20 years	HEU's ($)	DC per HEU ($)	Statistic Area
Stormwater	WHK SW Western Catchment Upgrade	2,304,899	1.68	38,722.30			38,722.30		38,722.30	10	95	407.60	Allandale, Mokorua, Trident, Whakatāne West, Whakatāne Central - (95/5744 HEU's)
					Apanui S/W - Pyne Street ($90,000); Whakatāne Western Catchment ($74,760 (1.68% of estimated cost)).	164,760	164,760	164,000	760	10	95	8.00	
Total Stormwater		**2,304,899**	**1.68**	**38,722.30**		**164,760**	**203,482.30**	**164,000**	**39,482.30**		**95**	**415.60**	
Water	EQ Water Network Upgrade	1,648,925											
	EQ Whak WTP Upgrade	672,735											
	WHK Water Coastlands Link Main	2,895,063											
	Whak Cond & Improv-Reservoirs	9,444,206											
	Ōhope-Upgrade Pipes Harbour	1,116,379											
Sub Total		15,777,308	6.37	1,005,014.52			1,005,014.52		1,005,014.52	10	520	1,932.72	Whakatāne (Allandale, Mokorua, Trident, Whakatāne Central, Whakatāne West, Coastlands, Ōhope, Huna Road - (520/8680 HEU's)

Asset	New Projects ($)	Total Cost of Project ($)	Percentage funded by DC (%)	DC amount ($)	Historic Projects/ Funding ($)	Total Historic DC value ($)	Total Proposed and Historic ($)	Reserve balance (July 2024) ($)	Balance to be recovered ($)	10 or 20 years	HEU's ($)	DC per HEU ($)	Statistic Area
Water (Historic)	Whakatāne (Historic)				WTP Filter media replacement ($57,970), WTP Safe Access ($41), Whak Water Storage ($5,882), Mill Road ($52,329), Whak New Source ($24,036), WHK Cond and Improv - Reservoirs ($11,369)	151,627	151,627	26,000	125,627	10	520	241.59	Whakatāne (Allandale, Mokorua, Trident, Whakatāne Central, Whakatāne West, Coastlands,Ōhope, Huna Road - (520/8680 HEU's)
Water - Total		**15,777,308**	**6.37**	**1,005,014.52**		**151,627**	**1,156,641.52**	**26,000**	**1,130,641.52**	**10**	**520**	**2,174.31**	Whakatāne (Allandale, Mokorua, Trident, Whakatāne Central, Whakatāne West, Coastlands, Ōhope, Huna Road - (520/8680 HEU's)
Water - Huna/ Shaw Road	Huna Road (Stage 1 and 2)					412,820	412,820	135,992	276,828	10	175	1,581.87	Huna/Shaw Road - All. Balance of development to pay remaining portion (175/235)
	Huna Road (Stage 2, Plan Change 8)	759,590	100	759,590			759,590		759,590	10	175	4,340.51	Huna/Shaw Road and Kawarehe Trust (175/175) Plan Change 8
Total Water - Huna/Shaw Road		**759,590**	**100**	**759,590**		**412,820**	**1,172,410**	**135,992**	**1,036,418**	**10**	**175**	**5,922.38**	

Asset	New Projects ($)	Total Cost of Project ($)	Percentage funded by DC (%)	DC amount ($)	Historic Projects/ Funding ($)	Total Historic DC value ($)	Total Proposed and Historic ($)	Reserve balance (July 2024) ($)	Balance to be recovered ($)	10 or 20 years	HEU's ($)	DC per HEU ($)	Statistic Area
Wastewater	Whakatāne - ST&D Pump Station	3,044,821	6.97	212,224.02			212,224.02		212,224.02	10	470	451.54	Whakatāne (Allandale, Mokorua, Trident, Whakatāne Central, Whakatāne West), Coastlands, Huna/ Shaw Road- (470/6743 HEU's)
Wastewater (Historic)	Whakatāne				Whakatāne Install 150GM MH 111/05 to McAlister St PS ($195,661); Mill Road ($65,657); Whak PS $11,139); Bunyan Road Sewer Pump ($426,929)- funded through developers' agreement.	699,386	699,386	426,929 (Developer Agreement)	272,457		470	579.70	Whakatāne (Allandale, Mokorua, Trident, Whakatāne Central, Whakatāne West, Coastlands, Huna Road (470/6743 HEU's). $426,929 to be recovered by separate developers' agreement.
Total - Wastewater		**3,044,821**	**6.97**	**212,224.02**		**699,386**	**911,610.02**	**426,929**	**484,681.02**		**470**	**1,031.24**	
Wastewater - Coastlands (Historic)	Coastlands (Historic)				Sewer PS ($764,001)	764,001			764,001	10	200	3,820.00	Only applicable for lots /dwellings on 77 Bunyan Road if developed
Wastewater - Huna/ Shaw Road Structure Plan	Huna Road (Stage 1)				Huna Road ($813,829)	813,829		309,828	504,001	10	175	2,880.01	Huna/Shaw Road - All. Balance of development to pay remaining portion (175/235)
Total Wastewater - Coastlands Huna/Shaw Road						**1,577,830**		**309,828**	**1,268,002**	**10**		**6,700.01**	

Asset	New Projects ($)	Total Cost of Project ($)	Percentage funded by DC (%)	DC amount ($)	Historic Projects/ Funding ($)	Total Historic DC value ($)	Total Proposed and Historic ($)	Reserve balance (July 2024) ($)	Balance to be recovered ($)	10 or 20 years	HEU's ($)	DC per HEU ($)	Statistic Area
Transportation	LCLR Future Demand	9,608,358	8.39	806,141.24			806,141.24	99,875	706,266.24	10	1255	642.34	
	LCLR Active Whakatāne	7,866,300	8.39	659,982.57			659,982.57	99,875	560,107.57	10	1255	525.88	
	Keepa Road Improvements	5,165,341	8.39	433,372.11			433,372.11	99,875	333,497.11	10	1255	345.32	
	Shaw Road/ Mill Road Connection	9,783,950	8.39	820,873.41			820,873.41	99,875	720,998.41	10	1255	654.08	
Total Transportation		**32,423,949**	8.39	**2,720,369.33**				**399,500**	**2,320,869.33**	**10**	**1255**	**1,849.30**	**District wide**

APPENDIX D: SCHEDULE OF COMPLIANCE – *Kupu Āpiti Tūtohu*

Provision of LGA 2002	Section of Development Contributions Policy
Section 106(2)(a): summarise and explain the (total cost of capital expenditure) identified in the long-term plan, (or identified under clause 1(2) of schedule 13) that the local authority expects to incur to meet the increased demand for community facilities resulting from growth; and	Section 6 (in particular Table 1)
Section 106(2)(b): state the proportion of that (total cost of capital expenditure) that will be funded by development contributions; financial contributions; other sources of funding	Section 6 (in particular Table 1)
Section 106(2)(c): explain, in terms of the matters required to be considered under section 101(3), why the local authority has determined to use these funding sources to meet the expected capital expenditure.	
Section 101(3): The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,	
Section 101(3)(a): in relation to each activity to be funded,	
Section 101(3)(a)(i): the community outcomes to which the activity primarily contributes; and	Section 7.1
Section 101(3)(a)(ii): the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.	Section 7.2

WHAKATĀNE DISTRICT DEVELOPMENT CONTRIBUTIONS POLICY SCHEDULE OF LOCAL GOVERNMENT ACT 2002 COMPLIANCE

The following table sets out the requirements under the Local Government Act 2002 for the preparation of a Development Contributions Policy. The sections of the Development Contributions Policy which satisfy the requirements in the Local Government Act 2002 are noted in the second column. The Council considers that the Development Contributions Policy achieves full compliance.

SCHEDULE OF LGA 2002 COMPLIANCE

Provision of LGA 2002	Section of Development Contributions Policy
Section 101(3)(a)(iii): the period in or over which those benefits are expected to occur.	Section 7.3
Section 101(3)(a)(iv): the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.	Section 7.4
Section 101(3)(a)(v): the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.	Section 7.5
Section 101(3)(b): the overall impact of any allocation of liability for revenue needs on the community.	Section 7.5
Section 106(2)(d): identify separately each activity or group of activities for which a development contribution will be required, and in relation to each activity or group of activities, specify the total amount of funding to be sought by development contributions.	Section 6 (in particular Table 1) and Section 8.7
Section 106 (2)(f): Summarise the provisions that relate to financial contributions in the District Plan.	Section 5
Section 106 (2A): This section does not prevent a local authority from calculating development contributions over the capacity life of assets or groups of assets for which development contributions are required, so long as— (a) the assets that have a capacity life extending beyond the period covered by the territorial authority's long-term plan are identified in the development contributions policy; and (b) development contributions per unit of demand do not exceed the maximum amount allowed by section 203.	
Section 106(3): If development contributions are required, the local authority must keep available for public inspection the full methodology that demonstrates how calculations for those contributions were made.	Section 8.7
Section 201(1)(a): an explanation of, and justification for, the way in which each development contribution in the (schedule to Development Contributions Policy) is calculated.	Section 8

Provision of LGA 2002	Section of Development Contributions Policy
Section 201(1)(b): the significant assumptions underlying the calculation of the schedule of development contributions, including an estimate of the potential effects, if there is significant uncertainty as to the scope and nature of the effects.	Section 15
Section 201(1)(c): the conditions and criteria (if any) that will apply in relation to the remission, postponement, or refund of development contributions, or the return of land.	Section 12
Section 201A: 1) If a territorial authority has determined to seek funding for community facilities under this subpart, the policy required by section 102 must include, in addition to the matters set out in sections 106 and 201, a schedule that lists: (a) each new asset, additional asset, asset of increased capacity, or programme of works for which the development contributions requirements set out in the development contributions policy are intended to be used or have already been used; and (b) the estimated capital cost of each asset described in paragraph (a); and (c) the proportion of the capital cost that the territorial authority proposes to recover through development contributions; and (d) the proportion of the capital cost that the territorial authority proposes to recover from other sources. (2) For the purposes of subsection (1), assets for which development contributions are required can be grouped together into logical and appropriate groups of assets that reflect the intended or completed programmes of works or capacity expansion. (3) A schedule under subsection (1) must also include assets for which capital expenditure has already been incurred by a territorial authority in anticipation of development. (4) Information in the schedule under subsection (1) must group assets according to the district or parts of the district for which the development contribution is required, and by the activity or group of activities for which the development contribution is required.	Section 8 (in particular section 8.7)

Provision of LGA 2002	Section of Development Contributions Policy
Section 202- Contents of schedule to development contributions policy (1) The schedule of development contributions required by section 201 (2) must specify: (a) the development contributions payable in each district, calculated, in each case, in accordance with the methodology in respect of- (i) reserves; and (ii) network infrastructure; and (iii) community infrastructure. (b) the event that will give rise to a requirement for a development contribution under section 198, whether upon granting (i) a resource consent under the Resource Management Act 1991; or (ii) a building consent under the Building Act 2004 (iii) an authorisation for a service connection (2) If different development contributions are payable in different parts of the district, subsection (1) applies in relation to the parts of the district. (3) The specifications required under subsection (1) or subsection (2) must be given separately in relation to each activity or group of activities for which separate development contributions are required.	Section 8 (in particular section 8.7)
Section 202A: Reconsideration process to be in development contributions policy (1) If a territorial authority has determined to seek funding for community facilities under this subpart, the policy required by section 102 must, in addition to the matters set out in sections 106 and 201 to 202-201 to 202, and subject to any regulations made under section 259(1)(e) or (f), set out the process for requesting reconsideration of a requirement under section 199A. (2) The process for reconsideration must set out: (a) how the request can be lodged with the territorial authority; and (b) the steps in the process that the territorial authority will apply when reconsidering the requirement to make a development contribution.	Section 10

Provision of LGA 2002	Section of Development Contributions Policy
Section 203- Maximum development contributions not to be exceeded: (1) Development contributions for reserves must not exceed the greater of: (a) 7.5% of the value of the additional allotments created by a subdivision; and (b) the value equivalent of 20 square metres of land for each additional household unit (or accommodation unit) created by the development. (2) Development contributions for network infrastructure or community infrastructure must not exceed the amount calculated by multiplying the cost of the relevant unit of demand calculated under clause 1 of schedule 13 by the number of units of demand assessed.	Section 8
For a development or type of development, as provided for in clause 2 of schedule 13, and as amended for any Producers Price Index adjustment adopted in a development contributions policy in accordance with section 106(2B), as provided for in clause 2 of schedule 13.	

Financial Contributions for Roads and Public Reserves

Ngā Tāpaetanga Ahumoni ki ngā Huarahi me ngā Whenua tāpui Tūmatanui

INTRODUCTION
Kupu Arataki

The Council's objectives, policies and rules for financial contributions are set out in Part 2, FC-Financial Contributions of the Whakatāne District Plan.

As with development contributions, financial contributions provide a mechanism to recover a fair portion of development-related costs from developers, rather than these costs being passed on to ratepayers. Financial contributions work hand-in-hand with development contributions, ensuring that the level of contribution is fair, transparent and not taken twice for the same purpose.

For the purpose of Part 2, FC-Financial Contributions of the Whakatāne District Plan, the Long Term Plan must include defined information to allow monetary contributions to be charged for subdivision, development and use of land, towards the upgrading of roads and the acquisition of reserves and/or development of reserves.

FINANCIAL CONTRIBUTIONS FOR ROADS
Ngā Tāpaetanga Ahumoni ki ngā huarahi

The purpose of a financial contribution for roading is to reflect that a subdivision, development or other use of land can lead to increased traffic volumes or change the mix of traffic using the road to the extent that the road serving that subdivision, development or use is required to be upgraded. This can be in terms of width or formation standard to safely carry the additional traffic that will occur.

Rule FC-R9 of the Whakatāne District Plan requires the 'cost per km' of improving the affected section of road to the level required as determined by the predicted traffic volume and road hierarchy" arising from a proposed subdivision, development or use to be defined in the Long Term Plan.

This will be assessed based on the following criteria:

- The current traffic volumes and the estimated increase in traffic volumes, or the mix of traffic arising from the proposed subdivision, development or use of land. In this case, a significant change in the volume or mix of traffic that means the existing carriageway width and/or formation is inadequate will lead to a financial contribution being charged. This will reflect the need to increase the width and formation standard of the road to manage the effects of increased vehicles from the subdivision or development or use.
- Along with increasing the width and/or formation of the road, other improvements may be needed, such as provision for or improvement of drainage, acquiring additional land, upgrading of bridges or installation of retaining walls, street lights or other infrastructure required to manage the effects of the change in vehicle numbers or mix of vehicles from the subdivision or development or use.
- The need to provide other infrastructure for other modes of transport, such as footpath or cycle facilities, to manage the effects of increased population arising from the subdivision or development or use. This will generally be relevant in urban situations.
- The Whakatāne Engineering Code of Practice, relevant New Zealand standards and the Whakatāne District Plan.

While each development will be assessed on the effects arising from the proposed development, the calculation of a financial contribution will be based on the following steps:

- From table 1, select the pavement width required to serve the increased traffic volume or mix of traffic.
- Add the cost of improving the formation to either asphalt cement (AC) or chip seal, if a sealed surface is required
- Add the cost of improving or providing drainage, footpaths, cycle ways and street lighting, if required.
- If additional land needs to be acquired, and/or other infrastructure needs to be upgraded or provided (such as bridges or retaining walls), the value of this work will be added to the financial contribution, but will be assessed separately at the time. Any work undertaken by the applicant to reduce these costs as part of a subdivision, development or other use of land will be factored in when determining the financial contribution charged.

TABLE 1

RC - Average $/km for road improvements						Instructions	Example	Cost
	($)	($)	($)	($)	($)			($)
Carriageway width (m)	**6**	**7**	**8**	**9**	**10**			
Pavement	347,000	405,300	463,200	521,000	579,000	Select pavement cost depending on width of pavement required	8m carriageway	463,200
AC surfacing	510,000	595,000	680,000	765,000	850,000	Add either chip seal or AC for the pavement width (or none is remaining unsealed	With AC surfacing	680,000
Chip seal	165,000	192,500	220,000	247,000	275,000			
Drainage	**None**	**One side**	**Both sides**					
	-	151,000	302,000			Add drainage required	Drainage on both sides of the road	1412,500
Footpaths	**None**	**One side**	**Both sides**					
	-	206,000	412,500			Add footpaths required	Footpath on one side of the road	206,250
Cycle facilities	**None**	**Cycle lane urban: Chipseal surface**	**Cycle lane urban: AC surface**	**Off road/ shared use path**				
	-	224,000	336,000	POA		Add cycle facilities required	No cycle lane	-
Streetlights	**None**	**V3 - Arterials**	**V4 - Primary connections**	**P - Pedestrian**	**Rural intersection Flag light**			
	-	100,000	80,000	68,000	20,000	Add streetlights required	Pedestrian lighting	68,000
Land purchase	POA					If land purchase, bridge upgrades or retaining walls are required	Assumed no land purchase/ walls/bridges	
Bridge upgrades	POA							
Retaining walls	POA							
RC ($/km)								**1,829,950**

NOTES:

Road length *- 1000m*

Pavement *- Based on 150mm M4 Overlay ($29.50/m2) and 200mm sub-base undercut beyond the 6m width ($28.40/m2)*

AC Surfacing *- Includes line marking RPMs ($85/m2)*

Chip seal *- Includes second coat after 1 year and line marking RPMs (1st coat and 2nd coat $27.50/m2)*

Drainage *- K and C ($70/m) and based on 1 standard cesspit and lead ($3,600/install) every 100m*

Footpaths *- Based on 1.5m standard footpath ($70/m2)*

Cycle facilities *- Based on urban cycle lane width of 2m and rural of 2.5m*

Escalations *- No inflationary adjustment has been incorporated into these costs.*
All costs will be reassessed alongside the Annual Plan or the Long-Term Plan 2027-37.

FINANCIAL CONTRIBUTIONS FOR RESERVES
Ngā Tāpaetanga Ahumoni ki ngā whenua tāpui

The purpose of seeking a financial contribution for reserves purposes is to allow the Council to acquire land to provide reserves for coastal protection and recreational use and neighbourhood playgrounds.

The District Plan allows the Council to seek land to be vested for reserves within a subdivision or development of land. Where land is not vested or additional financial contribution is justified based on the scale of the subdivision or development, then a financial contribution may be charged. This is to allow the Council to acquire additional land to meet the reserve needs of the district, township or neighbourhood or to provide additional facilities, such as playgrounds, seats and barbeques on land vested for recreation purposes.

Rule FC-R12 of the Whakatāne District Plan allows the Council to seek a one-off payment for every new lot or dwelling unit created. It is a fixed sum payment (plus GST) unless a contribution in land or works is to be made.

A financial contribution in the form of money will go towards the programmed purchasing, upgrading and development of the district's public reserves.

The rule also requires the level of the financial contribution per lot (or dwelling unit) to be identified in the Long Term Plan for each service area.

The service areas have been identified based on areas where substantial residential growth is occurring and planned. A valuation report has been obtained (2021) that provides generic valuation information based on these defined areas. These areas are where growth is anticipated to the degree that either additional reserve land or improvements to existing reserve land will be required. Factors such as coastal frontage, sites with views and other sites have been distinguished to calculate an average value of section sales in the last two years.

The average value for a 650m^2 lot (assumed average lot size) by area is as follows:

Location	Average value based on critical location factors ($)	1% of value to determine financial contribution ($)
Whakatāne	375,000	3,750
Coastlands		
• Coastal frontage/view	1,000,000	10,000
• Inland/no view	500,000	5,000
Ōpihi (Bunyan Road extension)		
• Coastal frontage/view	900,000	9,000
• Inland/no view	425,000	4,250
Huna/Shaw Road Structure Plan Area	475,000	4,750
Ōhope		
• Coastal frontage/view	1,000,000	10,000
• Unrestricted harbour/inlet views	700,000	7,000
• Inland/no view	500,000	5,000

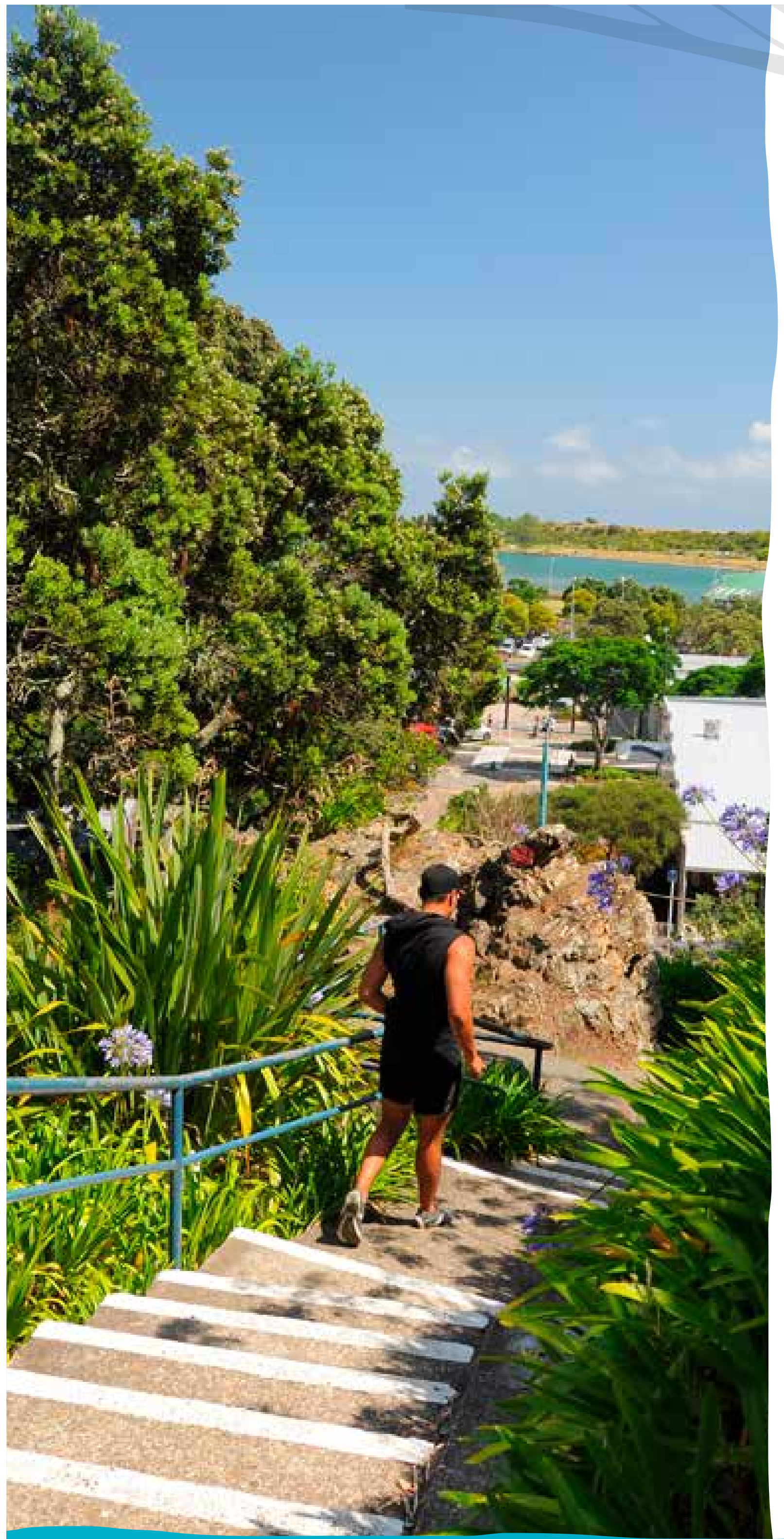
Based on the projected number of lots to be developed over the next 10 years, and their respective location, the Council will charge a financial contribution for any either additional lot or additional dwelling that will not exceed one percent of the average valuation per lot in the defined locations.

The financial contribution will be assessed for each subdivision or development in these locations and charged as a condition of consent if appropriate.

The need to acquire land for public reserves in the general location of the subdivision or development will be assessed for each subdivision or development.

Rates Remission and Postponement Policies (All Land)

Ngā Kaupapa here Whakaiti me te Whakatārewa Tāke Kaunihera (Whenua Whānui)



1.0 INTRODUCTION - *Kupu Arataki*

The Council uses rates remissions to help provide for increased affordability and equity in the rating system. The Council's Revenue and Financing Policy outlines the funding sources for each activity which includes general and targeted rates.

Rates remissions are designed to allow for specific circumstances at an individual level that cannot be effectively or efficiently incorporated into the rating system based on the data that is used to set rates.

2.0 POLICY CONTEXT - *Horopaki Kaupapa Here*

The Council has two policies covering rates remissions and postponements. One sets out the rates relief available to all types of land (this policy) and the other deals with provisions specifically for Māori Freehold Land and land with similar characteristics.

Māori Freehold Land is eligible for rates remissions under both policies, subject to meeting the criteria in each.

3.0 LEGISLATIVE CONTEXT - *Horopaki Ture*

Non-rateable properties

The Local Government (Rating) Act 2002 identifies categories of land that are wholly or partly non-rateable in schedule 1. Properties that are wholly non-rateable under the Local Government Rating Act should be recorded as such in the Rating Information Database so that rates are not assessed on that property. Properties that are partly non-rateable will be recorded in the Rating Information Database as such and may receive further rates relief through remissions provided for in this policy.

Remission of Uniform Annual General Charge and Targeted Rates for Contiguous Properties
Te whakaitinga Tāke Kaunihera ā-tau ki ngā rawa pātata

1.0 OBJECTIVE OF THE POLICY - *Te Whāinga Kaupapa Here*

The objective of this remission Policy is to apply the Uniform Annual General Charge and fixed charges on a fair and equitable basis to ratepayers. Section 20 of the Local Government (Rating) Act 2002 provides for two or more rating units to be treated as one unit for setting a rate if the units are:

a) In the same ownership, and

b) Used jointly as a single unit, and

c) Contiguous or separated by a road, railway, drain, water race, river or stream.

This policy provides for the possibility of a rates remission where the above three conditions are not all met, but where it is nevertheless considered inequitable for the rating units to be treated as separate. In addition, it provides for remission of Uniform Annual General Charges and/or targeted fixed charge rates where a rating unit is liable for multiple charges but it is considered inequitable or excessive to assess full charges. This policy may also be applied to individual lots for subdivisions, before the titles are sold.

2.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

2.1 The units may be in separate ownership, but if they are contiguous and are used jointly as a single unit, they will be treated as a single unit, so long as the contiguous rating unit does not contain any habitable dwellings; or

2.2 The remission will be the Uniform Annual General Charges plus targeted fixed charge rates, on all but one rating unit where all of these rating units are:

a) Subdivided into five or more lots where the titles have been issued; and

b) Owned by the original developer who is holding the individual titles pending their sale to subsequent purchasers; and

c) Originally contiguous or separated only by road, railway, drain, water race, river or stream.

3.0 RATES TO BE REMITTED - *Ngā Tāke Kaunihera ki te whakaiti*

3.1 Rating units that meet the criteria under this Policy may qualify for a remission of the Uniform Annual General Charges and any targeted rates set on the basis of a fixed dollar charge per rating unit. The ratepayer will remain liable for at least one set of each type of uniform annual general charge or fixed charge.

Rates remission for educational institutions' sewage (pan) charges
Te whakaitinga tāke kaunihera parakaingaki kura

1.0 OBJECTIVE OF THE POLICY - *Te Whāinga Kaupapa Here*

The objective of this Rates Remission Policy is to enable the Council to reasonably rate educational institutions for sewerage disposal, having regard to the number of toilets and urinals needed for the number of staff and students rather than for the actual number of toilets and urinals available.

2.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

2.1 This policy will apply to the following educational establishments:

a) A state school under section (2)(1) of the Education Act 1989;

b) An integrated school under section (2)(1) of the Private School Conditional Integration Act 1975;

c) A special institution under section 92(1) of the Education Act 1989; or

d) An early childhood centre under section 308 of the Education Act 1989, but excluding any early childhood centre operating for a profit.

2.2 This policy does not apply to schoolhouses.

2.3 Upon receipt of an annual written application from the educational establishment, including an annual return of staff and student numbers, the Council may remit the number of pan charges in excess of the deemed number of pans. The excess number of pans will be the number of toilets and urinals available, less the deemed number of pans. The deemed number of pans will be calculated as follows:

a) Number of staff + number of students ÷ 20 = deemed number of pans.

2.4 The number of staff in an educational establishment is the number of teaching staff and administration staff employed by the educational establishment on 1 March, immediately before the year to which the charge relates. The number of students in an educational establishment is the number of students on its roll on 1 March in the year immediately before the year to which the charge relates. If the actual number of toilets and urinals for the educational establishment exceeds the deemed number of pans, the Council will remit the difference.

3.0 RATES TO BE REMITTED - *Ngā Tāke Kaunihera ki te whakaiti*

3.1 The number of pan charges for rates remission shall be 'the number of toilets and urinals available less the number of deemed toilets and urinals'.

Rates remission and postponement for financial hardship
Te whakaitinga me te whakatārewatanga Tāke Kaunihera i te horopaki taumaha ahumoni

PART 1: POSTPONEMENTS IN CASES OF FINANCIAL HARDSHIP - *Ngā whakatārewatanga i te horopaki taumaha ahumoni*

1.0 OBJECTIVE OF THE POLICY - *Te Whāinga Kaupapa Here*

The objective of this remission Policy is to enable the Council to provide reasonable assistance to ratepayers whose financial circumstances affect their ability to pay their rates.

2.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

2.1 When considering whether financial hardship exists, all of the ratepayer's personal circumstances will be relevant including the following factors: income from any source, including benefits (whether monetary or otherwise) received from any trust, the ratepayer's age, physical or mental disability, injury, illness and family circumstances.

2.2 If after due enquiry the Council is satisfied that financial hardship exists or would exist if the rates or a portion of the rates were not postponed, the Council may postpone part or all of the rates.

2.3 An application will only be considered where the following criteria are met:

a) The ratepayer must be the current owner of the rating unit which is the subject of the application (the Council may take into consideration the length of time of ownership).

b) The rating unit must be the ratepayer's normal place of residence.

c) The ratepayer must not own any other rating units, investment properties or other realisable assets.

d) The ratepayer must make application to the Council on the prescribed form.

2.4 Even if rates are postponed, as a general rule the ratepayer will be required to pay the first $500 of the rate account.

2.5 The ratepayer must make acceptable arrangements for payment of future rates, for example setting up a system for regular payments.

2.6 The Council will add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the Council's administration and financial costs.

2.7 Any postponement will apply from the beginning of the rating year in which the application is made.

2.8 Where an application is granted, the rates will be postponed until the earlier of:

a) The death of the ratepayer(s)

b) Until the ratepayer(s) ceases to be the owner of the rating unit

c) Until the ratepayer(s) ceases to use the property as his/her residence

d) Until a date as determined by the Council in any particular case.

2.9 The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that of which they would be entitled to have postponed pursuant to this policy.

2.10 Postponed rates will be registered as a statutory land charge on the title of the rating unit.

2.11 The financial consideration of the postponement fee to be added under clause 2.6 will be an annual interest rate to be set by the Council by ordinary resolution at the time of setting the rates for any rating year.

2.12 The interest rate to be set under clause 2.11 will be set to be neutral (or as close to neutral as is reasonably possible) on the Council's cash flows.

PART 2: REMISSION IN CASES OF EXTREME FINANCIAL HARDSHIP - *Te whakaitinga i te horopaki taumaha hārukiruki ahumoni*

1.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

1.1 When considering whether extreme financial hardship exists, all of the ratepayer's personal circumstances will be relevant including but not limited to the following factors: income from any source, including benefits (whether monetary or otherwise) received from any trust; the ratepayer's age, physical or mental disability, injury, illness and family circumstances.

1.2 If after full enquiry, the Council is satisfied that extreme financial hardship exists or would be caused to the ratepayer, by requiring payment of the whole of the rates, it may remit part or all of the rates.

1.3 If under clause 1.2 the Council remits part of the rates, it may postpone the balance or any part of the balance under part 1 of this Policy.

1.4 Any remission granted under this part of this policy will not apply to future years.

1.5 Applications must be in writing by or on behalf of the ratepayer and will consider the following criteria:

a) The ratepayer must be a natural person.

b) The ratepayer must have continuously owned and occupied the rating unit which is the subject of the application, as their normal place of residence. (The Council may take into consideration the length of time of ownership).

c) The ratepayer must not own any other rating units, investment properties or other realisable assets.

RATES REMISSION FOR PENALTIES ON UNPAID RATES
Te whakaitinga Tāke Kaunihera i ngā utu taurewa

1.0 OBJECTIVE OF THE POLICY - *Te Whāinga Kaupapa Here*

The objective of the remission Policy is to enable the Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the due date.

2.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

2.1 In this part of this Policy, the term 'Individuals' means ratepayers who are natural persons. The Council will consider remitting penalties where an applicant meets any of the following criteria:

a) Individuals on benefits or other low-incomes or who have been made redundant/unemployed, without substantial other means and who have exhausted all other avenues of relief.

b) Individuals suffering significant family disruption, e.g. serious illness or accident of self or a close family member, death of a close family member, marriage or separation/divorce.

c) Individuals in cases of extenuating circumstances, e.g. loss of records by fire or theft.

d) Individuals who are no longer able to manage their own affairs because of age and/or health and another person has assumed responsibility for the payment of accounts, etc. (Limited to one application per ratepayer).

e) Individuals who contact the Council prior to a penalty date to advise that they will not have funds available to pay the instalment charge until after the due date, and payment is made within 14 days of the due date. (Limited to one penalty within any two year period for any particular ratepayer).

f) Ratepayers who have paid within seven days after the due date. (Limited to one penalty with any two (2) year period for any particular ratepayer).

2.2 Ratepayers where:

a) There is a proven problem with the delivery of instalment notices to a particular area, i.e. letter of confirmation from New Zealand Post.

b) There is a delay with overseas postage.

c) Penalties may be remitted in other situations where, in the opinion of the Council, it would be just and equitable to do so.

d) Applications for remission of penalties must be in writing.

e) Rates (excluding the penalty) should be paid in full before remission is considered, except where provision is made for the remission of penalties prior to full repayment where regular payment plans, extending beyond 12 months, are in place and performing satisfactorily.

Rates remission for water leakage
Te whakaitinga Tāke Kaunihera i ngā paheke wai

1.0 OBJECTIVE OF THE POLICY - *Te Whāinga Kaupapa Here*

The objective of the remission Policy is to enable the Council to act fairly and reasonably to reduce accounts that are unusually high due to water leakage where there is clear evidence of timely repairs.

2.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

2.1 This policy applies only to targeted rates for water consumption and excess water charges.

2.2 Up to 100 percent of water leakage will be remitted unless negligence is shown in regard to timeliness of repair or maintenance of system (i.e. multiple leaks).

2.3 Application under this policy must be in writing and must be made by the ratepayer of the rating unit concerned.

2.4 Application must include evidence the leak has existed, and that the leak has since been repaired.

3.0 DEFINITIONS - *Ngā Tikanga*

Water leakage: The difference between the average consumption of the property and the consumption over and above that average.

Average consumption: The average of the previous four billing periods charged to the customer. Provided that when, by reason of a large variation of consumption due to seasonal or other causes, the average of the previous four billing periods would be an unreasonable estimate of the consumption, the Council may take into consideration other evidence to arrive at a reasonable estimate.

Timely repairs: A repair completed within 90 days of the invoice to which the application refers.

Rates remission and postponement for a rating unit affected by a natural hazard *Te whakaitinga me te whakatārewatanga Tāke Kaunihera i ngā rawa kua pāngia e ngā matepā taiao*

1.0 OBJECTIVE OF THE POLICY - *Te Whāinga Kaupapa Here*

The objective of this policy is to provide short term financial assistance to residential properties through providing postponement of rates in the first instance and remission of rates once an application has been received, to those ratepayers that have been detrimentally affected by erosion, subsidence, submersion or another natural hazard event.

Rates remission aims to alleviate some of the financial pressure faced by residents that have had to move out of their homes. In these circumstances, property owners often end up incurring unexpected costs while their homes are not suitable for habitation. For some, this can affect their ability to pay their rates.

2.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

The following conditions and criteria apply:

2.1 The Council may postpone and remit rates charged on a rating unit if a dwelling is detrimentally affected by erosion, subsidence, submersion or other natural hazard event to such an extent that the resident ratepayers are no longer able to reside there.

2.2 Applications for rates remission must be made in writing and be received by the Council within a period of 12 months from the date on which the natural hazard event occurred.

2.3 An application will only be considered where the following criteria are met:

- a) The ratepayer must be the current owner of the rating unit which is the subject of application.
- b) The rating unit must be a residential property.
- c) Rates remitted may exclude the following service charges: water, sewage disposal and mobile rubbish bins.
- d) Evidence is provided supporting the claim and there is a process to return.

2.4 The Council may remit rates for the duration of the period that the residents are unable to reside in the dwelling for a period of up to 90 days commencing seven days after the natural hazard event.

2.5 At the end of the 90 day period, the Council may extend the remission of rates to a fixed date if applicants can demonstrate adequate reasons for not being able to inhabit the dwelling within the 90 day period e.g. section 124 notice (dangerous or insanitary building) under the Building Act 2004.

Rates remission for community, sporting and other organisations *Te whakaitinga Tāke Kaunihera i ngā rōpū hapori, ngā hākinakina, me rōpū kē atu*

1.0 OBJECTIVE OF THE POLICY - *Te Whāinga Kaupapa Here*

The objectives of this policy are:

a) To facilitate the ongoing provision of non-commercial, non-profit, voluntary community and sporting services to the general public.

b) To assist the organisation's financial viability.

c) To make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, elderly and economically disadvantaged people.

d) To recognise the social and health benefits to the community of access to sports and recreation facilities.

e) To support the efforts of volunteers.

2.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

The following conditions and criteria apply:

2.1 Remission may be available to land occupied or used by a non-profit organisation which provides voluntary community or sporting services to the general public.

2.2 The organisation's purpose aligns with the policy objectives.

2.3 50 percent remission of rates and charges, excluding those for water, sewerage and refuse disposal, will apply for organisations, including those with a permanent club liquor licence.

2.4 Applications for remission must be made on an approved declaration form.

2.5 An application must include:

a) A signed statement from the organisation's treasurer to prove no profit is derived from its activity.

b) A statement of objectives, information on activities and programmes and details of membership of clients.

If the remission is accepted by the Council, the ratepayer does not need to re-apply annually, however the ratepayer has the responsibility to inform the Council if a change of circumstances has occurred that may result in the remission no longer being appropriate.

2.6 Applications for remission will be reviewed three-yearly.

2.7 Each application will be considered on its merits, and provision of a remission in any year does not set a precedent for similar remission in any future year.

Miscellaneous circumstance remission *Te whakaitinga Tāke Kaunihera whakaehu*

1.0 OBJECTIVE OF THE POLICY - *Te Whāinga Kaupapa Here*

It is recognised that not all situations in which the Council may wish to remit rates will necessarily be known about in advance and provided for in the Council's specific policies, or there may be other circumstances in which it is appropriate to apply a remission, but it is not provided for in a policy.

The purpose of this part of the policy is to provide for the possibility of rates remission in circumstances which have not been specifically addressed but in which the Council considers it appropriate to remit rates.

2.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

The Council may remit rates on a rating unit where it considers it just and equitable to do so because of:

a) Extraordinary circumstances arising from a change to the Council's rating or rates remission policies have resulted in unintended consequences for a rating unit.

b) Exceptional circumstances where the Council believes that it is equitable to remit the rates.

The amount and duration of any such relief will be determined by the Council on a case-by-case basis.

DECISION-MAKING AND ADMINISTRATIVE MATTERS *Ngā whakataunga me ngā take whakahaere*

- Decisions on rates remissions under this policy will be delegated to officers as set out in the Council's delegation register.
- Relief, and the extent thereof, is at the sole discretion of the Council and may be cancelled or reduced at any time if new relevant information is discovered and confirmed.
- Application for a remission must be made in writing and should, where practicable, be made prior to the commencement of the rating year, unless stated below that the Council applies the remission automatically.
- The Council may approve a multi-year remission if the ratepayer(s) provides an undertaking to notify the Council of any changes in circumstance that may affect the remission.
- Where the Council refers to 'land' and 'rating unit(s)' in the conditions and criteria of this policy, it will also consider remitting rates on a part or parts of a rating unit where only part of the rating unit qualifies for remission.

Policy review

This policy will be reviewed every six years, or earlier if required.

Rates Remission and Postponement Policies (Māori Freehold Land)

Ngā Kaupapa here Whakaiti me te Whakatārewa o ngā Tāke Kaunihera (Whenua Māori Herekore)

1.0 INTRODUCTION - *Kupu Arataki*

The Council uses rates remissions to help provide for increased affordability and equity in the rating system. The Council's Revenue and Financing Policy outlines the funding sources for each activity which includes general and targeted rates.

Rates remissions are designed to allow for specific circumstances at an individual level that cannot be effectively or efficiently incorporated into the rating system based on the data that is used to set rates.

2.0 POLICY CONTEXT - *Horopaki Kaupapa Here*

The Council has two policies covering rates remissions and postponements. One sets out the rates relief available to all types of land and the other deals with provisions specifically for Māori Freehold Land and land with similar characteristics (this policy).

Māori Freehold Land is eligible for rates remissions under both policies, subject to meeting the criteria in each.

3.0 LEGISLATIVE CONTEXT - *Horopaki Ture*

Non-rateable properties

The Local Government (Rating) Act 2002 identifies categories of land that are wholly or partly non-rateable in schedule 1. Properties that are wholly non-rateable under the Local Government (Rating) Act should be recorded as such in the Rating Information Database so that rates are not assessed on that property. Properties that are partly non-rateable will be recorded in the Rating Information Database as such and may receive further rates relief through remissions provided for in this policy.

The Local Government Act 2002 requires the Council to adopt policies for the remission and/or postponement of rates on Māori Freehold Land (section 102(2) (e)) but we also consider Te Ture Whenua Māori Act 1993 which is the primary legislation governing Māori Freehold Land, the preamble to which sets fundamental principles within which the whenua Māori framework operates:

a) Recognise whenua Māori as a taonga tuku iho of special significance to Māori.
b) Promote the retention of whenua Māori in the hands of its owners, their whanau, iwi, and their hapū;
c) Protect wāhi tapu.
d) Facilitate the occupation, development, and utilisation of whenua Māori for the benefit of its owners, their whānau, iwi, and their hapū.

Whenua Māori rates remission provisions have been developed against the backdrop of the guiding Te Ture Whenua principles, whilst considering the Local Government (Rating of Whenua Māori) Amendment Act 2021.

4.0 BACKGROUND - *Tirohanga Whakamuri*

The aim of this policy is to recognise that Māori Freehold Land may have particular conditions, ownership structures or other circumstances, which make it appropriate to remit or postpone rates for defined periods. Remission of rates involves reducing the amount owing or waiving collection of rates altogether. Postponement of rates means that the payment of rates is not waived in the first instance, but delayed for a certain amount of time, or until certain events occur.

The Local Government Act 2002 requires the Council to adopt policies for the remission and/or postponement of rates on Māori Freehold Land (section 102(2) (e)). In developing this policy, the Council must consider the matters set out in schedule 11 of the Local Government Act 2002. This includes the recognition that there are cultural, historical and legal factors that distinguish Māori Freehold Land from general land. These factors include:

a) The land is generally multiply owned.
b) There are legislative and cultural constraints on the ability to alienate Māori Freehold Land.
c) The land is undeveloped and/or unoccupied for cultural, spiritual or practical reasons.
d) Māori Freehold Land is not freely tradeable and is difficult to alienate (and in many cases, the owners do not want to alienate the land).

In compliance with the Local Government Act 2002 and in recognition that the nature of Māori Freehold Land is different to general land, the Council has formulated this policy on the Remission and Postponement of Rates on Māori Freehold Land.

The Council does not define Māori Freehold Land. This is determined by the Māori Land Court.

5.0 KEY DEFINITIONS - *Ngā Tikanga*

For the purpose of this policy, Māori Freehold Land means land whose beneficial ownership has been determined by the Māori Land Court by freehold order (section 5, Local Government (Rating) Act 2002), or at the Council's discretion:

- Former Māori Freehold Land whose status was changed to General Land under the Māori Affairs Amendment Act 1967.
- Land whose status is general land owned by Māori (as defined in Te Ture Whenua Māori Act 1993 and administered by the Māori Land Court).
- Any land, regardless of its status, returned to a Māori trust, iwi, hapū or other entity, by the Crown or local government body, as redress or compensation for a historic wrongdoing or breach of the Treaty of Waitangi.

Unoccupied means, in respect of a block of land or a portion[1] of a block of land, that there is no person, whether with a beneficial interest in the land or not, who, alone or with others:

a) Leases the land, and/or
b) Does any of the following things on the land, with the intention of making a profit or for any other benefit
(i) resides on the land
(ii) de-pastures or maintains livestock on the land
(iii) stores anything on the land.

Wāhi Tapu means a place sacred to Māori in the traditional, spiritual, religious, ritual or mythological sense (section 6 of the Heritage New Zealand Pouhere Taonga Act 2014).

General Land means land that is not Māori Freehold Land as defined above.

[1] *See section 98 of the Local Government (Rating) Act 2002, which allows for the apportionment of rates.*

6.0 POLICY OBJECTIVES - *Ngā Whāinga Kaupapa Here*

- To recognise Māori Freehold Land may have particular conditions, ownership structures or other circumstances which make it appropriate to remit or postpone rates for defined periods of time.
- To introduce a policy which promotes the collection of rates from owners of Māori Freehold Land in order to achieve a fair and equitable collection of rates from all sectors of the community.

What is available?

This policy is in three parts. Each part deals with distinct situations.

Part 1 deals with the remission of rates on Māori Freehold Land that is unoccupied and undeveloped.

Part 2 deals with the postponement of rates on Māori Freehold Land to facilitate the development and use of that land for economic purposes, where the Council considers that the utilisation of that land would be uneconomic if full rates were payable immediately.

Part 3 deals with the remission of uniform charges on Māori Freehold Land as encouragement for that land to be used for agricultural purposes in conjunction with other adjacent land.

Policy on the remission and postponement of rates on Māori Freehold land *Te Kaupapa here Whakaiti me te Whakatārewa o ngā Tāke Kaunihera i te Whenua Māori Herekore*

PART 1: UNOCCUPIED AND UNDEVELOPED LAND - *Whenua wātea me te Whenua taramore*

1.0 BACKGROUND - *He Tirohanga Whakamuri*

The Whakatāne District contains areas of Māori Freehold Land that are unoccupied. This land creates a significant rating burden on the Māori owners who may not have the means or in some cases, the desire to make economic use of the land.

The reason why Māori Freehold Land remains unoccupied is due to a number of factors which may include:

a) The nature of land ownership (for example, the land is owned by multiple owners, many of whom do not live near the land).
b) The land has some special significance which makes it undesirable to develop or reside on.
c) The land is isolated, difficult to access and marginal in quality.
d) The land is not suitable for generating income.

2.0 OBJECTIVES - *Ngā Whāinga*

- To recognise situations where land has been set aside for cultural or natural heritage reasons and no income is derived from the land.
- To avoid further alienation of Māori Freehold Land as result of pressures that may be brought on by the imposition of rates on unoccupied land
- To recognise matters relating to the physical inaccessibility of land.
- To provide the ability to grant remission for portions of land that are not occupied
- To support the traditional relationship of kaitiakitanga (guardianship) to the land, including the use of the land by the owners for traditional purposes.

3.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

3.1 The Council will consider remitting rates on Māori Freehold Land under part 1 if the following criteria are met:

a) The land is Māori Freehold Land as defined by section 5 of the Local Government (Rating) Act 2002. This definition is set out above under the heading 'Key definitions'.

b) The land is unoccupied, as defined above under the heading 'Key definitions'.

c) The land has been identified as requiring special treatment for rating purposes. This includes land which is:

(i) Unoccupied

(ii) it is uneconomic to use

(iii) no tangible benefit is derived from the use and occupation of the land

(iv) the land is inaccessible

(v) the community benefits from:

» The protection of outstanding natural features on the land

» The protection of significant indigenous vegetation and significant habitats of indigenous fauna on the land

» The land contains wāhi tapu affecting the use of the land for other purposes.

3.2 Any application for a remission of rates is to be made in writing annually, except where a remission has been granted for a longer period or when the Council recognises that a property is unoccupied or uneconomic to use, staff may initiate the application for remission of rates so that arrears are not overstated in the Council's records.

3.3 Where applicable, the Council has the discretion to negotiate remission of rates and penalties as a tool to clear arrears and current rates.

3.4 The Council may consider a portion of a block of Māori Freehold Land to be unoccupied.

3.5 The Council reserves the right to seek such additional information from the applicant/s or from any other source it may determine as necessary in considering that application.

4.0 RATES TO BE REMITTED - *Ngā Tāke Kaunihera ki te whakaiti*

4.1 Rates remissions (for all or part) may be applied to all rates charged on Māori Freehold Land with the exception of any targeted rate for connection to water and wastewater services or where a refuse collection service is provided.

4.2 Any approved remission will generally be for a period of one year but may be considered for up to three consecutive rating years. The exception is that where the Council is considering a remission of rates for past rating years, the three-year maximum period of remission may be extended at the Council's discretion.

PART 2: POSTPONEMENT - *Whakatārewatanga*

1.0 BACKGROUND - *Tirohanga Whakamuri*

The Council recognises significant rate arrears can act as a disincentive to any new or existing occupation of Māori Freehold Land.

Policies for the postponement of rates for Māori Freehold Land encourage the use of the land by occupiers who agree to pay the current and future rates for the period of time that they will use the land.

Postponement means that the rates remain as a debt against the property until they are written off after six years or the status of the land changes. Whilst the rates are postponed, the Council does not seek to collect them.

Part 2 is consistent with the objectives set out in schedule 11 of the Local Government Act 2002, which include the need to facilitate the wish of the owners of Māori Freehold Land to develop the land for economic use.

Part 2 provides for the remission of outstanding penalties and the postponement of rate arrears outstanding at the time that the agreement contemplated under this policy comes into force.

Part 2 provides that in the event that the current rates continue to be paid, the postponed rates will be remitted at the completion of the time period specified by the Council, which will not exceed six years after the date which they were charged to the land.

2.0 OBJECTIVES - *Ngā Whāinga*

- To facilitate the development and use of Māori Freehold Land for economic use where the Council considers that the utilisation of that land would be uneconomic if full rates were payable.
- To support any wish of the owners to develop the land for economic or other purposes by removing the rates burden while they plan for this development.

3.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

3.1 The Council will consider agreeing to postpone the arrears of rates on Māori Freehold Land subject to the land being continuously used by a person or persons as defined by section 96 of the Local Government (Rating) Act 2002 and the person or persons agreeing to pay the current and future rates by the due date, while they are using the land, are subject to the following criteria:

3.2 The land is Māori Freehold Land as defined by section 5 of the Local Government (Rating) Act 2002.

3.3 The application must be in writing and signed by the owner(s), their agent, or the person or persons proposing to use the land.

3.4 The person or persons using the land must enter into an agreement in writing with the Council to keep the current and future rates up-to-date while they are using the land.

3.5 All previous instalments of the current year's rates must be paid in full within one month of the agreement date or in part payments, by the 30 June of the applicable year or at the discretion of the Council an agreement may be entered into with the owners or trustees of any Māori Freehold Land, which allows for the staged payment of rates over a five-year period according to the following schedule:

a) Year one: Not less than 20 percent payable for that year
b) Year two: Not less than 40 percent payable for that year
c) Year three: Not less than 60 percent payable for that year
d) Year four: Not less than 80 percent payable for that year
e) Year five: 100 percent payable that year.

3.6 Any agreement negotiated must be supported by the following information:

a) A five-year projected cash flow prepared by a suitably qualified person, which shows the increase in annual cash surplus over the five-year period.

b) An assessment by the Council that the projected cash flow is realistic and can be achieved.

c) An annual report from the owners or trustees.

d) Any other documents the Council considers necessary to make an assessment.

3.7 The Council the sole judgement on whether to grant the application and may seek such additional information as it may require before making the final decision.

3.8 Pursuant to section 88 of the Local Government (Rating) Act 2002, a postponement fee may be added to the postponed rates.

4.0 TERMINATION AND REPAYMENT OF POSTPONED RATES - *Te Whakatepenga me te Utunga o ngā Tāke Kaunihera kua whakatārewahia*

4.1 Postponed rates will remain as a charge on the property for a period of six years from the date on which the rate was assessed, after which time they will be remitted.

4.2 If the current and future rates are not paid within one month of the due dates, the Council reserves the right to reapply the postponed rates to the land, subject to any agreement negotiated under this policy.

PART 3: UNIFORM CHARGES - *Ngā Tāke Kaunihera ā-tau i ngā rawa pātata*

1.0 BACKGROUND - *Tirohanga Whakamuri*

There are situations where opportunities to utilise Māori Freehold Land for agricultural purposes in conjunction with adjacent general land or other adjoining Māori Freehold Land blocks used contiguously are lost due to the rating liability attached to the Māori Freehold Land.

2.0 OBJECTIVE - *Whāinga*

The intent of this part of this Policy is to remove that impediment to facilitate productive use of that Māori Freehold Land.

3.0 CONDITIONS AND CRITERIA - *Ngā Heipūtanga me ngā Paearu*

The Council will consider remitting all uniform charges on Māori Freehold Land under this part if the following criteria are met:

3.1 The land is Māori Freehold Land as defined by section 5 of the Local Government (Rating) Act 2002. This definition is set out above under the heading ‘key definitions’.

3.2 There is agreement for the land to be used together with adjacent general land or Māori Freehold Land used contiguously for agricultural purposes.

3.3 Any application for a remission of uniform charges is to be made in writing annually, except where a remission has been granted for a longer period.

4.0 RATES TO BE REMITTED - *Ngā Tāke Kaunihera ki te whakaiti*

4.1 Rates remissions may be applied to all uniform charges assessed on the Māori Freehold Land during the period that the Māori Freehold is utilised together with the adjacent general land for agricultural purposes.

DECISION-MAKING AND ADMINISTRATIVE MATTERS

Ngā whakataunga me ngā take whakahaere

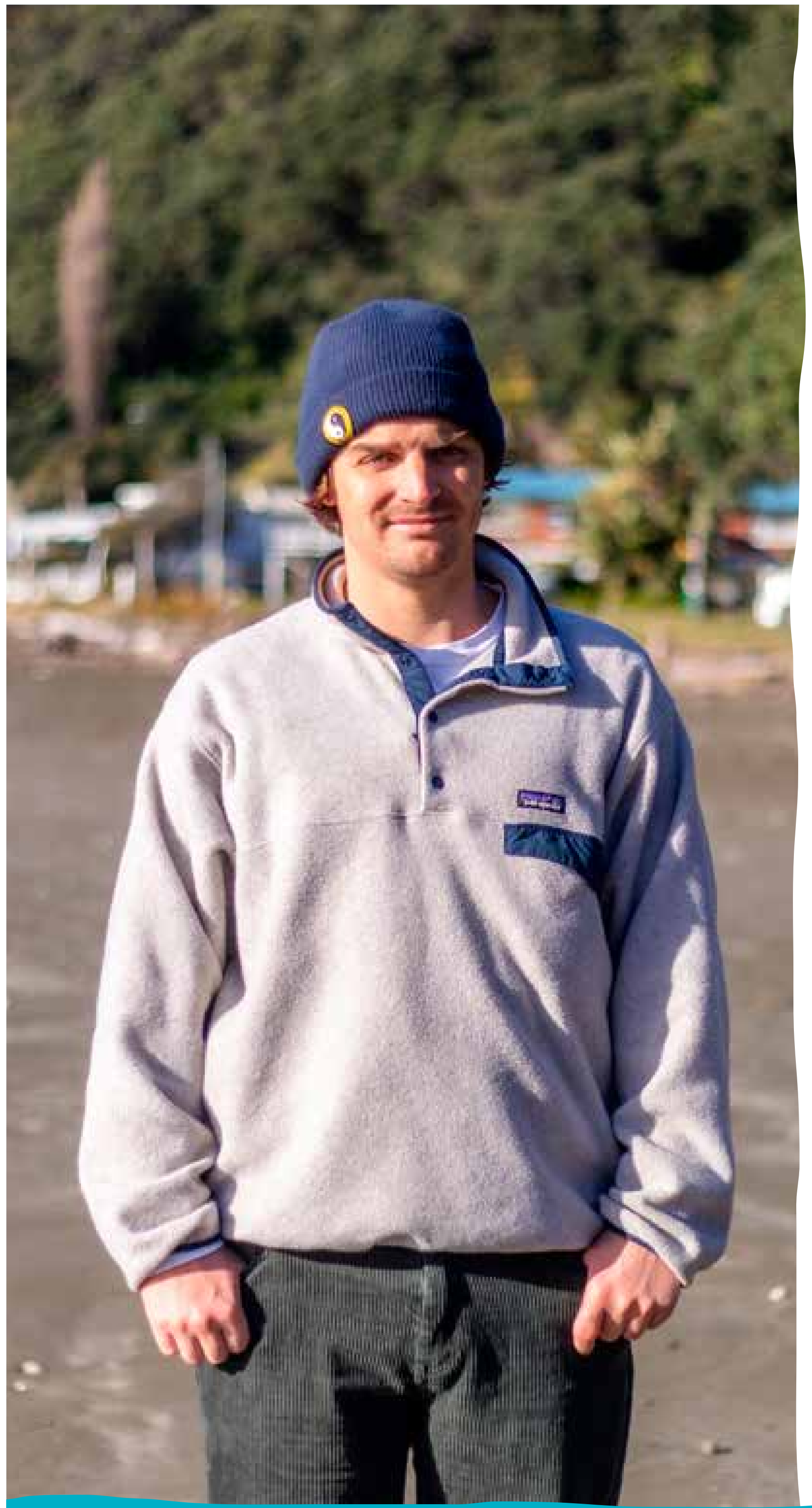
- Decisions on rate remissions under this policy will be delegated to officers as set out in the Council's delegation register.
- Application for a remission must be made in writing and should, where practicable, be made prior to the commencement of the rating year, unless stated below that the Council applies the remission automatically.
- Owners or trustees making applications should include the following information in their applications:
  (i) Details of the rating unit or units involved.
  (ii) Documentation that shows the land qualifies as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court.
  (iii) Supporting information to demonstrate that the remission will help achieve the policy objective.
- Relief, and the extent thereof, is at the sole discretion of the Council and may be cancelled or reduced at any time if new relevant information is discovered and confirmed.
- Where the Council refers to 'land' and 'rating unit(s)' in the conditions and criteria of this policy, it will also consider remitting rates on part or parts of a rating unit where only part of the rating unit qualifies for remission.
- The Council may approve a multi-year remission if the ratepayer(s) provides an undertaking to notify the Council of any changes in circumstance that may affect the remission.

Policy review

This policy will be reviewed every six years, or earlier if required.

Summary of Significance and Engagement Policy

Te Kaupapa Here Whakahirahiratanga me te Tūtakitakitanga



These pages provide a summary of our Significance and Engagement Policy. The full policy is available at **whakatane.govt.nz/documents/policies-and-bylaws**

The Council is committed to making informed and sustainable decisions in the best interests of our communities and the district. We consider our communities views and preferences in all decisions we make. This is a statutory requirement, but more importantly, we are keen to ensure our decisions reflect the aspirations of whānau, hapū, and iwi, residents, ratepayers, community groups and businesses (the public).

The primary purpose of the Significance and Engagement Policy is to provide clarity to the Council and the public about how and when communities can expect to be engaged in the Council decision-making process. The general underlying principle of this policy is that the higher the degree of significance attached to issues, proposals, decisions, or other matters before the Council, the greater the level of community engagement that will be sought to inform the decision-making process.

Degree of significance	**Low**	**Moderate**	**High**
Level of public involvement in the decision-making process	In the interests of efficient decision-making, the Council is not likely to seek formal public participation but will seek to keep the public informed.	The Council may seek public participation in the decision-making process. Engagement may be less formal or of a smaller scale according to need.	The Council will seek public participation into the decision-making process unless there is a very compelling reason not to.

Ki a koe tētahi kīwai, ki a au tētahi kīwai.
For you one handle of the basket, for me the other.

When the Council will seek public participation in the decision-making process

Āhea te Kaunihera e whai i ngā whakaaro o te hunga tūmatanui ki te whakatau

For many proposals and decisions- but not all - the Council provides direct opportunities for the public to participate in the decision-making process. We engage because we recognise how significant those proposals and decisions are to our communities and to the district, or sometimes because legislation specifically requires us to.

The Council will actively seek public participation in the decision-making process:

- When specifically required by legislation.
- For any other matters based on their degree of significance.

When the Council may not seek public participation in the decision-making process

Āhea te Kaunihera e kore e whai i ngā whakaaro o te hunga tūmatanui ki te whakatau

It's not always necessary, appropriate or possible to engage the public on a proposal or decision. The most common reason is a matter is not significant enough to require public engagement and to do so would add costs and time delays to the process. There are also a number of other reasons such as the need for confidentiality or commercial sensitivity or the need for an immediate response for health and safety reasons. More reasons are set out in section 6.1 of the full policy.

Where these circumstances apply, the Mayor and Councillors are usually responsible for making the decision, as they have been elected by you to provide governance over Council matters. In these instances, the Council will take steps to keep the public appropriately informed on the matter.

How the level of significance is determined

Me pēhea e whakatau i te taumata whakahirahiratanga

A set of 'criteria' help us make an assessment of how significant a matter is and, therefore, the degree to which we should engage the public into the decision process. The criteria is set out in section 7.5 of our full policy and includes the following:

- The level of community interest, opposition or controversy
- The level of adverse impact on wellbeing of our communities or district
- The costs to the community or sectors within the community, in terms of rates
- The financial impact on the Council
- Consistency with the Council's current strategic direction and policies
- The impact on Māori culture, traditions and ancestral taonga
- The impact on levels of service
- The impact on assets

How we will engage

Me pēhea te tūtakitakitanga

Where engagement is required under this policy, the Council will develop an engagement plan. Engagement plans will be developed under the guidance of our Engagement Toolkit – Te Kete Raukura, and in accordance with the following engagement principles.

Note that these are abridged from the principles set out in section 8.1 of our full Significance and Engagement Policy. Many of the principles have been adapted from the Local Government Act 2002 (sections 78 and 82), while others have been added to reflect the Council's commitment to community engagement.

Our engagement principles
Ngā mātāpono tūtakitakitanga

Customisation
The Council will tailor engagement to meet the particular needs of each project, stakeholders and the situation.

Familiarity
Some aspects of engagement will remain consistent, so that people know how and where to participate. Any engagement process that seeks general public engagement will be made available through the Council's website on the Kōrero Mai - Let's Talk web page, and through the Council service centres in Whakatāne and Murupara.

Information
The Council will provide comprehensive information about the purpose and scope of engagement, including:

- The reasons for engaging.
- The issues that are and are not up for decision-making.
- The timeframes involved.
- How the decisions will be made and who will be making the decisions.

Access
The Council will provide reasonable access to engagement processes in a manner and format that is appropriate to people's needs.

Timeliness
The Council will ensure the public can influence the decision process at appropriate stages and to ensure sufficient time to allow genuine engagement.

Partnerships
The Council will work in partnership with appropriate representatives and special interest groups. Some examples include advisory boards, iwi representatives, user groups, focus groups, community boards, and community groups to name a few.

Encouragement to present views
The Council will encourage all those affected by, or who have an interest in, an issue or project to present their views.

Openness
The Council will receive views with openness and will give those views due consideration when making a recommendation or decision.

Engaging with iwi, hapū and whānau
The Council will maintain processes to provide opportunities for whānau, hapū and iwi to contribute to the Council's decision-making processes.

Responding to diversity
The Council will endeavour to seek the views of a wide cross-section of the community.

Feedback
The Council will provide information regarding the outcome of the decision-making process and the reasons for the decisions.

Coordination
The Council will integrate and combine engagement and decision-making processes across departments where appropriate.

WHAKATĀNE DISTRICT COUNCIL

14 Commerce Street, Whakatāne 3120
Private Bag 1002, Whakatāne 3158

Email: info@whakatane.govt.nz
Phone: 07 306 0500
Website: whakatane.govt.nz

SERVICE CENTRE MURUPARA

Pine Drive, Murupara
Phone: 07 366 5896

whakatane.govt.nz/ltp

WHAKATĀNE
District Council
Kia Whakatāne au i ahau

6.2.3 Appendix 3 - Unapproved LTP 2024-34 - Volume 3

Our Finances
To Tatou Putea

WHAKATĀNE DISTRICT COUNCIL'S
LONG TERM PLAN 2024-34 *TE MAHERE PAE TAWHITI 2024-34*

WHAKATĀNE
District Council
Kia Whakatāne au i ahau

Contents
Rārangi Upoko

Our finances in detail
Ngā taipitopito ahumoni

This section of the Long Term Plan 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.

Financial statements
Ngā Whakapuakanga Ahumoni

These statements provide an overview of the Council's projected 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 in the Long Term Plan in Volume 1. The statements include:

- Statement of Comprehensive Revenue and Expense
- Statement of Changes in Net Equity
- Statement of Financial Position
- Statement of Cash Flows

Notes to the financial statements
Ngā kupu āpiti ki ngā whakapuakanga ahumoni

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.

Statement of Reserves Balances
Te whakapuakanga tahua tāpui

The Statement of Reserves provides detailed information to support the Statement of Changes in Net Equity. This identifies the reserve funds that we operate and the expected value of these funds, including how much is in each fund at the start of the Long Term Plan period, how much we expect to come in or out of each fund during the term of the Long Term Plan, and then what the balance of each fund is expected to be at the end of the Long Term Plan term.

Statement of Reconciliation between the Funding Impact Statement and the Statement of Comprehensive Revenue and Expense
Te Whakakotahitanga o te Tirohanga Whānui ki ngā Utu me te Whakapuakanga Pūtea Whiwhi me ngā Utu

The purpose of the Statement of Reconciliation is to align differences between Council's Funding Impact Statement and its Statement of Comprehensive Revenue and Expense, ensuring transparency and accuracy in financial reporting, showing how funding sources and expenditures correlate with overall financial performance.

Financial prudence benchmarks
Ngā paeraro ahumoni

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

Funding Impact Statement – Whole of Council
Te Tirohanga whānui ki ngā utu - Te Kaunihera katoa

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 is available on our website and included in Volume 2 of the Long Term Plan.

Funding Impact Statement – rating information
Te Tirohanga whānui ki ngā utu - Ngā tāke kaunihera

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 is likely to assess on a sample rating unit in the coming year. As 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.

The following 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.

Statement of Comprehensive Revenue and Expense *Te whakapuakanga pūtea whiwhi me ngā utu*

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

Statement of Financial Position *Te whakapuakanga tūnga ahumoni*

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.

Statement of Cash Flows *Te whakapuakanga kapewhiti*

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 *Te arotakenga*

On 16 February 2024 the current government enacted the Water Services Acts Repeal Act 2024.

As provided for under Part 8 Section 45 of the Act Whakatāne District Council elected not to have its Long Term Plan consultation document, including supporting documents, audited.

A number of other sections within the Act affect the timing of adoption of the Long Term Plan. In particular, it is anticipated that in accordance with section 46 (1) the Council will adopt our Long Term Plan after 1 July 2024 but before 30 September 2024. As of consequence of deciding to adopt the Long Term Plan after 1 July but before 30 September, section 47 of the Act applies, which provides that the Council 'may complete and adopt by resolution, it's annual report for the 2023/2024 financial year no later than December 2024'.

This Long Term Plan has been audited by Audit New Zealand. The purpose of the audit is to ensure that our Long Term Plan 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.

Uncertainty and risk *Te pōkaikaha me te tūraru*

The information in the 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 financial statements are based.

Statement Concerning Balancing the Budget
Te whakapuakanga whārite mahere pūtea

The Local Government Act 2002 (LGA) requires the Council to budget each year for revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) at a level sufficient to meet operating expenses 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 essentially achieve a balanced budget target from 2027-28 onwards and deliver a net surplus across the 10 years of $93 million. 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 Long Term Plan 2021-31 projections. This is further explained in the introduction to our Financial Strategy as a supporting document within Volume 2.

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 Long Term Plan. These assumptions 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 operating costs. The 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 led 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.

The Council has recognised that in some aspects that the statutory definition of the balanced budget can include anomalies due to the inclusion of capital subsidies. To measure performance for the Councils' Balanced Budget Position we have used the Local Government (Financial Reporting and Prudence) Regulations Act 2014 definition, 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 Recreation Hub project.

The performance against this measure is reflected in our financial strategy.

Under this more conservative measure, The Council identifies that it also returns to a balanced budget in 2028-29. The 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.

Statement of Comprehensive Revenue and Expense

AP 2024	($000) For 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	70,044	79,859	88,289	94,576	101,207	108,888	114,276	119,221	122,751	125,640
33,613	Subsidies and grants	21,308	22,282	18,755	20,960	60,471	47,005	21,493	24,955	25,472	23,431
426	Development and financial contributions	1,431	1,461	1,494	1,525	1,557	1,588	1,618	1,648	1,678	1,708
9,290	Fees and charges	9,493	9,895	10,103	10,364	10,467	10,730	10,928	11,125	11,321	11,591
47	Interest revenue	51	52	53	54	55	56	57	58	59	60
3,773	Other revenue	3,791	3,880	3,959	4,040	4,118	4,203	4,281	4,360	4,444	4,516
5,544	Gains	-	-	-	-	-	-	-	-	-	-
112,953	**Total revenue**	**106,117**	**117,428**	**122,654**	**131,519**	**177,875**	**172,469**	**152,653**	**161,367**	**165,725**	**166,947**
	Expense										
26,207	Personnel costs	29,359	31,954	32,773	33,563	34,380	35,127	35,798	36,440	37,142	37,814
27,896	Depreciation and amortisation expense	26,616	27,654	28,884	29,701	31,121	34,106	37,828	38,399	39,070	39,453
8,281	Finance costs	7,906	9,330	10,886	12,454	14,567	16,395	17,337	18,136	18,460	18,596
41,910	Other expenses	49,527	51,393	52,607	52,183	53,647	55,519	56,289	59,098	61,211	62,574
888	Future loss on sale- investment property	-	-	-	-	-	-	-	-	-	-
-	Revaluation losses	-	-	-	-	-	-	-	-	-	-
105,182	**Total expense**	**113,408**	**120,332**	**125,151**	**127,902**	**133,715**	**141,147**	**147,252**	**152,073**	**155,883**	**158,436**
(450)	Gains (losses) on share of joint venture / associates equity	(766)	(675)	(474)	(640)	(490)	(535)	(575)	(605)	(620)	(634)
7,321	**Surplus (deficit) before tax**	**(8,057)**	**(3,579)**	**(2,972)**	**2,977**	**43,671**	**30,787**	**4,826**	**8,689**	**9,223**	**7,877**
-	Income tax expense (benefit)	-	-	-	-	-	-	-	-	-	-
7,321	**Surplus (deficit) after tax**	**(8,057)**	**(3,579)**	**(2,972)**	**2,977**	**43,671**	**30,787**	**4,826**	**8,689**	**9,223**	**7,877**
	Other comprehensive revenue and expense										
-	Other comprehensive revenue (expense) of joint ventures/associates	-	-	-	-	-	-	-	-	-	-
59,862	Gains (losses on property plant and equipment revaluations	39,785	29,646	34,457	35,071	36,064	35,120	36,232	36,343	36,822	36,710
-	Deferred tax on revaluations	-	-	-	-	-	-	-	-	-	-
59,862	**Total other comprehensive revenue and expense**	**39,785**	**29,646**	**34,457**	**35,071**	**36,064**	**35,120**	**36,232**	**36,343**	**36,822**	**36,710**
67,183	**Total comprehensive revenue and expense**	**31,728**	**26,067**	**31,485**	**38,048**	**79,735**	**65,906**	**41,058**	**45,032**	**46,045**	**44,587**

Statement of Changes in Net Equity

AP 2024	($000) For 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**	1,238,486	1,270,214	1,296,281	1,327,766	1,365,814	1,445,550	1,511,456	1,552,514	1,597,546	1,643,590
67,183	Total comprehensive revenue and expense	31,728	26,067	31,485	38,048	79,735	65,906	41,058	45,032	46,045	44,587
-	Other adjustments	-	-	-	-	-	-	-	-	-	-
1,315,037	**Equity at the end of the year**	**1,270,214**	**1,296,281**	**1,327,766**	**1,365,814**	**1,445,550**	**1,511,456**	**1,552,514**	**1,597,546**	**1,643,590**	**1,688,177**
	REPRESENTED BY:										
	Accumulated funds										
474,483	Opening balance	434,527	427,310	427,376	428,315	436,153	490,138	523,279	524,802	533,242	536,840
7,321	Net surplus (deficit) after tax	(8,057)	(3,579)	(2,972)	2,977	43,671	30,787	4,826	8,689	9,223	7,877
9,059	Other adjustments	841	3,645	3,910	4,862	10,314	2,354	(3,303)	(248)	(5,625)	(5,447)
490,863	**Closing balance of accumulated funds**	**427,310**	**427,376**	**428,315**	**436,153**	**490,138**	**523,279**	**524,802**	**533,242**	**536,840**	**539,271**
	Operating Reserves incl. depreciation renewal reserves										
3,695	Opening balance	12,678	11,695	9,042	5,060	(1,044)	(6,287)	(3,143)	(910)	(1,379)	3,490
22,896	Transfers into accumulated funds	16,473	16,795	17,560	18,429	19,202	20,965	24,212	24,934	25,678	26,648
(28,275)	Transfers from accumulated funds	(17,455)	(19,448)	(21,541)	(24,533)	(24,445)	(17,821)	(21,979)	(25,404)	(20,809)	(22,390)
(1,684)	**Closing balance of operating reserves**	**11,695**	**9,042**	**5,060**	**(1,044)**	**(6,287)**	**(3,143)**	**(910)**	**(1,379)**	**3,490**	**7,748**
	Restricted reserves										
13,779	Opening balance	14,698	14,839	13,848	13,919	15,161	10,090	4,592	5,663	6,381	7,136
3,080	Transfers into restricted reserve funds	4,118	4,224	4,355	4,532	4,584	4,729	4,888	5,077	5,235	5,418
(6,760)	Transfers from restricted reserve funds	(3,977)	(5,215)	(4,284)	(3,290)	(9,655)	(10,227)	(3,818)	(4,359)	(4,480)	(4,229)
10,099	**Closing balance of restricted reserves**	**14,839**	**13,848**	**13,919**	**15,161**	**10,090**	**4,592**	**5,663**	**6,381**	**7,136**	**8,325**
	Asset revaluation reserves										
755,897	Opening balance	776,584	816,369	846,015	880,472	915,543	951,608	986,727	1,022,959	1,059,302	1,096,124
59,862	Changes in asset value	39,785	29,646	34,457	35,071	36,064	35,120	36,232	36,343	36,822	36,710
-	Valuation gains (losses) taken to equity	-	-	-	-	-	-	-	-	-	-
815,759	**Closing balance of asset revaluation reserves**	**816,369**	**846,015**	**880,472**	**915,543**	**951,608**	**986,727**	**1,022,959**	**1,059,302**	**1,096,124**	**1,132,834**
1,315,037	**Total equity**	**1,270,214**	**1,296,281**	**1,327,766**	**1,365,814**	**1,445,550**	**1,511,456**	**1,552,514**	**1,597,546**	**1,643,590**	**1,688,177**

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.

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	427,310	427,376	428,315	436,153	490,138	523,279	524,802	533,242	536,840	539,271
(1,684)	Operating reserves	11,695	9,042	5,060	(1,044)	(6,287)	(3,143)	(910)	(1,379)	3,490	7,748
10,099	Restricted equity	14,839	13,848	13,919	15,161	10,090	4,592	5,663	6,381	7,136	8,325
815,759	Asset revaluation reserves	816,369	846,015	880,472	915,543	951,608	986,727	1,022,959	1,059,302	1,096,124	1,132,834
1,315,037	**Total equity**	**1,270,214**	**1,296,281**	**1,327,766**	**1,365,814**	**1,445,550**	**1,511,456**	**1,552,514**	**1,597,546**	**1,643,590**	**1,688,177**
	Current assets										
4,812	Cash and cash equivalents	5,074	3,997	3,761	2,291	2,356	2,673	2,926	2,510	2,645	2,453
16,216	Trade and other receivables	19,369	19,609	19,367	19,853	22,618	21,915	20,308	20,710	20,862	20,834
-	Current assets held for sale	-	-	-	-	-	-	-	-	-	-
296	Other current assets	303	309	316	322	328	335	341	347	353	359
21,324	**Total current assets**	**24,746**	**23,915**	**23,444**	**22,467**	**25,302**	**24,922**	**23,575**	**23,567**	**23,860**	**23,646**
	Non-current assets										
136,617	Operational assets	121,634	126,463	130,141	133,665	172,824	220,679	226,767	222,717	218,775	214,684
1,179,757	Infrastructural assets	1,187,562	1,241,353	1,297,214	1,353,102	1,407,377	1,461,305	1,499,900	1,550,335	1,595,319	1,638,669
2,549	Intangible assets	2,903	3,236	3,403	3,671	3,658	3,681	3,939	3,894	3,875	3,912
333	Forestry assets	333	333	333	333	333	333	333	333	333	333
49,583	Investment property	50,908	53,042	55,378	57,623	59,951	62,310	64,778	67,261	69,825	72,456
53,136	Restricted assets	54,358	55,391	56,499	57,516	58,551	59,546	60,559	61,528	62,512	63,512
35,667	Assets under construction (work in progress)	12,222	16,045	16,282	16,366	32,687	15,291	5,661	7,747	6,457	6,484
16,696	Non-current assets held for sale	10,051	10,051	55	55	55	55	55	55	55	55
21,469	Investments in joint ventures or associates	14,820	18,940	18,967	18,994	19,023	19,053	19,084	19,117	19,151	19,187
1,652	Other non-current assets	1,692	1,727	1,763	1,799	1,833	1,868	1,901	1,936	1,970	2,004
1,497,459	**Total non-current assets**	**1,456,483**	**1,526,581**	**1,580,035**	**1,643,124**	**1,756,291**	**1,844,121**	**1,882,977**	**1,934,922**	**1,978,273**	**2,021,296**
1,518,783	**Total assets**	**1,481,229**	**1,550,497**	**1,603,480**	**1,665,590**	**1,781,594**	**1,869,043**	**1,906,552**	**1,958,489**	**2,002,133**	**2,044,942**

Statement of Financial Position (continued)

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
	Current liabilities										
18,903	Trade and other payables	27,961	28,953	28,522	28,475	32,634	31,069	27,418	28,720	28,214	28,333
1,031	Short term employee entitlements	3,064	3,103	3,115	3,126	3,138	3,149	3,159	3,168	3,179	3,189
18,300	Borrowings - current	32,000	32,500	37,000	26,000	33,000	43,000	23,500	25,000	32,000	23,000
705	Other current liabilities	722	737	753	768	782	797	811	826	841	855
38,939	**Total current liabilities**	**63,747**	**65,292**	**69,390**	**58,369**	**69,554**	**78,015**	**54,888**	**57,715**	**64,234**	**55,377**
	Non-current liabilities										
527	Long term employee entitlements	573	626	642	658	675	690	704	717	731	745
1,780	Provisions	4,895	4,998	3,381	3,449	3,515	3,581	3,646	3,711	3,778	3,843
162,500	Borrowings – non current	141,800	183,300	202,300	237,300	262,300	275,300	294,800	298,800	289,800	296,800
164,807	**Total non-current assets**	**147,268**	**188,923**	**206,324**	**241,408**	**266,490**	**279,572**	**299,150**	**303,228**	**294,309**	**301,387**
203,746	**Total liabilities**	**211,015**	**254,216**	**275,713**	**299,776**	**336,044**	**357,587**	**354,038**	**360,943**	**358,543**	**356,765**
1,315,037	**Net assets (assets minus liabilities)**	**1,270,214**	**1,296,281**	**1,327,766**	**1,365,814**	**1,445,550**	**1,511,456**	**1,552,514**	**1,597,546**	**1,643,590**	**1,688,177**

Statement of Cash Flows

AP 2024	($000) For 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	68,467	78,066	86,355	92,559	99,050	106,556	111,883	116,738	120,225	123,069
35,630	Subsidies and grants received	21,636	22,214	19,002	20,806	57,706	47,948	23,279	24,712	25,436	23,574
8,826	Fees and charges received	9,732	9,834	10,072	10,325	10,452	10,690	10,898	11,096	11,291	11,551
48	Interest received	51	52	53	54	55	56	57	58	59	60
-	Other operating receipts	6,442	5,425	5,647	5,398	5,825	5,743	5,858	5,976	6,106	6,209
104,764	**Total operating cash provided**	**106,327**	**115,591**	**121,129**	**129,141**	**173,087**	**170,994**	**151,975**	**158,580**	**163,118**	**164,463**
	Cash will be applied to:										
63,349	Payments to suppliers and employees	76,619	81,393	83,452	83,826	85,820	88,259	89,686	92,877	95,672	97,712
-	Payments to agencies	-	-	-	-	-	-	-	-	-	-
8,281	Interest paid	7,906	9,330	10,886	12,454	14,567	16,395	17,337	18,136	18,460	18,596
-	Other operating payments	-	-	-	-	-	-	-	-	-	-
71,630	**Total operating cash applied**	**84,525**	**90,723**	**94,338**	**96,280**	**100,387**	**104,653**	**107,023**	**111,013**	**114,132**	**116,308**
33,134	**Net cash flows from operating activities**	**21,802**	**24,868**	**26,791**	**32,861**	**72,699**	**66,340**	**44,952**	**47,567**	**48,986**	**48,155**
	Cashflows from investing activities										
	Cash will be provided from:										
500	Proceeds from sale of property plant and equipment	1,015	1,065	9,393	1,174	1,233	1,295	1,360	1,428	1,499	1,574
-	Other investment receipts	-	-	-	-	-	-	-	-	-	-
500	Total investing cash provided	1,015	1,065	9,393	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	54,796	64,215	59,420	58,838	105,350	89,754	45,451	54,273	47,696	47,251
5,815	Purchase of investments	780	4,795	501	667	518	565	606	638	654	670
87,320	**Total investing cash applied**	**55,576**	**69,010**	**59,921**	**59,506**	**105,868**	**90,319**	**46,058**	**54,911**	**48,350**	**47,921**
(86,820)	**Net cash flows from investing activities**	**(54,562)**	**(67,945)**	**(50,527)**	**(58,331)**	**(104,635)**	**(89,024)**	**(44,698)**	**(53,483)**	**(46,851)**	**(46,347)**
	Cashflows from financing activities										
	Cash will be provided from:										
63,500	Proceeds from borrowings	49,000	75,000	56,000	62,000	58,000	56,000	43,000	29,000	23,000	30,000
63,500	**Total financing cash provided**	**49,000**	**75,000**	**56,000**	**62,000**	**58,000**	**56,000**	**43,000**	**29,000**	**23,000**	**30,000**
	Cash will be applied to:										
10,000	Repayment of borrowings	17,000	33,000	32,500	38,000	26,000	33,000	43,000	23,500	25,000	32,000
10,000	**Total financing cash applied**	**17,000**	**33,000**	**32,500**	**38,000**	**26,000**	**33,000**	**43,000**	**23,500**	**25,000**	**32,000**
53,500	**Net cash flows from financing activities**	**32,000**	**42,000**	**23,500**	**24,000**	**32,000**	**23,000**	**-**	**5,500**	**(2,000)**	**(2,000)**
(186)	Net increase (decrease) in cash held	(760)	(1,077)	(236)	(1,470)	65	316	254	(416)	134	(192)
5,000	Plus opening cash balance	5,834	5,074	3,997	3,761	2,291	2,356	2,673	2,926	2,510	2,645
4,814	**Closing cash position**	**5,074**	**3,997**	**3,761**	**2,291**	**2,356**	**2,673**	**2,926**	**2,510**	**2,645**	**2,453**

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.

NOTES TO THE FINANCIAL STATEMENTS
Ngā kupu āpiti ki ngā whakapuakanga ahumoni

Reporting entity
Te hinonga whakahaere

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 financial statements are for Whakatāne District Council as a separate legal entity. Investments in joint ventures are accounted for in the financial statements using the equity method of accounting.

Basis of preparation
Te tūāpapa whakaritenga

The reporting period for these financial statements is for the 10 years ending 30 June 2034.

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

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

Statement of compliance

The Prospective Financial Statements (financial statements) of the Council have been prepared in accordance with the requirements of the Local Government Act 2002 (LGA) and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The Council's primary objective is to provide goods or services and benefit for the community, rather than making a financial return. Accordingly, the Council designates itself and the Group as public benefit entities (PBEs) and applies tier 1 PBE Accounting Standards. These standards are based on International Public Sector Accounting Standards (IPSAS), with amendments for the New Zealand Environment.

The prospective financial information comply with PBE FRS 42 Prospective Financial Statements. The information in these Prospective Financial Statements have been prepared using the best information available at the time they were prepared.

Events and circumstances may not occur as expected or may not have been predicted or the Council may subsequently take actions that differ from the proposed courses of action on which the Prospective Financial Statements are based. Therefore, whilst there is no current intent to update these Prospective Financial Statements, the Council reserves the right to update this plan in the future. The information contained within these Prospective Financial Statements may not be suitable for use in another capacity.

The accounting policies set out below have been applied consistently to all periods presented in the Prospective Financial Statements.

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 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 financial statements due to the use of decimal places in the underlying financial data.

Changes in accounting policies

At the time of preparation of this Long Term Plan there were no expected significant changes in the accounting policies to these applied in the preparation of these Prospective Financial Statements.

Judgements and estimations

The preparation of 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.
- Asset revaluations and impairments
- Provisions for landfill post-closure costs
- Certain fair value calculations
- Provisions
- Selection and measurement of the service performance information within the 'Groups of Activities' in volume 1 of this Long Term Plan.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Te whakarāpopototanga o ngā kaupapa here pūtea matua

Revenue
Pūtea whiwhi

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the 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 the 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 the 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 in the following:

Exchange transactions

Exchange transactions are transactions where the Council receives 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, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

Rates revenue

General rates and 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. The 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 $165.8 million.

(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 NZ Transport Agency Waka Kotahi, 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
Ngā tono pūtea

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

Salaries and wages
Ngā Taiutu

Salaries and wages are recognised as an expense as employees provide services.

Grant expenditure
Whakapaunga karāti

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
Ngā kurutete pūtea tauiwi

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
Te tāke pūtea whiwhi

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
Ngā Rīhitanga

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
Pūtea

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
Ngā whiwhinga

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
Ngā tukanga aroā tūraru pūtea

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 non-financial 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
Ētahi atu rawa ahumoni

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 the 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 *Whēkitenga o ngā rawa ahumoni*

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
Rārangi rawa

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
Ngā rawa puritia kia hoko

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
Ngā rawa me ngā taputapu

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 (approximate average over all assets in that category)	Years
TRANSPORT	
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 (including 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

Infrastructural assets (approximate average over all assets in that category)	Years
STORMWATER	
Gravity main	45
Rising main	46
Pump station	20
WASTEWATER	
Service line	25
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)
Democracy	-
Arts and Culture	4,921
District Partnerships	50
Aquatic Centres	5,272
Events and Tourism	535
Economic Development	11.080
Climate Change and Resilience	446
Stormwater	22,135
Wastewater	42,492
Water Supply	55,286
Ports and Harbours	4,956
Parks and Reserves	19,045
Holiday Park	1,544
Transportation Connections	111,333
Building and Resource Management	-
Waste Management	1,455
Community Regulation	19
Community Facilities	29,295
Corporate Services	22,272

Intangible assets
Ngā rawa henumi

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 International Financial Reporting Interpretations Committee (IFRIC) 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 Public Benefit Entity (PBE) standards, which are mainly based on PBE IPSAS 1, 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 the 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 four to five years, 20 to 25 percent.

Impairment of property, plant and equipment and intangible assets
Whēkitenga o ngā rawa, ngā taputapu me ngā rawa henumi

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
Ngā rawa ngahere

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
Rawa haumitanga

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
Ngā nama

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

Borrowings
Ngā tono pūtea taurewa

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
Ngā āheinga kaimahi

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 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
Whakataunga tata

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
Whai tūtanga

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 the 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 the Council's treasury management processes.

The 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 the 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 the 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 relates.

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)
Tāke hokohoko

All items in the 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.

Annual Plan figures
Ngā nama i te Mahere ā-tau

The comparative 2023/24 figures are for those approved by the Council on its Annual Plan 2023/24. The plan figures have been prepared in accordance with NZ GAAP, using accounting policies that are, or will be, consistent with those adopted by the Council for the preparation of the financial statements.

Cost allocation
Tiritiringa utu

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
Ngā whakataunga tata pūtea

In preparing these 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 outlined below.

Infrastructural assets

There are several of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset: for example, the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example, stormwater, wastewater and water supply pipes that are underground. This risk is minimised by the 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 the 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, the 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 the Council further assurance over its useful life estimates.

Experienced independent valuers perform the 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 in relation to landfill aftercare costs, 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' in Volume 2 - Strategies and Policies of the Long Term Plan.

Critical judgements in applying accounting policies
Ngā whakawātanga whakahāngai kaupapa here pūtea

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

Statement of Reserve Balances

Whakatāne District Council maintains reserve funds as a part of its equity. The Local Government Act 2002 Schedule 10 Clause 16 requires certain information to be included in the Council's Long Term Plan pertaining to these reserve funds. The following identifies each reserve set aside by the Council, its nature and purpose, the activities to which the fund relates, and the financial disclosures required under LGA 2002. Note that forecast opening balances for reserves for this Long Term Plan have been adjusted to reflect the forecast opening position projected at 1 July 2024.

($000)						
Reserve Description	**Activity Group**	**Purpose**	**Opening balance 2024**	**Transfer into reservers**	**Transfer from reserves**	**Closing balance 2034**
Operating Reserves						
These are set aside to fund short-term operational matters, such as some loan repayments, or to hold short-term surpluses arising from operations. If not required these reserve balances can be transferred to renewal reserves or to the Council's accumulated funds.						
Stormwater - Whakatāne	Stormwater	For stormwater rate funded surpluses or deficits	598	401	-	998
Stormwater - Ōhope	Stormwater	For stormwater rate funded surpluses or deficits	139	93	-	233
Stormwater - Edgecumbe	Stormwater	For stormwater rate funded surpluses or deficits	46	31	-	77
Stormwater - Matatā	Stormwater	For stormwater rate funded surpluses or deficits	143	96	-	239
Stormwater - Murupara	Stormwater	For stormwater rate funded surpluses or deficits	3	2	-	6
Stormwater - Tāneatua	Stormwater	For stormwater rate funded surpluses or deficits	11	7	-	18
Stormwater - Te Mahoe	Stormwater	For stormwater rate funded surpluses or deficits	8	6	-	14
Stormwater - Te Teko	Stormwater	For stormwater rate funded surpluses or deficits	10	7	-	16
Wastewater - Matatā	Wastewater	For wastewater rate funded surpluses or deficits	(195)	5,417	(26,636)	(21,414)
Wastewater - Murupara	Wastewater	For wastewater rate funded surpluses or deficits	40	27	-	67
Wastewater - all other schemes	Wastewater	For wastewater rate funded surpluses or deficits	(94)	764	(1,057)	(387)
Water Supply - Murupara	Water Supply	For water rate funded surpluses or deficits	68	46	-	114
Water Supply - Plains	Water Supply	For water rate funded surpluses or deficits	983	634	(52)	1,566
Water Supply - other schemes	Water Supply	For water rate funded surpluses pluses or deficits	1,269	851	-	2,120
Transportation Connections	Transportation Connections	For roading rate funded surpluses or deficits (incl business cases)	620	39	(1,941)	(1,283)
Waste Disposal	Waste Management	For refuse rate funded surpluses or deficits	657	441	-	1,098
Waste Minimisation	Waste Management	For aaste minimisation purposes	479	5,542	(246)	5,775
Rex Morpeth Recreation (ex Pensioner Housing)	Parks and Reserves	For pensioner housing pperating surpluses or deficits	654	439	-	1,092
Total operating reserves			**5,440**	**14,841**	**(29,932)**	**(9,650)**

($000) Reserve Description	Activity Group	Purpose	Opening balance 2024	Transfer into reservers	Transfer from reserves	Closing balance 2034
Other operating reserves						
These are set aside to specific operating activities of the Council. If not required for the original purpose, these reserve balances can be transferred to renewal reserves or to the Council's accumulated funds.						
Community Board - Murupara	Democracy	Separately collected rates for community projects	24	16	-	40
Community Board - Rangitāiki	Democracy	Separately collected rates for community projects	51	35	-	86
Community Board - Tāneatua	Democracy	Separately collected rates for community projects	23	16	-	39
Community Board - Whakatāne / Ōhope	Democracy	Separately collected rates for community projects	110	74	-	184
District Growth	Events and Tourism / Economic Development	For district growth rate funded surpluses or deficits	53	35	-	88
Strategic Māori Relationships	District Partnerships	Separately collected rates for community projects	9	6	-	15
Asset Divestment	Economic Development	Surplus funds from the divestment of Council assets	1,438	1,020	(161)	2,297
Te Mahoe Water - special	Water Supply	For the purchase of capital expenditure for the Te Mahoe water scheme	25	17	-	43
Capital Contributions - Roading	Transportation Connections	Financial contributions for roading capital projects	73	49	-	123
Roading Storm Damage Reserve	Transportation Connections	To fund storm damage on roading network	269	2,872	(0)	3,140
Whakatāne Holiday Park	Holiday Park	To fund the Whakatāne Holiday Park	(1,274)	-	(7,412)	(8,686)
Parks and Reserves Financial Contribution	Parks and Reserves	To fund capital expenditure for parks and reserves	243	163	-	405
Car Parks Development	Community Regulation	For the development of car parks in the district	18	12	-	31
Total other operating reserves			**1,061**	**4,313**	**(7,574)**	**(2,197)**

($000) Reserve Description	Activity Group	Purpose	Opening balance 2024	Transfer into reservers	Transfer from reserves	Closing balance 2034
Assets renewal / depreciation operating reserves						
These are set aside to fund short to medium term timing variations in the future capital expenditure associated renewal of assets from Council activities. If not required, these reserve balances can be transferred to the Council's accumulated funds.						
Librares and Galleries	Arts and Culture	To fund the renewal of library assets	15	1,276	(1,270)	22
Museums and Archives	Arts and Culture	To fund the renewal of museum assets	197	122	-	319
Aquatic Centres	Aquatic Centres	To fund the renewal of aquatic centre assets	(255)	3,303	(3,393)	(345)
Strategic Properties	Economic Development	To fund the renewal of commercial property assets	9	6	-	14
Stormwater - Edgecumbe	Stormwater	To fund the renewal of stormwater assets	221	965	(433)	753
Stormwater - Matatā	Stormwater	To fund the renewal of stormwater assets	66	203	(161)	108
Stormwater - Murupara	Stormwater	To fund the renewal of stormwater assets	246	246	(270)	221
Stormwater - Ōhope	Stormwater	To fund the renewal of stormwater assets	(85)	804	(1,656)	(938)
Stormwater - Tāneatua	Stormwater	To fund the renewal of stormwater assets	27	92	(119)	1
Stormwater - Te Mahoe	Stormwater	To fund the renewal of stormwater assets	40	91	(58)	72
Stormwater - Te Teko	Stormwater	To fund the renewal of stormwater assets	17	60	(50)	27
Stormwater - Whakatāne	Stormwater	To fund the renewal of stormwater assets	(1,943)	10,120	(11,089)	(2,913)
Wastewater - Matatā	Wastewater	To fund the renewal of wastewater assets	181	121	-	303
Wastewater - Murupara	Wastewater	To fund the renewal of wastewater assets	479	590	(127)	943
Wastewater - all other schemes	Wastewater	To fund the renewal of wastewater assets	4,786	26,513	(30,448)	851
Water Supply - Murupara	Water Supply	To fund the renewal of water assets	54	2,275	(4,861)	(2,533)
Water Supply - Plains	Water Supply	To fund the renewal of water assets	(646)	4,376	(4,730)	(1,000)
Water Supply - all other schemes	Water Supply	To fund the renewal of water assets	(408)	47,408	(43,805)	3,196
Ports and Harbours	Ports and Harbours	To fund the renewal of ports and harbour assets	(560)	1,575	(1,465)	(449)
Parks Reserves and Gardens	Parks and Reserves	To fund the renewal of parks and gardens and sports fields assets	279	7,604	(7,105)	778
Rex Morpeth Recreation (ex Pensioner Housing)	Parks and Reserves	To fund the renewal of pensioner housing assets	452	303	-	754
Cemeteries	Parks and Reserves	To fund the renewal of cemeteries and crematorium assets	284	1,640	(1,408)	516
Holiday Park	Holiday Park	To fund the renewal of Whakatāne Holiday Park assets	(115)	1,004	(645)	245
Transportation Connections	Transportation Connections	To fund the renewal of roading assets	1,760	37,925	(36,690)	2,994
Waste Disposal and Minimisaton	Waste Management	To fund the renewal of refuse disposal assets	33	394	(371)	56
Animal Control	Community Regulation	To fund the renewal of animal control assets	(4)	(0)	(3)	(6)

($000)			Opening balance 2024	Transfer into reservers	Transfer from reserves	Closing balance 2034
Reserve Description	**Activity Group**	**Purpose**				
Halls	Community Facilities	To fund the renewal of halls assets	(17)	20,748	(3,746)	16,984
Public Conveniences	Community Facilities	To fund the renewal of public conveniences assets	88	707	(572)	223
Corporate - Digital Services	Corporate Services	To fund the renewal of information management assets	(44)	5,948	(6,018)	(113)
Corporate - Fleet	Corporate Services	To fund the renewal of vehicle and plant	448	10,289	(14,118)	(3,380)
Corporate - Property	Corporate Services	To fund the renewal of corporate property assets	570	5,031	(3,710)	1,891
Total asset renewal / depreciation reserves			**6,177**	**191,739**	**(178,320)**	**19,595**
Development contribution reserves						
These include development and financial contributions levied by Whakatāne District Council for capital works and are intended to contribute to the growth related capital expenditure in the infrastructural asset activities of roads, water supply, wastewater management, stormwater drainage, waste management and disposal, parks and reserves, facilities, carparks and subdivisions within communities. If not required these reserve balances can be transferred to the Council's operating reserves.						
Stormwater - Matatā	Stormwater	To fund growth related capital expenditure	1	-	-	1
Stormwater - Ōhope	Stormwater	To fund growth related capital expenditure	148	99	-	248
Stormwater - Whakatāne	Stormwater	To fund growth related capital expenditure	139	131	(39)	231
Wastewater - Coastlands	Wastewater	To fund growth related capital expenditure	(708)	-	(475)	(1,183)
Wastewater - Edgecumbe	Wastewater	To fund growth related capital expenditure	(4)	-	(3)	(7)
Wastewater - Ōhope	Wastewater	To fund growth related capital expenditure	309	207	-	516
Wastewater - Whakatāne	Wastewater	To fund growth related capital expenditure	(2,336)	2,132	(915)	(1,119)
Water Supply - Edgecumbe	Water Supply	To fund growth related capital expenditure	9	6	-	15
Water Supply - Matatā	Water Supply	To fund growth related capital expenditure	86	57	-	143
Water Supply - Ōhope	Water Supply	To fund growth related capital expenditure	151	77	(75)	154
Water Supply - Plains	Water Supply	To fund growth related capital expenditure	(69)	-	(46)	(115)
Water Supply - Whakatāne	Water Supply	To fund growth related capital expenditure	(196)	2,637	(1,418)	1,023
Parks, Gardens and Reserves	Parks and Reserves	To fund growth related parks, gardens and reserves capital expenditure	163	191	(277)	77
Rural Reserves	Parks and Reserves	To fund growth related capital expenditure	(38)	-	(25)	(63)
Roading	Transportation Connections	To fund growth related roading capital expenditure	1,129	3,530	(2,623)	2,036
Non Financial Assisted Roading	Transportation Connections	To fund growth related capital expenditure	5	3	-	9
Solid Waste	Waste Management	To fund growth related solid waste capital expenditure	349	234	-	583
Whakatāne Carparks	Community Regulation	To fund growth related capital expenditure	(10)	-	(7)	(17)
Community Infrastructure	Community Facilities	To fund growth related community infrastructure	562	8,410	(16,410)	(7,439)
Total development contribution reserves			**(310)**	**17,715**	**(22,312)**	**(4,906)**

($000) Reserve Description	Activity Group	Purpose	Opening balance 2024	Transfer into reservers	Transfer from reserves	Closing balance 2034
Other restricted reserves						
These are funds subject to specific conditions accepted as binding by Whakatāne District Council, such as bequests or operations in trust under specific Acts, and which may not be revised by the Council without reference to the Courts or third party.						
Harbour Endowment Fund	Strategic Property / Ports and Harbours	For Ports and Harbour Operating Surpluses or Deficits / Proceeds from sale of lands	15,007	29,445	(31,222)	13,231
Total restricted reserves			**15,007**	**29,445**	**(31,222)**	**13,231**

Statement of reconciliation between the funding impact statement and the statement of comprehensive revenue and expense

AP 2024	($000) For years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
67,183	Total comprehensive revenue and expense	31,728	26,067	31,485	38,048	79,735	65,906	41,058	45,032	46,045	44,587
4,431	Surplus (deficit) of operating funding	4,842	8,728	14,321	18,925	21,520	25,021	28,466	29,562	30,403	31,629
62,752	**Difference**	**26,886**	**17,339**	**17,164**	**19,123**	**58,216**	**40,885**	**12,592**	**15,470**	**15,642**	**12,958**
	Represented by										
27,267	Capital income	14,483	16,023	12,065	14,393	53,762	40,407	14,764	18,131	18,510	16,334
(27,896)	Depreciation and amortisation	(26,616)	(27,654)	(28,884)	(29,701)	(31,121)	(34,106)	(37,828)	(38,399)	(39,070)	(39,453)
59,862	Revaluation of assets	39,785	29,646	34,457	35,071	36,064	35,120	36,232	36,343	36,822	36,710
-	Vested assets	-	-	-	-	-	-	-	-	-	-
(888)	Future loss on sale - investment property	-	-	-	-	-	-	-	-	-	-
5,544	Gains (losses) on revaluation	-	-	-	-	-	-	-	-	-	-
(450)	Gains (losses) on share of joint venture / associates equity	(766)	(675)	(474)	(640)	(490)	(535)	(575)	(605)	(620)	(634)
-	Other comprehensive revenue (expense) of joint ventures / associates	-	-	-	-	-	-	-	-	-	-
(687)	Other	-	-	-	-	-	-	-	-	-	-
62,752	**Closing cash position**	**26,886**	**17,339**	**17,164**	**19,123**	**58,216**	**40,885**	**12,592**	**15,470**	**15,642**	**12,958**

FINANCIAL PRUDENCE BENCHMARKS
Ngā paeraro ahumoni

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.

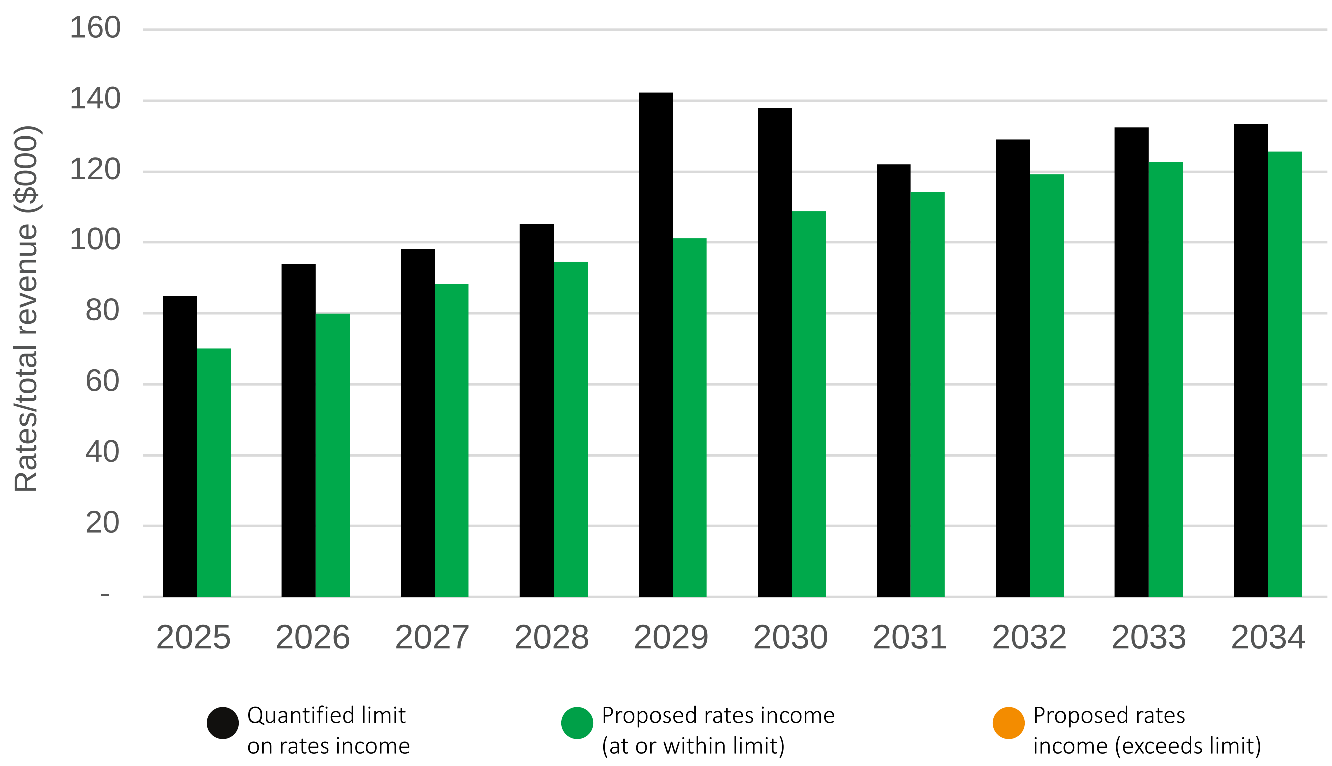
Rates affordability benchmark

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

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

Rates (income) affordability benchmark

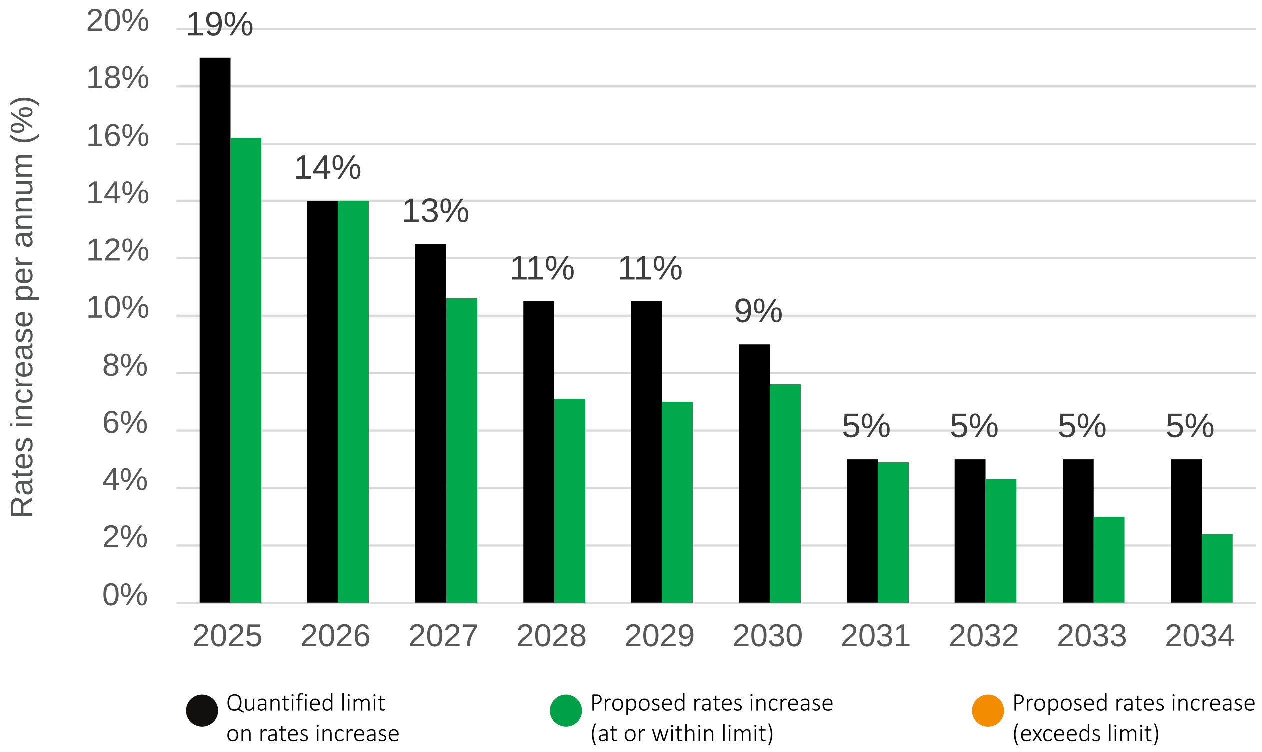
The following graph compares the Council's planned rates with a quantified limit on rates contained in the Financial Strategy included in this Long Term Plan. The quantified limit is that rates will not exceed 80 percent of total revenue.



Rates (increases) affordability benchmark

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 is: that rate increase will not exceed the specific rates limit set for each year.

The quantified limit has been assessed and set by Council in its Financial Strategy on an annual basis taking into account factors such as the balancing of Council's financial position, together with assumed annual inflation as per the Local Government Cost Index provided for in the Business and Economic Research Ltd (BERL) Local Government Cost Adjustor Forecasts, plus a margin for uncertainty and risk of up to three percent per annum .



Debt affordability benchmark

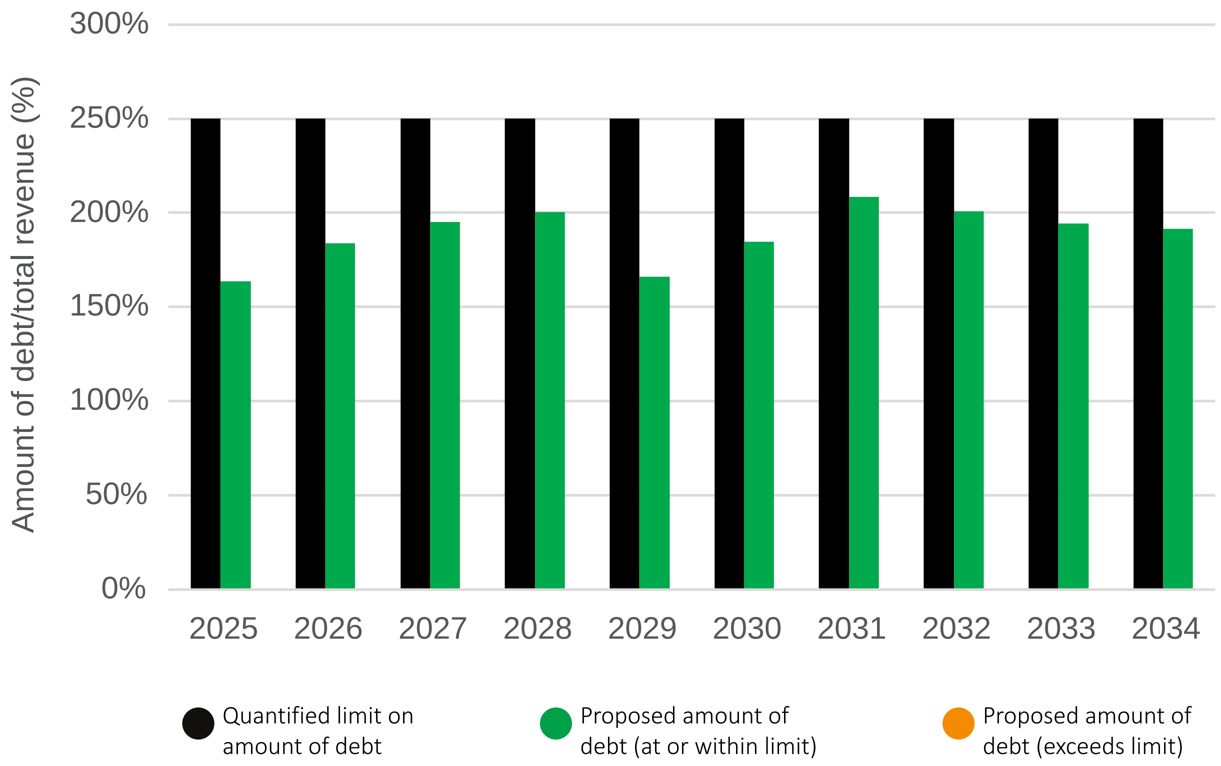
Local Government (Financial Reporting and Prudence) Regulations 2014 S.18

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The Council has 2 quantified limits on borrowing as contained in its Financial Strategy, and as provided for in its Treasury Management Policy.

Debt (amount) affordability benchmark

The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this Long Term Plan. The quantified limit per the Financial Strategy is for net external borrowings (borrowings net of cash and cash equivalents including term deposits) to be no more than 250 percent of total revenue.

Council anticipates becoming credit rated prior to adoption of the Long Term Plan. This prudence benchmark has been prepared using the significant assumption in accordance with the Treasury Management Policy that Council will successfully gain credit rating assessment within the nest next few months of 'A' or better. Under the Policy if a credit rating at this level or better is not achieved the benchmark shall be set at 175%.

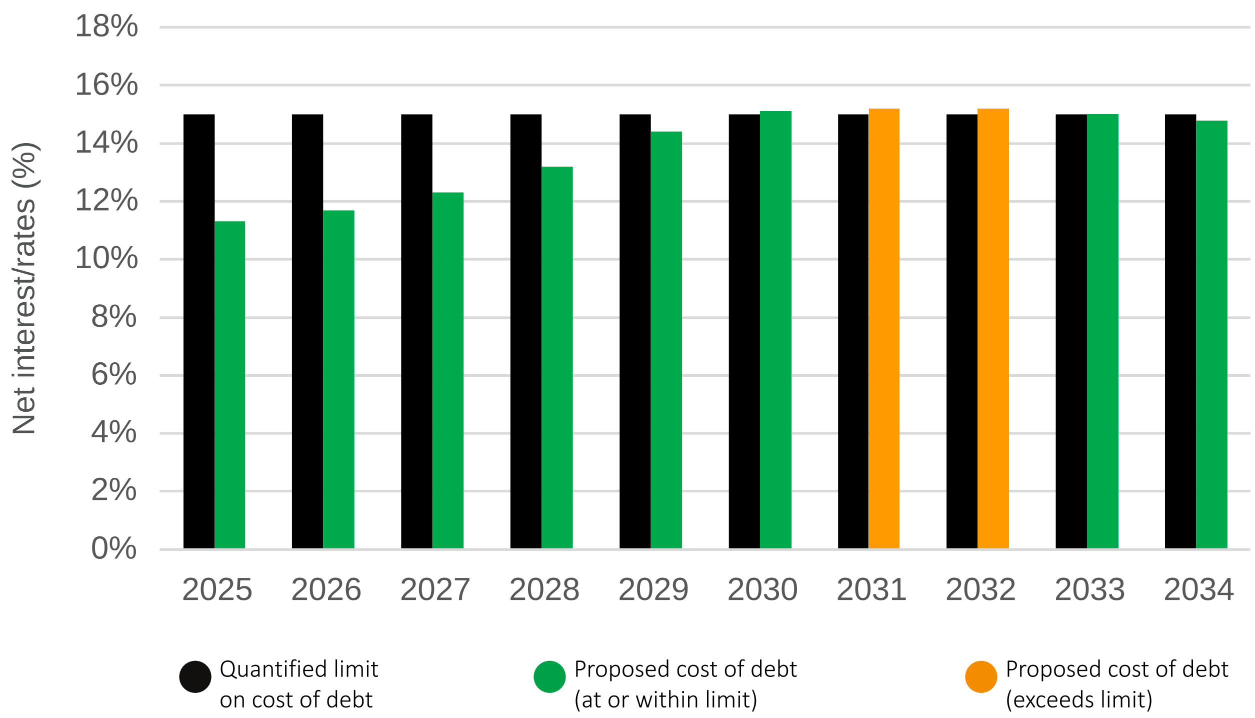


IMPORTANT UPDATE
FitchRatings assigned Whakatāne District Council a first-time 'AA-' rating on 11 July 2024.

Debt (expense) affordability benchmark

The following graph compares the Council's planned cost of borrowings on debt with a quantified limit on cost of borrowings contained in the Financial Strategy included in this Long Term Plan. The quantified limit per the Financial Strategy is for net interest expense (finance cost net of interest revenue) to be no more than 15 percent of rates revenue.

The proposed 2030/31 through 2031/32 budgets do not meet the debt affordability benchmark of 15 percent of rate. The Council will review and revise the budgets planned for those years in the next long term plan process.



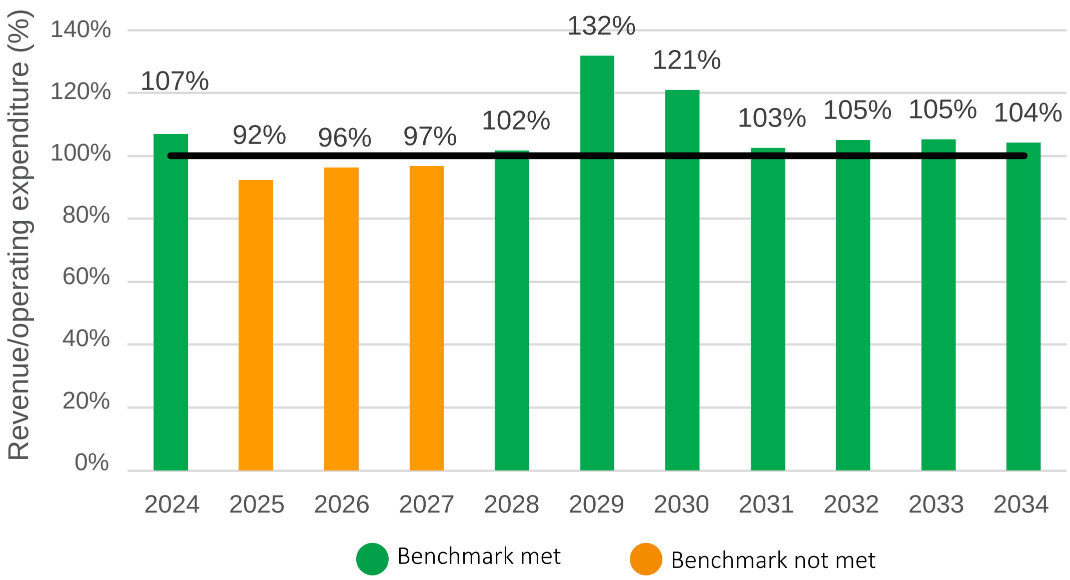
Balanced budget benchmark

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 limit if its planned revenue equals or is greater than its planned operating expenses.

The proposed 2024/25 through 2026/27 budgets do not meet the balance budget benchmark. It was noted in the Consultation document and the Financial Strategy included in this Long Term Plan, that to have a fully balanced budget in the first three years of the 10 year plan would be unaffordable for the current ratepayer, however planned revenue over the lifetime of the 10 year plan is set at a level sufficient to meet the operating costs over the full 10 year period to ensure the intergenerational equitable allocation of responsibility for funding.



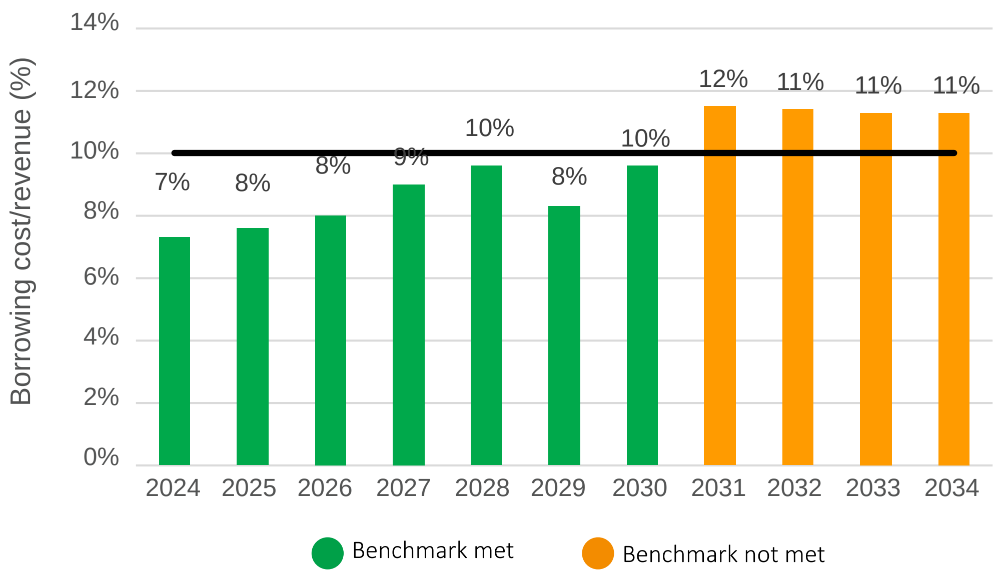
Debt servicing benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.21

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 more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10 percent of its planned revenue.

The proposed 2030/31 through 2033/34 budgets do not meet the debt servicing benchmark of 10 percent of rates. As a consequence, unless addressed prior to that period, the ratepayer will be paying a higher proportion of the rates to interest than the benchmark. The Council will review and revise the budgets planned for those years in the next long term plan process.

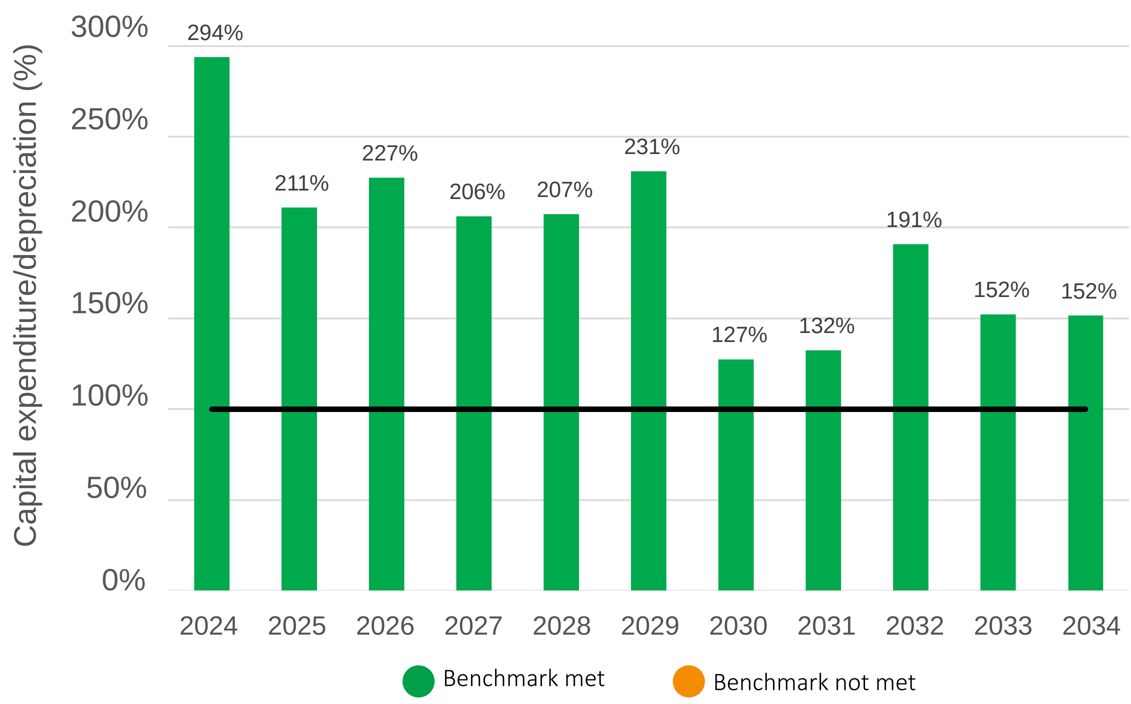


Essential services benchmark

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.



Funding impact statement - Whole of Council

AP 2024	($000) For 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 funding										
31,016	General rates, uniform annual general charges, rates penalties	33,296	37,183	40,294	42,840	45,845	49,535	53,274	54,817	56,015	56,905
29,824	Targeted rates	37,402	43,430	48,823	52,623	56,311	60,366	62,047	65,493	67,859	69,886
7,606	Subsidies and grants for operating purposes	7,751	7,205	7,657	7,554	7,716	7,624	7,775	7,888	8,045	8,198
10,863	Fees and charges	11,181	11,620	11,865	12,160	12,296	12,593	12,824	13,055	13,285	13,588
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	2,599	2,659	2,714	2,772	2,829	2,891	2,947	3,003	3,066	3,116
81,888	**Total sources of operating funding (A)**	**92,288**	**102,159**	**111,416**	**118,013**	**125,063**	**133,075**	**138,935**	**144,326**	**148,339**	**151,764**
	Applications of operating funding										
67,645	Payments to staff and suppliers	77,252	81,786	83,870	84,204	86,454	89,043	90,602	94,026	96,813	98,820
8,281	Finance costs	7,906	9,330	10,886	12,454	14,567	16,395	17,337	18,136	18,460	18,596
1,531	Other operating funding applications	2,288	2,314	2,339	2,430	2,522	2,616	2,530	2,602	2,663	2,719
77,457	**Total applications of operating funding (B)**	**87,446**	**93,431**	**97,094**	**99,089**	**103,543**	**108,054**	**110,469**	**114,764**	**117,936**	**120,135**
4,431	**Surplus (deficit) of operating funding (A-B)**	**4,842**	**8,728**	**14,321**	**18,925**	**21,520**	**25,021**	**28,466**	**29,562**	**30,403**	**31,629**

Funding impact statement - Whole of Council (continued)

AP 2024	($000) For years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
	CAPITAL										
	Sources of capital funding										
26,841	Subsidies and grants for capital expenditure	13,053	14,562	10,572	12,868	52,205	38,820	13,146	16,483	16,831	14,627
426	Development and financial contributions	1,431	1,461	1,494	1,525	1,557	1,588	1,618	1,648	1,678	1,708
53,500	Increase (decrease) in debt	32,000	42,000	23,500	24,000	32,000	23,000	-	5,500	(2,000)	(2,000)
-	Gross proceeds from sale of assets	1,015	1,065	9,393	1,174	1,233	1,295	1,360	1,428	1,499	1,574
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
80,767	**Total sources of capital funding (C)**	**47,498**	**59,088**	**44,959**	**39,568**	**86,995**	**64,702**	**16,123**	**25,058**	**18,008**	**15,909**
	Applications of capital funding										
	Capital expenditure										
8,654	- to meet additional demand	2,053	3,484	915	1,572	1,300	3,438	1,067	3,201	3,220	1,034
42,000	- to improve level of service	25,728	34,391	30,062	26,934	79,197	62,807	15,606	23,462	19,744	20,632
27,240	- to replace existing assets	27,212	27,142	27,956	30,324	28,897	21,800	25,075	28,698	24,066	25,605
3,204	Increase (decrease) in reserves	(2,653)	(1,300)	347	(338)	(880)	1,677	2,842	(741)	1,382	268
4,100	Increase (decrease) of investments	-	4,100	-	-	-	-	-	-	-	-
85,198	**Total applications of capital funding (D)**	**52,341**	**67,816**	**59,280**	**58,492**	**108,515**	**89,723**	**44,590**	**54,621**	**48,411**	**47,538**
(4,431)	**Surplus (deficit) of capital funding (C-D)**	**(4,842)**	**(8,728)**	**(14,321)**	**(18,925)**	**(21,520)**	**(25,021)**	**(28,466)**	**(29,562)**	**(30,403)**	**(31,629)**
-	**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.

FUNDING IMPACT STATEMENT – RATING INFORMATION
Te Tirohanga whānui ki ngā utu - Ngā tāke kaunihera

Rating information
Pārongo tāke kaunihera

This Funding Impact Statement includes full details of how rates are calculated. It should be read in conjunction with the 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
Tirohanga whānui o ngā tāke kaunihera

The 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.

The 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 the Council.

The rates in this Funding Impact Statement will apply in respect to every year in this Long Term Plan, noting that the amounts may change.

Categories
Ngā rōpū

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 is livestock, pastoral and dairy farming, and crop production. The general rate Rural and Horticultural is 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
Ngā tātai tāke kaunihera me ngā tāpaetanga tahua

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 (SUIP)

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 (i.e. it does not have separate parts or is vacant land) is treated as being one SUIP of a rating unit.

Rates instalment details
Ngā harangote tāke kaunihera

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, 20 September 2024	Wednesday, 25 September 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	Thursday, 24 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 percent.

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 1 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 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 the Whakatāne District
Ngā rawa tāke kaunihera i te rohe

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 the 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.

Location	Rateable Capital Value ($B)
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
Ngā tāke kaunihera o te tau tuatahi o te Mahere Pae Tawhiti

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

General rates ($32.37 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 $30 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	0.00133907
	District wide rateable commercial properties capital value up to $30 million	0.00133907
	District wide rateable industrial properties capital value up to $30 million	0.00133907
	District wide rateable rural and horticultural properties capital value up to $30 million	0.00133907
Step 2	District wide rateable properties capital value portion greater than $30 million	0.00100430

Uniform annual general charge (UCAG)

In addition to the above as part of the general charge, the Council sets a Uniform Annual General Charge (UCAG) on all applicable rating units in the district as a fixed amount per rating unit. In the 2024/25 year the UCAG is projected at $718.14 per rating unit.

District growth rates ($1.45 million)

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

Per dollar of Capital Value	Differentials	Rate $
Commercial and Industrial properties within the Whakatāne urban area	2.0	0.00132632
Commercial and Industrial properties outside the Whakatāne urban area	1.0	0.00066316

In addition, Council set as a targeted rate of a fixed amount of **$590.78** per rating unit for all commercial and industrial properties within the district.

Democracy – Community Boards rates ($0.43 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	Rate $
All rating units in the Whakatāne and Ōhope Community Board Area	24.04
All rating units in the Rangitāiki Community Board Area	20.86
All rating units in the Tāneatua Community Board Area	43.99
All rating units in the Murupara Community Board Area	56.78

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 ($8.46 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	0.00047517

In addition to the above, Council sets a transportation connections targeted rate of a fixed amount on all rating units in the district of **$54.88**.

Stormwater rates ($4.98 million)

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

Fixed Amount per Scheme	Rate $
Whakatāne urban area	134.36
Whakatāne Commercial and Industrial	134.36
All rating units in the Matatā area	91.67
All rating units in the Ōhope area	101.86
All rating units in the Edgecumbe area	165.08
All rating units in the Tāneatua area	40.11
All rating units in the Murupara area	8.55
All rating units in the Te Mahoe Land Drainage area	117.19
All rating units in the Te Teko Land Drainage area	29.99

Per Dollar of Capital Value per Scheme	Differential	Rate $
Whakatāne urban properties	**1.0**	0.00042380
Whakatāne Commercial and Industrial properties	**2.2***	0.00093236
Matatā	**1.0**	0.00042380
Ōhope	**1.0**	0.00022617
Edgecumbe	**1.0**	0.00064651
Tāneatua	**1.0**	0.00033502
Murupara	**1.0**	0.00014604
Te Mahoe Land Drainage	**1.0**	0.00118844
Te Teko Land Drainage	**1.0**	0.00041459

** A differential targeted rate calculated on capital value is charged for Whakatāne 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 Māhoe

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) ($)	
522.65	per **residential or rural** rating unit **connected** to a public sewerage drain
522.65	per **pan commercial / industrial** rating unit **connected**
261.32	per rating unit **availability** (capable of connection)

Murupara ($)	
374.81	per **residential or rural** rating unit **connected** to a public sewerage drain
374.81	per **pan commercial / industrial** rating unit **connected**
187.40	per rating unit **availability** (capable of connection)

Water supply (metered and non-metered) rates ($9.86million)

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 Māhoe
- 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) ($)	
798.34	fixed amount per connection **connected and non-metered**
285.85	fixed amount per rating unit **availability – non connected** (capable of connection)
285.85	fixed amount per connection **connected and metered**
2.23	per cubic metre of all water supplied to each rating unit **connected and metered**

Murupara ($)	
625.06	fixed amount per connection **connected and non-metered**
257.84	fixed amount per rating unit **availability – non connected** (capable of connection)
257.84	fixed amount per connection **connected and metered**
1.60	per cubic metre of all water supplied to each rating unit **connected and metered**

Plains ($)	
294.79	fixed amount per connection **connected and non-metered**
0.50	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 ($5.72 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 per Scheme	Rate $
Residential	410.66
Rural / Commercial	353.29
Residential Ōhope	413.36
Commercial Ōhope	355.99

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

Indicative property rates

2024/25 Proposed rates			Rating Categories									GST inclusive			
Indicative Property Types	**Capital value ($)**	**General Rates**	**UAGC**	**District Growth**	**Comm-unity Boards**	**Events / Tourism**	**Transport (roading)**	**Storm-water**	**Waste-water**	**Water supply**	**Waste manage-ment**	**Total 2024/25**	**Total 2023/24**	**Increase (%)**	**Increase ($pw)**
Whakatāne Residential															
Low (1%)	290,000	388.33	718.14		24.04		192.68	257.27	522.65	798.34	410.66	3,808.93	3,268.06	16.6%	10.40
Lower Quartile (25%)	550,000	736.49	718.14		24.04		316.22	367.45	522.65	798.34	410.66	4,478.10	3,834.02	16.8%	12.39
Median (50%)	670,000	897.17	718.14		24.04		373.24	418.31	522.65	798.34	410.66	4,786.95	4,095.24	16.9%	13.30
Upper Quartile (75%)	830,000	1,111.43	718.14		24.04		449.27	486.12	522.65	798.34	410.66	5,198.75	4,443.52	17.0%	14.52
High (99%)	1,730,000	2,316.59	718.14		24.04		876.93	867.54	522.65	798.34	410.66	7,515.12	6,402.63	17.4%	21.39
Ōhope Residential															
Low (1%)	430,000	575.80	718.14		24.04		259.20	199.12	522.65	798.34	413.36	4,037.25	3,425.45	17.9%	11.77
Lower Quartile (25%)	950,000	1,272.11	718.14		24.04		506.29	316.72	522.65	798.34	413.36	5,257.41	4,436.55	18.5%	15.79
Median (50%)	1,180,000	1,580.10	718.14		24.04		615.58	368.74	522.65	798.34	413.36	5,797.10	4,883.77	18.7%	17.56
Upper Quartile (75%)	1,500,000	2,008.60	718.14		24.04		767.64	441.11	522.65	798.34	413.36	6,547.97	5,505.98	18.9%	20.04
High (99%)	2,780,000	3,722.61	718.14		24.04		1,375.86	730.61	522.65	798.34	413.36	9,551.44	7,994.84	19.5%	29.93
Other Residential															
Edgecumbe Median (50%)	540,000	723.10	718.14		20.86		311.47	514.20	522.65	798.34	410.66	4,622.33	3,919.17	17.9%	13.52
Matatā Median (50%)	590,000	790.05	718.14		20.86		335.23	341.71		798.34	410.66	3,927.25	3,348.22	17.3%	11.14
Murupara Median (50%)	170,000	227.64	718.14		56.78		135.66	33.38	374.81	625.06	410.66	2,969.44	2,710.14	9.6%	4.99
Tāneatua Median (50%)	310,000	415.11	718.14		43.99		202.18	143.97	522.65	798.34	410.66	3,743.30	3,164.28	18.3%	11.14
Te Teko Median (50%)	210,000	281.20	718.14		20.86		154.67	117.05		403.95	410.66	2,422.51	2,208.36	9.7%	4.12
Rural Residential Median (50%)	240,000	321.38	718.14		20.86		168.92			798.34	353.29	2,738.07	2,372.71	15.4%	7.03
Lifestyle Median (50%)	1,210,000	1,620.27	718.14		20.86		629.84				353.29	3,843.76	3,363.03	14.3%	9.24
Commercial															
Low (1%) - 1 pan	900,000	1,205.16	718.14	1,784.46	24.04	545.79	482.53	973.49	522.65	798.34	353.29	8,519.09	7,002.73	21.7%	29.16
Lower Quartile (25%) - 3 pans	1,160,000	1,553.32	718.14	2,129.31	24.04	703.46	606.08	1,215.90	1,567.94	798.34	353.29	11,120.30	9,149.18	21.5%	37.91
Median (50%) - 6 pans	1,720,000	2,303.19	718.14	2,872.05	24.04	1,043.06	872.17	1,738.02	3,135.88	798.34	353.29	15,936.93	13,114.43	21.5%	54.28
Upper Quartile (75%) - 8 pans	2,790,000	3,736.00	718.14	4,291.21	24.04	1,691.94	1,380.61	2,735.65	4,181.17	798.34	353.29	22,896.96	18,813.26	21.7%	78.53
High (99%) - 10 pans	23,000,000	28,120.40	718.14	31,096.15	24.04	13,947.92	10,983.83	21,578.65	5,226.46	798.34	353.29	129,774.33	105,812.51	22.6%	460.80

2024/25 Proposed rates						**Rating Categories**						**GST inclusive**			
Indicative Property Types	**Capital value ($)**	**General Rates**	**UAGC**	**District Growth**	**Comm-unity Boards**	**Events / Tourism**	**Transport (roading)**	**Storm-water**	**Waste-water**	**Water supply**	**Waste manage-ment**	**Total 2024/25**	**Total 2023/24**	**Increase (%)**	**Increase ($pw)**
Industrial															
Low (1%) - 1 pan	900,000	1,205.16	718.14	1,187.62	24.04		482.53	973.49	522.65	798.34	353.29	7,205.06	5,928.01	21.5%	24.56
Lower Quartile (25%) - 2 pans	1,000,000	1,339.07	718.14	1,253.94	24.04		530.05	1,066.72	1,045.29	798.34	353.29	8,198.22	6,750.25	21.5%	27.85
Median (50%) - 3 pans	1,400,000	1,874.69	718.14	1,519.20	24.04		720.12	1,439.67	1,567.94	798.34	353.29	10,367.76	8,529.95	21.5%	35.34
Upper Quartile (75%) - 5 pans	1,950,000	2,611.18	718.14	1,883.94	24.04		981.46	1,952.47	2,613.23	798.34	353.29	13,726.52	11,291.47	21.6%	46.83
High (99%) - 25 pans	36,800,000	41,979.74	718.14	24,995.08	24.04		17,541.20	34,445.22	13,066.15	798.34	353.29	154,009.40	125,381.04	22.8%	550.55
Farming - Dairy															
Low (1%)	900,000	1,205.16	718.14		20.86		482.53					2,790.70	2,549.11	9.5%	4.65
Lower Quartile (25%)	1,710,000	2,289.80	718.14		20.86		867.42					4,480.66	3,969.48	12.9%	9.83
Median (50%)	2,790,000	3,736.00	718.14		20.86		1,380.61					6,733.95	5,863.31	14.8%	16.74
Upper Quartile (75%)	4,400,000	5,891.89	718.14		20.86		2,145.64					10,093.01	8,686.51	16.2%	27.05
High (99%)	17,750,000	22,847.82	718.14		20.86		8,489.18					36,887.41	31,188.50	18.3%	109.59
Horticulutural															
Low (1%)	950,000	1,272.11	718.14		20.86		506.29					2,895.02	2,636.78	9.8%	4.97
Lower Quartile (25%)	1,840,000	2,463.88	718.14		20.86		929.20					4,751.89	4,197.44	13.2%	10.66
Median (50%)	2,930,000	3,923.47	718.14		20.86		1,447.13					7,026.04	6,108.80	15.0%	17.64
Upper Quartile (75%)	7,020,000	9,400.25	718.14		20.86		3,390.59					15,559.31	13,280.80	17.2%	43.82
High (99%)	33,170,000	38,334.13	718.14		20.86		15,816.33					63,122.88	53,137.65	18.8%	192.02
Farming and Horticultural - Other															
Farming – Pastoral Median (50%)	2,030,000	2,718.31	718.14		20.86		1,019.48					5,148.30	4,530.61	13.6%	11.88
Farming – Other Median (50%)	1,540,000	2,062.16	718.14		20.86		786.64					4,125.98	3,671.38	12.4%	8.74

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)

Ngā Rōpū e whakahaerehia ana e te Kaunihera

A Council Controlled Organisation (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 its Statement of Intent.

We manage and monitor our investment in CCO by reviewing statements of intent, 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 *Te Taunga Waka Rererangi o Whakatāne*

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

The Council's objective for this organisation is to see the maintenance of an active regional airport which is a vital economic resource for the Whakatāne District 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 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.

Leases: land surplus to the airport's 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 considered a public benefit entity.

Key performance indicators

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

Financial performance: operate and maintain the airports assets within 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 myriad 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

The Council's objective for this organisation is to recognise the strength of a coordinated 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 communities 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 that support the sustainable growth and development of the local economy:

- A winning brand
- Economic engine
- Thriving communities

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, which includes: Whakatāne District Council, 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

The Council's 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

BOPLASS provides benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiencies and 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 member councils.
- Establish the underlying technology, framework, platform and policies to enable and support collaboration.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate financial 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 member 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. These reports will be presented to our Finance and Performance Committee.

The key performance targets 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 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 2023-24 period.

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 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%

Auditor's report
Arotake pūtea

Auditor's report
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Auditor's report
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WHAKATĀNE DISTRICT COUNCIL

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SERVICE CENTRE MURUPARA

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Phone: 07 366 5896

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WHAKATĀNE District Council
Kia Whakatāne au i ahau

6.2.4 Appendix 4 - Treasury Management Policy

POLICIES

Treasury Management Policy 2024

Adopted: 5 August 2024
Commences: 6 August 2024
Review: 31 June 2027

www.whakatane.govt.nz

WHAKATĀNE
District Council

1.0 INTRODUCTION

To provide appropriate parameters in which the Council will manage its borrowing activities and external liabilities to ensure compliance with the provisions of the Local Government Act 2002.

Section 102 of the Local Government Act 2002 (the "Act") requires the Council to adopt a Liability Management Policy and an Investment Policy.

The requirements for each Policy are detailed in Sections 104 and 105 of the Local Government Act 2002:

- The Liability Management Policy must state the Council's policies on how it will manage its borrowings and other liabilities, including interest rate exposure, liquidity, credit exposure, borrowing limits, giving of security and debt repayment.
- The Investment Policy must set out the Council's policies on investments including the mix of investments, acquiring new investments, management and reporting procedures, and risk assessment management.

Together these policies make up the framework for the Council's treasury management activities and define the parameters within which all investment and borrowing activities are carried out. All borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging instruments) will meet the requirements of the Local Government Act 2002. This policy should be read in the context of Council's Financial Strategy.

The Policy is to be consistent with the Long Term Plan (LTP) and Annual Plan. The formalisation of such policies and procedures will enable treasury risks within the Council to be prudently managed.

The Harbour Property Fund is managed in line with a separate Statement of Investment Policy and Objectives (SIPO) document. External fund managers will be appointed in the knowledge of and operate the portfolio according to, the investment guidelines outlined in the SIPO. As circumstances change, the policies and procedures outlined in this Policy will be modified to ensure that treasury risks within the Council continue to be well managed. In addition, regular reviews will be conducted to test the existing Policy against the following criteria:

- Industry "best practices" for a Council the size and type of Whakatane District Council.
- The risk bearing ability and tolerance levels of the underlying revenue and cost drivers.
- The effectiveness and efficiency of the Policy and treasury management function to recognise, measure, control, manage and report on the Council's financial exposure to market interest rate risks, funding risk, liquidity, investment risks, counterparty credit risks and other associated risks.
- The operations of a pro-active treasury function in an environment of control and compliance.
- The robustness of the Policy's risk control limits and risk spreading mechanisms against normal and abnormal interest rate market movements and conditions.
- Assistance to Council in achieving strategic objectives relating to ratepayers.

It is intended that the Policy be distributed to all personnel involved in any aspect of the Council's financial management. In this respect, all staff must be completely familiar with their responsibilities under the Policy at all times.

2.0 LIABILITY MANAGEMENT POLICY

2.1 Treasury Management Objectives

Statutory objectives

All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet the requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.

The Council is governed by the following relevant legislation:

- Local Government Act 2002, in particular Part 6 including sections 101,102, 104, 105 and 113.
- Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
- Trusts Act 2019 (effective 30 January 2021). When acting as a trustee or investing money on behalf of others, the Trusts Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence, and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trusts Act 2019 Part 4 Investments.
- All projected external borrowings are to be approved by the Council as part of the Annual Plan or the Long Term Planning (LTP) process, or resolution of Council before the borrowing is affected.
- All legal documentation in respect to external borrowing and financial instruments will be approved by the Council's legal counsel prior to the transaction being executed.
- The Council will not enter into any borrowings denominated in a foreign currency.
- The Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by the Council itself.

A resolution of the Council is not required for hire purchase, credit or deferred purchase of goods if:

- The period of indebtedness is less than 91 days (including rollovers); or
- The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of the Council.

General objectives

- Manage the Council's costs and risks in the management of its external borrowings.
- Minimise the Council's exposure to interest rate movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council approved Policy so as to protect the Council's financial assets and manage costs.
- Arrange and structure external long term funding for the Council at acceptable margins and cost from debt lenders. Optimise flexibility and spread of debt maturity terms within the funding risk limits established by this Policy statement.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of the Council's lending/security arrangements.
- Comply with financial ratios and limits stated within this Policy.

- Monitor the Council's return on investments.
- Maintain appropriate liquidity levels and manage cash flows within the Council to meet known and reasonable unforeseen funding requirements.
- Minimise exposure to credit risk by dealing with and investing in credit worthy counterparties.
- Ensure that all statutory requirements of a financial nature are adhered to.
- Ensure that financial planning will not impose an unequitable spread of costs/benefits over current and future ratepayers.
- To ensure adequate internal controls exist to protect the Council's financial assets and to prevent unauthorised transactions.
- Develop and maintain relationships with financial institutions, LGFA, and Trustees.

2.2 General borrowing

The Council's infrastructural and community assets generally have long economic lives and provide long-term benefits for the community. The use of external debt is seen as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers in relation to the Council's assets and investments.

Whakatane District Council will use term external borrowing to fund capital works providing assets where:

- The benefits of such expenditure are received over terms greater than one financial year.
- The term of external borrowing is related to the expected economic life of the assets purchased or created (where assets are deemed to have a life in excess of 25 years, the maximum term of borrowing will be 25 years).

The Council raises external debt for the following primary purposes:

- Specific debt to fund the Council's capital works which are primarily infrastructure assets;
- Short term debt to manage timing differences between cash inflows and outflows and to maintain the Council's liquidity;
- Borrowing through hire purchase, credit, deferred payment or lease arrangements in the ordinary course of the Council's business.

2.3 Specific borrowing limits

In managing external core borrowing, the Council adheres to: the applicable LGFA covenants, specified limits set through legislated prudence benchmarks, or the Council's quantified prudence limits as provided for in legislation as follows:

- Debt (expense) affordability benchmark quantified limit: net interest to be no more than 15 percent of rates revenue.
- Debt (amount) affordability benchmark quantified limit: net external debt to be no more than 250 percent of total revenue (see note 1).
- Net interest is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.
- Total revenue is defined as revenue in accordance with NZ General Accepted Accounting Principles (NZ GAAP).
- 'Net external debt is defined as (borrowings net of cash and cash equivalents including term deposits).
- Financial covenants are measured on the Council only not consolidated group.

Liquid funds are defined as:

- Overnight Bank cash deposits at 100% of value
- Wholesale / retail bank term deposits no greater than 30 days at 100% of value

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6.2.4 Appendix 4 - Treasury Management Policy(Cont.)

- Bank Registered Certificates of Deposit (RCD's) less than 91 days at 100% market value

The following table summarises the specific borrowing limits that Council adheres to, in conjunction with the LGFA's lending covenants:

Ratio	WDC Policy limits	LGFA lending covenants	LGFA Foundation policy covenants for credit rated Councils
Net external debt as a percentage of total revenue	<250%(see note 1)	<175%	<280%
Net Interest on external term debt as a percentage of annual rates income	<15%	<25%	<30%
Net Interest on external debt as a percentage of total revenue		<20%	<20%
Liquidity ratio (Total external term debt plus unutilised portion of committed debt facilities plus liquid funds over external debt)		>110%	>110%

Note 1: The Council had indicated at the time of drafting it's Long Term Plan 2034 that it would be seeking a credit rating which would affect its quantified limits and lending covenants within this Policy. The draft of this Policy provided that if successful the Council's debt (amount) affordability benchmark quantified limit would be <250 percent, however if not successful the limit would be reduced to <175 percent*. **FitchRatings assigned Whakatāne District Council a first-time 'AA-' rating on 11 July 2024.***

2.4 Borrowing mechanisms

The Council is able to externally borrow through a variety of market mechanisms including, issuing fixed or floating wholesale and retail bonds, commercial paper (CP), LGFA, or direct bank borrowing (refer Appendix I). The Council is also able to internally borrow.

Any borrowing through the retail investor market must have the prior approval of the Council.

Alternative funding mechanisms such as leasing are evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

The internal debt portfolio is used as an input into determining the Council's external debt requirements. The Council's internal funding mechanisms are discussed in **Section (e).** In assessing strategies for new external borrowing in relation to source, pricing, size and term, delegated staff take into account the following:

- The impact of new debt on borrowing limits;
- Relevant margins and total cost under each borrowing source;
- The Council's overall debt maturity profile, to avoid concentration of debt at reissue/rollover time;
- Prevailing interest rates and margins relative to term for loan stock issuance, debt capital markets, LGFA, and bank borrowing and the Council's view of future interest rate movements;
- The impact on Council's credit rating (if relevant);
- Available terms from bank, LGFA, and the debt capital markets;
- Legal documentation, financial covenants, security requirements.

The Council is able to use a mixture of short term as well as longer term external funding to achieve an effective borrowing mix, balancing the requirements of liquidity, flexibility and cost.

The Council's ability to readily attract cost effective borrowing is largely driven by its ability to maintain a strong balance sheet, maintain a strong credit rating (if relevant), as well as its ability to rate, manage its image in the market and its relationship with its investors, LGFA, and financial institutions/brokers.

A borrowing strategy is determined on a six monthly basis which is approved by the Chief Financial Officer & General Manager Business Partnering.

2.5 Liquidity, funding, and credit risk management

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, short-term financial investments, loans and bank facilities.

Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at acceptable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

The management of the Council's funding risks is important to mitigate any adverse movement in borrowing margins, term availability and general flexibility.

Where possible the Council seeks a diversified pool of borrowing and ensures that bank borrowings are only sought from approved strongly rated New Zealand registered banks. Strongly credit rated banks have a short-term and long-term credit rating from Standard & Poor's (or equivalent) of at least A-1 and A respectively.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time, so that the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to market conditions.

The Council minimises its liquidity risk by:

- Matching expenditure closely to its revenue streams and managing cash flow timing differences to its favour;
- Maintaining its financial investments in liquid funds;
- Ensuring where debt redemption reserves are maintained to repay borrowing, that these investments are held for maturities not exceeding the borrowing repayment date (see Section (h) of this Policy);
- Avoiding concentration of debt maturity dates (refer below).

To ensure funds are available when needed, the Council maintains sufficient available operating cash flow and committed debt facilities and/or liquid funds to meet cash flow requirements between rates instalments as determined by the Finance Department. Investments have a maturity of no more than three months unless they are linked to pre-funding activity undertaken by Council. The Council has the ability to pre-fund up to 18 months of forecast debt requirements including re-financings. Debt re-financings that have been pre-funded will remain included within the funding maturity profile until their maturity date. The liquidity ratio excludes cash held and associated debt raised under the pre-funding strategy.

To minimise the risk of large concentrations of external debt maturing or being reissued in periods where credit margins are high for reasons within or beyond the Council's control, delegated staff ensure external debt maturities are generally spread widely over a band of maturities.

Specifically, total committed funding in respect to all external debt/loans and committed facilities is controlled by the following system:

6.2.4 Appendix 4 - Treasury Management Policy(Cont.)

PERIOD	MINIMUM	MAXIMUM
0 to 3 years	15%	60%
3 to 7 years	25%	85%
7 years plus	0%	60%

A funding maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, a maturity schedule outside these limits requires specific Council approval.

Once debt has been refinanced with a contracted term deposit (pre-funded), the term deposit amount will net off the maturing debt amount from the funding maturity profile percentage calculation.

The LGFA require that no more than the greater of NZD 100 million or 33% of a council's borrowings from the LGFA will mature in any 12-month period.

The Chief Executive has the discretionary authority to re-finance, rollover and re-negotiate existing debt on more favourable terms. Such action is reported to the Council at the earliest opportunity.

2.6 Internal borrowing

The Council uses its reserves to internally fund new capital projects. The Finance department is responsible for administering the Council's internal loan portfolio. Loans are set up within the portfolio based on planned loan funded capital projects as approved by Council resolution as part of the Annual Plan and the LTP.

The primary objective in funding internally is to use reserves and external borrowing effectively, by establishing a portfolio that provides funding to internal activity centres. This creates operational efficiencies through not paying fees/margins and other costs associated with raising funds from financial institutions.

In addition to external borrowing the following specific reserves may be used for internal borrowing purposes:

- Special Fund Reserves
- Harbour Property Fund
- Debt Redemption Reserves
- Rate Account surpluses

Interest is charged annually in arrears on all internal loans at the weighted average cost of external borrowing (including credit margin and other related costs). The Council has the ability to reset interest rates monthly if required.

2.7 Interest rate risk management

Interest rate risk is the risk that funding costs (due to adverse movements in market wholesale interest rates) will materially exceed or fall short of projections included in the LTP or Annual Plan so as to adversely impact revenue projections, cost control and capital investment decisions/returns/feasibilities.

Generally, given the long-term nature of the Council's assets, intergenerational factors and the desire to avoid an adverse impact on rates, the approach is to have at least a minimum percentage of external core debt at a fixed interest rate.

The primary objective of interest rate risk management is to reduce uncertainty due to interest rate movements through fixing of funding costs. Both objectives are to be achieved through the active management of underlying interest rate exposures.

The Chief Financial Officer & General Manager Business Partnering can consider alternative debt forecast scenarios that make assumptions around such matters as, the delivery and timing of the capital expenditure programme when designing the interest rate strategy. The Council's gross forecast external debt should be within the following fixed/floating interest rate risk control limits:

Interest Rate Policy Parameters (calculated on rolling monthly basis)		
Debt Period Ending	**Minimum Fixed Rate %**	**Maximum Fixed Rate %**
Current	40%	90%
Year 1	40%	90%
Year 2	35%	85%
Year 3	30%	80%
Year 4	25%	75%
Year 5	20%	70%
Year 6	0%	65%
Year 7	0%	60%
Year 8	0%	50%
Year 9	0%	50%
Year 10	0%	50%
Year 11+	0%	25%

"Fixed Rate" is defined as all known interest rate obligations on gross forecast external debt, including where hedging instruments have fixed movements in the applicable reset rate.

"Floating Rate" is defined as any interest rate obligation subject to movements in the applicable reset rate.

Gross forecast external debt is the amount of total external debt for a given period, excluding pre-funded debt amounts. This allows for pre-hedging in advance of projected physical drawdown of new and re-financed debt. When approved forecasts are changed (signed off by the Chief Financial Officer & General Manager Business Partnering), the amount of interest rate fixing in place may have to be adjusted to ensure compliance with the policy minimum and maximum limits.

Interest rate swap maturity is limited by the maximum offered LGFA bond maturity, beyond this approval is required by Council.

Fixed interest rate percentages are calculated based on the average amount of fixed interest rate obligations relative to the average gross forecast external debt amounts for the given period (as defined in the table above).

A fixed rate maturity profile that is outside the above limits, but self corrects in less than 90-days is not in breach of this Policy. However, maintaining a maturity profile beyond 90-days requires specific approval by the Council.

The use of incidental hedge arrangements and counter-party exposure limits are outlined in Appendix II in respect of interest rate risk management instruments.

2.8 Security

The Council generally does not offer assets other than a charge over rates or rates revenue as security for general borrowing programmes and interest rate risk management instruments. Security is offered through the Debenture Trust Deed over the Council's rates and rates revenue. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Powers Act. The security offered by Council ranks equally or pari passu with other lenders.

From time to time, with prior Council approval, security may be offered by providing a charge over one or more of the Council's specific assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance);
- The Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the security arrangement.

2.9 Debt repayment

The Council repays borrowing from general funds, specific debt redemption reserves and renewal loans allocated to that borrowing, unless the Council specifically directs that the funds will be put to another use. The Council ensures that sufficient funds are available for repayment of debt and other obligations at the time of maturity. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate. Disaster recovery requirements are to be met through the liquidity ratio amount.

Where a loan is raised for a specific purpose and the funds are no longer required, the funds may be held in a special fund until the funds can be applied against a future borrowing.

The Council will manage debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so.

2.10 Contingent liabilities

The Council, from time to time, provides financial guarantees to local organisations, groups or bodies for recreational and community purposes.

The Council cannot guarantee loans to Council Controlled Trading Organisations under Section 62 of the Local Government Act.

In determining whether a guarantee is to be approved, the Council considers the social benefits provided to the community and the following:

- The potential for loss of capital;
- where the Council assumes the asset in the case of default, the ongoing operating costs or completion costs of the asset;
- The nature of the organisation including its management, financial stability, cash flow forecasts and membership.

The total value of guarantees at any one time will not exceed 3% of the total annual rates, levied during that year. Total loan guarantees held at any time shall be taken into account when calculating the Council's maximum borrowing limit.

The Finance Department monitors the total value of guarantees provided, reporting quarterly to Council, when guarantees are provided.

As a condition of the guarantee, the guarantor's annual financial statements are to be promptly given to Council. Should the guarantee be called upon, the Council will take immediate steps to recover the money.

2.11 On-lending to Council Controlled Organisations

To better achieve its strategic and commercial objectives, Council may provide financial support in the form of debt funding directly or indirectly to CCO/CCTOs.

Guarantees of financial indebtedness to CCTOs are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital.

Any on-lending arrangement (whether from Council or directly from the LGFA) to a CCO or CCTO must be approved by Council. Council must have approved the LGFA membership of the CCO/CCTO.

In recommending an arrangement for approval the Chief Financial Officer & General Manager Business Partnering considers the following:

- Credit risk profile of the borrowing entity, and the ability to repay interest and principal amount outstanding on due date.
- Impact on Council's credit standing, debt cap amount (where applied), lending covenants with the LGFA and other lenders and Council's future borrowing capacity.
  The form and quality of security arrangements provided.
- The lending rate given factors such as; CCO or CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc.
- Lending arrangements to the CCO or CCTO must be documented on a commercial arm's length basis. A term sheet, including matters such as borrowing costs, interest payment dates, principal payment dates, security and expiry date is agreed between the parties.
- Accounting and taxation impact of on-lending arrangement.

All on-lending arrangements must be executed under legal documentation that is reviewed and approved by Council's independent legal counsel.

2.12 Foreign exchange

The Council's policy is to identify, define, recognise and record these risks by their respective types or category and then to manage each risk under predetermined and separately defined policies/risk control limits for each risk category.

It is prudent practice to pre-hedge potential adverse foreign exchange rate movements on capital imports from the time the Capex budget is approved by Council. There is a risk that the net NZD cost could increase substantially from Capex budget time to the actual placement of the purchase order. It would be expected that the exact payment currency/amount, and payments schedule are known at the time of the purchase order and sale/purchases contract signed with the equipment supplier.

Capital and Operational Expenditure: Imported Items/services. The Council is exposed to foreign exchange risk on imported capital expenditure and operational expensed items/ services:

Contingent risk - this applies from the time the annual capital expenditure (Capex) and operational expenditure (Opex) budget is approved to the time specific Capex and Opex items are approved during the course of the year. This also includes the time from specific approvals to the time contracts are finalised.

Full risk - at the time the expenditure is approved and legal commitments are made.

Foreign Exchange Risk Control Limits

Capital and Operational Expenditure: Imported items/services – All individual items/ services greater than NZD100,000 must be hedged at all times in accordance with the following risk control limits:

CAPITAL AND OPERATIONAL EXPENDITURE – FOREIGN EXCHANGE RISK CONTROL LIMITS		
TIME-POINT	**EXPOSURE COVERED BY FORWARD EXCHANGE CONTRACTS/COLLARS**	**EXPOSURE COVERED BY PURCHASED FOREIGN EXCHANGE OPTIONS**
1. Budget approved by Council (Medium Probability)		Up to a maximum 50%
2. Specific item approved (High probability)		Up to a maximum 100%
3. Contract confirmed (Legal commitment)	Minimum 100%	

The use of foreign exchange risk management instruments are approved by Council.

The Council does not borrow or enter into incidental arrangements within or outside New Zealand in currency other than New Zealand currency.

2.13 New Zealand Local Government Funding Agency Limited

Despite anything earlier in this Liability Management Policy, the Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA in the form of Borrower Notes;
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- Subscribe for shares and uncalled capital in the LGFA; and
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

3.0 INVESTMENT POLICY

Council recognises its fiduciary responsibility as a public authority and any investments that it holds should be at an appropriate level of risk, giving preference to conservative investment policies and avoiding speculative investments. The Council is a risk averse entity and does not wish to incur additional risk from its treasury activities.

The Council recognises its custodial responsibility and reviews the performance and purpose of all investments on an annual basis. The Chief Financial Officer & General

Manager Business Partnering reports on all investments quarterly at the Risk and Assurance Committee meeting.

In its investment activities the Council is guided by the Trusts Act of 2019 (effective 30 January 2021). When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others.

3.1 Investment Mix

An investment asset is an asset owned by the Council for the delivery of Council services and includes and is not limited to land, buildings and infrastructure. A non-operational asset is owned by the Council that is not an investment asset. From time to time, the Council holds the following investment assets:

- Equities
- Property
- Forestry
- Internal loans
- Treasury financial instruments

Council will keep under review its approach to all major investments and the credit rating of approved financial institutions.

The Council will review its policies on holding investments at least once every three years.

3.2 Use of Sale Proceeds on Disposition of Operational Assets

Net proceeds from the sale of an Operational Asset are returned to the relevant operational account and utilised as follows:

- If there was debt attributable to the asset, payment of that debt is the first call upon any proceeds of sale (that is the cash value less any costs relating to the sale).

The proceeds of sale (that is the cash value less any costs relating to the sale) following the retirement of any debt will be used for the purposes of:

- The retirement of debt in relation to assets; or
- The funding of the purchase of new assets (as scheduled within a relevant Asset Management Plan); or
- The purchase of strategic assets; or
- Transferred to an appropriate reserve; or
- The funding of one off operational expenses.

The proceeds will not be used to fund general operational expenditure.

3.3 Equity investments

Equity Investments are held for various strategic, economic development and financial objectives as outlined in the LTP.

Council holds equity investments in Civic Financial Services Ltd (formerly the NZ Local Government Insurance Corporation),,Bay of Plenty Local Authority Shared Services Ltd (BOPLASS) and NZ Local Government Funding Agency (LGFA) as part of the Council's membership. Council may also invest in other equity investments, including investments held in CCO/CCTO and other shareholdings.

Council also has a 50:50 joint equity venture with the Crown (Ministry of Transport – Air Transport division) in the ownership of the Whakatane Airport. This investment is held for the strategic purpose of providing public access to emergency and scheduled air services to the Eastern Bay of Plenty. The Council controls the operation of the airport and the results of operations are consolidated by equity method into the Council's financial accounts. The Whakatane Airport Annual report is reviewed and adopted by the Council prior to 30 September.

Income from the Council's equity investments, including dividends, is included within general income. Dividends received from investments not controlled by Council are used firstly to repay debt in relation to that investment, then unless otherwise directed by Council, used to reduce other Council debt. Refer to section 1.2 on use of sale proceeds on disposition of operational assets.

The Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and their stated philosophy on investments.

The sale or purchase of all equity investments requires the prior approval of the Council.

3.4 Property investments

The Council owns harbour endowment land that is currently leased to commercial tenants. Historically there were strategic and commercial reasons for holding this land, but the Council is now considering the option of selling a number of sites to leaseholders. Where appropriate the Council will consult with Iwi on property disposal and acquisitions.

The Council owns a number of other properties. Each year, the Council reviews the performance of all its property investments to ensure that the benefits of continued ownership are consistent with stated objectives.

All rental income received from the harbour endowment land is recorded in the Harbour Activity Account. Other property income is recorded as general funds or credited to the appropriate reserve account.

Council approval is required for the sale and purchases of all property investments and are managed to ensure compliance with statutory requirements.

Property purchases are supported by registered valuations and where appropriate a full business case analysis. Council will not purchase properties on a speculative basis.

3.5 Forestry investments

The Council owns forestry assets. These assets are held as a long-term commercial investment to assist in maximising the return on the land. Income is included in general revenue. Any sale or purchase of forestry assets requires the prior approval of the Council. Refer to section 3.2 on use of sale proceeds on disposition of operational assets.

3.6 Treasury financial investments

In investing in treasury financial instruments Council's primary objective is the protection of its investment capital.

For the foreseeable future the Council will be in a net borrowing position although the Council holds funds from time to time as its cash flows dictate as well as those derived from its reserves and other funds. Investments are therefore made for the following primary reasons:

- to invest surplus cash and working capital funds.
- to invest monies allocated to general and specific reserves, and debt redemption reserves.
- to invest Harbour Property Fund sale proceeds (refer Section 1.4 of this policy).

General, specific, and debt redemption reserves, and the Harbour Property Fund are invested in liquid, short term investments or internally lent to fund activity centre infrastructure projects. The Council allocates funds between those investments that emphasise capital protection, are liquid and have regular interest payments. Accordingly, Council may only invest in approved creditworthy counterparties. Creditworthy counterparties are covered in Section 3.13. Credit ratings are monitored and reported annually to Council.

Council may invest in approved financial instruments as set out below. These investments are aligned with Council's objective of investing in high credit quality and liquid assets.

Treasury financial investments are held to maturity date. In the unusual circumstance where investments are liquidated prior to maturity, approval is obtained from the Chief Financial Officer & General Manager Business Partnering . Proceeds from the redemption of treasury financial investments are used in accordance with the terms of the original purpose of the reserve or fund, or in accordance with a resolution of the Council.

Interest income from treasury financial investments is credited to general funds, except for income from investments for specific reserves, debt redemption reserves, and the Harbour Property Fund, where interest is credited to the particular reserve or fund.

Council recognises that as a responsible public authority any investments that it does hold should be low risk. It also recognises that lower risk generally means lower returns.

(a) Financial investment objectives

The Council's primary objective is to preserve the capital value of investments. Accordingly, investment is restricted to creditworthy institutions (counter parties) that must have a minimum short-term credit rating of A-1 and a long-term credit rating of A from Standard & Poors (or equivalent recognised agency) (see the Counterparty Exposure Limits Section).

Within its credit constraints contained above the Council seeks to:

- Ensure investments are liquid
- Diversify the mix of financial investments
- Optimise investment return within Policy parameters.
- Manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity

The following principles capture the objectives outlined above and form the key assumptions of the operating parameters contained in Counterparty Exposure Limits:

- Credit risk is minimised by placing maximum limits for each broad class of non-government issuer and by limiting investments to the LGFA and registered banks within prescribed limits.
- Liquidity risk is minimised by managing maturity terms to future expenditure requirements and ensuring that all investments are capable of being liquidated.
- Treasury financial investments are restricted to a term of no more than three months (unless linked to pre-funding debt management activity).
- The Council's treasury financial investments are structured to provide sufficient funds to meet Council's cash flow and capital expenditure obligations as they fall due.

(b) Approved treasury financial investment instruments

Within the constraints of the Counterparty Exposure Limits, the Council invests in the following instruments:

- Government securities.
- LGFA securities and borrower notes.
- Registered bank securities and deposits.

A full list of approved instruments and their definitions are contained within Appendix III.

(c) Interest rate risk management

The Council's treasury financial investments give rise to a direct exposure to a change in interest rates, impacting upon the financial return and potentially the capital value of its investments.

A key part in the management of treasury financial investments is the formulation of an interest rate strategy. An interest rate strategy is approved by the Chief Financial Officer & General Manager Business Partnering .

Once approved the interest rate risk management strategy is implemented by:

- Using risk management instruments to protect investment returns and to change the interest rate profile.

The use of interest rate risk management instruments requires the approval of the Council. Approved risk management instruments are outlined in Appendix II.

3.7 Harbour property fund (HPF)

The Council holds the net proceeds from the sale of harbour property land in a separate fund for the long-term benefit, management and development of the District's Ports and associated lands. The fund is considered separately from other financial investments discussed in Section 3.6 of the Policy.

The Harbour Property Fund (HPF) is managed in line with a separate Statement of Investment Policy and Objectives (SIPO) document. External fund managers may be appointed in the knowledge of and operate the portfolio according to, the investment guidelines outlined in the SIPO.

The Council will be responsible for the following:

- Setting the Fund's Investment Strategy, including the level of risk and investment performance objectives, and investment policies.
- Determining the appropriate number of investment managers, and selecting and changing those managers as appropriate after having taken advice from the Investment Consultant
- Reviewing the SIPO on a triennial basis, including the Investment Strategy, policies and manager configuration, and instructions to the Investment Consultant.
- Ensuring that the level of redemptions from the Fund is consistent with the Fund's objective to maintain equity, in terms of amounts available for distribution, between present and future generations.
- Providing cash flow information to the Investment Consultant with respect to future deposits and redemptions.
- Appointing the Investment Consultant.

Financial instruments and credit restrictions for funds under management in the HPF are separate to that within the Investment Policy as per the Council approved SIPO.

The Fund's investment objectives are to:

- Preserve the capital value of the fund.
- Maintain the real capital value of the fund with regard to inflation.
- Invest in instruments that provide a constant income stream.

Specific investment policies relating to this Fund are:

- That the inflation adjusted capital value of the fund will not be withdrawn.
- That the funds may be invested to offset the Councils internal borrowing.

3.8 New Zealand Local Government Funding Agency Limited

Despite anything earlier in this Investment Policy, the Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

The Council's objective in making any such investment will be to:

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

3.9 Acquisition of new investments

With the exception of treasury financial investments, new investments are acquired if an opportunity arises and approval is given by the appropriate Council committee, based on advice and recommendations from Council officers. Before approving any new investments, the Council gives due consideration to the contribution the investment will make in fulfilling Council's strategic objectives, and the financial risks of owning the investment. The authority to acquire financial investments is delegated to the Chief Financial Officer & General Manager Business Partnering .

3.10 Investment management and reporting procedures

Council's investments are managed on a regular basis, with sufficient minimum immediate cash reserves and a cash buffer maintained. The daily cash position is monitored and managed through the Daily Cash Position Report, and long-term cashflow through the annual Rolling Cashflow Forecast. To maintain liquidity, Council's investment maturities are matched with Council's known cash flow requirements.

The performance of Council investments is regularly reviewed to ensure Council's strategic objectives are being met. Both performance and policy compliance are reviewed through regular reporting.

3.11 Debt redemption reserves

The Council no longer sets up sinking funds for new loans but may establish specific Debt Redemption Reserves for each new borrowing. As Council is a net borrower for the expected life of the reserve, the funds are utilised for internal loan purposes and managed within the internal borrowing policy.

3.12 Foreign exchange

The Council does not invest or enter into incidental arrangements within or outside New Zealand in currency other than New Zealand currency.

3.13 Counter party exposure limits

The Council ensures that all investment and interest rate risk management activity is undertaken with institutions that have a strong credit rating. This is to ensure that the amounts owing to the Council are paid fully and on due date. Default or credit risk is minimised through a combination of portfolio diversification.

More specifically, the Council minimises its credit exposure by:

- Transacting with entities that have a short-term and long-term credit rating from Standard & Poors (or equivalent recognised agency) of at least A-1 and A respectively
- Limiting total exposure to prescribed amounts
- Ensuring investments are liquid

- Monthly monitoring of compliance against set limits

The following table summarises credit requirements and limits:

COUNTERPARTY	MINIMUM S&P SHORT/LONG TERM CREDIT RATING	TOTAL EXPOSURE LIMIT (INVESTMENTS AND RISK MANAGEMENT INSTRUMENTS) FOR EACH COUNTER PARTY
NZ Government	N/A	Unlimited
Local Government Funding Agency	A-1 / AA-	Unlimited
NZ Registered Bank	A-1 / A	$40 million

Approval is required from the Council for any alterations to these limits.

If any counter party's credit rating falls below the minimum specified in the above table, all practical steps are taken to reduce the credit exposure to that counter party to zero as soon as possible. Counterparties exceeding limits are reported to the Council.

In determining the usage of the above gross limits, the following product weightings will be used;

(a) On balance sheet

Total amounts invested with that counterparty, i.e. transaction principal * weighting 100%.

(b) Interest rate and foreign exchange rate risk management instruments:-

- Credit exposure on interest rate contracts is computed by multiplying the face value of outstanding transactions by an interest rate movement factor of 3% per annum i.e. notional amount x maturity (years) x 3%.
- Credit exposure on foreign exchange is computed by multiplying the face value amount by the (square root of the maturity (years) x 15%)

4.0 DELEGATED AUTHORITIES AND LIMITS

Treasury transactions entered into without the proper authority are difficult to cancel given the legal doctrine of "apparent authority". Also, insufficient authorities for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays).

To prevent these types of situations, the following procedures must be complied with:

- All delegated authorities and signatories must be reviewed at least annually to ensure that they are still appropriate and current.
- A comprehensive letter must be sent to all bank counterparties at least annually to confirm details of all relevant current delegated authorities empowered to bind the Council.

Whenever a person with delegated authority on any account or facility leaves the Council, all relevant banks and other counterparties must be advised in writing in a timely manner to ensure that no unauthorised instructions are to be accepted from such persons.

Delegated responsibilities and authority limits are captured within Council's delegation register.

5.0 CASH MANAGEMENT

From time to time, the Council has daily cash flow surpluses and borrowing requirements, due to the mismatch of daily receipts and payments. All cash inflows and expenses pass through bank accounts controlled by the Finance Department.

The Council maintains a daily cash position report, and an annual rolling cashflow projection is prepared during the Annual Planning process and reviewed monthly. These reports determine the Council's borrowing requirements and surpluses for investment for the year.

Detail captured within the Treasury Procedures Manual should include:

- Positional responsibilities, including related entity requirements.
- Daily, weekly, annual rolling cash and cash flow forecasting reports.
- Overnight liquidity buffer requirements.
- Mechanisms for an efficient and effective cash management function

6.0 OPERATIONAL RISK

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls.

Operational risk is minimised through the adoption of all requirements of this Policy and detailed within the Council's Treasury Procedures Manual.

Segregation of duties will be maintained in line with the identified treasury roles and responsibilities as provided for in Appendix IV, and in accordance with the organisations Delegations Policies.

7.0 LEGAL RISK

Legal risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, the Council may be exposed to such risks.

The Council will seek to minimise this risk by adopting policy regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.
- The use of expert advice.

Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council. The Council's internal/appointed legal counsel must sign off on all documentation.

Financial covenants and other obligations

The Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements. The Council must comply with all obligations and reporting requirements under existing funding arrangements and legislative requirements.

8.0 TREASURY PERFORMANCE

In order to determine the success of Council's treasury management function, the following benchmarks and performance measures have been prescribed.

- Operational performance; compliance to Policy and treasury deadlines.
- Management of debt and interest rate risk (borrowing costs); actual borrowing costs to budget rates.

Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to Council or an appropriate sub-committee of Council on a six weekly basis.

9.0 REPORTING

Treasury reporting is conducted on a monthly, quarterly, and as required basis reporting on the Council's borrowing and investment position to Council, and where relevant external parties. Such reports detail month end position to risk control limits (borrowing limits, funding, interest rate, and liquidity), debt management position, and compliance.

Accounting treatment of financial instruments

The Council uses financial arrangements ("derivatives") for the primary purpose of reducing its financial risk to fluctuations in interest rates. The purpose of this section is to articulate Council's accounting treatment of derivatives in a broad sense. Further detail of accounting treatment is contained within the appropriate operations and procedures manual.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) changes in the fair value of derivatives go through the Income Statement unless derivatives are designated in an effective hedge relationship.

Council's principal objective is to actively manage the Council's interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council's annual accounts.

The Chief Financial Officer & General Manager Business Partnering is responsible for advising the Chief Executive of any changes to relevant New Zealand Public Sector PBE Standards which may result in a change to the accounting treatment of any financial derivative product.

All treasury financial instruments must be revalued (marked-to-market) at least every six months for risk management purposes.

The following reports will also be produced and any exceptions are reported to Council:

Daily

- Cashflow monitoring

Monthly Executive reported via CFO and or Executive Leadership team reviews (reported quarterly via Finance and Performance Committee)

- Gross and Net Debt Position including forecasts
- Current Fixed Debt Levels
- Interest Revenue & Expenditure
- Borrowing Limit Compliance
- Performance against benchmarks

Quarterly Treasury Strategy Update – reported via Risk and Assurance Committee

- Debt maturity profile
- Performance against benchmarks and budgets
- Fixed & Floating Debt profile
- Liquidity Risk

LGFA - Total debt and WDC debt

10.0 POLICY REVIEW

The Policy is to be formally reviewed on a triennial basis, and annually for internal purposes.

6.2.4 Appendix 4 - Treasury Management Policy(Cont.)

The Chief Financial Officer & General Manager Business Partnering has the responsibility to prepare the annual review report that is presented to the Council. The report will include:

- Recommendation as to changes, deletions and additions to the Policy.
- Overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
- Summary of breaches of Policy and one-off approvals outside Policy.

The Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes.

APPENDIX I - APPROVED BORROWING MECHANISMS

1.0 BANK BORROWING

1.1 Overdraft

Overdraft facilities are calculated on a simple interest basis with interest calculated daily and paid in arrears. Overdraft facilities are usually for a term of up to one year and are priced off the bank's indicator rate. Most organisations use these facilities to borrow on an overnight basis.

The lending bank sets the indicator rate (which includes a liquidity and credit margin) at the time of negotiating the facility along with a line fee (expressed in basis points or percentage points per annum). This rate is usually set for the term of the facility.

1.2 Committed and Uncommitted Bank Facilities

Committed bank facilities are calculated on a simple interest basis with interest paid in arrears (at the end of the borrowing period). Committed bank facilities are usually for a term of up to three years but may be for as long as five years. Most facilities allow for the borrower to draw up to the facility limit in various short term tranches, 90 day tranches is typically the drawdown period. Council is able to borrow, repay and redraw over the term of the facility.

The lending bank sets the bank bill bid market settlement (BKBM Bid) rate at the time of lending along with the line fee (expressed in basis points or percentage per annum) and credit margin. The BKBM Bid rate generally re-prices on a 90 day basis. The line fee and margin are generally fixed for the term of the facility.

2.0 Local Authority Stock/Bonds

Local authority stock is registered and issued via tender or private placement to a range of investors. It can be issued into the wholesale or retail investor market. Stock is usually issued for maturities ranging from 90 days (CP) and one to ten years (stock). Normally a fixed coupon payment, determined at the outset, is made semi-annually to the holder of the security. A 90 day floating interest rate may also be determined. The stock is registered with the Council appointed registrar. The paper can be unrated or credit rated by a rating agency like Standard & Poor's.

Private placement generally provides better rates for the Council as the relationship bank approaches their investor base for interest and both the Council and the investor are assured of anonymity. The relationship bank completes the documentation required. With a tender situation the issuing Council must provide an invitation to tender, an information memorandum, bid forms and a covering letter to all participants. The tender is widely advertised and market bids are obtained.

3.0 NZ Local Government Funding Agency

The NZ Local Government Funding Agency (LGFA) has been developed as a centralised Local Authority debt vehicle to generate significant benefits in respect of lower credit margins for the sector. The LGFA raises funds that are then lent on to Local Authorities at lower interest margins than those achievable through other sources. The LGFA achieves this through; economies of scale, credit rating arbitrage, and regulatory arbitrage. The LGFA also diversifies the sector's funding sources and improves the sectors access to liquidity and funding terms.

For LGFA placements, the Council can borrow at scheduled tender dates or via bespoke borrowing whereby Council provides two day's notice of requirements. Ahead of these dates, Council informs the LGFA of its required funding amount and term. The LGFA tenders, and raises funds on behalf of Council.

6.2.4 Appendix 4 - Treasury Management Policy(Cont.)

When the Council borrows from the LGFA it will be required to contribute part of that borrowing back as equity in the form of "Borrower Notes". A Borrower Note is a written, unconditional declaration by a borrower (in this instance the LGFA) to pay a sum of money to a specific party (in this instance the Council) at a future date (in this instance upon the maturity of the loan). A return is paid on the Borrower Notes and can take the form of a dividend if the Borrower Notes are converted to redeemable preference shares.

APPENDIX II –APPROVED INTEREST AND FOREIGN EXCHANGE RATE RISK MANAGEMENT INSTRUMENTS

1.0 INTEREST RATE RISK MANAGEMENT INSTRUMENTS

The use of interest rate risk management instruments is approved by Council as part of this policy.

Interest rate risk management instruments approved for use, consistent with the policy contained in Section 2.7 are:

- Fixing through physical borrowing instruments – e.g. loan stock, debentures, bank term loan
- Floating rate bank debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
    - Forward Rate Agreements (FRA) on bank bills and government bonds. Interest rate swaps including:Forward start swaps/collars (start date less than 36 months unless linked to existing maturing fixed rate instruments);
    - Amortising and accreting swaps;
    - Swap restructurings
    - Purchase of interest rate options products on:
    - Swaptions.
        - Bank bills (purchased caps and one for one collars)
        - Government bonds.

- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.
- Interest rate collar type option strategies. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out in isolation (i.e. repurchased) otherwise both sides must be closed out simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”.
- The forward start date of the collar strategy is to be no more than 36 months, and the underlying cap, swap commences within this period, unless the forward start swap/collar starts on the expiry date of an existing swap/collar and has a notional amount which is no more than that of the existing swap/collar.
- Purchased borrower swaptions only that mature within 18 months.
- Additions to and deletions from this list are recommended by the General Manager Finance and approved by the Council.
- A glossary of terms for interest rate risk management mechanisms are set out in Appendix IV.

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counter party credit limits (refer Investment Policy).

The following interest rate risk management instruments are NOT permitted for use:

- Interest rate options must not be sold outright.
- Selling interest rate options for the primary purpose of generating premium income is not permitted because of its speculative nature.

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- Structured interest rate option strategies where there is any possibility of the Council’s total interest expense increasing in a declining interest rate market or where the Council’s total interest cost is increasing faster than the general market rate.
- Interest rate futures contracts, mainly for administrative ease.
- Interest rate risk management instruments in foreign currency (see s113 of the Act).

2.0 FOREIGN EXCHANGE RATE RISK MANAGEMENT INSTRUMENTS

The use of foreign exchange rate risk management instruments is approved by the Council as part of this Policy.

Foreign exchange rate risk management instruments approved for use, consistent with the Policy contained in Section (2.12) are:

- Foreign currency deposits
- Purchased currency options
- Forward foreign exchange contracts
- One for one collars
  - Foreign exchange options cannot be sold outright.
  - The purchase price paid for an option (premium) is to be amortised (spread) over the period of cover and added to the actual average exchange rate achieved by the Council.

Financial instruments other than those stipulated in Appendix II above require one-off Council approval prior to transacting.

APPENDIX III - APPROVED FINANCIAL INSTRUMENTS

1.0 NEW ZEALAND GOVERNMENT

1.1 Treasury Bills

Treasury bills are registered securities issued by the Debt Management Office (DMO) on behalf of the government. They are usually available for terms of up to a year, with 90 or 180 day terms generally preferred by investors. They are discounted instruments held primarily for bank balance sheet liquidity management purposes.

1.2 Government bonds

Government bonds are registered securities issued by the DMO on behalf of the government. They are available for terms ranging from one to twelve year maturities. Government bonds have fixed coupon (interest) payments every six months. It is quoted on a semi annual yield basis and is priced on a discounted cashflow basis. It is readily negotiable in a secondary market.

2.0 NZ LOCAL GOVERNMENT FUNDING AGENCY

2.1 Commercial Paper (also known as Promissory Notes)

Commercial paper (CP) is issued by borrowers who usually have a credit rating and standing in the market that is sufficient to enable the CP to be issued without endorsement or acceptance by a bank. In this instance the LGFA being highly credit rated. Commercial paper is issued with maturities ranging from 7 days to over one year. The common maturities are for 30 and 90 days. Council is restricted to investing in CP with maturities of no more than 90 days. CP is generally preferred over term deposits because investors can sell them prior to maturity without suffering the penalty interest costs common to term deposits.

2.2 Borrower Notes

On occasion when Council borrows from the LGFA it will be required to contribute part of that borrowing back as equity in the form of “Borrower Notes”. A Borrower Note is a written, unconditional declaration by a borrower (in this instance the LGFA) to pay a sum of money to a specific party (in this instance the Council) at a future date (in this instance upon the maturity of the loan). A return is paid on the Borrower Notes and can take the form of a dividend if the Borrower Notes are converted to redeemable preference shares.

2.3 Bonds

With a medium term note (MTN) a fixed coupon payment is made semi-annually to the holder of the security. They are priced on a semi-annual yield basis and are issued at a par/premium or discount to face value. Floating rate notes (FRN) are bonds where interest is paid quarterly at a margin over the bank bill bid rate. LGFA bonds are negotiable and can be bought and sold in the secondary market.

3.0 NEW ZEALAND REGISTERED BANKS

3.1 Call and Term deposits

Call and term deposits are funds accepted by the bank on an overnight basis (call) or for a fixed term. Interest is usually calculated on a simple interest basis. Term deposits are for a fixed term that is held to maturity. Term deposits are not negotiable instruments and termination prior to maturity date is only achievable with 31 days notice.

3.2 Registered Certificates of Deposit (RCD)

RCDs are securities issued by banks for their funding needs or to meet investor demand. They are registered at the RBNZ or held 'on behalf of' by the dealing bank. Details of registration include the name of the investor, face value and maturity date. Ownership can only be transferred by electronic transfer. RCDs are priced on a yield basis and issued at a discount to face value or on a grossed up basis. They are generally preferred over term deposits because investors can sell them prior to maturity.

APPENDIX IV – ROLES AND RESPONSIBILITIES

- Full Council (of elected members)
- Risk and Assurance Committee (RAC)
- Executive (Chief Executive ("CE") and / or CFO and General Manager of Business Partnering ("CFO"))
- Chief Financial Officer and General Manager of Business Partnering ("CFO")
- Manager Financial Accounting
- Financial Accountant
- Financial Planning and Reporting Manager or Senior Management Accountant

The respective responsibilities of those personnel involved in the treasury function are detailed below.

Council – or approved committee of council
- Approves the treasury policy in line with Long Term Plan adoption.
- Approves any amendments to the policy as recommended by the executive.
- Approves total borrowing through the borrowing resolution within Long Term Plan adoption
- Approves any risk management strategies proposed from time to time outside the delegated authorities outlined in this policy
- Approves any new borrowing or financing arrangements outside normal general borrowing as approved under the borrowing resolution including allowable financial instruments.
- Approves amendments to existing LGFA agreements

Risk and Assurance Committee (RAC)
- The council committee in charge of risk monitoring considers on a quarterly basis the implementation of the Council's treasury management strategies.
- Monitors and reviews the management of the treasury function to ensure that it is effective and Council's strategic objectives are being met.
- Recommending the Treasury Policy (or changes to existing policy) to the Council.
- Receiving recommendations from the CFO and GM of Business Partnering/Manager Financial Accounting and making submissions to the Council on all treasury matters requiring Council approval.
- Recommending performance measurement criteria for all treasury activities.
- Monitoring quarterly performance against benchmarks.
- Recommend to Council new financial instruments.

Executive (CE or CFO)
- Approves any amendments to the Treasury Policy recommended by the Manager Financial Accounting
- Approves funding from bank facilities and the capital markets including the Local Government Funding Agency ("LGFA").
- Recommends the borrowing resolution to council based on relevant approved annual plan and Long Term Plan

Manager Financial Accounting
- Organises all new or amended borrowing facilities which shall then be submitted to the CE for approval or GM as appropriate per delegation
- Undertake borrowing and investment consistent with Treasury Policy
- Undertake interest rate risk management in accordance with the Treasury Policy
- Reports quarterly to the Risk and Assurance Committee on treasury risk management activities.
- Manages the funding and liquidity activities of the Council.
- Maintains lender relationships with the banks and the capital markets including the LGFA.
- Monitors and reviews the ongoing treasury risk management performance of the Council to ensure compliance with the policy parameters.
- Responsible for preparation of all treasury reports

- Determines in consultation with the Financial Planning and Reporting Manager (or Senior Management Accountant) the level of future core debt to be used for interest rate risk management purposes.

Financial Accountant (or Manager Financial Accounting subject to segregation of duties)

- Undertakes all treasury transactions which will include but not be limited to the following:
  - Funding from bank facilities and the capital markets including the LGFA.
  - Interest rate derivative transactions relating to the hedging of the Council's debt.
  - Placing of deposits in the short term money market or fixed interest market.
  - Investing in bonds in the fixed interest market.
  - Interest rate derivative transactions relating to the hedging of the Council's debt.
  - Undertakes short term borrowing transactions with the bank or from the LGFA.
  - Invests surplus cash for terms generally not exceeding 90 days.
  - Checks external counterparty advices on treasury transactions to records generated internally by other staff.

Financial Planning and Reporting Manager (or Senior Management Accountant)

- Provides support and review to Treasury function
- Ensures borrowing resolution and Treasury activities consistent with annual plan and or Long Term Plan and current business issues and operations
- Monitors and reviews the ongoing treasury risk management performance to ensure compliance with the policy parameters.

6.2.4 Appendix 4 - Treasury Management Policy(Cont.)

APPENDIX V - DELEGATIONS

Activity	Delegated to:	Limit
Approve policy document	Council (or appropriate Committee)	Unlimited
Alter policy document	Council (or appropriate Committee)	Unlimited
Acquisition and disposition of investments other than financial investments	Council (or appropriate Committee)	Unlimited
Approving new and reviewing re-financed bank facilities.	Chief Financial Officer or CE	Subject to Policy
Approval of borrowing programme for the year	Council (or appropriate Committee)	Unlimited (subject to legislative and other regulatory limitations)
Approval for charging assets as security over borrowing	Council (or appropriate Committee)	Unlimited
Approve interest rate, foreign currency and electricity price risk management instruments	Council (or appropriate Committee) (outside policy as otherwise delegated to Manager Financial Accounting through this policy	Subject to Policy
Open/close bank accounts	Chief Financial Officer in conjunction with other authorised signatories of which two including CFO are required	Unlimited
Loan and legal derivative documentation	Chief Financial Officer	N/A
Approve authorised cheque/electronic signatories	Manager Financial Accounting or other authorised signatories two required	Unlimited
Maximum daily transaction amount (borrowing, investing, interest rate, foreign currency, electricity price risk management and cash management) excludes roll-overs on existing debt and interest rate swaps.	Council (or appropriate committee) Chief Executive Officer or as subdelegated to Chief Financial Officer	Unlimited Per delegations policy
Approve Treasury Strategy	Council (or appropriate committee)	N/A
Amend counterparty limit exposures	Council (or appropriate committee)	Unlimited
Implement Policy	Chief Executive and sub delegated to Chief Financial Officer	Per policy risk control limits
Ensuring compliance with Policy	Chief Financial Officer	N/A
Approving transactions outside Policy	Council (or appropriate committee)	Unlimited
Triennial review of Policy	Chief Financial Officer	N/A

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6.2.4 Appendix 4 - Treasury Management Policy(Cont.)

APPENDIX VI - GLOSSARY OF TERMS FOR TREASURY MANAGEMENT

Term	Definition
Amortising Swap	An interest rate swap contract that has a reducing principal or notional amount over the term of the contract period. The appropriate market swap rate from which to price an amortising swap is the weighted average maturity, not the final maturity date.
Accreting Swap	An interest rate swap contract that has an increasing principal or notional amount over the term of the contract period. The appropriate market swap rate from which to price an accreting swap is the weighted average maturity, not the final maturity date.
Bank Bill	A "bill of exchange" security document issued by a corporate borrower, but guaranteed by a bank, who then in turn sells the security into the bank/investor market to re-liquefy itself with cash. Normally for terms of 30, 60, 90 or 180 days.
Base rate	Normally a lending bank's cost of funds/interest rate for a particular funding period. The base or "prime" rate will be changed by the bank from time to time, but not every day like market rates.
Basis Point(s)	In financial markets it is normal market practice to quote interest rates to two decimal places e.g. 4.25% - one basis point is the change from 4.25% to 4.26%, one hundred basis points is the change from 4.25% to 5.25%.
Basis Risk	The risk that the interest rate difference between the current physical debt instrument (say, a bank bill) market interest rate and the interest rate quoted for that debt instrument's future price (say, a bank bill futures price) changes over the period to the date of the future price.
Benchmark	An agreed market related yardstick that investor returns, funding costs or average exchange rate achieved are compared against for performance measurement purposes.
Bid–Offer Spread	The exchange points (FX) or basis points (interest rates) difference between the bid and offer rate when quoted by a bank is known as the "bid-offer spread". Banks make their profits from dealing at their own bid and offer prices, thus earning the spread.
Bid Rate	Exchange rates and interest rate securities/instruments that are traded between banks are always quoted as a two-way price. One rate is where the quoting bank will buy – the bid rate, the second rate or price where the bank will sell at – the offer rate.
Bond	The security instrument that is issued by a borrower whereby they promise to repay the principal and interest on the due dates. A bond's interest rate is always fixed.
Bond FRA	A tailored contract to buy or sell a bond (Government or Corporate) at a fixed interest rate at some specified future date. The Bond FRA contract rate will differ from the current physical market bond yield, depending on the slope of the interest rate yield curve.
Bond Option	The right, but not the obligation by the owner/holder of the option to buy or sell bonds (Government or Corporate) at a predetermined interest rate at a

specified future date. The buyer pays a "premium" in cash up-front to reduce risk and have insurance-type protection, the seller or grantor of the bond option receiving the premium for assuming the risk.

Call Option	The owner or buyer of a call option has the right, but not the obligation, to buy the underlying debt security/currency/commodity at the price stated in the option "contract.
Cap	A series or string of bought interest rate put options whereby a borrower can have protection against rising short term interest rates, but participate in the lower rates if market rates remain below the "capped rate." A cap is normally for more than one 90-day funding period.
Caplet	A series of call options (caplets) which exist for each period the cap agreement is in existence.
Certificate of Deposit "CD"	A debt instrument (normally short term) issued by a bank to borrow funds from other banks/investors.
Closing-Out	The cancellation/termination of a financial instrument or contract before its maturity date, resulting in a realised gain/loss as the current market rate differs from the contract rate.
Collar	Two option contracts linked together into the one transaction or contract. A borrower's collar is normally a bought "cap" above current market rates and a sold "floor" below current rates. Over the term of the collar contract, if rates go above the cap the borrower is protected and pays an interest cost no more than the cap rate. Likewise, if market rates fall below the floor, the borrower pays the floor rate and does not participate in the lower market rates. Also called a "cylinder".
Collateral	A legal term means "security".
Commercial Paper	The debt security instrument issued by a prime (and normally credit-rated) borrower to raise short-term funds (30, 60, 90 or 180 days). Also called "one-name paper" and "promissory notes" issued by competitive public tender to investors or by private treaty to one investor.
Commoditised	When a financial market or instrument becomes so popular and "plain vanilla" that there is no longer any difference in the prices quoted by participants in the market.
Convexity	A measure of the degree of curve or slope in an interest rate yield curve.
Convertible Bonds	A debt instrument issued to investors by a borrower that has a fixed interest rate for a period and then converts (under a strict pricing formula) to shares in the issuing company.
Coupon	The interest rate and amount that will be paid on the interest due dates of a bond. The coupon will normally differ from the purchase or issue yield/interest rate on a bond instrument.
Counter party	The contracting party to a financial transaction or financial instrument.
Covenants	Special conditions and financial ratios required to be met or maintained by a borrower for a lender under the legal security documents.

Cover	A term used to describe any action of entering financial instruments that reduces risk or puts protection in place against adverse future price movements.
Credit Default Swap	A credit default swap (CDS) is a credit derivative between two counterparties, whereby one makes periodic payments to the other and receives the promise of a payoff if a third party defaults. The former party receives credit protection and is said to be the "buyer" while the other party provides credit protection and is said to be the "seller". The third party is known as the "reference entity". CDS resemble an insurance policy, as they can be used by debt owners to hedge, or insure against credit events such as a default on a debt obligation. However, because there is no requirement to actually hold any asset or suffer a loss, credit default swaps can also be used for speculative purposes.
Counterparty Credit Risk or Exposure	The risk that the other party to a financial transaction (bank deposit, interest rate swap contract) will default on or before the maturity date and not be able to fulfil their contractual obligations.
Credit Spread	The interest rate difference (expressed as basis points) between two types of debt securities. The credit spread being a reflection of the difference in credit quality, size, and liquidity between the two securities e.g. five year corporate bonds may be at a credit spread of 200 basis points above Government bonds.
Current Ratio	A liquidity measure to determine how quickly the Council can generate cash. Current assets are divided by current liabilities.
Debenture	A debt instrument similar to a bond whereby a borrower (normally a finance company) borrows for a longer term at a fixed rate. Also a legal instrument provided as security to a lender.
Delta	"Greek" letter that measures how the price of an option (premium) changes given a movement in the price of the underlying asset/instrument.
Derivative(s)	A "paper" contract whose value depends on the value of some "underlying" referenced asset e.g. share market stocks, bank bills, bonds or foreign currency. Also called a "synthetic." The value of the assets will change as its market price changes; the derivative instrument will correspondingly change its value.
Digital Option	An option contract that provides a predetermined payout based on an agreed and contracted market price path.
Discount	A bond or bank bill is discounted when the interest rate is applied to the face value of the security and the net proceeds after deducting the interest is paid out to the borrower. Investors pay for the discounted (NPV) value at the commencement of the investment and receive the interest coupon payments along the way and the full face value at the maturity date.
Duration	Not the simple average maturity term of a debt or investment portfolio, but a measure of the interest rate risk in a portfolio at a particular point in time. The duration of a portfolio is the term (measured in years and months) if the total portfolio of bonds/fixed interest investments was revalued at market rates and expressed as one single bond. The profit/loss on revaluation of a one basis point movement being the same in both cases.

6.2.4 Appendix 4 - Treasury Management Policy(Cont.)

Embedded Option	An option arrangement that may be exercised by a borrower at a future date, but the determining conditionsare buried or "embedded" in a separate debt or financial instrument.
Eurodollar	The borrowing and depositing of a currency outside its domestic financial markets.
Event Risk	The risk of a major/unforeseen catastrophe e.g. earthquake, year 2000, political elections, adversely affecting a Council's financial position or performance.
Exchange - Traded	A currency, debt or financial instrument that is quoted and traded on a formal exchange with standardised terms, amounts and dates.
Exercise Date/Price	The day and fixed price that an option contract is enforced/actioned or "exercised" because it is in the interests of one of the parties to the contract to do so.
Fair Value	The current market value of an off-balance sheet financial instrument should it be sold or closed-out on the market rates ruling at the balance date.
Federal Reserve	The US Government's central bank and/or monetary authority.
Fixed Rate	The interest rate on a debt of financial instrument is fixed and does not change from the commencement date to the maturity date.
Floating Rate	The interest rate on a loan or debt instrument is re-set at the reference market interest rates on the maturity date of the stipulated funding period (usually 90-days).
Floor	The opposite of a "cap." An investor will buy a floor, or a series/string of call options (the right to buy) to protect against falling interest rates, but be able to invest at higher interest rates if rates move upwards. A borrower may sell a floor as part of a collar structure to generate premium to pay for the "linked" bought cap.
Floorlet	A series or string of floor options which exist for each period the floor agreement is in existence.
Forward Rate Agreement	A contract ("FRA") whereby a borrower or investor in Bank Bills or Government Bonds agrees to borrow or I invest for an agreed term (normally 90-days) at a fixed rate at some specified future date. A FRA is an "over-the-counter" contract as the amount and maturity date is tailored by the bank to the specific requirements of the borrower/investor.
Forward Start Swap	An interest rate swap contract that commences at a future specified date. The rate for the forward starting swap will differ from the current market rate for swaps by the shape and slope of the yield curve.
Funding Risk	The risk that a borrower cannot re-finance its debt at equal or better terms at some date in the future, in terms of lending margin, bank fees and funding time commitment. Funding risk may increase due to the Council's own credit worthiness, industry trends or banking market conditions.
Futures	Exchange-traded financial and commodity markets which provide forward prices for the underlying asset, instrument or commodity. Futures contracts are standardised in amount, term and specifications. Futures markets are

cash-based, transacting parties do not take any counter party credit risk on each other. Deposits and margin-calls are critical requirements of all futures markets.

Gamma — "Greek" letter used in option pricing that measures how rapidly the delta of an option changes given a change in the price of the underlying asset/instrument.

Hedging — The action of entering forward and derivative contracts that neutralise the price risk on underlying financial exposures or risks. The gain or loss due to future price movements on the underlying exposure is offset by the equal and opposite loss and gain on the hedge instrument.

High-Yield Bonds — Corporate bonds issued by borrowing companies that are non-prime i.e. have a low or no credit rating. The margin or credit spread above Government bond yields is high (>300 basis points) to compensate the investor into the bond for the higher credit and liquidity risk.

Implied Volatility — Used in option pricing. To estimate the future volatility of the underlying asset or instrument, the option pricing models use historical volatility (expressed as percentage) as a key variable to calculate the option premium amount.
The movement in option prices is therefore a good indicator of future market volatility, as volatility is "implied" in the option price.

Index Linked Bonds — Debt instruments that pay an interest coupon or return that is wholly or partially governed by the performance of another separate index e.g. a share market index, or the gold price.

ISDA — International Swaps and Derivatives Association: a governing body that determines legal documentation/standards for over-the-counter swaps/options/FRAs and other derivative instruments for interest rates, currencies, commodities etc. Corporate users of such instruments sign an ISDA Master Agreement with banking counter parties that covers all transactions.

Incidental Arrangements — The term used in the Local Government Act for interest rate risk management instruments or derivatives.

Interest Rate Swaps — A binding, paper contract where one party exchanges, or swaps, its interest payment obligations from fixed to floating basis, or floating to fixed basis. The interest payments and receipts under the swap contract being offsetting, equal and opposite to the underlying physical debt.

"In-the-Money" Option — An option contract that has a strike price/rate that is more favourable or valuable than the current market spot or forward rate for the underlying currency/instrument.

Inverse Yield Curve — The slope of the interest rate yield curve (90-days to years) is "inverse" when the short-term rates are higher than the long-term rates. The opposite, when short-term rates are lower than long-term interest rates is a normal curve or "upward sloping." In theory, a normal curve reflects the fact that there is more time, therefore more time for risk to occur in long term rates; hence they are higher to build in this extra risk premium.

Liability Management — The policy, strategy and process of pro-actively managing the treasury exposures arising from a portfolio of debt.

6.2.4 Appendix 4 - Treasury Management Policy(Cont.)

LIBOR	London Inter-bank Offered Rate, the average of five to six banks quote for Eurodollar deposits in London at 11:00am each day. The accepted interest rate-fixing benchmark for most offshore loans.
Limit(s)	The maximum or minimum amount or percentage a price or exposure may move to before some action or limitation is instigated. Also called "risk control limits".
Liquidity Risk	The risk that the Council cannot obtain cash/funds from liquid resources or bank facilities to meet foreseen and unforeseen cash requirements. The management of liquidity risk involves working capital management and external bank/credit facilities.
Loan Stock	See definition Appendix I
"Long" Position	Holding an asset or purchased financial instrument in anticipation that the price will increase to sell later at a profit.
Look-back Option	An option structure where the strike price is selected and the premium paid at the end of the option period.
Marked-to-Market	Financial instruments and forward contracts are revalued at current market rates, producing an unrealised gain or loss compared to the book or carrying value.
Margin	The lending bank or institution's interest margin added to the market base rate, normally expressed as a number of basis points.
Medium Term Notes	A continuous program whereby a prime corporate borrower has issuance documentation permanently in place and can issue fixed rate bonds at short notice under standard terms.
Moody's	A rating agency similar to Standard & Poor's.
Netting	Method of subtracting currency receivables from currency payables (and vice versa) over the same time period to arrive at a net exposure position.
Open Position	Where a Council has purchased or sold an asset, currency, financial security or instrument unrelated to any physical exposure, and adverse/favourable future price movements will cause direct financial loss/gain.
Option Premium	The value of an option, normally paid in cash at the commencement of the option contract, similar to an insurance premium.
Order	The placement of an instruction to a bank to buy or sell a currency or financial instrument at a preset and pre-determined level and to transact the deal if and when the market rates reach this level. Orders are normally placed for a specific time period, or "good till cancelled." The bank must deal at the first price available to them once the market level is reached. Some banks will only take orders above a minimum dollar amount.
"Out-of-the-Money"	An option contract which has a strike price/rate that is unfavourable or has less value than the underlying current spot market rate for the instrument.
Over-the-Counter	Financial and derivative instruments that are tailored and packaged by the bank to meet the very specific needs of the corporate client in terms of amount, term, price and structure. Such financial products are non-standard and not traded on official exchanges.

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6.2.4 Appendix 4 - Treasury Management Policy(Cont.)

Perpetual Issue	A loan or bond that has no final maturity date.
Pre-hedging	Entering forward or option contracts in advance of an exposure being officially recognised or booked in the records of the Council.
Primary Market	The market for new issues of bonds or MTNs.
Proxy Hedge	Where there is no forward or derivative market to hedge the price risk of a particular currency, instrument or commodity. A proxy instrument or currency is selected and used as the hedging method as a surrogate. There needs to be a high correlation of price movements between the two underlying prices to justify using a proxy hedge.
Put Option	The right, but not the obligation to sell a debt security/currency/commodity at the contract price in the option agreement.
Revaluation	The re-stating of financial instruments and option/forward contracts at current market values, different from historical book or carrying values. If the contracts were sold/ bought back (closed-out) with the counter party at current market rates, a realised gain or loss is made. A revaluation merely brings the contract/instrument to current market value.
Repurchase Agreement (Repo)	A sale and repurchase agreement has a borrower sell securities for cash to a lender and agrees to repurchase those securities at a later date for more cash. The repo rate is the difference between borrowed and paid back cash expressed as a percentage. For example, the RBNZ in open market operations buys securities from financial institutions who agree to buy them back at a cost of OCR plus margin.
Reverse Repo	The same repurchase agreement from the buyers' perspective, i.e. the seller executing the transaction would describe it as a 'repo', while the buyer in the same transaction would describe it as a 'reverse repo'
Roll-over	The maturity date for a funding period, where a new interest rate is reset and the debt re-advanced for another funding period.
Secondary Market	The market for securities or financial instruments that develops after the period of the new issue.
"Short" Position	Selling of an asset or financial instrument in anticipation that the price will decrease or fall in value to buy later at a profit.
Spot Rate	The current market rate for currencies, interest rates for immediate delivery/settlement, and normally two business days after the transaction is agreed.
Standard & Poor's	A credit rating agency that measures the ability of an organisation to repay its financial obligations.
Stop Loss	Bank traders use a "stop-loss order" placed in the market to automatically closeout an open position at a pre-determined maximum loss.
Strike Price	The rate or price that is selected and agreed as the rate at which an option is exercised.
Strip	A series of short-term interest rate FRAs for a one or two year period, normally expressed as one average rate.

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Structured Options	An option instrument where the relationship/profile to the underlying referenced asset or liability is not linear i.e.1:1
Swap Spread	The interest rate margin (in basis points) that interest rate swap rates trade above Government bond yields.
Swaption	An option on an interest rate swap that if exercised the swap contract is written between the parties. The option is priced and premium paid similar to bank bill and bond interest rate options.
Swaption Collar	The simultaneous position of entering into 2 option contracts on 2 interest rate swaps linked together into one transaction. A swaption collar performs similarly to a 'collar' where from a borrower's perspective a top-side position above current market rates and a bottom-side position below current market rates are entered into. On maturity of the options and depending on current interest rates relative to the strike levels on the swaps will determine if either swap is transacted.
Station	An option on an interest rate swap that if exercised the swap contract is written between the parties. The option is priced and premium paid similar to bank bill and bond interest rate options.
Time Value	Option contracts taken for longer-term periods may still have some time value left even though the market rate is a long way from the strike rate of the option and the option is unlikely to be exercised.
Tranches	A loan may be borrowed in a series of partial drawdowns from the facility, each part borrowing is called a tranche.
Treasury	Generic term to describe the activities of the financial function within the Council that is responsible for managing the cash resources, financial investments, debt, and interest rate risk.
Treasury Bill	A short term (<12 months) financing instrument/security issued by a Government as part of its debt funding program.
Vega	Another "Greek" letter that is the name given to the measure of the sensitivity of the change in option prices to small changes in the implied volatility of the underlying asset or instrument price.
Volatility	The degree of movement or fluctuation (expressed as a percentage) of an asset, currency, commodity or financial instrument price over time. The percentage is calculated using mean and standard deviation mathematical techniques.
Yield	Read-interest rate, always expressed as a percentage.
Yield Curve	The plotting of market interest rate levels from short term (90-days) to long term on a graph i.e. the difference in market interest rates from one term (maturity) to another.
Zero Coupon Bond	A bond that is issued with the coupon interest rate being zero i.e. no cash payments of interest made during the term of the bond, all interest paid on the final maturity date. In effect the borrower accrues interest on interest during the term, increasing the total interest cost compared to a normal bond of paying interest quarterly, half-yearly or annually.

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6.3 Rates Resolution for the Period 1 July 2024 and Ending 30 June 2025

WHAKATĀNE District Council
Kia Whakatāne au i ahau

To: **Whakatāne District Council**

Date: **Monday, 5 August 2024**

Author: **G Connolly / CFO and GM of Business Partnering**

Authoriser: **D Bewley / Acting Chief Executive**

1. Reason for the report - *Te Take mō tēnei rīpoata*

The reason for the report is for the Council to resolve the rates set and assessed for the period commencing 1 July 2024 and ending on 30 June 2025.

2. Recommendations - *Tohutohu akiaki*

1. **THAT** the Rates Resolution for the Period Commencing 1 July 2024 and ending 30 June 2025 report be received; and
2. **THAT** the Whakatāne District Council sets the rates noted in sections 4.1 to 11 of this report, under the Local Government (Rating) Act 2002, on rating units in the District for the financial year commencing on 1 July 2024 and ending on 30 June 2025, based on the Long Term Plan rating requirement within the indicative funding impact statement of a 16.2% rates requirement in comparison with the 2023-24 annual plan (15.0% net of growth) provided for in the proceeding Agenda item adopting the 2024-34 Long Term Plan within this Council meeting.

3. Background - *He tirohanga whakamuri*

3.1. Setting of Rates for 2024/25 Financial Year

Section 23 of the Local Government (Rating) Act 2002 requires the Council to resolve the rates annually. Before the Council resolves to set rates for 2024/25 it must have adopted the Long Term Plan, including the Funding Impact Statements for 2024/25. The following resolution provides for the setting and assessment of these rates.

The Long Term Plan 2024/25 is set to be adopted on 5 August 2024.

4. Subject - *Kaupapa*

The Rates Resolution is prepared on a GST exclusive basis. 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 report are GST exclusive.

4.1. General Rates (Budgeted Revenue $32,366,999)

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 $30 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	**0.00133907**
	District wide rateable commercial properties capital value up to $30 million	**0.00133907**
	District wide rateable industrial properties capital value up to $30 million	**0.00133907**
	District wide rateable rural and horticultural properties capital value up to $30 million	**0.00133907**
Step 2	District wide rateable properties capital value portion greater than $30 million	**0.00100430**

In addition to the above 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 $718.14 per rating unit.

4.2. District Growth Rates (Budgeted Revenue $1,446,220)

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

Per dollar of Capital Value	Differential	Rate $
Commercial and Industrial properties within the Whakatāne urban area	**2.0**	**0.00132632**
Commercial and Industrial properties outside the Whakatāne urban area	**1.0**	**0.00066316**

In addition, Council set as a targeted rate of a fixed amount of **$590.78** per rating unit for all commercial and industrial properties within the district.

4.3. Democracy - Community Board Rates (Budgeted Revenue $425,159)

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	**24.04**
All rating units in the Rangitāiki Community Board Area	**20.86**
All rating units in the Tāneatua Community Board Area	**43.99**
All rating units in the Murupara Community Board Area	**56.78**

4.4. Epic Targeted Rate (Budgeted Revenue $84,460)

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**

4.5. Transportation connections (roading) rates (Budgeted Revenue $8,463,484)

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	**0.00047517**

In addition to the above Council sets a transportation connections targeted rate of a fixed amount on all rating units in the district of **$54.88.**

4.6. Stormwater Rates (Budgeted Revenue $4,982,473)

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	**134.36**
Whakatāne Commercial and Industrial	**134.36**
All rating units in the Matatā area	**91.67**
All rating units in the Ōhope area	**101.86**
All rating units in the Edgecumbe area	**165.08**
All rating units in the Tāneatua area	**40.11**
All rating units in the Murupara area	**8.55**
All rating units in the Te Mahoe Land Drainage area	**117.19**
All rating units in the Te Teko Land Drainage area	**29.99**

Per Dollar of Capital Value per Scheme	Differential	Rate $
Whakatāne Urban properties	1.0	**0.00042380**
Whakatāne Commercial and Industrial properties	2.2*	**0.00093236**
Matatā	1.0	**0.00042380**
Ōhope	1.0	**0.00022617**
Edgecumbe	1.0	**0.00064651**
Tāneatua	1.0	**0.00033502**
Murupara	1.0	**0.00014604**
Te Mahoe Land Drainage	1.0	**0.00118844**
Te Teko Land Drainage	1.0	**0.00041459**

* *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*.

4.7. Wastewater (sewerage) rates (Budgeted Revenue $6,427,863)

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 different 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) (Budgeted Revenue $6,139,263)	
$522.65	per residential or rural rating unit **connected** to a public sewerage drain.
$522.65	per **pan commercial / industrial** rating unit **connected**
$261.32	per rating unit **availability** (capable of connection)
Murupara (Budgeted Revenue $288,600)	
$374.81	per **residential or rural** rating unit **connected** to a public sewerage drain.
$374.81	per **pan commercial / industrial** rating unit **connected**
$187.40	per rating unit **availability** (capable of connection)

Rating units which are not connected to the scheme or not serviceable are not liable for these rates.

4.8. Water supply (metered and non-metered) rates (Budgeted Revenue $9,855,581)

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

1. Whakatāne
2. Ōhope
3. Edgecumbe

4. Matatā
5. Tāneatua
6. Murupara
7. Rūātoki
8. Waimana
9. Plains /Awakeri Extension
10. Te Mahoe
11. 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
- **Availability** – 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, Matatā, Tāneatua, Rūātoki, Waimana, Te Mahoe (Budgeted Revenue $7,905,302)	
$798.34	fixed amount per connection **connected and non- metered**
$285.85	fixed amount per rating unit **availability – non connected** (capable of connection)
$285.85	fixed amount per connection **connected and metered**
$2.23	per cubic metre of all water supplied to each rating unit **connected and metered**
Murupara (Budgeted Revenue $517,624)	
$625.06	fixed amount per connection **connected and non-metered**
$257.84	fixed amount per rating unit **availability – non connected** (capable of connection)
$257.84	fixed amount per connection **connected and metered**
$1.60	per cubic metre of all water supplied to each rating unit **connected and metered**
Plains (Budgeted Revenue $1,432,656)	
$294.79	fixed amount per connection **connected and metered**
$0.50	per cubic metre of all water supplied to each rating unit **connected and metered.**

4.9. Waste management (refuse removal) rates (Budgeted Revenue $5,717,246)

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.

Residential rating units are charged a minimum of one refuse charge. 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:

1. Residential	**$410.66**
2. Rural/Commercial	**$353.29**
3. Residential Ōhope	**$413.36**
4. Commercial Ōhope	**$355.99**

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

4.10. Instalment Due Dates - Rates

There will be four equal instalments (GST Exclusive) for the 2024/2025 rates. A 10% 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.

	Due Date	**Penalty Date**
Instalment 1	Friday, 20 September 2024	Wednesday, 25 September 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

A further 10 percent penalty will be added on 1 October 2025 to any rates that were set prior to 1 July 2025 which are unpaid at 1 July 2025 and which remain unpaid at 30 September 2025, as provided in Section 58(1)(b)(i) of the Local Government (Rating) Act 2002.

4.11. Due Dates - Water Rates

Targeted rates for metered water supply will be invoiced separately from other rates invoices. A 10% penalty will be added to any part of the water rates that remain 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.

Period	**Scheme**	**Due Date**	**Penalty Date**
1	Plains	Friday, 25 October 2024	Wednesday, 30 October 2024
2	All metered schemes	Friday 24 January 2025	Wednesday, 29 January 2025
3	Plains	Thursday 24 April 2025	Wednesday, 30 April 2025
4	All metered schemes	Friday 25 July 2025	Wednesday, 30 July 2025

4.12. 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%.

4.13. 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. Telephone and internet banking payments are also accepted. Alternatively, the Council has direct debit or automatic payment options available.

4.14. 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.

5. Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

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.

5.1. Assessment of Significance

The decisions and matters of this report are assessed to be of high significance, in accordance with the Council's Significance and Engagement Policy. This assessment is high because of the following factors:

- **Level of community interest:** The level of community interest is anticipated to be high, with potential opposition or controversy.
- **Rating impact:** The anticipated costs to the community in terms of rates.
- **Financial impact:** The expected financial implications for the Council, including effects on budgets, reserves, debt levels, overall rates, and limits defined in the Financial Strategy.
- **Reversibility:** The anticipated difficulty in reversing the proposal or decision once it is committed.
- **Impact on levels of service:** The expected effect on the Council's service levels.
- **Impact on strategic assets:** The expected influence on the performance or intended performance of the Council's Strategic Assets, considering their intended purposes.

5.2. Engagement and community views

Public consultation has been undertaken under the Special Consultative Procedure as part of the LTP programme. An overview of communication and engagement activities delivered under the LTP 2024-34 engagement plan was included in the 'Council Long Term Plan Deliberations' report which was provided to support the deliberations on the LTP 2024-34 on 8 and 9 May 2024.

Following adoption of the LTP on 5 August 2024, the engagement loop will be closed with information provided to submitters regarding Council's LTP decisions, rates resolution, and key LTP messages.

6. Considerations - *Whai Whakaaro*

6.1. Financial/budget considerations

The revenue associated with this rates resolution is integral to the funding of year one of Long Term Plan 2024/25 operating and expenditure budgets and associated outcome, without which significant further change to the funding or levels of expenditure would be required.

6.2. Strategic alignment

The decisions within this report align with the adopted 2024/34 Long Term Plan. No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

6.3. Climate change assessment

The decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

6.4. Risks

Key risk associated with this resolution have been raised with the Council during development of the Long Term Plan, and are assessed as follows based on the enterprise risk framework consequence matrix:

6.4.1. Image and reputation - Major:

Risk due to the higher than usual level of annual rates increase, though the likelihood of this is somewhat mitigated by the implications that this is a sector wide issue given the rates rises of other councils, rather than limited to Whakatāne District as an exception:

> *Major - National adverse political or media comment for more than two days. Regional adverse Political or media comment for more than one week. Prolonged public disaffection with the policies or actions of council. Loss of confidence in the Councils capabilities and standing lasting for several months.*

6.4.2. Financial - Moderate:

Risk due to the higher than usual level of annual rates increase that the collection ratio trends which have been consistent in previous years will reduce. We have introduced mitigation to reduce likelihood through the provision for potential bad debts within the Long Term Plan, additional focused communication plans, and planning to increase the extent and frequency of collection KPI monitoring:

> *Moderate – A Capex overspend of >5% or an Opex overspend of >1% of the annual plan. Rates increase close to the limit on rates increase from the financial strategy in the LTP/Annual Plan. Unanticipated costs or losses of $500k~$1m.*

7. Next steps - *Ahu whakamua*

The LTP/Rates Resolution formal adoption will trigger a number of activities (internally and externally) as summarised below:

- Website, comms, radio and media advertising updates
- Valuation data reconciliation with Valuation Service Provider (QV) to ensure consistency
- Finalise new rate codes and/or billing areas
- Update rate code and water billing charges
- Account remissions updated and in place
- Strike 2024/25 rates assessment (and test)
- Run land rates first quarterly instalment (and test)
- Final correspondence updates with comms/graphics (newsletters, invoice templates etc)
- Update direct debit schedules and communicate changes with customers
- Test invoice files with printers (Marathon Visual Media)
- Live invoicing by printers on 1 September 2024 (including newsletters and rebate applications)
- First land rates instalment due the 20 September 2024