

# Annual Plan

## Te Mahere ā-tau

### 2023/24



# This document

## *Te ngako o tēnei tuhinga*

**This Annual Plan 2023/24 is the budget and work programme for 1 July 2023 to 30 June 2024, which is year three of the Long Term Plan 2021-31.**

Through this Annual Plan, we are making some adjustments to our work and funding approach. We have needed to find a balance that allows us to continue to deliver on our LTP priorities while fairly distributing costs between current and future ratepayers in an extraordinary financial environment.



## Planning cycle

### *Te mahi whakamahere*

#### **LONG TERM PLAN** *TE MAHERE PAE TAWHITI*

The Long Term Plan is one of the Council's most important documents. It outlines what we plan to do over a ten-year period, why we plan to do it, how much it will cost, and how it will be funded. It explains how the Council intends to contribute to community well-being and how progress will be monitored. LTPs are required by law and are prepared every three years in consultation with the community. Our Long Term Plan 2021-31 was adopted in July 2021.

#### **ANNUAL PLAN** *TE MAHERE Ā-TAU*

Annual Plans are required in the years between LTPs. An Annual Plan provides an opportunity to make any necessary refinements to what we had planned in the LTP for that year.

#### **ANNUAL REPORT** *TE PŪRONGO Ā-TAU*

Annual Reports are produced at the end of each financial year. They report back on how we performed against what we set out in our LTP and Annual Plan.

# CONTENTS

## Rārangi Upoko

Message from the Mayor He kupu nā te Koromatua .....	4
Your Councillors Ngā Kaikaunihera.....	5
Your Community Boards Ngā Poari Hapori .....	6
The Whakatāne District Te rohe o Whakatāne .....	7
What does Council do? He aha te mahi a te Kaunihera?.....	8
The Council’s vision and priorities Te matakiteanga me ngā whakaarotau o te Kaunihera .....	9
Considerations for our Annual Plan 2023/24 Ngā whaiwhakaaro o te Mahere ā-tau 2023/24 .....	11
Changes to our Long-Term Plan work programme Ngā panonitanga ki te Mahere Pae Tawhiti .....	13
Key priorities and projects for 2023/24 Ngā whakaarotau me ngā hinonga matua o 2023/24 .....	17
What our 2023/24 plan will cost Te utu o te mahere 2023/24.....	20
Funding Impact Statement - Whole of Council .....	21
Balancing the budget .....	22
Rates for 2023/24 Ngā Tāke Kaunihera 2023/24 .....	23
Funding Impact Statement - Rating .....	26
Indicative Rating Examples for 2023-24.....	29
Annual budget in detail Ngā taipitopito o Te Mahere Pūtea ā-Tau .....	30
Prospective Financial Statements Ngā Whakapuakanga kaupapa here pūtea.....	31
Prospective Statement of Comprehensive Revenue and Expense .....	32
Prospective Statement of Changes in Equity.....	33
Net investment in Council Controlled Organisations.....	33
Prospective Statement of Financial Position.....	34
Prospective Statement of Cash Flows .....	35
Notes to the Prospective Statement of Comprehensive Revenue and Expense .....	36
Note 1 - General rates by activity .....	36
Note 2 - Targeted rates by activity .....	36
Note 3 - Depreciation and amortisation .....	37
Note 4 - Reserve funds .....	37
Statement of accounting policies Ngā Tauākī kaupapa here pūtea .....	40
Annual Plan Disclosure Statement .....	50



## Message from the Mayor *He kupu nā te Koromatuia*



E ngā mana, e ngā whānau, hapū, ngā iwi, hapori tēnā koutou.

Ngā mate o te wā haere koutou. Tātau te hunga ora. Tēnā koutou, Tēnā tatau katoa.

Council Elected Members recognise that a lot has changed since the adoption of the Long Term Plan in July 2021 including 30-year record inflationary cost increases, interest rate rises, and the uncertainty created by central government reforms.

The Annual Plan development has required the review of the timing of some capital projects, and the reprioritisation of others. Some new and unforeseen items have been included such as responding to the impacts of storm damage, and meeting legislative targets set by central government.

There is a limited number of funding ‘levers’ Council can pull to run its business – the level of rating, how much debt is borrowed, ‘belt-tightening’ (which can mean cuts in services), and user-pays fees and charges. Some would argue selling assets is the fifth lever, but not one this Council has used. Yet.

No two ways about it, setting the rates has not been easy and there has been much debate and soul-searching amongst your Elected Members to reach our decision. We are all trying to do the right thing for our communities.

However, we mustn’t let the challenges we’ve faced in setting the rates for this coming year overshadow the work that Council plans to achieve.

Alongside continuing to deliver our day-to-day services and facilities that are critical to the wellbeing of the people in the Whakatāne District, our Annual Plan for 2023/24 includes some key projects and priorities which will continue to make our slice of paradise a great place to live, work, and play.

I encourage you to read the plan for yourself to understand the scope of what we’ve got on the books for the coming 12 months and I equally encourage residents to take the opportunities to have their say when formal consultation starts soon on the next Long Term Plan.

Nāku noa, nā

Dr Victor Luca  
MAYOR *Koromatuia*

# Your Councillors

## Ngā Kaikaunihera

(AS AT 30 JUNE 2023)

Your elected representatives are made up of the Mayor (elected by the District at large), and 10 Councillors elected from six wards: Rangitāiki General, Rangitāiki Māori, Whakatāne-Ōhope General, Kapu te rangi Māori, Te Urewera General, and Toi ki Uta Māori.

Councillors are elected every three years, with the most recent Local Body Election held in October 2022. Council and Committees of Council meet regularly to provide direction and make decisions. Meetings are generally open to the public. Information about meetings and agendas can be found on our website at [whakatane.govt.nz/meetings](http://whakatane.govt.nz/meetings).

**Steph O’Sullivan**  
Chief Executive  
P 07 306 0500  
E [steph.o’sullivan@whakatane.govt.nz](mailto:steph.o’sullivan@whakatane.govt.nz)

**Tu O’Brien**  
Councillor  
Rangitāiki Māori Ward  
M 021 194 6857  
E [tu.obrien@whakatane.govt.nz](mailto:tu.obrien@whakatane.govt.nz)

**Dr Victor Luca**  
Mayor  
Whakatāne - Ōhope Ward  
M 027 749 8888  
E [victor.luca@whakatane.govt.nz](mailto:victor.luca@whakatane.govt.nz)

**John Pullar**  
Councillor  
Whakatāne - Ōhope Ward  
M 027 308 5002  
E [john.pullar@whakatane.govt.nz](mailto:john.pullar@whakatane.govt.nz)

**Gavin Dennis**  
Councillor  
Rangitāiki Ward  
M 027 327 0597  
E [gavin.dennis@whakatane.govt.nz](mailto:gavin.dennis@whakatane.govt.nz)

**Wilson James**  
Councillor  
Rangitāiki Ward  
M 027 498 1854  
E [wilson.james@whakatane.govt.nz](mailto:wilson.james@whakatane.govt.nz)



**Ngapera Rangiaho**  
Councillor  
Toi ki Uta  
Māori Ward  
M 022 045 1412  
E [ngapera.rangiaho@whakatane.govt.nz](mailto:ngapera.rangiaho@whakatane.govt.nz)

**Andrew Iles**  
Councillor  
Tāneatua -  
Waimana Ward  
M 027 294 1849  
E [andrew.iles@whakatane.govt.nz](mailto:andrew.iles@whakatane.govt.nz)

**Lesley Immink**  
Deputy Mayor  
Whakatāne -  
Ōhope Ward  
M 021 024 97854  
E [lesley.immink@whakatane.govt.nz](mailto:lesley.immink@whakatane.govt.nz)

**Toni Boynton**  
Councillor  
Kapu te rangi  
Māori Ward  
M 027 362 6097  
E [toni.boynton@whakatane.govt.nz](mailto:toni.boynton@whakatane.govt.nz)

**Julie Jukes**  
Councillor  
Whakatāne -  
Ōhope Ward  
M 027 412 1025  
E [julie.jukes@whakatane.govt.nz](mailto:julie.jukes@whakatane.govt.nz)

**Nándor Táncoz**  
Councillor  
Whakatāne -  
Ōhope Ward  
M 021 887 011  
E [nandor.tanczos@whakatane.govt.nz](mailto:nandor.tanczos@whakatane.govt.nz)

# Your Community Boards

## Ngā Poari Hapori

There are four Community Boards in the Whakatāne District, made up of members elected to the Board and one appointed Councillor (two in Whakatāne-Ōhope) from the same area. Community Boards meet every seven weeks and provide an important link between Council and the community. Information about meetings and agendas can be found on our [website](#).

### Whakatāne-Ōhope Community Board

This Board covers the Whakatāne-Ōhope General Ward and Kapu te rangi Māori Ward areas including the communities of Ōhope, Whakatāne and Coastlands.

### Tāneatua Community Board

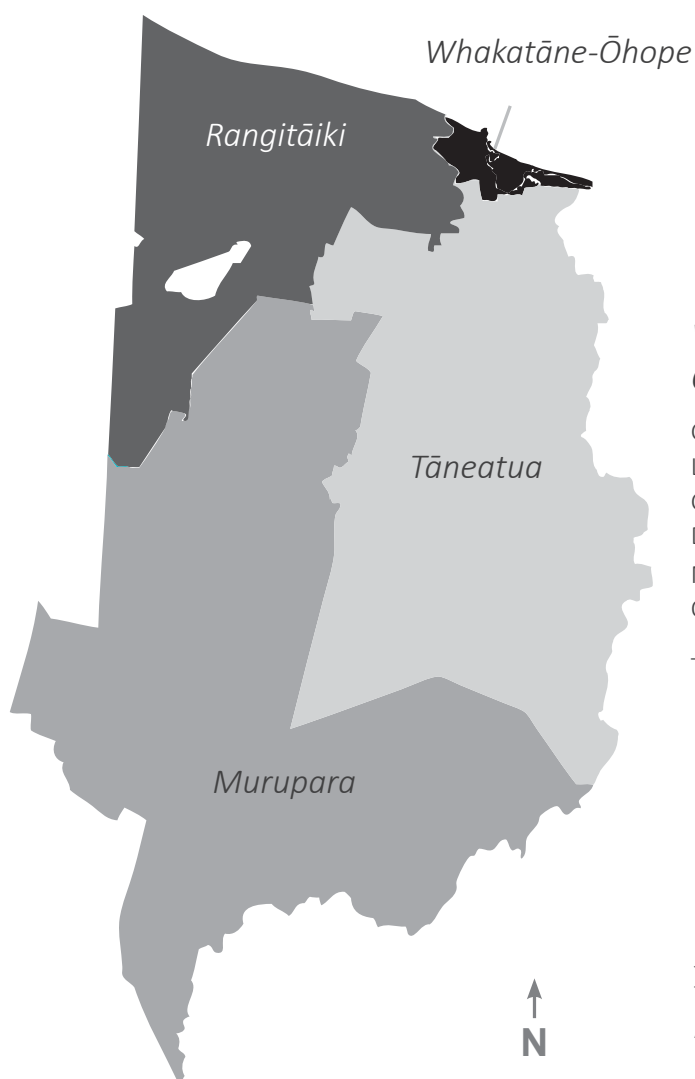
This Board covers the Te Urewera General Ward and Toi ki Uta Māori Ward areas including the communities of Tāneatua, Rūātoki, Waimana, Nukuhou and Cheddar Valley.

### Rangitāiki Community Board

This Board covers the Rangitāiki General Ward and Rangitāiki Māori Ward areas including the communities of Edgumbe, Matatā, Te Teko, Awakeri and Te Mahoe.

### Murupara Community Board

This Board covers the Te Urewera General Ward and the Toi ki Uta and Rangitāiki Māori Ward areas including the communities of Waiōhau, Galatea, Murupara, Te Whāiti, Minginui and Ruatāhuna.



## COMMUNITY BOARD AREAS AND MEMBERS AS AT 30 JUNE 2023

### WHAKATĀNE-ŌHOPE COMMUNITY BOARD

Carolyn Hamill - *Chair*  
Linda Bonne - *Deputy Chair*  
Christopher Howard  
Douglas McLean  
Mark Inman  
Ozgúr John

Toni Boynton - *Councillor*

### MURUPARA COMMUNITY BOARD

Mere McLean - *Chair*  
Ken Bannan - *Deputy Chair*  
Irama Prentice  
James Goldsmith  
Tina Barnett  
Alison Silcock

Ngapera Rangiaho - *Councillor*

### RANGITĀIKI COMMUNITY BOARD

Leeann Waaka - *Chair*  
Ross Gardiner - *Deputy Chair*  
Clive McIndoe  
Heemi Brown  
Pete Falwasser  
Peter Flowerday

Gavin Dennis - *Councillor*

### TĀNEATUA COMMUNITY BOARD

Diane Yalden - *Chair*  
Moana Stensness - *Deputy Chair*  
Natasha George  
Honey Thrupp  
Luke Ruiterman  
Talei Bryant

Andrew Iles - *Councillor*

# The Whakatāne District

## Te rohe o Whakatāne



The Whakatāne District has a rich history, a strong cultural identity, and beautiful natural landscapes. Extending from Ōtamarākau and Matatā in the west to Ōhiwa Harbour in the east, and inland to communities including Murupara, Minginui and Ruatāhuna, the District is a place of great diversity.

The Whakatāne District is home to around 38,200 people (as at June 2020), and that population is growing. Seven Iwi are represented in the District: Ngāti Awa, Ngāi Tūhoe, Ngāti Manawa, Ngāti Whare, Ngāti Tūwharetoa ki Kawerau, Ngāti Rangitihī, and Ngāti Mākinō. The Whakatāne, Ōhope, and Coastlands areas make up just less than half of the District's population, with the remainder shared between rural areas and several smaller towns and settlements. The largest of these is Murupara, with a population of 1,970, followed by Edgecumbe with 1,790 residents.

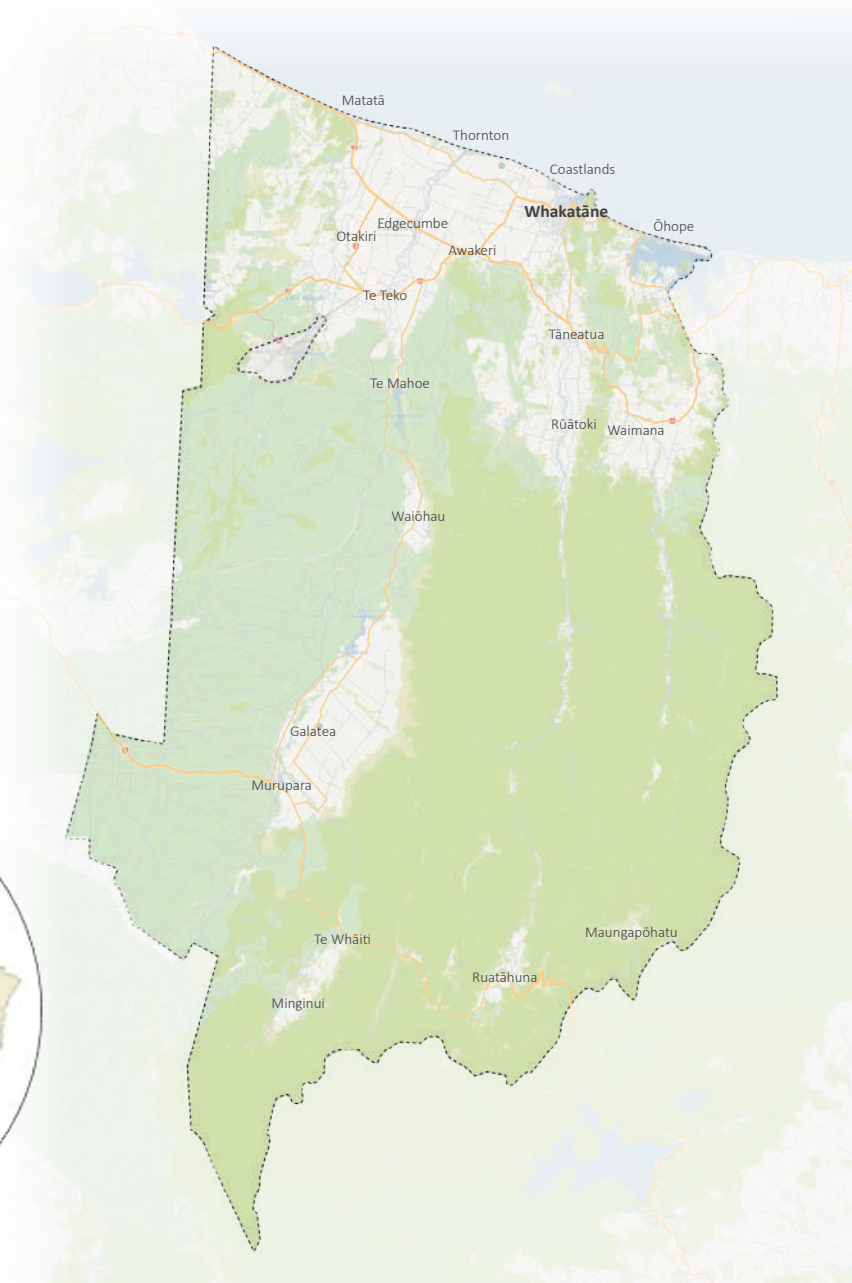
Sandy beaches are predominant along the 54 kilometres of coastline to the north of the District. These are popular with locals and holidaymakers, and Ōhope often features on lists of New Zealand's best beaches.

The District's largest town, Whakatāne was named the 'Most Beautiful Towns and Cities Supreme Award Winner' at the 2021 Keep New Zealand Beautiful Awards, and is a regular contender for sunshine capital of Aotearoa New Zealand.

Te Urewera and Whirinaki Te Pua-a-Tāne in the District's south form part of the largest remaining indigenous forest tract left in the North Island and produce a rich array of flora and fauna. There are plenty of opportunities for tramping, mountain biking, hunting and outdoor adventures in this area.

Fertile and highly productive farming areas include the lowland Rangitāiki Plains, which borders the coast, and the Galatea Valley. Alongside agriculture and horticulture, large parts of the District are covered by commercial plantation forest.

Locals and visitors recognise that the Whakatāne District offers a fantastic quality of life.



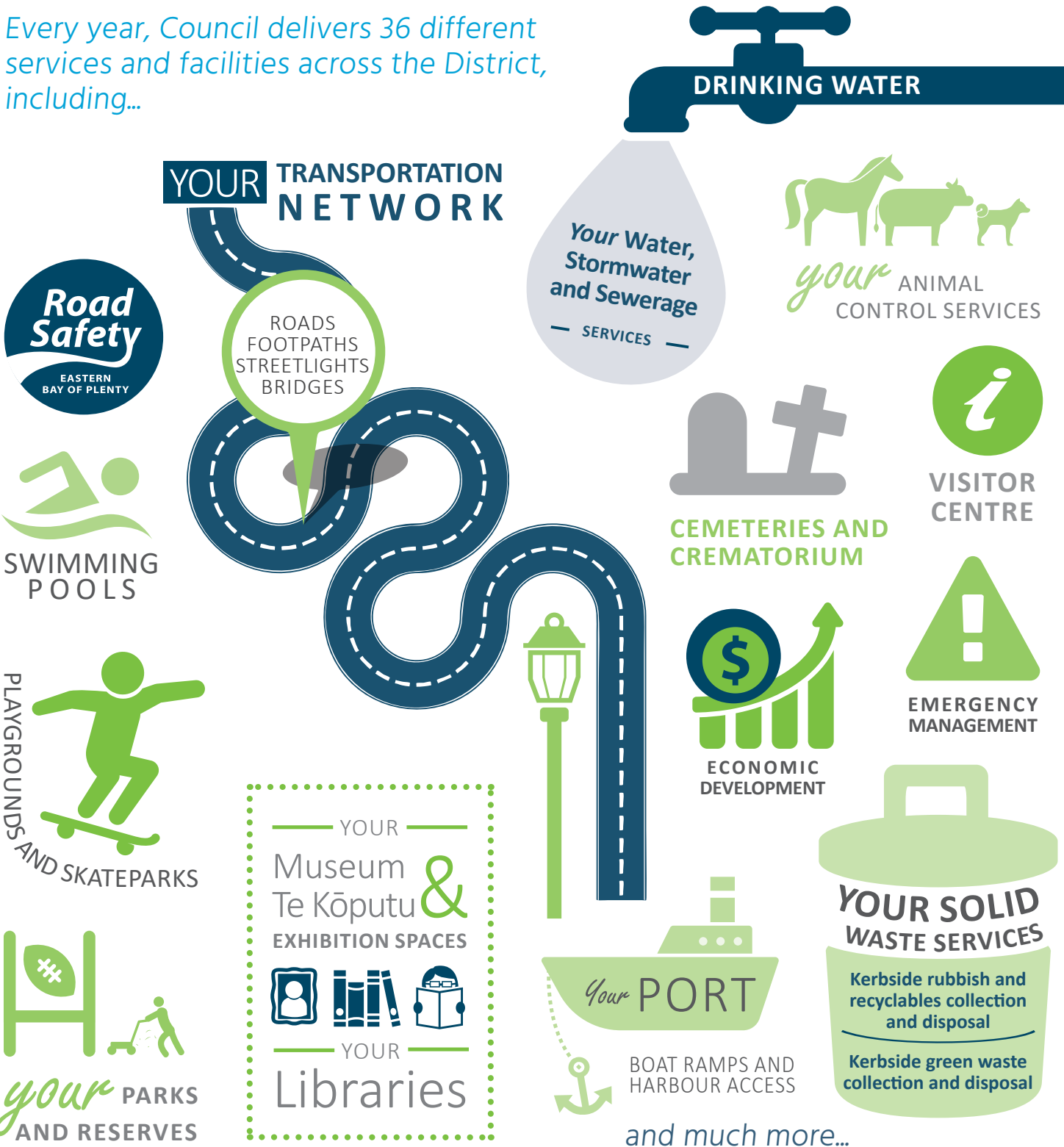
# What does Council do?

## He aha te mahi a te Kaunihera?



Council has an important role to play in ensuring the wellbeing and hauora of our communities and District because a lot of what we do impacts people's lives on a day-to-day basis.

Every year, Council delivers 36 different services and facilities across the District, including...





# The Council's vision and priorities

## *Te matakītenga me ngā whakaarotau o te Kaunihera*

Through the most recent Long Term Plan, the Council set its vision and community outcomes for 2021-31. These articulate the high-level direction and goals Council has been working towards to support and enhance social, cultural, economic and environmental wellbeing in the Whakatāne District.

### Our vision

#### *Tō mātau matakītenga*

# More life in life

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



*Strong, resilient Council organisation focused on continuous improvement*

## Strategic priorities

### Ngā whakaarotau matua

The LTP sets out eight strategic priorities which contribute towards the Council's vision and community outcomes. Each priority is supported by significant strategies, programmes of work, and key projects across 2021-31. The 'Key priorities and projects for 2023/24' section of this document outlines some of our key work in the upcoming year which will contribute to these priorities and make the Whakatāne District an even better place.



STRENGTHENING  
WHĀNAU, HAPŪ AND  
IWI PARTNERSHIPS



BUILDING CLIMATE  
CHANGE AND NATURAL  
HAZARD RESILIENCE



PREPARING FOR  
POPULATION GROWTH  
AND HOUSING DEMAND



ENHANCING THE  
VIBRANCY OF OUR  
COMMUNITIES



ENHANCING THE  
ENVIRONMENTAL  
OUTCOMES  
OF OUR ACTIVITIES



FACILITATING ECONOMIC  
REGENERATION  
AND EMPLOYMENT  
OPPORTUNITIES



IMPROVING THE  
SAFETY, SECURITY  
AND RESILIENCE OF  
INFRASTRUCTURE



ENSURING COUNCIL  
IS ENABLED AND FIT  
FOR THE FUTURE

# Considerations for our Annual Plan 2023/24

## Ngā whaiwhakaaro o te Mahere ā-tau 2023/24



The Council's operating environment has changed significantly since the development and adoption of the LTP 2021-31. We have needed to consider a range of factors through the development of this Annual Plan.

### Inflation is higher than we expected

The levels of inflation being experienced in Aotearoa New Zealand have not been seen since the 1990s. This impacts the Council in a range of ways, including higher costs for items that we use in many projects, like concrete, pipelines, and building materials. Some materials and services could now cost 50 per cent more than originally anticipated. This Annual Plan 2023/24 includes a large delivery programme for capital projects, including a range of projects carried over from previous years. The impact of inflation on our capital projects in 2023/24 is anticipated to be about \$5.5 million more than we included in the LTP.

### Interest rates are higher than we expected

Many of our projects benefit future communities as well as current ratepayers. To make sure the costs of these projects are spread fairly, we often use long term loans to pay for them. Our budgets need to factor in paying interest on these loans. Since we adopted the LTP, interest rates, the Official Cash Rate (OCR), and borrowing rates have become much higher than we expected. We have been required to budget an extra \$2.7 million in financing costs compared to what was included in the LTP.

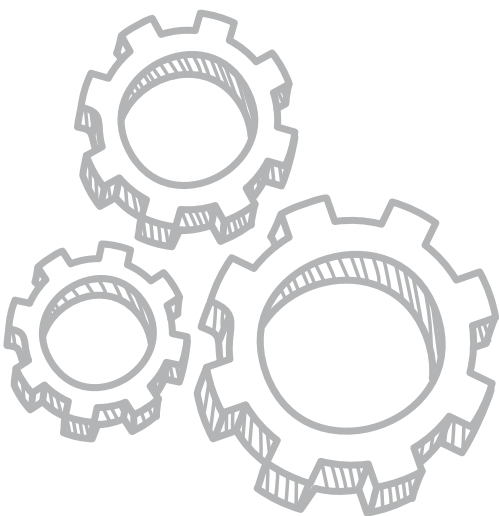
## We are navigating central government reforms

A substantial reform programme led by central government is currently taking place, which will affect almost every significant function of local government. The reforms include changes to water services, the Resource Management Act, waste, climate change legislation, and a large-scale review into the future for local government. As we learn more about what these reforms mean for us, we need to adjust our budgets to invest appropriate time and resource into responding. This will ensure that the reforms place our communities in a better position for the future.

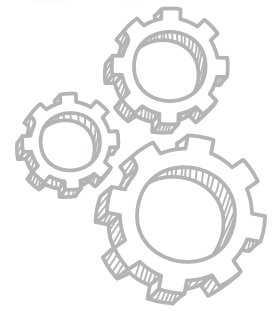
## We have new information about implementing our Long Term Plan priorities

We have done investigations and business cases into work programmes that were identified in the LTP but required more work to fully budget. We now have better clarity on resourcing and implementation costs of some of these activities. For example, the LTP identified Strengthening Whānau, Hapū and Iwi Partnerships as a strategic priority for the Council. A detailed strategy review has been undertaken which has identified the required resource and staffing to implement this priority going forward.

These types of changes have added about \$3.2 million of costs to the Annual Plan 2023/24 compared to the LTP.



## We have reviewed the timing and priority of some projects



As we developed this Annual Plan, we identified some capital projects where budget should be carried into 2023/24, or pushed out from 2023/24 into future years. We have also reprioritised some projects due to updated project timeframes or to reduce costs. This has impacted the overall budget for 2023/24.

## We have identified new items that we must include in the budget

This Annual Plan includes new and unforeseen items identified as budgets were developed. These relate to work programmes which are necessary to meet legislative requirements and the Council's Long Term Plan commitments. For example, we have needed to increase annual budgets for dealing with storm damage, due to changes in the anticipated likelihood and impact of storm events. We have also identified new roles which are required to ensure that the organisation is appropriately resourced.

## We need to balance affordability now with the impacts of delaying cost increases

We are very mindful of financial pressures communities are facing in the current economic environment. At the same time, we have needed to ensure our decisions now take into account flow-on impacts for future years.

# Changes to our Long-Term Plan work programme

## *Ngā panonitanga ki te Mahere Pae Tawhiti*

Through the development of this Annual Plan, we have identified some updates to what we signalled for 2023/24 in our Long Term Plan. These are outlined on the following four pages.



### We have rephased a range of capital expenditure projects

For three key projects, budget included for 2023/24 in the LTP has been partly or fully pushed out of this Annual Plan into future years.

The LTP included \$3.9 million in 2023/24 for a project to upgrade the Whakatāne Water Treatment Plant. This budget has been reduced to \$200,000 in 2023/24 for some work to be undertaken prior to a Water Strategy being completed in 2025. The remaining budget has been carried forward.

Budget of \$1.1 million for sludge treatment in Whakatāne has been carried forward to future years, as the budget is now not required in 2023/24.

A project to investigate the replacement of our Enterprise Resource Planning system has been rephased. Originally this project was planned over two years, 2022-24. However it is now anticipated to happen over 2023-25, so we expect \$2 million to be carried forward to future years.

There are also several projects where budget from previous years has been either partly or fully moved into this Annual Plan. These are outlined on page 16.

### We have deferred some projects until the Long Term Plan 2024-34

\$9.8 million of capital expenditure has been reprioritised and will be considered through the development of the Long Term Plan 2024-34. Most of these projects are related to renewals and improvements to transport and three waters infrastructure. There have also been deferrals relating to the Whakatāne Aquatic Centre, Whakatāne Holiday Park, and to a strategic property acquisition fund.

While these changes have not been assessed as having a significant impact on the Council's Levels of Service, they could affect the community's experiences of some Council activities.

# We have budgeted for higher revenue from fees and charges

The Annual Plan budget assumes a 7.5 per cent increase in total revenue from fees and charges. A fees and charges review is underway, and changes identified will be consulted on with the community later in 2023.

# We have budgeted for some required new or additional costs

## ADDITIONAL STAFF

The Annual Plan includes budget for 14.5 new full-time equivalent staff, as set out on table 1. This number has been revised down from earlier proposals (which had identified several further areas for increased resourcing) by rephrasing organisational system, service, and process changes. The roles included for the 2023/24 year are necessary to ensure Council is appropriately resourced to respond to a range of drivers. These include meeting health and safety and compliance requirements, bringing expertise in-house, providing services in line with increased community expectations, and improving internal support and services to enable the organisation to deliver.

**Table 1: New full time equivalent staff – Annual Plan 2023/24**

Area	Number of new FTE	Description
Infrastructure	3.0	<ul style="list-style-type: none"><li>Harbour, ports, and airport support</li><li>In-house transport and design engineers to reduce consultant fees</li></ul>
Development and Environment	1.5	<ul style="list-style-type: none"><li>Compliance officers, bylaw monitoring, and emergency management</li></ul>
Finance and Business Partnering	7.0	<ul style="list-style-type: none"><li>Māori land advisor</li><li>Information technology services</li></ul>
People and Engagement	1.0	<ul style="list-style-type: none"><li>Community funding and governance services</li></ul>
Strategy and Transformation	2.0	<ul style="list-style-type: none"><li>Policy and bylaw reviews</li><li>Civic events</li></ul>
<b>Total</b>	<b>14.5</b>	
<b>2023/24 cost (net offsets)</b>	<b>\$0.8 million</b>	



## ADDITIONAL OPERATING EXPENDITURE

The Annual Plan includes \$1 million (net subsidies) of carefully selected additional operating expenditure costs compared to the LTP, as set out on table 2.

**Table 2: Additional operating expenditure – Annual Plan 2023/24**

Group of Activities	Variance to LTP for 2023/24	Key cost drivers for variance	Offset/subsidy
Waste Management and Minimisation	\$577,000	<ul style="list-style-type: none"> <li>Remediation of landfills</li> <li>Contract renewal</li> </ul>	
Community Experience	\$90,000	<ul style="list-style-type: none"> <li>Development of Sullivan Lake, Awatapu and Matatā Lagoons (maintenance costs)</li> <li>Implementation of tree inspection framework</li> <li>Replacement of cricket block</li> </ul>	
Leadership and Community	\$300,000	<ul style="list-style-type: none"> <li>Working with iwi to revitalise the townships of Murupara and Minginui</li> </ul>	\$300,000 (Better Off Funding)
	\$50,000	<ul style="list-style-type: none"> <li>Development of a community funding business case</li> </ul>	
	\$205,000	<ul style="list-style-type: none"> <li>Delivery of Te Toi Waka Whakareia Māori Responsiveness Strategy outcomes</li> </ul>	
	\$1,000,000	<ul style="list-style-type: none"> <li>Establishment of a collective Iwi Policy Hub</li> </ul>	\$1,000,000 (Better Off Funding)
Community Safety	\$48,000	<ul style="list-style-type: none"> <li>Monitoring resource consents and boat harbour</li> </ul>	\$24,000
Corporate and District Activities	\$50,000	<ul style="list-style-type: none"> <li>Implementing Smartsheet as an enterprise application</li> </ul>	
	\$40,000	<ul style="list-style-type: none"> <li>Project management training</li> </ul>	
	\$90,000	<ul style="list-style-type: none"> <li>LTP preparation - financial planning and analysis</li> </ul>	
	\$300,000	<ul style="list-style-type: none"> <li>CCTV upgrade and expansion</li> </ul>	\$300,000 (Better Off Funding)
Strategy and Transformation	\$200,000	<ul style="list-style-type: none"> <li>Project management and technical advice - LTP and Climate Change Strategy</li> </ul>	

## KEY CHANGES IN CAPITAL EXPENDITURE

The Annual Plan includes \$21.5 million increase in capital expenditure (net of subsidies) compared with the LTP. This includes \$5.5 million in impacts of inflation on the capital projects identified in the LTP, as mentioned on page 11. Other net increases are a result of carefully selected additional capital costs, and rephasing of capital projects into the 2023/24 Annual Plan, and out to future year delivery. Some of the changes which may be of interest are outlined below.

**Table 3: Key project capital expenditure changes – Annual Plan 2023/24**

CAPITAL PROJECTS - NEW OR ADDITIONAL BUDGET			
Group of Activities	Variance to LTP for 2023/24	Key project drivers	Offset / subsidy
Sewage Treatment and Disposal	\$1.2m	<ul style="list-style-type: none"> <li>Equalised Sewer Network Renewals</li> </ul>	-
Water Supply	\$1.2m	<ul style="list-style-type: none"> <li>Equalised Water Network Renewals</li> </ul>	-
	\$1.9m	<ul style="list-style-type: none"> <li>Murupara Water Upgrades</li> </ul>	-
	\$1.0m	<ul style="list-style-type: none"> <li>Otumahi Water Storage Pipeline</li> </ul>	-
Community Experience	\$1.5m	<ul style="list-style-type: none"> <li>Whakatāne New Cemetery</li> </ul>	-
	\$0.7m	<ul style="list-style-type: none"> <li>Earthquake Strengthening of Halls</li> </ul>	\$0.7m
	\$0.4m	<ul style="list-style-type: none"> <li>Southern Districts Regeneration - Minginui and Murupara</li> </ul>	\$0.4m
	\$0.4m	<ul style="list-style-type: none"> <li>Hono Hapori - community outreach for council services</li> </ul>	\$0.4m
	\$0.5m	<ul style="list-style-type: none"> <li>Wharfside Landscaping and Toilets</li> </ul>	-
	\$0.5m	<ul style="list-style-type: none"> <li>Mitchell Park Market – Drainage, Landscaping &amp; Toilets</li> </ul>	-
Community Safety	\$0.6m	<ul style="list-style-type: none"> <li>Emergency Management Community Resilience</li> </ul>	\$0.6m
	\$0.7m	<ul style="list-style-type: none"> <li>CCTV Network Upgrades and Enhancements</li> </ul>	\$0.7m
Roads and Footpaths	\$2.6m	<ul style="list-style-type: none"> <li>New Shared Use Path, Shaw Rd to Landing Rd Bridge</li> </ul>	\$2.6m
	\$0.6m	<ul style="list-style-type: none"> <li>New Shared Use Path, Awatapu Causeway to Cutler Cres</li> </ul>	\$0.6m
	\$1.0m	<ul style="list-style-type: none"> <li>Local Roads Improvements</li> </ul>	\$0.5m
	\$0.6m	<ul style="list-style-type: none"> <li>Permanent Reinstatement</li> </ul>	\$0.4m
	\$0.5m	<ul style="list-style-type: none"> <li>Special Purpose Road – General Road Improvements</li> </ul>	\$0.5m
	\$0.7m	<ul style="list-style-type: none"> <li>Edgumbe to Thornton Cycle Trail</li> </ul>	\$0.7m
Strategy and Futures	\$1.6m	<ul style="list-style-type: none"> <li>Integration of Floodwall and Building</li> </ul>	-
CAPITAL PROJECTS PARTLY OR FULLY REPHASED INTO 2023/24 ANNUAL PLAN			
Group of Activities	Variance to LTP for 2023/24	Key project drivers	Offset / subsidy
Stormwater Drainage	\$3.4m	<ul style="list-style-type: none"> <li>Whakatāne Western Catchment Upgrade</li> </ul>	-
Waste Management	\$0.4m	<ul style="list-style-type: none"> <li>Local Organic Waste Processing Plant</li> </ul>	\$0.4m
Water Supply	\$0.4m	<ul style="list-style-type: none"> <li>Rūātoki Water Treatment Facility</li> </ul>	-
	\$0.5m	<ul style="list-style-type: none"> <li>Blueberry Curves Relocation</li> </ul>	-
	\$5.0m	<ul style="list-style-type: none"> <li>Otumahi Water Storage</li> </ul>	-
Roads and Footpaths	\$0.5m	<ul style="list-style-type: none"> <li>Roading Improvements</li> </ul>	\$0.2m
	\$3.4m	<ul style="list-style-type: none"> <li>Keepa Road Improvements</li> </ul>	\$2m
	\$0.3m	<ul style="list-style-type: none"> <li>Pavement Rehabilitation</li> </ul>	\$0.3m
	\$1.6m	<ul style="list-style-type: none"> <li>Bridge Renewals</li> </ul>	\$1.6m
	\$0.3m	<ul style="list-style-type: none"> <li>Resurfacing Chipseal</li> </ul>	\$0.3m
	\$3.5m	<ul style="list-style-type: none"> <li>Special Purpose Roads – New Guardrails and Safety Improvements</li> </ul>	\$3.5m
CAPITAL PROJECTS PARTLY OR FULLY REPHASED BEYOND 2023/24 ANNUAL PLAN			
Variance to LTP for 2023/24	Variance to LTP for 2023/24	Key project drivers	Offset / subsidy
Water Supply	\$3.7m	<ul style="list-style-type: none"> <li>Whakatāne Water Treatment Plant</li> </ul>	-
	\$1.1m	<ul style="list-style-type: none"> <li>Whakatāne Sludge Treatment</li> </ul>	-
Corporate & District Activities	\$2.0m	<ul style="list-style-type: none"> <li>Customer and Financial Software Systems</li> </ul>	-



# Key priorities and projects for 2023/24

## Ngā whakaarotau me ngā hinonga matua o 2023/24

In 2023/24, we will continue to deliver day-to-day services and facilities that are critical to the wellbeing of the Whakatāne District and its people. Our Annual Plan for 2023/24 also includes some key projects and priorities which will make the District an even better place to live, work, and play.

### We will...

#### Implement

## Te Toi Waka Whakareiri

MĀORI RESPONSIVENESS STRATEGY to work together better with whānau, hapū and iwi.



#### Complete the

## Long Term Plan 2024 - 34



#### Continue developing

THE EASTERN BAY OF PLENTY



#### Spatial Plan

Setting out where/how we should grow.

#### Complete the review of our

## Climate Change Strategy



#### Commence

## Whakatāne Boat

## Harbour ground works



#### Enhance

## Information Technology

SYSTEMS AND SERVICES

#### Establish

## Awatapu Lagoon

## wetlands



## Integrate

REGIONAL COUNCIL TOWN CENTRE  
FLOOD MANAGEMENT WITH  
**urban design master planning**



## Work with iwi on

MASTER AND INFRASTRUCTURE  
PLANNING TO REVITALISE

## Murupara and Minginui



## Progress key

### roading projects:

- Keepa Road improvements
- Landing Road roundabout



## Progress the Community



## Wellbeing Plan

TO ACHIEVE BETTER SOCIAL  
OUTCOMES FOR THE

*people of our District*



## Deliver events including

- Trust Horizon Light Up Whakatāne
- Spring Challenge  
Women's Adventure Race
- Local Wild Food Festival

## Continue to support Community Plans

- EDGE CUMBE
- AWATAPU
- MURUPARA



## Explore upgrade options for Ōhope Wharfside and Mitchell Park

FOR A RANGE OF EVENTS AND USES

## Activate the District's Arts, Culture and Creativity Strategy



## Develop a Master Plan for Whakatāne Airport

## Build a shared use path Rangitāiki Awa - Edgecumbe to Thornton

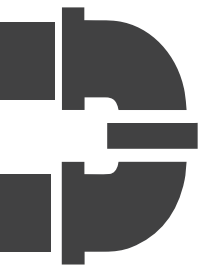
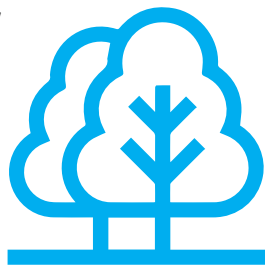


Establish and commence a  
**Collective Iwi Policy Hub**

Develop

**Mā Koutou, Mā Tātau -  
Our People, Our Spaces**

- District Wide People and Spaces Strategy
- Rex Morpeth Recreation Hub Master Plan



Explore options with  
iwi and hapū for a  
**wastewater  
solution in Matatā**

Implement

**Hono Hapori** TO PROVIDE  
**mobile community outreach**  
FOR COUNCIL SERVICES

Respond to

- Resource Management Act reform
- Future for Local Government review

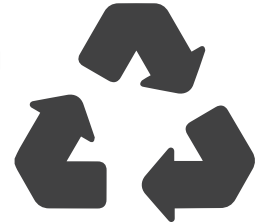
INCLUDING EMPLOYEE ENGAGEMENT  
SURVEY AND RESPONSE PLAN



Implement a

RESOURCE RECOVERY PARK MODEL AT

**Murupara Refuse  
Transfer Station**



Establish a

**local organic waste  
processing plant**

Enhance the District's

**civil defence capability**

AND **natural hazard  
resilience**

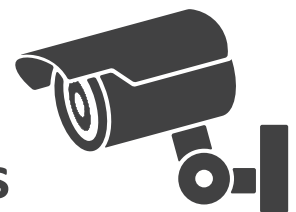
Continue planning for

**wastewater treatment plants**  
TO MEET CONSENT REQUIREMENTS

Undertake

**CCTV upgrades  
and expansion for**

DISTRICT-WIDE COMMUNITY SAFETY



Navigate the

**Water Services Reform Programme**  
AND PARTICIPATE IN THE TRANSITION  
TO A NEW DELIVERY MODEL



What our 2023/24 plan will cost  
*Te utu o te mahere 2023/24*



# Funding Impact Statement - Whole of Council

This Funding Impact Statement (FIS) provides an overview of what it costs to provide Council services and activities and how they will be funded. The FIS 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 FIS 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. An explanation of the categories in the FIS can be found in the LTP.

AP 2022/23 \$000		LTP 2023/24 \$000	AP 2023/24 \$000	VARIANCE 2023/24 \$000
<b>OPERATIONAL</b>				
<b>Sources of operating funding</b>				
27,232	General rates, uniform annual general charges, rates penalties	29,584	31,016	1,433
28,364	Targeted Rates	29,824	29,824	-
6,974	Subsidies and grants for operating purposes	5,189	7,606	2,417
10,351	Fees and Charges	11,379	10,863	(516)
46	Interest and dividends from investments	47	48	2
2,253	Local authorities fuel tax, fines, infringement fees, and other	2,399	2,531	132
<b>75,220</b>	<b>Total Sources of operating funding (A)</b>	<b>78,422</b>	<b>81,889</b>	<b>3,467</b>
<b>Applications of operating funding</b>				
57,153	Payments to staff and suppliers	55,615	67,645	12,030
2,606	Finance costs	3,228	8,281	5,053
1,531	Other operating funding applications	1,505	1,531	26
<b>61,290</b>	<b>Total Applications of operating funding (B)</b>	<b>60,348</b>	<b>77,457</b>	<b>17,109</b>
<b>13,930</b>	<b>Surplus (deficit) of operating funding (A-B)</b>	<b>18,074</b>	<b>4,432</b>	<b>(13,641)</b>
<b>CAPITAL</b>				
<b>Sources of capital funding</b>				
15,823	Subsidies and grants for capital expenditure	9,966	26,841	16,875
394	Development and financial contributions	405	426	21
26,263	Increase (decrease) in debt	12,713	53,500	40,786
2,225	Gross proceeds from sale of assets	1,894	-	(1,894)
-	Lump Sum Contributions	-	-	-
-	Other dedicated capital funding	-	-	-
<b>44,704</b>	<b>Total Total Sources of capital funding (C)</b>	<b>24,978</b>	<b>80,767</b>	<b>55,789</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
<b>Capital expenditure</b>				
12,811	- to meet additional demand	4,190	8,654	4,464
28,009	- to improve level of service	17,674	42,001	24,327
15,748	- to replace existing assets	17,553	27,240	9,688
(3,421)	Increase (decrease) in reserves	(465)	3,204	3,669
5,488	Increase (decrease) of investments	4,100	4,100	-
<b>58,635</b>	<b>Total Applications of capital funding (D)</b>	<b>43,051</b>	<b>85,199</b>	<b>42,148</b>
<b>(13,930)</b>	<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(18,074)</b>	<b>(4,432)</b>	<b>13,640</b>
-	<b>Funding Balance ((A-B) + (C-D))</b>	-	-	-

# Balancing the budget

## *Te whakataurite i te tahua pūtea*



Through the development of this Annual Plan, Council has carefully considered options for funding the 2023/24 budget, and in particular how to balance rates and borrowing to cover the costs required.

The Long Term Plan 2021-31 had set the intention for a 'smoothed' approach of a 6.93 per cent average rates increase for the first three years, including 2023/24. However, at the time, it was impossible to foresee the increased inflation and borrowing costs which now need to be built into the budget.

On 14 June 2023, Council Elected Members voted by a 6/5 majority to approve a 9.5 per cent average rates increase for the Whakatāne District in 2023/24, and an additional \$28.4 million of borrowing compared to the LTP.

One of the key drivers for the 9.5 per cent increase was to consider the extent to which costs are fairly distributed between current and future ratepayers and allowing for the appropriate level of intergenerational investment. The decision also reflects the balance between making things affordable for communities and navigating extraordinary inflationary pressures, while delivering a level of service which makes the Whakatāne District a fantastic place to live, work and play.

By no means has this been an easy decision. Council had previously been presented with an additional option to meet the annual budget; a 6.92 percent average rates increase with \$29.9 million additional borrowing. On 30 March 2023, the Council opted by a 6/5 majority to approve this option for the draft Annual Plan. However, the final Annual Plan will reflect a 9.5 per cent increase as per the decision on 14 June 2023.

Throughout the development of the Annual Plan, Council Elected Members acknowledged the process has been particularly hard as they sought to rescope and reprioritise the work programme to ensure the right things are still in place at the right time.

The 9.5 per cent average rates increase will mean that, compared to the current rating year 2022/23:

- Whakatāne urban average property will pay about \$6.23 more per week.
- In Murupara, the average increase will be about \$5.54 per week.
- An average Edgecumbe property will pay about \$5.85 more per week.
- Te Teko property owners will pay about \$4 more per week.
- Whakatāne commercial average property will pay about \$6.17 more per week.
- Rural horticultural property will pay about \$13.06 more per week.

As part of developing the Long Term Plan 2024-34, Council will review its Financial Strategy. This Strategy supports the delivery of Council activities and services to address rates affordability and ensure Council remains in a long-term stable financial position. The Financial Strategy will need to reflect the new realities of our financial environment, to ensure we continue to make financial decisions which allow for the inflation we are experiencing, and spread costs fairly between current and future ratepayers – by making the appropriate level of intergenerational investment.

## **44 per cent**

*of our funds will come from sources other than rates*

# Rates for 2023/24

## Ngā Tāke Kaunihera 2023/24

### RATEABLE PROPERTIES IN OUR DISTRICT

Council's rating requirement (the amount we need to collect from rates) is divided among the available 'rateable properties' in the District plus a notional allowance for growth. Certain types of properties, like schools, churches, and recreation reserves are not rateable. The table below shows the number of rateable properties in our District as at 26 May 2023. 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.

	NUMBER OF RATEABLE UNITS	RATEABLE CAPITAL VALUE \$	LAND VALUE \$
Whakatāne Commercial	533	1,388,874,800	369,727,800
Edgecumbe	640	362,827,000	146,621,000
Matatā	333	176,844,800	93,540,200
Murupara	773	144,888,400	52,082,000
Ōhope	1,889	2,511,776,500	1,726,312,500
Ōtarawairere	38	58,855,000	31,320,000
Rural	5,251	6,692,020,900	3,944,716,700
Tāneatua	287	96,772,100	49,793,100
Te Teko	276	86,427,400	40,127,100
Whakatāne Urban	6,163	4,482,498,800	2,347,428,800
<b>Total</b>	<b>16,183</b>	<b>16,001,785,700</b>	<b>8,801,669,200</b>

# THE IMPACT OF REVALUATIONS ON RATES

Rates are partially influenced by a valuation of your property. The Council contracts an independent valuer to perform three yearly property revaluations to reflect changing market values. The valuations are a snapshot of the market as at 1 September the year of revaluation. Revaluations were undertaken in 2022 and come into effect for the 2023/24 financial year.

In this round of revaluations, there has been a significant variation in how the value of properties around the District has changed. If your property value increases proportionally more than others, it means you will pay proportionally more rates.

It is important to note revaluations do not change the total amount of rates that are collected, just how they are divided up amongst ratepayers.

If the revenue raised by rates was spread evenly across all rateable properties, it would equate to a contribution of \$10.15 per property, per day, towards the many services and facilities Council provides. Here's the breakdown:

*You can find more information about each of the different areas below in the 'Our Groups of Activities' chapter of the LTP 2021-31.*

**\$1.12**

## Strategy and Futures

*Strategies, planning and policies to guide us including economic development, housing, climate change and others. (11 %)*

**\$3.34**

## Three Waters

*Water supply, sewage treatment and disposal and stormwater systems. (33 %)*

**\$1.19**

## Roads and Footpaths

*Roads, footpaths and cycleways. (12 %)*

All this value for \$10.15 a day

**\$0.97**

## Waste Management and Minimisation

*Waste minimisation activities, kerbside waste collection, transfer stations and disposal. (10%)*

**\$0.64**

## Leadership and Community

*Local governance, partnerships and engagement and community development. (6 %)*

**\$0.72**

## Community Safety

*Health and safety regulation, road safety and emergency management. (7 %)*

**\$2.18**

## Community Experience

*Parks, reserves, playgrounds, libraries, pools, halls, ports and harbour facilities. (21 %)*



## RATES DUES DATES

INSTALMENT	DUE DATE	PENALTY DATE
Instalment 1	Friday, 25 August 2023	Wednesday, 30 August 2023
Instalment 2	Friday, 24 November 2023	Wednesday, 29 November 2023
Instalment 3	Friday, 23 February 2024	Wednesday, 28 February 2024
Instalment 4	Friday, 24 May 2024	Wednesday, 29 May 2024

## WATER RATES DUE DATES

INSTALMENT	SCHEME	DUE DATE	PENALTY DATE
1st Reading	Plains	Friday, 27 October 2023	Wednesday, 1 November 2023
2nd Reading	All metered schemes	Friday, 26 January 2024	Wednesday, 31 January 2024
3rd Reading	Plains	Friday, 26 April 2024	Wednesday, 1 May 2024
4th Reading	All metered schemes	Friday, 26 July 2024	Wednesday, 31 July 2024

### *How to pay your rates*

Property and water rates can be paid in a variety of ways:

- **Direct debit** - weekly, fortnightly, monthly, quarterly, and annual payment options available. For more information visit [whakatane.govt.nz/direct-debit](https://whakatane.govt.nz/direct-debit)
- **Automatic payments**
- **Do it online** - pay by credit card or account-to-account transfer with no additional fees.
- **Cash, EFTPOS or credit card at Council service centres**
- **Internet and phone banking**

### *Discounts for prompt payments*

Council offers a discount for ratepayers who pay their total annual rates assessment by the due date for the first instalment. The discount rate for 2023/24 is 2.5 per cent.

### *Payment penalties*

A 10 per cent penalty will apply if any rates payments remain outstanding after each of the instalment due dates. A further 10 per cent penalty will be added on 1 October 2024 to any rates that were set prior to 1 July 2024 which are unpaid at 1 July 2024 and which remain unpaid at 30 September 2024, as provided in Section 58(1)(b)(i) of the Local Government (Rating) Act 2002. A 10 per cent penalty will apply if any water rates payments remain outstanding after each of the above water rates due dates.

### *Rates relief in special circumstances*

Council provides for the remission and postponement of rates in some special circumstances. 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 time, or until certain events occur.

Details on what circumstances may allow you to qualify for a rates remission can be found in the Council's Rates Remission and Postponement Policies. These are available from Council offices or [whakatane.govt.nz](https://whakatane.govt.nz).

Types of rates remissions available are highlighted below:

- Remission for extreme financial hardship
- Remission for units affected by natural calamity
- Remission of Uniform Annual General Charge
- Remission of Māori Freehold Land
- Remission of rates penalties
- Remission of water rates for leakage
- Remission for undeveloped sections
- Remission for community, sporting, and other organisations

### *Rates rebates*

A rates rebate is a partial rebate for eligible, low-income ratepayers who pay rates on their home to the Council. This is a Government scheme run by the Department of Internal Affairs. People who are eligible for a rates rebate will pay less in rates to the Council.

More information about rates rebates, including a link to a rates rebate eligibility calculator, and the required application form, can be found at the Council's website, [whakatane.govt.nz/residents/rates/rates-rebates](https://whakatane.govt.nz/residents/rates/rates-rebates). Hard copies of application forms are also available from the Council.



# Funding Impact Statement - Rating

The 'Funding Impact Statement- Rating' sets out the detail behind each of the various rating categories. You will find that this information is very similar to that which appears on the back of your rates invoice. Rating units defined as 'Commercial and Industrial' are any properties zoned or used for commercial industrial purposes. 'Rural' is defined as all rural zoned land, except commercial and industrial properties as defined above. Note: All figures in this table are GST exclusive. GST will apply at the current rate of 15 per cent.

	2023/24	2023/24 \$
--	---------	---------------

## GENERAL RATES

**Total amount required** **30,154,175**

Council sets a general rate on the capital value (CV) of each applicable rating unit in the District on a stepped differential basis (per CV\$). In addition Council sets a Uniform Annual General Charge on all applicable rating units in the District as a fixed amount per rating unit.

	Rate \$	Per CV\$	
District wide rateable properties capital value up to \$15 million (step 1)		0.00114826	<b>17,318,383</b>
District wide rateable properties capital value portion greater than \$15 million (step 2)*		0.00086119	<b>791,819</b>
Uniform Annual General Charge on all rating units in the District	782.89		<b>12,043,972</b>

\*Council uses a differential for the capital value portion greater than \$15 million to reduce the total rate those 50 rating units are charged.

## ROADING RATES

**Total amount required** **6,695,310**

Council sets the roading rate on the capital value of each applicable rating unit in the District (cents per CV\$). In addition Council sets a targeted rate for roading as a fixed amount on applicable rating units.

	Rate \$	per CV\$	
District wide rating units (per CV\$)		0.00037657	<b>6,025,779</b>
Fixed targeted rate on all rating units in the District	43.52		<b>669,531</b>

## COMMUNITY BOARD RATES

**Total amount required** **382,717**

The Community Board rate funds the Governance activity. The Community Board rate is set to fund the costs of the four Community Boards. Council sets the targeted rate on rating units within each of the following locations.

	Rate \$	
Whakatāne/Ōhope	23.22	<b>199,745</b>
Rangitāiki	17.87	<b>74,991</b>
Tāneatua	37.62	<b>49,362</b>
Murupara	46.12	<b>58,619</b>

## STORMWATER RATES

**Total amount required** **4,213,107**

Council sets a fixed targeted rate for stormwater on rating units per scheme and a rate on the capital value differentially per scheme as follows.

	Differential	Fixed targeted rate per rateable unit \$	per CV\$	
Whakatāne Urban	1.0	118.68	0.00036804	<b>2,473,369</b>
Whakatāne Commercial and Industrial*	2.2	118.68	0.00080969	<b>679,239</b>
Matatā	1.0	63.35	0.00036804	<b>74,754</b>
Ōhope	1.0	74.73	0.00016598	<b>566,177</b>
Edgecumbe	1.0	133.47	0.00052272	<b>335,811</b>
Tāneatua	1.0	24.98	0.00021061	<b>27,175</b>
Murupara	1.0	14.01	0.00023908	<b>40,739</b>
Te Mahoe Land Drainage	1.0	74.08	0.00075121	<b>7,111</b>
Te Teko Land Drainage	1.0	17.19	0.00023765	<b>8,732</b>

\* 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.

	2023/24	2023/24 \$	
<b>DISTRICT GROWTH RATES</b>			
<b>Total amount required</b>		<b>981,444</b>	
<b>The District Growth rate funds the Economic Development Activity.</b>	<b>Rate \$</b>		
Council sets a fixed targeted rate per commercial and industrial rating unit within the District	398.31	<b>245,361</b>	
Total amount required from per CV\$	<b>Differential</b>	<b>per CV\$</b>	
Council sets a targeted rate on the capital value for all commercial and industrial rating units outside the Whakatāne urban area (per CV\$).	1.0	0.00044073	
Council sets a targeted rate on the capital value for all commercial and industrial rating units within the Whakatāne urban area (per CV\$).	2.0	0.00088145	
		<b>616,272</b>	
<b>REFUSE REMOVAL RATES</b>			
<b>Total amount required</b>		<b>3,750,805</b>	
The Refuse Removal rate funds the Waste Group of Activities. Council sets a targeted rate to fund the collection and disposal of Council approved refuse and recycling bins. 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. The service applicable to each category is: Residential- refuse, recycling and green waste; Rural and Commercial- refuse and recycling.			
	<b>Rate \$</b>		
Residential- per service	269.15	<b>2,279,997</b>	
Rural/commercial- per service	235.06	<b>970,094</b>	
Ōhope residential *- per service	271.85	<b>489,063</b>	
Ōhope commercial- per service	237.76	<b>11,650</b>	
*Council provides an additional three recycling collections during the summer holiday period for Ōhope.			
<b>WATER RATES</b>			
<b>Total amount required</b>		<b>8,261,138</b>	
Council sets water rates on a differential 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. The differential categories of service for the targeted rate for water supply are: <b>Connected</b> - any rating unit that is connected directly or indirectly to a Council operated waterworks. <b>Available</b> - any rating unit that is not connected to a Council operated waterworks but is within 100 metres of such waterworks. <b>Note:</b> All water by meter consumption that is invoiced during the current rating year will be calculated on the charges detailed below.			
	<b>Per connection \$</b>	<b>Rate \$</b>	<b>Total \$</b>
<b>Ruatāhuna</b>			
Connected	-	-	-
Connected- commercial	-	-	-
<b>Plains and Awakeri Extension</b>			
Connected- metered	329.95		<b>621,619</b>
Water by meter		0.41	<b>689,429</b>
Excess water by meter*		0.90	<b>243,000</b>
<b>Murupara</b>			
Connected- metered	194.34		<b>7,190</b>
Connected- non metered	474.35		<b>316,391</b>
Available - not connected	194.34		<b>19,239</b>
Water by meter		1.27	<b>47,312</b>
<b>All Other Schemes</b>			
Connected- metered	229.58		<b>2,312,812</b>
Connected- non metered	617.93		<b>363,960</b>
Available - not connected	229.58		<b>78,747</b>
Water by meter		1.77	<b>3,561,438</b>
*Council sets an additional targeted rate for any excess water consumed that is over and above the purchased entitlement for each rating unit connected to these water supplies. An overuse targeted rate is set for the excess volume consumed over and above the purchased entitlement. Note: Where rating units 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.			

	2023/24	2023/24 \$
<b>SEWERAGE RATES</b>		
<b>Total amount required</b>		<b>5,456,647</b>

Council sets sewerage rates on land use and provision of service. Land use is residential, rural or commercial / industrial. For residential and rural rating units, Council sets fixed targeted rates per separately used or inhabited part of a rating unit\* to fund sewage disposal.

Commercial / industrial properties are charged per pan.

Connected- any rating unit that is connected 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.

	Rate \$	
Available - all schemes	218.74	<b>85,307</b>
Connected - all schemes	437.47	<b>5,043,176</b>
Available - Murupara	213.37	<b>17,070</b>
Connected - Murupara	426.74	<b>311,094</b>

\* Any part of a rating unit that is, or is able to be, separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement.

<b>EPIC RATES</b>		\$
<b>Total amount required</b>		<b>83,232</b>

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

Fixed charge		-
Number of rateable urban properties		<b>103</b>
CV rate \$		<b>0.00059765</b>

## PERCENTAGE OF RATES THAT ARE FIXED CHARGES

Under the Local Government Rating Act (LGRA), a maximum of 30 per cent of total rates income can come from fixed rates, such as targeted rates or uniform annual charges. The following table shows the fixed rates set by Council for the 2023/24 financial year and the percentage of the total rates that these represent.

<b>REPORT ON 30% CAP (SECTION 21 LGRA)</b>	\$ EXCL. GST
Targeted rates that are set on a uniform basis and calculated in accordance with section 18(2) or clause 7 of Schedule 3	
Uniform Annual General Charge	<b>12,043,972</b>
Roading	<b>669,531</b>
Community Boards	<b>382,717</b>
Stormwater	<b>1,053,277</b>
District Growth	<b>245,361</b>
<b>Total Uniform Annual General Charge and targeted rates</b>	<b>14,394,858</b>
Total rates excluding GST	<b>59,978,575</b>
Uniform rates as a percentage of total rates	<b>24%</b>
<b>Targeted rates than are set on a differential uniform basis, not included in the 30% cap</b>	
Refuse Removal Rate	<b>3,750,805</b>



# Indicative Rating Examples for 2023-24

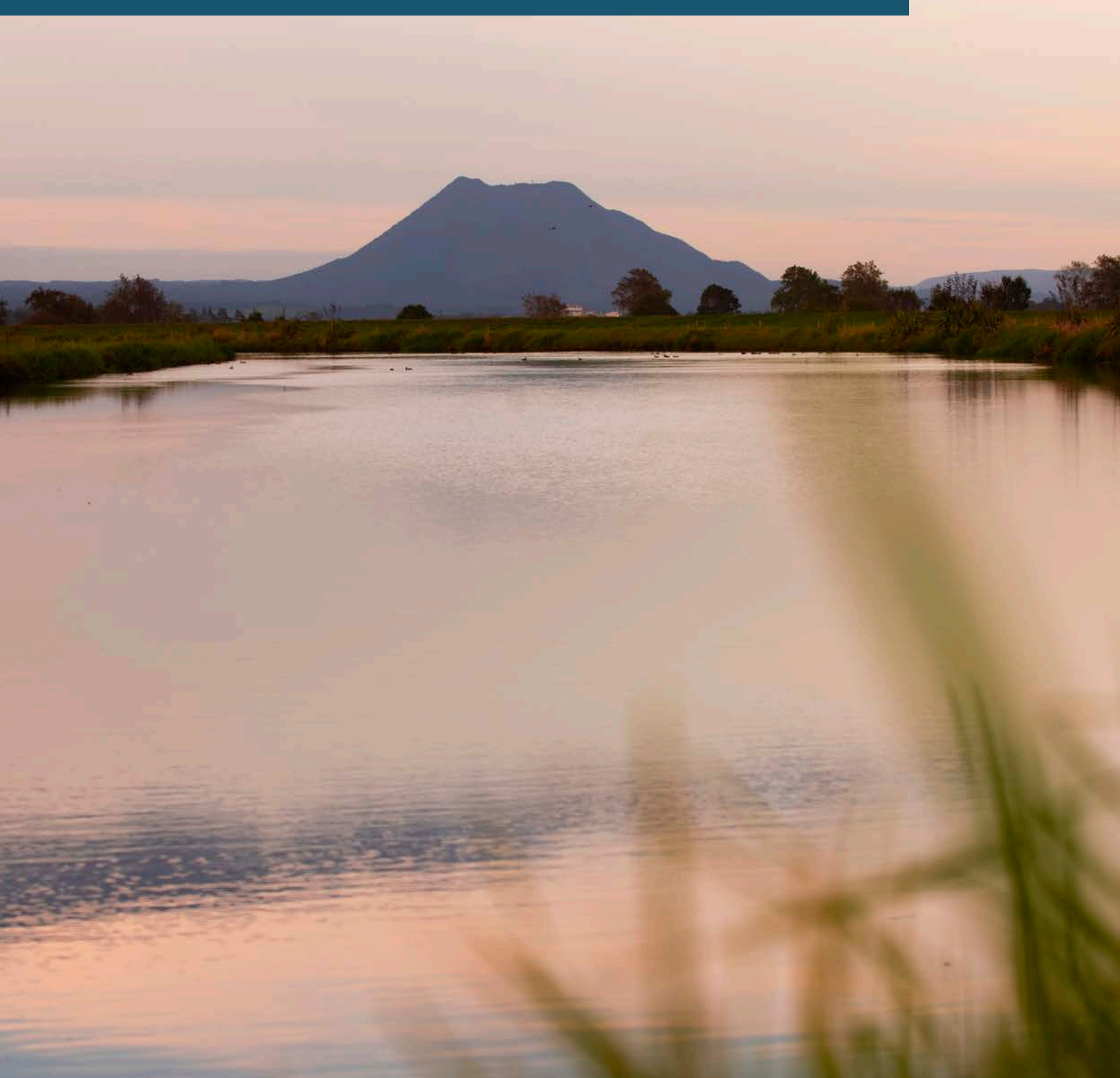
The average rates increase for 2023/24 is 9.50 per cent, but this will differ for specific properties around the District, and will be impacted based on the Property Valuations effective September 2022. This table models a number of example properties in 2023/24.

2024 Annual Plan	Whakatāne Urban Low	Whakatāne Urban Average	Whakatāne Urban high	Whakatāne Commercial (less than \$10m) Low	Whakatāne Commercial (less than \$10m) average	Edgcumbe Average	Matatā Average	Matatā High	Murupara Urban	Murupara Lifestyle	Te Teko	Ōtarawairere	Ōhope Low	Ōhope Average	Ōhope High	Tāneatua	Rural Low	Rural - Horticultural	Rural - Pastoral	District Wide - Commercial/ Industrial \$10m Plus (10 pans)	High Value Commercial/ Industrial, Non-Urban, Contiguous	
Capital Value	400,000	730,000	1,975,000	630,000	1,050,000	560,000	640,000	1,200,000	185,000	420,000	235,000	1,500,000	1,020,000	1,275,000	2,210,000	345,000	129,500	2,220,000	3,310,000	25,950,000	48,800,000	
General Rate	459.30	838.23	2,267.81	723.40	1,205.67	643.02	734.88	1,377.91	212.43	482.27	269.84	1,722.38	1,171.22	1,464.03	2,537.65	396.15	148.70	2,549.13	3,800.73	26,653.89	46,332.12	
Uniform Annual General Charge	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	782.89	-
Roading CV	150.63	274.89	743.72	237.24	395.39	210.88	241.00	451.88	69.66	158.16	88.49	564.85	384.10	480.12	832.21	129.92	48.77	835.98	1,246.43	9,771.88	18,376.41	
Roading Fixed Targeted Rate	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	43.52	-
Community Boards	23.22	23.22	23.22	23.22	23.22	17.87	17.87	17.87	46.12	46.12	17.87	23.22	23.22	23.22	23.22	37.62	17.87	17.87	17.87	23.22	-	
Stormwater Fixed Targeted Rate	118.68	118.68	118.68	118.68	118.68	133.47	63.35	63.35	14.01	-	17.19	74.73	74.73	74.73	74.73	24.98	-	-	-	118.68	-	
Stormwater CV	147.22	268.67	726.88	510.10	850.17	292.72	235.54	441.65	44.23	-	55.85	248.97	169.30	211.62	366.81	72.66	-	-	-	21,011.33	-	
District Growth	-	-	-	953.63	1,323.84	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,272.01	21,507.44
Refuse Removal	269.15	269.15	269.15	235.06	269.15	269.15	269.15	269.15	269.15	235.06	269.15	269.15	271.85	271.85	271.85	269.15	235.06	235.06	235.06	235.06	-	
Water	617.93	617.93	617.93	617.93	617.93	617.93	617.93	617.93	474.35	-	419.58	617.93	617.93	617.93	617.93	617.93	419.58	419.58	419.58	617.93	-	
Sewerage	437.47	437.47	437.47	437.47	437.47	437.47	-	-	426.74	-	-	437.47	437.47	437.47	437.47	437.47	-	-	-	4,374.72	-	
<b>Total</b>	<b>3,050.01</b>	<b>3,674.65</b>	<b>6,031.27</b>	<b>4,683.14</b>	<b>6,067.93</b>	<b>3,448.92</b>	<b>3,006.13</b>	<b>4,066.15</b>	<b>2,383.10</b>	<b>1,748.02</b>	<b>1,964.38</b>	<b>4,785.11</b>	<b>3,976.23</b>	<b>4,407.38</b>	<b>5,988.28</b>	<b>2,812.29</b>	<b>1,696.39</b>	<b>4,884.03</b>	<b>6,546.08</b>	<b>86,905.13</b>	<b>86,215.98</b>	
Plus GST at 15%	457.50	551.20	904.69	702.47	910.19	517.34	450.92	609.92	357.47	262.20	294.66	717.77	596.43	661.11	898.24	421.84	254.46	732.60	981.91	13,035.77	12,932.40	
<b>2023/24 total indicative rates including GST</b>	<b>\$3,507.51</b>	<b>\$4,225.85</b>	<b>\$6,935.96</b>	<b>\$5,385.61</b>	<b>\$6,978.12</b>	<b>\$3,966.26</b>	<b>\$3,457.05</b>	<b>\$4,676.07</b>	<b>\$2,740.57</b>	<b>\$2,010.22</b>	<b>\$2,259.04</b>	<b>\$5,502.88</b>	<b>\$4,572.66</b>	<b>\$5,068.49</b>	<b>\$6,886.52</b>	<b>\$3,234.13</b>	<b>\$1,950.85</b>	<b>\$5,616.63</b>	<b>\$7,527.99</b>	<b>\$99,940.90</b>	<b>\$99,148.37</b>	



# Annual budget in detail

*Ngā taipitopito o Te Mahere Pūtea ā-Tau*



# Prospective Financial Statements

## Ngā matapae whakapuakanga pūtea

The following Prospective Financial Statements are provided to give you an indication of Council's predicted financial position during the 2023/24 year.

### CAUTIONARY NOTE

The information in the Prospective Financial Statements is uncertain and its preparation requires the exercise of judgement. Actual financial results are likely to vary from the information presented and variations may be material. Events and circumstances may not occur as expected and may or may not have been predicted or the Council may subsequently take actions that differ from the proposed course of action on which the prospective financial statements are based. Due to rounding, numbers presented throughout these statements may not add up precisely to the totals provided.

### PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

This provides information on the surplus or deficit arising from the Annual Plan operating budgets. It is a summary of the sources of revenue, expenses and prospective losses and gains for the year.

### PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

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.

### PROSPECTIVE STATEMENT OF FINANCIAL POSITION

This presents information about the economic resources controlled by the Council. It shows the expected assets, liabilities and equity of the council at the end of the 2024 year. The information is useful in assessing the Council's ability to generate cash, provide services and for assessing future borrowing needs.

### PROSPECTIVE STATEMENT OF CASH FLOWS

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

### STATEMENT OF RESERVE BALANCES

This identifies the reserve funds that Council operate and expected value of these funds including how much is in each fund at the start of the 2023/24 financial year, how much we expect to come in or out of each fund during the year, and what the balance of each fund is expected to be at the end of the year.

### STATEMENT CONCERNING BALANCING THE BUDGET

Under legislation, Council is required to disclose its planned performance in relation to a balanced budget benchmark. Performance is measured as the percentage of operating revenue to operating expenses; a local authority meets the balanced budget benchmark if its operating revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment) exceeds its operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment). The Council plans to meet the balanced budget benchmark in 2023/24. See also the financial disclosures note at the end of the financial reports.

## PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

LTP 2022 \$000	Actual 2022 \$000	LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
<b>REVENUE</b>						
51,475	51,601	55,033	Rates	58,838	<b>60,260</b>	1,422
23,584	18,745	17,069	Subsidies and Grants	15,656	<b>33,613</b>	17,957
384	226	395	Development and Financial Contributions	405	<b>426</b>	21
9,414	8,061	9,317	Fees and Charges	9,779	<b>9,290</b>	(489)
45	32	46	Interest Revenue	47	<b>48</b>	1
3,867	4,061	4,149	Other Revenue	3,498	<b>3,773</b>	275
625	7,224	658	Gains	1,995	<b>5,544</b>	3,549
<b>89,394</b>	<b>89,950</b>	<b>86,667</b>	<b>Total Revenue</b>	<b>90,218</b>	<b>112,954</b>	<b>22,736</b>
<b>EXPENSES</b>						
22,267	21,953	22,509	Personnel Costs	22,708	<b>26,207</b>	3,499
19,381	21,690	20,154	Depreciation and Amortisation Expense	21,678	<b>27,896</b>	6,218
1,847	2,417	2,606	Finance Costs	3,228	<b>8,281</b>	5,053
34,208	37,720	34,449	Other Expenses	33,656	<b>41,911</b>	8,255
-	185	-	Future loss on sale- investment property	-	<b>888</b>	888
24	3	-	Revaluation Losses	-	-	-
<b>77,727</b>	<b>83,967</b>	<b>79,718</b>	<b>Total Expenses</b>	<b>81,270</b>	<b>105,183</b>	<b>23,913</b>
<b>(258)</b>	<b>(392)</b>	<b>(279)</b>	<b>Share of joint venture surplus / ( deficit )</b>	<b>(275)</b>	<b>(450)</b>	<b>(175)</b>
<b>11,409</b>	<b>5,590</b>	<b>6,670</b>	<b>Surplus (Deficit) Before Tax</b>	<b>8,673</b>	<b>7,321</b>	<b>(1,352)</b>
-	-	-	Income Tax Expense (Benefit)	-	-	-
<b>11,409</b>	<b>5,590</b>	<b>6,670</b>	<b>Surplus (Deficit) After Tax</b>	<b>8,673</b>	<b>7,321</b>	<b>(1,352)</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>						
18,071	357,821	10,455	Gains (Loss) on Property, Plant and Equipment Revaluations	13,377	<b>59,862</b>	46,485
-	-	-	Gains (Loss) on Property, Plant and Equipment Impairments	-	-	-
-	-	-	Tax on Revaluation Surplus	-	-	-
<b>29,480</b>	<b>363,411</b>	<b>17,125</b>	<b>Total Comprehensive Revenue and Expense</b>	<b>22,050</b>	<b>67,183</b>	<b>45,133</b>



## PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

Annual Plan 2022 \$000	Actual 2022 \$000	LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
447,054	467,915	458,464	Accumulated Funds at the start of the year	465,133	<b>491,958</b>	26,825
11,409	5,590	6,671	Net Surplus for the year	8,673	<b>7,321</b>	(1,352)
<b>458,463</b>	<b>473,505</b>	<b>465,135</b>	<b>Accumulated Funds at the end of the year</b>	<b>473,806</b>	<b>499,278</b>	<b>25,472</b>
207,837	310,882	225,908	Asset Revaluation Reserve at the start of the year	236,363	<b>755,897</b>	519,534
18,071	357,821	10,455	Revaluation of Assets	13,377	<b>59,862</b>	46,485
<b>225,908</b>	<b>668,703</b>	<b>236,363</b>	<b>Asset Revaluation Reserve at the end of the year</b>	<b>249,740</b>	<b>815,760</b>	<b>566,020</b>
<b>684,371</b>	<b>1,142,208</b>	<b>701,498</b>	<b>Equity at the end of the year</b>	<b>723,546</b>	<b>1,315,038</b>	<b>591,492</b>

## NET INVESTMENT IN COUNCIL CONTROLLED ORGANISATIONS

Annual Plan 2022 \$000	Actual 2022 \$000	LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
50	50	50	Shares- Civic Financial Services Ltd	50	<b>50</b>	-
9	9	9	Shares - Bay of Plenty Local Authority Shared Services Ltd	9	<b>9</b>	-
100	100	100	Shares- Local Government Funding Agency	100	<b>100</b>	-
1,394	1,664	1,501	Borrower Notes - Local Government Funding Agency	2,515	<b>4,148</b>	1,633
5,684	7,224	5,786	Whakatāne Airport	9,022	<b>7,224</b>	(1,798)
-	350	-	Loan to Air Chathams	-	<b>350</b>	350
-	-	5,500	Contribution to Boat Harbour	5,500	<b>9,588</b>	4,088
<b>7,237</b>	<b>9,397</b>	<b>12,946</b>		<b>17,196</b>	<b>21,469</b>	<b>4,273</b>

## PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Annual Plan 2022 \$000	Actual 2022 \$000	LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
<b>EQUITY</b>						
446,003	458,592	453,411	Accumulated Funds	462,396	<b>489,179</b>	26,783
12,460	14,913	11,723	Restricted Equity	11,410	<b>10,099</b>	(1,311)
225,908	668,703	236,363	Asset Revaluation Reserves	249,740	<b>815,760</b>	566,020
<b>684,371</b>	<b>1,142,208</b>	<b>701,497</b>	<b>TOTAL EQUITY</b>	<b>723,546</b>	<b>1,315,038</b>	<b>591,492</b>
<b>ASSETS</b>						
<b>Current Assets</b>						
4,096	1,888	481	Cash and Cash Equivalents	603	<b>4,812</b>	4,209
-	6,000	-	Term Deposits- Current	-	-	-
17,754	11,622	17,163	Receivables	17,645	<b>15,726</b>	(1,919)
511	41	511	Goods and Services Tax	511	<b>490</b>	(21)
263	296	268	Inventory	273	<b>296</b>	23
3,057	-	5,282	Non-current Assets Held for Sale	7,807	-	(7,807)
<b>25,681</b>	<b>19,847</b>	<b>23,705</b>	<b>Total Current Assets</b>	<b>26,839</b>	<b>21,324</b>	<b>(5,515)</b>
<b>Non-Current Assets</b>						
5,969	11,855	3,744	Non-current Assets Held for Sale	1,219	<b>16,696</b>	15,477
-	1,098	-	Derivative Financial Instruments	-	<b>1,652</b>	1,652
7,237	9,397	12,946	Investment in CCOs and other similar entities	17,196	<b>21,469</b>	4,273
88,424	95,555	93,368	Operational Assets	85,776	<b>136,617</b>	50,841
575,400	995,325	608,687	Infrastructural Assets	636,392	<b>1,179,757</b>	543,365
1,917	529	2,024	Intangible Assets	12,807	<b>2,549</b>	(10,258)
234	244	238	Forestry Assets	242	<b>333</b>	91
36,746	43,536	37,435	Investment Property	38,325	<b>49,583</b>	11,258
46,038	55,511	46,038	Restricted Assets	46,038	<b>53,136</b>	7,098
9,748	24,184	11,842	Work in Progress	15,878	<b>35,667</b>	19,789
<b>771,712</b>	<b>1,237,234</b>	<b>816,322</b>	<b>Total Non-Current Assets</b>	<b>853,873</b>	<b>1,497,459</b>	<b>643,586</b>
<b>797,393</b>	<b>1,257,080</b>	<b>840,026</b>	<b>TOTAL ASSETS</b>	<b>880,712</b>	<b>1,518,783</b>	<b>638,071</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
25,102	18,644	29,686	Payables and Deferred Revenue	29,253	<b>18,903</b>	(10,350)
233	1	233	Derivatives Financial Instruments	233	-	(233)
9,000	10,000	10,000	Borrowings and Other Financial Liabilities	11,000	<b>18,300</b>	7,300
2,576	2,964	2,622	Employee Entitlements	2,670	<b>1,031</b>	(1,639)
35	641	35	Provisions	36	<b>705</b>	669
<b>36,946</b>	<b>32,250</b>	<b>42,576</b>	<b>Total Current Liabilities</b>	<b>43,192</b>	<b>38,938</b>	<b>(4,254)</b>
<b>Non-Current Liabilities</b>						
6,669	-	7,521	Derivative Financial Instruments	9,516	-	(9,516)
68,000	77,000	87,000	Borrowings and Other Financial Liabilities LT	103,000	<b>162,500</b>	59,500
558	479	568	Employee Entitlements LT	578	<b>527</b>	(51)
848	5,143	863	Provisions LT	879	<b>1,780</b>	901
1	-	1	Deferred Tax Liability	1	-	(1)
<b>76,076</b>	<b>82,622</b>	<b>95,953</b>	<b>Total Non-Current Liabilities</b>	<b>113,974</b>	<b>164,807</b>	<b>50,833</b>
<b>113,022</b>	<b>114,872</b>	<b>138,529</b>	<b>TOTAL LIABILITIES</b>	<b>157,166</b>	<b>203,745</b>	<b>46,579</b>
<b>684,371</b>	<b>1,142,208</b>	<b>701,497</b>	<b>NET ASSETS (Assets minus Liabilities)</b>	<b>723,546</b>	<b>1,315,038</b>	<b>591,492</b>

## PROSPECTIVE STATEMENT OF CASH FLOWS

Annual Plan 2022 \$000	Actual 2022 \$000	LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
63,475	49,924	67,033	Receipts from Rates Revenue	70,838	<b>60,260</b>	(10,578)
23,584	19,862	17,069	Subsidies and Grants Received	15,656	<b>35,630</b>	19,974
13,665	14,272	13,667	Fees and Charges and Other Revenue received	13,682	<b>8,826</b>	(4,857)
45	32	46	Interest Received	47	<b>48</b>	1
-	-	-	Dividends Received	-	-	-
(56,815)	(60,879)	(57,277)	Payments to Suppliers & Employees	(56,711)	<b>(63,349)</b>	(6,638)
(12,000)	-	(12,000)	Payments to Agencies	(12,000)	-	12,000
(1,847)	(2,417)	(2,606)	Interest paid	(3,228)	<b>(8,281)</b>	(5,053)
-	879	-	GST (Net)	-	-	-
<b>30,107</b>	<b>21,673</b>	<b>25,932</b>	<b>Net Cash Flow from Operating Activities</b>	<b>28,284</b>	<b>33,132</b>	<b>4,848</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
2,057	988	-	Receipts from Sale of Property, Plant and Equipment	2,225	<b>500</b>	(1,725)
(27,185)	(28,807)	(44,054)	Purchase of Property, Plant and Equipment	(42,258)	<b>(81,505)</b>	(39,247)
(333)	(6,270)	(6,324)	Acquisition of Investments	(5,968)	<b>(5,815)</b>	153
<b>(25,461)</b>	<b>(34,089)</b>	<b>(50,378)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(46,001)</b>	<b>(86,820)</b>	<b>(40,819)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
5,822	14,000	29,830	Proceeds from Borrowings	27,839	<b>63,500</b>	35,661
(5,000)	(5,000)	(9,000)	Repayment of Borrowings	(10,000)	<b>(10,000)</b>	-
<b>822</b>	<b>9,000</b>	<b>20,830</b>	<b>Net Cash Flow from Financing Activities</b>	<b>17,839</b>	<b>53,500</b>	<b>35,661</b>
5,468	(3,416)	(3,616)	Net Increase (Decrease) in Cash, Cash Equivalents and Bank Overdrafts	122	<b>(188)</b>	(310)
(1,372)	5,304	4,096	Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year	481	<b>5,000</b>	4,519
<b>4,096</b>	<b>1,888</b>	<b>480</b>	<b>Cash, Cash Equivalents and Bank Overdrafts at the End of the Year</b>	<b>603</b>	<b>4,812</b>	<b>4,209</b>
<b>Represented by:</b>						
<b>4,096</b>	<b>1,888</b>	<b>480</b>	<b>Cash at Bank</b>	<b>603</b>	<b>4,812</b>	<b>4,209</b>
-	-	(1)		-	-	-

	Non-cash changes			
	2023	Cashflows 2024	Acquisition	New Leases

### Reconciliation of Liabilities Arising from Financing Activities

Long Term Borrowings	127,300	53,500			180,800
<b>Long Term debt</b>	<b>127,300</b>	<b>53,500</b>	-	-	<b>180,800</b>

# Notes to the Prospective Financial Statements

## NOTE 1 - GENERAL RATES BY ACTIVITY

LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
<b>NOTE 1: GENERAL RATES BY ACTIVITY</b>				
3,399	Leadership and Community	3,175	<b>3,175</b>	-
5,145	Strategy and Futures	5,202	<b>5,202</b>	-
(32)	Transport Connections	(32)	<b>(32)</b>	-
-	Water Supply	-	-	-
496	Sewage Treatment and Disposal	471	<b>471</b>	-
341	Stormwater Drainage	320	<b>320</b>	-
1,407	Waste Management and Minimisation	1,701	<b>1,701</b>	-
3,993	Community Safety	4,019	<b>4,019</b>	-
12,071	Community Experience	12,186	<b>12,186</b>	-
(408)	Corporate and District Activities	1,710	<b>3,113</b>	<b>1,403</b>
<b>26,411</b>	<b>Total General Rates</b>	<b>28,751</b>	<b>30,154</b>	<b>1,403</b>
821	Add Rates Penalties	832	<b>862</b>	30
(560)	Less rates remissions	(570)	<b>(581)</b>	(11)
<b>26,672</b>	<b>General Rates Levied</b>	<b>29,014</b>	<b>30,435</b>	<b>1,421</b>

## NOTE 2 - TARGETED RATES BY ACTIVITY

LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
<b>NOTE 2: TARGETED RATES BY ACTIVITY</b>				
391	Leadership and Community	383	<b>383</b>	-
987	Strategy and Futures	1,065	<b>1,065</b>	-
6,322	Transport Connections	6,695	<b>6,695</b>	-
7,644	Water Supply	8,261	<b>8,261</b>	-
5,262	Sewage Treatment and Disposal	5,457	<b>5,457</b>	-
4,123	Stormwater Drainage	4,213	<b>4,213</b>	-
3,634	Waste Management and Minimisation	3,751	<b>3,751</b>	-
<b>28,364</b>	<b>Total Targeted Rates</b>	<b>29,824</b>	<b>29,825</b>	-

## NOTE 3 - DEPRECIATION AND AMORTISATION

LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
<b>NOTE 3: DEPRECIATION AND AMORTISATION</b>				
18	Leadership and Community	16	12	(4)
112	Strategy and Futures	110	206	96
9,254	Transport Connections	9,286	10,967	1,681
1,997	Water Supply	2,776	5,094	2,318
1,000	Sewage Treatment and Disposal	1,959	2,804	845
924	Stormwater Drainage	1,591	1,862	271
55	Waste Management and Minimisation	54	63	9
10	Community Safety	10	10	-
3,199	Community Experience	4,347	4,542	195
1,379	Corporate and District Activities	1,529	2,336	807
<b>17,948</b>	<b>Total Depreciation and Amortisation</b>	<b>21,678</b>	<b>27,896</b>	<b>6,218</b>

## NOTE 4 – RESERVE FUNDS

Whakatāne District Council maintains reserve funds as a part of its equity. The Local Government Act 2022 Schedule 10 Clause 21 requires certain information to be included in the Council's Annual Plan pertaining to these reserve funds. The following presents a summary of reserve funds followed by a breakdown into the various reserves explaining types of funds under each category and a table giving the opening balances, movements and closing balances.

### Summary of Reserve Funds

LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
<b>17,011</b>	<b>Forecast Opening Balances</b>	<b>16,074</b>	<b>18,014</b>	<b>1,941</b>
16,468	Transfers into reserves	18,011	25,976	7,965
(17,405)	Transfers out of reserves	(18,141)	(35,036)	(16,895)
<b>16,074</b>	<b>Forecast Closing Balances</b>	<b>15,593</b>	<b>8,954</b>	<b>(6,989)</b>

#### Note.

Opening balances for Annual Plan 2023/24 have been adjusted to reflect the forecast opening position projected at 1 July 2023.

## 4.1 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 can be transferred to renewal reserves.

LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
1,591	<b>Forecast Opening Balances</b>	1,340	(3,063)	(4,403)
1,205	Transfers into reserves	2,430	11,537	9,108
(1,456)	Transfers out of reserves	(1,399)	(11,056)	(9,657)
1,340	<b>Forecast Closing Balances</b>	2,370	(2,582)	(4,952)

## 4.2 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, such as water, wastewater, stormwater, roads and footpath, facilities, property plant and equipment.

LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
6,651	<b>Forecast Opening Balances</b>	5,326	6,632	1,306
10,041	Transfers into reserves	10,617	10,881	263
(11,366)	Transfers out of reserves	(13,439)	(16,841)	(3,402)
5,326	<b>Forecast Closing Balances</b>	2,504	671	(1,833)

## 4.3 Other operating reserves

These are set aside to specific operating activities of the Council. These include car park development, museum collections, Galatea reserve development, roading capital contributions, roading storm damage, Te Mahoe water, general disaster, asset divestment, sale of Bennett Block, leaky homes, community boards, Whakatāne Holiday Park, Whakaari eruption in 2019, parks and reserves financial contributions.

LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
(3,640)	<b>Forecast Opening Balances</b>	(2,264)	666	2,930
2,590	Transfers into reserves	2,277	478	(1,798)
(1,214)	Transfers out of reserves	(302)	(378)	(76)
(2,264)	<b>Forecast Closing Balances</b>	(290)	766	1,056

#### 4.4 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.

LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
<b>(1,557)</b>	<b>Forecast Opening Balances</b>	<b>(1,651)</b>	<b>(829)</b>	<b>822</b>
342	Transfers into reserves	346	<b>379</b>	33
(436)	Transfers out of reserves	(334)	<b>(3,328)</b>	(2,984)
<b>(1,651)</b>	<b>Forecast Closing Balances</b>	<b>(1,648)</b>	<b>(3,777)</b>	<b>(2,129)</b>

#### 4.5 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. These include the Harbour Capital Fund and Harbour Land Sales.

LTP 2023 \$000		LTP 2024 \$000	Annual Plan 2024 \$000	Variance 2024 \$000
<b>13,967</b>	<b>Forecast Opening Balances</b>	<b>13,323</b>	<b>14,608</b>	<b>1,285</b>
2,290	Transfers into reserves	2,341	<b>2,701</b>	359
(2,933)	Transfers out of reserves	(2,656)	<b>(3,432)</b>	(776)
<b>13,323</b>	<b>Forecast Closing Balances</b>	<b>13,008</b>	<b>13,876</b>	<b>868</b>

# Statement of accounting policies

## Ngā Whakapuakanga kaupapa here pūtea

These statements provide the principles that we have applied in preparing the prospective financial statements. They are designed to help you understand the detail behind our calculations and forecasts.

### REPORTING ENTITY

Whakatāne District Council (the Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled in New Zealand and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The financial statements have been prepared for the Council and no longer include the Whakatāne Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Council are for the year ended 30 June 2024. The financial statements were authorised by Council resolution on 21 June 2023.

The Council is responsible for the prospective financial statements presented including appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

### BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

### Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with PBE standards.

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data.

### Measurement base

The financial statements use forecast closing balances from the period ending 30 June 2023; estimates have been restated accordingly if required. These financial statements have been prepared on a historical basis, modified by the estimated revaluations of land and buildings, infrastructural assets, financial instruments (including derivative instruments) investment property, forestry assets and employee entitlements.

### New Amendment applied

An amendment to PBE IPSAS 2 Cash Flow Statements requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The new information required by this amendment has been disclosed at the bottom of the Statement of Cashflows.

### Legislative Changes

Amendments have been made to the Local Government (Rating) Act 2002. The Local Government (Rating of Whenua Māori) Amendment Act 2021 came into force on 1 July 2021.

It introduces new powers to Local Authority Chief Executives to write off rates. The sections are:

- 90A Chief executive may write off rates that cannot be recovered
- 90B Chief executive may write off rates of deceased owners of Māori freehold land
- 90C Chief executive may delegate power to write off rates
- 90D Amount of rates written off to be included in notes to financial statements

The Council has done some preliminary analysis on the potential impact of these changes and has increased the doubtful debts provision to take account of this.



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## Basis of consolidation

The financial statements are no longer consolidated line by line with the Council investment in Whakatāne Airport.

## Joint venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

For jointly controlled operations, the Council recognises its investment in Whakatāne Airport as an investment but no longer consolidates 50% of the income and expenses of the venture.

## Revenue

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:

### Rates revenue

The following policies have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when the rates become overdue.
- 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 remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

### 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.

### *Waka Kotahi NZ Transport Agency roading subsidies*

The Council receives funding assistance from Waka Kotahi NZ Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining 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.

### *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*

Any fees for disposal of waste are recognised at the time the waste is disposed of 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 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.

### **Salaries and wages**

Salaries and wages are recognised as an expense as employees provide services.

### **Borrowing costs**

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

### **Grant expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

### **Foreign currency transactions**

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

### **Income tax**

Income tax expense includes components relating to both current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

## Leases

### *Finance leases*

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether or not the title is eventually transferred. At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the

Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### *Operating leases*

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

## Receivables

Receivables are recorded at their face value, less any provision for impairment.

## Derivative financial instruments

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The associated gains or losses of these derivatives are recognised in the surplus or deficit.

## Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

### *Financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied. Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans to community organisations made at nil or below market interest rates are initially recognised at the present value of their expected

future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense. The loans are subsequently measured at amortised cost using the effective interest method.

### ***Held-to-maturity investments***

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

### ***Fair value through other comprehensive revenue and expense***

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

### ***Impairment of financial assets***

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

### ***Loans and receivables, and held-to-maturity investments***

Impairment is established when there is evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

### ***Financial assets at fair value through other comprehensive revenue and expense***

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

## **Inventory**

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

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value. The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down. When land held for development and future resale is transferred from investment property, or property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

## **Non-current assets held for sale**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale.

## **Property, plant and equipment**

Property, plant and equipment consists of:

### ***Operational assets***

These include land, buildings, furniture and fittings, library books, plant and equipment, the museum collection and motor vehicles.

### ***Restricted assets***

Restricted assets are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

## ***Infrastructural assets***

Infrastructural assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations. Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

## ***Revaluation***

Land, buildings (operational and restricted), museum, library books, and infrastructural assets (except land under roads) are re-valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are re-valued. Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

## ***Additions***

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

## Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

## Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

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

## Depreciation

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

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

(approximate average over all assets in that category)

### Parks

Land	Not depreciated
Park Assets	17.5

### Water

Treatment plant /Headworks	13
Pump stations	11
Reservoirs	38
Trunk Main	41
Main	49
Service Line	33
Harbour Assets	15-30

### Roading

Land – road reserve	Not depreciated
Road formation	Not depreciated
Sealed Pavement Basecourse	36
Sealed Pavement surface	7
Unsealed Pavement	Not depreciated
Unsealed Wearing Course	1
Bridge Railings	2
Signs	15
Drainage (incl Headwalls)	19
Large Culverts	44
Retaining Walls	6
Surface water Channel	Not depreciated
Railings	54
Traffic Islands	9
Street lighting	23
Footpaths	26
Bridges	44
Car-parks	33

### Stormwater

Gravity Main	45
Rising Main	46
Pump station	20

### Sewer

Service Line	25
Gravity Main	40
Rising Main	57
Pump Station	12
Treatment Plant	47
Outfall	28

### OPERATIONAL ASSETS YEARS

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.*

# INTANGIBLE ASSETS

## Software acquisition and development

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

### Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised.

The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software 4- 5 years 20% - 25%

### Software as a service (SaaS)

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

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

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

As at 30 June 2023, no intangible assets held by Council were impacted by this change in accounting policy.

There has been no other change to accounting requirements in relation to software development other than those addressed in the 2019 and 2021 IFRIC agenda decisions in respect of SaaS.

## Impairment of property, plant, and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment. Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

### Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### Value in use for cash-generating assets

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

## Forestry assets

Standing forestry assets are generally independently revalued annually at fair value less estimated costs to sell for one growth cycle. A valuation was carried out in 2021/22 year. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions. Gains and losses arising on

initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit when incurred. Forestry maintenance costs are recognised in the surplus or deficit when incurred.

## Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost, including transaction costs. After initial recognition, the Council measures all investment property at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

## Payables

Short-term creditors and other payables are recorded at their face value.

## Borrowings

Borrowings are initially recognised at their fair value plus costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

## Employee entitlements

### *Short-term employee entitlements*

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences. A liability and an expense are recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

### *Presentation of employee entitlements*

Sick leave and long service leave are valued on an actuarial basis. The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Three key assumptions used in calculating this liability include the discount rate, salary escalation rates and resignation rates. Any changes in these assumptions will affect the carrying amount of the liability. Projected cashflows are discounted back to the valuation date at the valuation discount rates.

The discount rates have been chosen in accordance with PBE IPSAS 25 and have been 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'. For the 2022 financial year, a long term annual rate of salary growth of 3.0 per cent per year has been used. Sick leave and long service leave are classified as both current and long term liabilities depending on predicted settlement. If the payment is likely to be made within 12 months of balance date the entitlement is classified as current. The balance of the valuation is classified as long term.

## Superannuation scheme

### *Defined contribution schemes*

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

## Provisions

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



## Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

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

### **Restricted reserves**

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by 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.

### **Asset revaluation reserve**

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

### **Fair value through other comprehensive revenue and expense reserve**

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

## Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables- which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

## Budget figures

The budget figures are those approved by the Council in its Long Term Plan 2021-31. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

## Cost allocation

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

## Critical accounting estimates and assumptions

In preparing these 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 the next financial year are discussed below:

### **Asset valuations and fair value assumption**

During the 2021-22 year, independent valuations were carried out on forestry, investment property and property held for sale, and roading.

All assets have been valued on the fair value assumption while taking account of Covid 19 economic impacts. 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.

### **Landfill aftercare provision**

Estimates and assumptions are reviewed annually for the landfill aftercare provision.

### **Critical judgements in applying accounting policies**

Management has exercised no critical judgements in applying accounting policies for the year ended 30 June 2024.

# Annual Plan Disclosure Statement

For the year ended 30 June 2024

(Note: this Statement is unaudited)



The purpose of this statement is to disclose the Council's planned financial performance 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 Annual 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.

BENCHMARK	PLANNED	MET
<p><b>RATES AFFORDABILITY - INCOME:</b></p> <p>Total rates revenue for each year will be limited to <b>80%</b> of operating revenue</p>	56%	Yes
<p><b>RATES AFFORDABILITY - INCREASES:</b></p> <p>Total rates revenue will not increase by more than the limit set out in Council's Long Term Plan 2021-31 (page 107). For Annual Plan 2024 this limit is 6.93%. The higher rate reflects higher inflation not anticipated at the time of setting the LTP</p>	9.5%	No
<p><b>DEBT AFFORDABILITY:</b></p> <p>The limit on Net External Debt as a percentage of Total Annual Income will not exceed <b>175%</b>- as quantified in Councils 2021-31 Long Term Plan (Page 105).</p>	169%	Yes
<p><b>BALANCED BUDGET:</b></p> <p>The planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment) equals or is greater than its planned operating expenses.</p>	102%	Yes
<p><b>ESSENTIAL SERVICES:</b></p> <p>The planned capital expenditure on network services is equal to or greater than the expected depreciation on network services (<b>i.e. &gt; 100%</b>)</p>	283%	Yes
<p><b>DEBT SERVICES:</b></p> <p>The Council's planned borrowing costs are equal or are <b>less than 10%</b> of its planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant and equipment)&gt;</p>	7.74%	Yes

## WHAKATĀNE DISTRICT COUNCIL

Commerce Street, Private Bag 1002,  
Whakatāne 3158, New Zealand  
P 07 306 0500

---

## MURUPARA SERVICE CENTRE

Civic Square, Pine Drive,  
Murupara, New Zealand  
P 07 366 5896

---

[info@whakatane.govt.nz](mailto:info@whakatane.govt.nz)

[whakatane.govt.nz](http://whakatane.govt.nz)

**f** [whakatedistrictcouncil](https://www.facebook.com/whakatedistrictcouncil)

**in** [whakatane-district-council](https://www.linkedin.com/company/whakatane-district-council)

**@** [whkdc](https://www.instagram.com/whkdc)

