



» Annual Budget Update «

Annual Plan for the 2016/17 year

To be read in conjunction with the Whakatāne District Council Long Term Plan 2015-25

Foreword from Mayor Tony Bonne

Tēnei te mihi maioha, e huainatia ake nei ko te Mahere-a-Tau mo 2016/17.

Hei te tau e tū mai nei, mo te nuinga o ngā mahi me ngā ratonga, ka mahia e mātou kia hāngai tonu ki ngā whakaritenga o te Mahere Wā Roa, māro noa ko te tatūnga utu. Engari, i roto i te tau kua tāria nei kua ara ake wētahi rerekētanga o te Mahere Wā Roa, e tika ana me urupareā e mātou. E whakamārama ana te pānui nei i aua rerekētanga, me ngā ōritenga pūtea a Te Kaunihera mo te Tau Tātai Pūtea 2016/17.

In the coming year, for the majority of our activities and services, we intend to deliver what we said we would in our 2015-25 Long Term Plan, and at the expected cost. However, in the year since we adopted the LTP, there have been some changes that we need to respond to. This document tells you what those changes are, and sets out the Council's budgets for the 2016/17 financial year.

The main change to our plans for the year is to expand a planned project to improve the water supply to Edgcumbe. This project will now also upgrade the water quality in Te Teko and the surrounding area. Public feedback has helped to shape the preferred option for this project, as well as influencing other budget decisions in this Annual Plan. Some examples of decisions made in response to public submissions include the reinstatement of funding support for the Toi Economic Development Agency; the removal of fees for the Murupara Swimming Pool; and the provision of funding for a number of community projects.

Other key changes include bringing mowing services back in-house and establishing new waste management contracts – both of which result in substantial cost reductions. Planning towards a workable and affordable wastewater solution for Matatā is also continuing, but construction is no longer expected to begin in the coming year. More information about our key priorities and changes for 2016/17 are set out in this document.

In terms of rates, the Long Term Plan signalled an average increase across the District of 3.84% for the 2016/17 year. After reviewing the budget for the year, and hearing from the public on our proposals, we have been able to reduce the average increase to 2.8%.

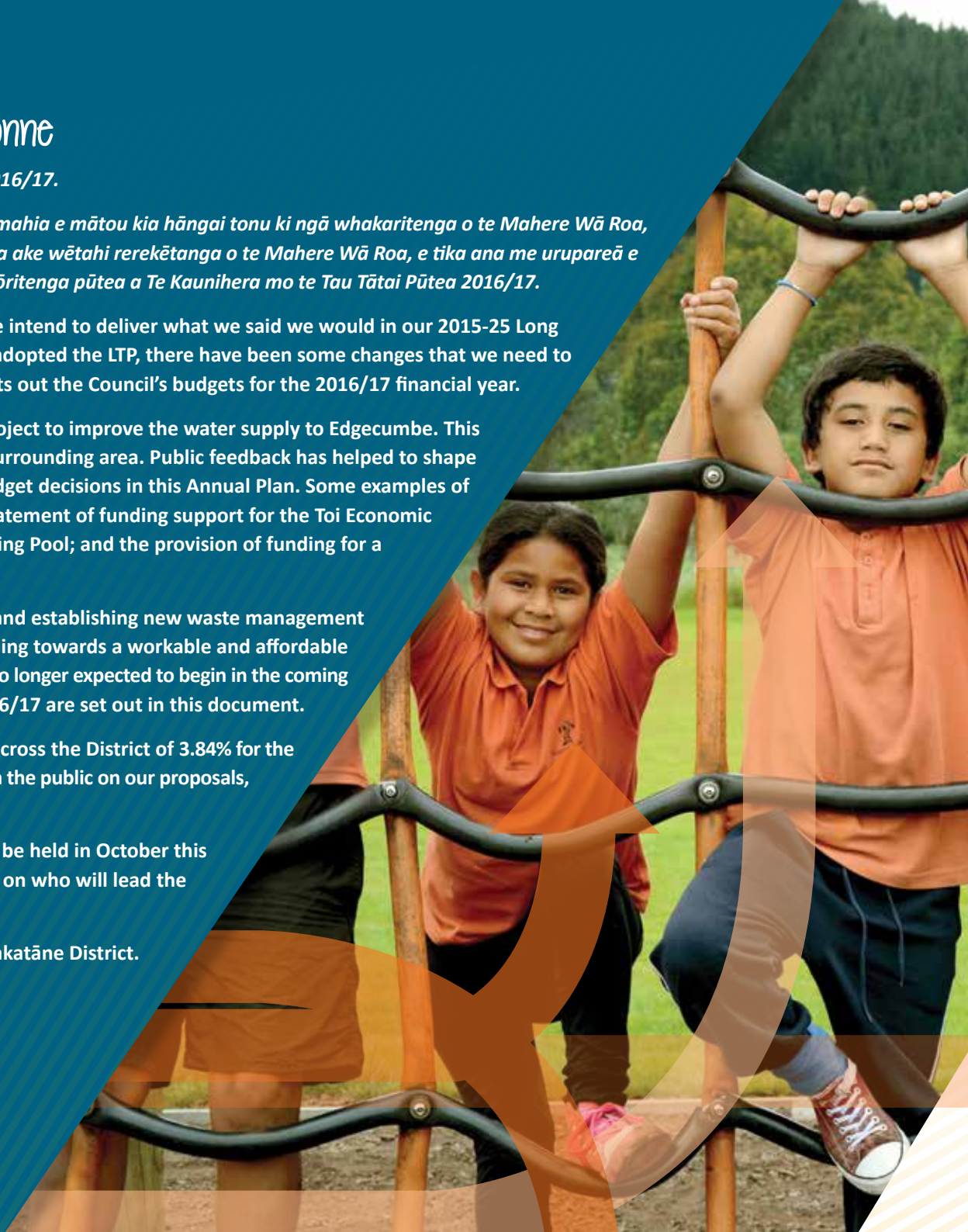
Finally, a reminder that the triennial local government elections will be held in October this year. I would encourage everyone to get involved and have their say on who will lead the District into the future.

We look forward to another productive year of progress for the Whakatāne District.



A stylized, handwritten signature in white ink, consisting of several loops and a long horizontal stroke, positioned to the right of the portrait photo.

Tony Bonne
Mayor, Whakatāne District Council





About the Annual Plan	04
Priorities for the coming year	06
Key changes compared to our Long Term Plan	08

Financial overview 13

Our Financial Strategy	14
Funding Impact Statement - Whole of Council	18

All about rates 21

How rates work	22
Funding Impact Statement - Rating	26
Indicative rating examples for 2016/17	30

Annual budget in detail 33

Forecast Financial Statements	34
Key Capital Expenditure Projects	42
Reserve Balance Forecast 2016/17	49
Statement of Accounting Policies	52



About the Annual Plan

The Long Term Plan 2015-25 is our guiding document

The Long Term Plan (LTP) is the Council's guiding document, setting out our strategic direction and priorities for the District. It includes the services we will provide, the projects we will undertake, the cost of doing this work, how it will be paid for and how we will measure our performance.

Our current LTP was adopted in June 2015 and covers the ten years 2015-25. The LTP is renewed every three years.

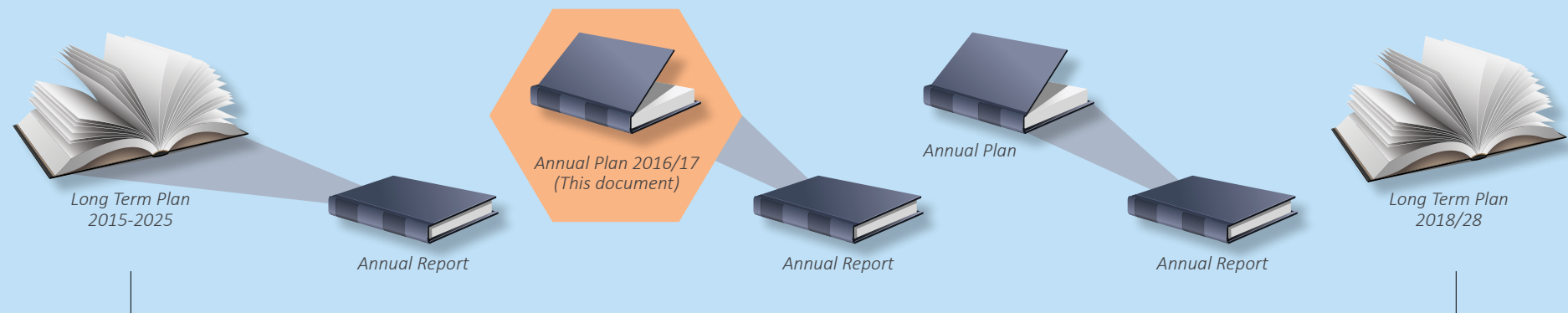
This Annual Plan provides updates to the Long Term Plan for the 2016/17 year

In each of the two years after the adoption of the LTP, we produce an Annual Plan. This provides an opportunity to make any necessary refinements to what we had planned for the year, according to the LTP, and consult with the community on any major or significant changes being proposed. This Annual Plan covers the year from 1 July 2016 to 30 June 2017. It has been produced as an addendum to the Long Term Plan 2015-25 and should be read in conjunction with that document.

The Annual Report is our score card for each year

The Annual Report is our scorecard for each year. It tells you how we performed against what we said we would do in the LTP and Annual Plan. The Annual Report is produced at the end of every financial year.

3 YEAR PLANNING CYCLE



Priorities for the coming year

In the coming year we will continue to deliver on the priorities set out in our current Long Term Plan 2015-25. More information about these priorities can be found on pages 8-17 of the Long Term Plan 2015-25.

Delivering quality core services

The Council is responsible for delivering more than 30 services that families, households and businesses rely on and use every day. Maintaining and, where necessary, improving our assets so that we can continue to provide quality services in an affordable and sustainable way is one of our key priorities.

HIGHLIGHTS FOR 2016/17

- Improvements to Edgumbe and Te Teko water supplies.
- Investigations into an alternative bore source for the water supply to Whakatāne and Ōhope.
- Continuation of the programme of stormwater system improvements with projects for the Wainui Te Whara Stream and McAlister Street pump station.
- Improvements to Tāneatua Road to reduce the risk of road closure due to flooding.
- Commencement of an LED street lighting programme.
- Mowing contracts to be brought back in-house from October 2016, to provide a more responsive service at a better price.
- New waste service contracts to start from October 2016, resulting in a cheaper service with more recycling options.

Working together to meet the needs of our communities

Over the next ten years, we will continue to work with individuals, community organisations and government agencies to ensure that our District retains its vibrancy and vitality and offers the quality of life we all enjoy. While we intend to keep providing most services at the current level, we are proposing to work in partnership on some carefully considered service improvements, to ensure we continue to meet the needs of our communities.

HIGHLIGHTS FOR 2016/17

- Upgrade of Wairaka Centennial Park to be completed for use in the summer of 2016/17.
- Redevelopment of the Whakatāne Museum and Research Centre to commence in 2016/17, subject to receipt of external funding.
- Feasibility study for the redevelopment of the Whakatāne and District War Memorial Hall to be undertaken.
- Further development of the Eastern Bay of Plenty Cycle Strategy will guide development of an interconnected Eastern Bay of Plenty cycle network.
- Provision of grant funding and in kind support for community-led projects continues to build the partnership between the Council and the community.



Encouraging communities and businesses to thrive

We all want to live in a prosperous District where everyone has an opportunity to benefit from a strong local economy. Our District offers some considerable opportunities for economic development and growth, including a superb climate and sunshine hours, strong agricultural and forestry sectors, under-utilised tourism resources and excellent lifestyle appeal. The Council aims to leverage off those opportunities and, in partnership with the community and other stakeholders, create an environment where people, communities and businesses thrive.

HIGHLIGHTS FOR 2016/17

- Continued support for events including the hugely popular “Whakatāne Oxfam Trailwalker” and “Sunshine-and-a-plate”.
- Commencement of works to renew the commercial wharf in Whakatāne and investigations for extended berthage at the Quay Street Wharf.
- Continued marketing and promotion of our District to attract visitors and new residents to the area.
- Infrastructure works to support residential development at Coastlands and Huna/Shaw Road to commence, when developers are ready to proceed.
- Infrastructure works to support industrial development at Mill Road.
- Reinstatement of funding support for Toi-EDA.



Keeping rates affordable

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

HIGHLIGHTS FOR 2016/17

- Changes to our budgets have been carefully assessed for their impact on overall rates and debt before being incorporated into the Annual Plan for 2016/17.
- The average rates increase for 2016/17 reduced to 2.8%. This is lower than the predicted increase for 2016/17 proposed in the LTP of 3.84%.
- A review of the funding model for water supply will be commenced in 2016/17, in response to concerns raised through consultation on the Edgumbe/Te Teko water project.
- To reduce the impact on rates, a number of capital projects will be progressed once we secure contributions from funding partners.

Key changes compared to our Long Term Plan

The Whakatāne District Council is responsible for delivering a wide range of essential services and facilities, including water supplies, sewage treatment and disposal, solid waste management, roads and footpaths, parks and reserves, libraries, economic development and animal control, to name a few.

In the coming 2016/17 year, for most of our activities and services, we will deliver what we said we would in our Long Term Plan. The following pages set out the key changes to our budgets and work programme compared to the Long Term Plan.

More information about our activities is set out in the 'Our Work in Detail' chapter on pages 61-152 of the Long Term Plan 2015-25. This includes what the activity delivers, why we will do it, how we will measure performance, and what the key projects are.

Your feedback has helped shape our 2016/17 budget

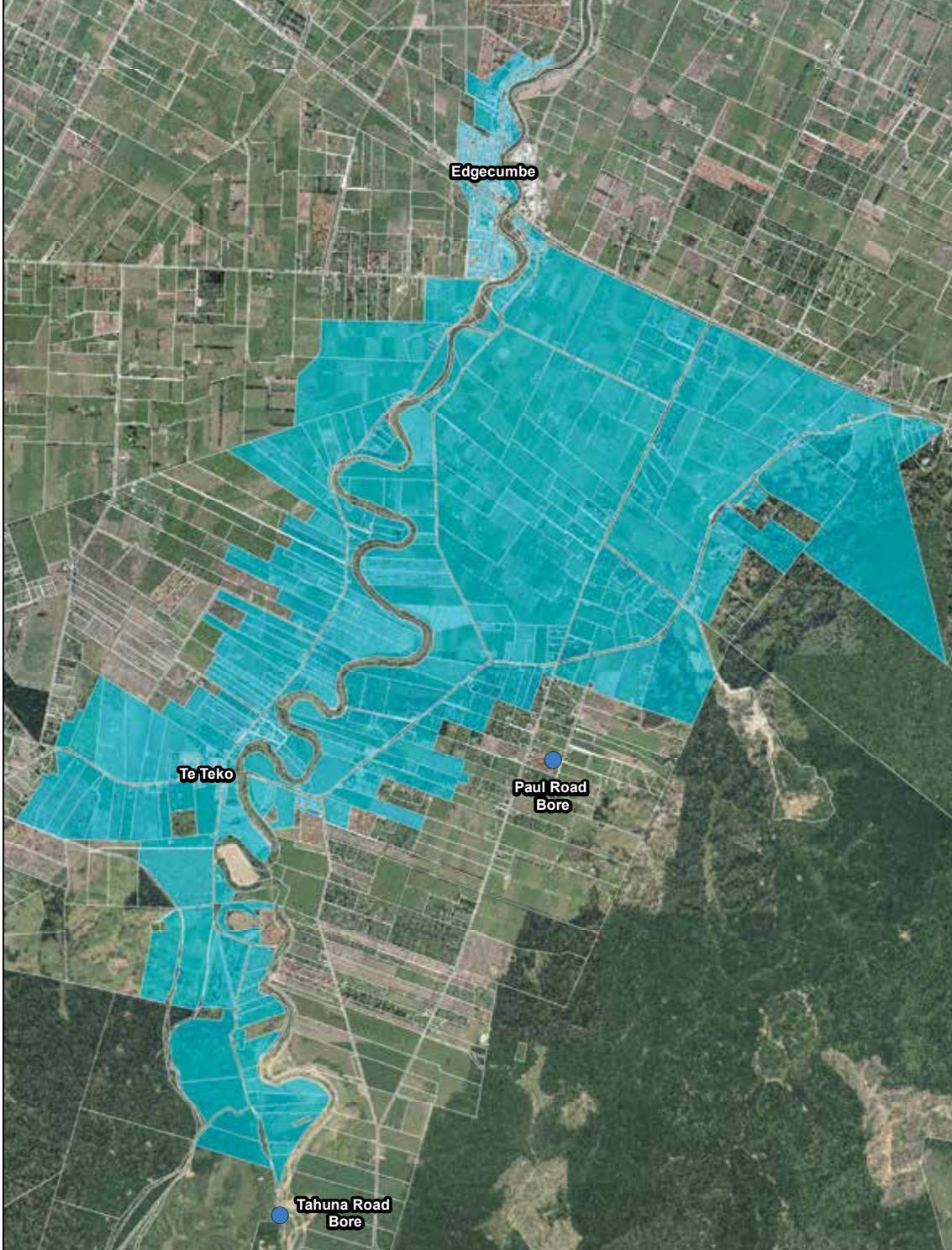
Public consultation on our "Annual Budget Update 2016/17" was open from 21 March to 22 April 2016.

The Consultation Document was published in a local free newspaper and was made available on our website.

The process was advertised through radio, print and social media and our elected Community Board members and Councillors spread the word. During this time, we held a number of specific meetings with various focus, interest and stakeholder groups on the matters of interest to them.

In total, we received over 80 submissions raising about 170 separate Annual Plan submission points, of which around a quarter came through social media. The proposed water supply upgrades to Edgecumbe and Te Teko and introduction of water meters in Edgecumbe generated the most feedback. Parks and reserves, economic development and community funding were also popular submission points.

Council elected members read every submission and listened to requests and feedback from submitters at the public hearings. As a result, a number of changes have been made to the Annual Budget for 2016/17. We have considered the changes carefully, remaining conscious of the overall impact on rates.



Approximate area to be supplied by Tahuna and Paul Road Bores

YOUR FEEDBACK HAS HELPED SHAPE THE WATER SUPPLY IMPROVEMENTS TO EDGECUMBE AND TE TEKO

As part of the development of this Annual Plan, the Council sought feedback on a project to improve the quality of water to Edgcumbe and Te Teko. The project set out in our Long Term Plan 2015-25 focused initially on improvements to Edgcumbe, with other areas of the Rangitāiki Plains, such as Awakeri and Te Teko, to be considered in the future. As a result of an increased cost estimate for the project and concerns raised by Te Teko community about their water supply, the Council reviewed this project and put forward five options for consideration by the community.

Generally, the feedback was supportive of the intention to improve water supplies to both Edgcumbe and Te Teko, but concerns were raised around the costs and in particular, where those costs should fall. Having considered all the responses, changes have been made to the original project proposal.

The project will now deliver water supply improvements to both the Edgcumbe and Te Teko systems, improving water quality for a larger area than originally proposed. The systems will be interconnected, with water supplied from both the Paul Road bore and Tahuna Road bore.

The updated project comes at an increased estimated cost of \$5.2 million. This compares to \$4.75 million for the proposal put forward for public feedback. Council agreed to meet this increase from reserves held for Plains Water projects.

A review of the Council's rating policy for water will be undertaken in the 2016/17 year to address concerns around how costs of water supply on the Plains are distributed. The review will inform the rating system to commence from 1 July 2017.



CHANGES RESULTING FROM COMMUNITY FEEDBACK

- Water meters will be installed in Edgcumbe but charging on the basis of consumption will be delayed by one year. This will allow Edgcumbe consumers time to assess their level of water consumption and fix any leaks on their properties.
- Funding of \$121,000 has been included in the Annual Plan to resume the Council's support for Toi Economic Development Agency. The investment will support a more collaborative and unified approach to economic development across the Eastern Bay of Plenty.
- Funding of \$120,000 has been included for the maintenance of Sullivan Lake.
- Funding of \$50,000 has been included in the Annual Plan to start to progress the closure of problem alleyways. A prioritised list identifies seven of these in Murupara and two in Whakatāne.
- Funding support has been included to support community-led development of parks and reserves. This includes \$10,000 each towards the development of Kani Rangi Park in Murupara, the continued upgrade of Galatea Reserve and Aniwhenua Playground, and the development of a community playground in Minginui.
- Funding of \$5,000 from the Economic Development budget has been provided towards the work of the Mōtū Trails charitable trust, in recognition of the tourism benefits to the Whakatāne District.
- Funding of \$7,500 has been included in the Annual Grants budget towards succession planning for the Onepū Mountain Bike Park.
- The proposal to move Airport landing fees to a 'per-landing' basis will not be pursued. A new fee structure will be introduced based on an updated annual fee structure.
- Changes to user fees for the Murupara Pool will result in general admission to the facility being free of charge (with the exception of any exclusive use arrangements). The pool season will also be extended by a month.

OTHER CHANGES COMPARED TO OUR LONG TERM PLAN

- Mowing contracts will be brought back in-house from October 2016 to provide a more responsive service at a better price. To support this change capital expenditure of \$730,000 has been included in the 2016/17 year for plant and equipment for the new in-house mowing unit. Once fully operational, the overall operating cost for mowing services will reduce from \$847,000 to approximately \$635,000 per annum.
- A repayment of \$400,000 towards the deficit in the equalised water reserve will be recovered from those paying equalised water rates. The deficit is a result of lower metered water use and increased costs during the 2014/15 year drought.
- New contracts have been confirmed for provision of solid waste services starting from October 2016. The new contracts and changes to waste services will provide savings in the order of \$300,000 per annum once fully operational.
- Use of \$194,000 from the general rate reserve surplus will be used to offset the general rate requirement in 2016/17.
- Funding of \$175,000 has been included in the Annual Plan to repay interest costs accruing from investigations and resource consent/court processes relating the Matatā Wastewater project.
- Changes in the capital works programme and savings from lower than budgeted interest rates have resulted in a reduction of \$125,000 in interest expense.
- Funded depreciation has been reduced by \$116,000 based on updated renewals assessments, predominantly in the parks and reserves activity.
- Funding of \$30,000 has been included for maintenance of the Onepū Forest Block, while work continues to secure partners and funding support for development of a demonstration forest for education and community purposes.
- \$400,000 capital expenditure has been advanced from 2017/18 into the 2016/17 Annual Plan Budget for a Whakatāne Airport lighting replacement and upgrade.
- \$200,000 in capital expenditure renewals has been advanced from 2021/22 into the 2016/17 budget for Whakatāne oxidation ponds aerator replacement.
- \$60,000 of capital expenditure has been advanced from 2017/18 into the 2016/17 budget for investigations into an alternative water supply for Whakatāne.
- \$40,000 capital expenditure renewals has been included in the 2016/17 budget for the renewal of the Aquatic Centre compressor system.
- Investigations are still ongoing into a wastewater solution for Matatā. Work is continuing to secure the additional funding required to deliver this project at an affordable cost. Capital works are not expected to commence in the 2016/17 year and the rate requirement has been removed.
- Projects to develop network infrastructure services - including water supply, stormwater and wastewater - in support of residential development at Huna Road and Council's block at Bunyan Road are on hold until development is ready to commence.
- The budget for the Quay Street Wharf extension has been reduced from \$1,000,000 to \$500,000 for the 2016/17 year, due to delays in the project timing as the Council awaits the outcome of the resource consent application lodged in December 2015.
- Half (\$1.6 million) of the 2016/17 budget for the Museum redevelopment project has been rebudgeted in the 2017/18 budget while fundraising efforts continue. However, if external funding is received in 2016/17, the project will commence in the coming year as planned.





FINANCIAL OVERVIEW



Our Financial Strategy

The development and review of Council's Annual Plan budgets are guided by our Financial Strategy. The Strategy supports the delivery of Council activities and services in a manner which addresses rates affordability and ensures that the Council remains in a stable, long-term financial position.

The Council's Annual Plan for the 2016/17 year is in keeping with the financial parameters and intent of the Strategy. It delivers a budget that keeps rates increases and debt within the limits of the Strategy and maintains a stable financial position.

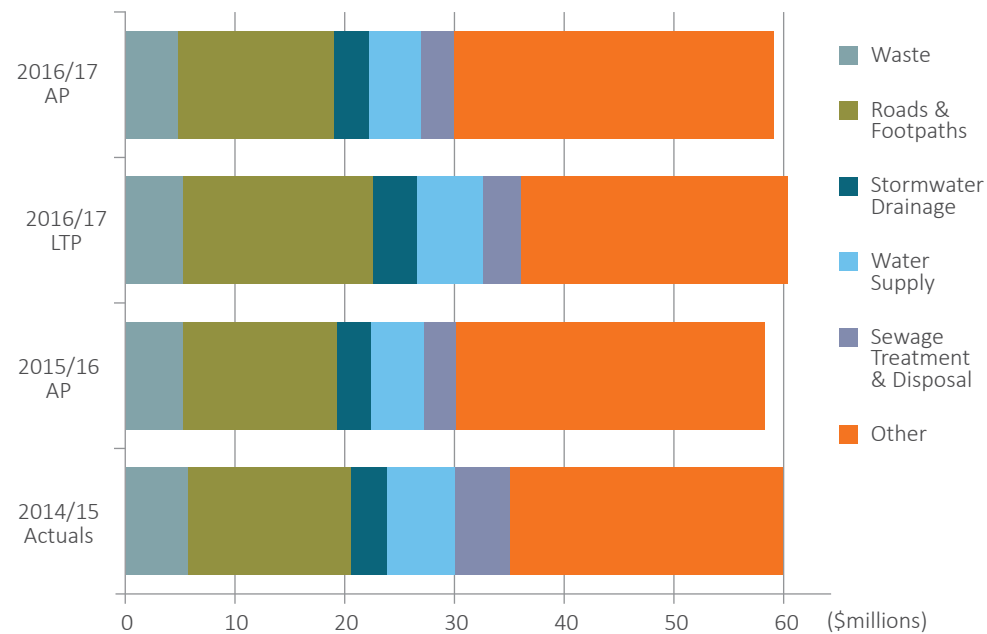
The following pages provide an overview of the Financial Strategy as it applies to the coming 2016/17 financial year. The full Financial Strategy can be found on pages 18-33 of the Long Term Plan 2015-25.

Operating costs in 2016/17

Our operating expenditure for 2016/17 is \$59.13m. As shown in Figure 1 below, this is an increase over the 2015/16 year, but lower than what we had forecast for the 2016/17 in our Long Term Plan.

As shown in the graph, much of our operating expenditure is related to core network infrastructure (roads and footpaths, waste, water supply, stormwater and sewerage).

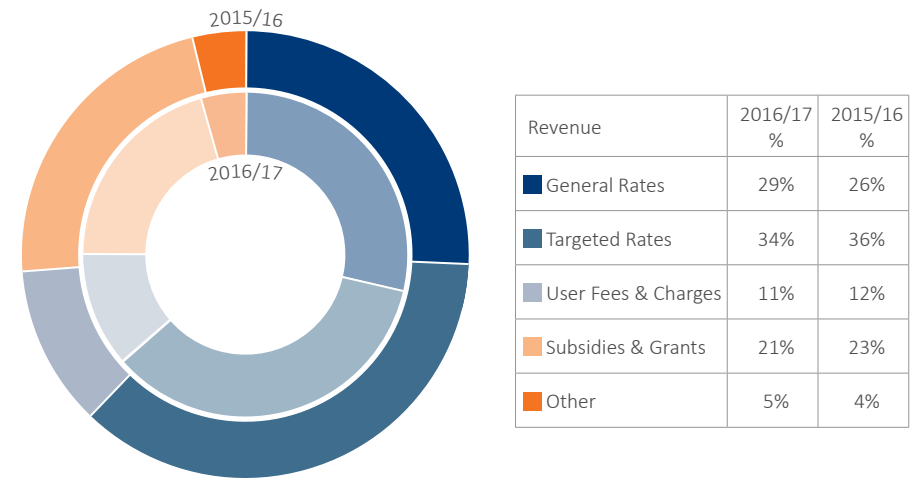
Figure 1: Operating Expenditure in 2016/17



Where revenue will come from in 2016/17

Rates are the main source of income for the Council and will make up 63% of our income in the 2016/17 year. Other major sources of funding are fees and charges; and external subsidies and grants. Figure 2 shows where our operating revenue is budgeted to come from for the 2016/17 year and how this compares to the last year's budget.

Figure 2: Where revenue will come from in 2016/17



LIMITS ON AVERAGE RATES INCREASES

For the 2016/17 year, the average rates increase is forecast to be 2.8%. This is lower than the predicted 3.84% increase for 2016/17 proposed in the LTP and lower than the limit of 4.45% set in our Financial Strategy. The strategy limits rates increases to the Local Government Cost Index (LGCI), plus 2%. For more detail about your rates, please see the 'All About Rates' chapter of this Annual Plan.

LIMITS ON RATES REVENUE

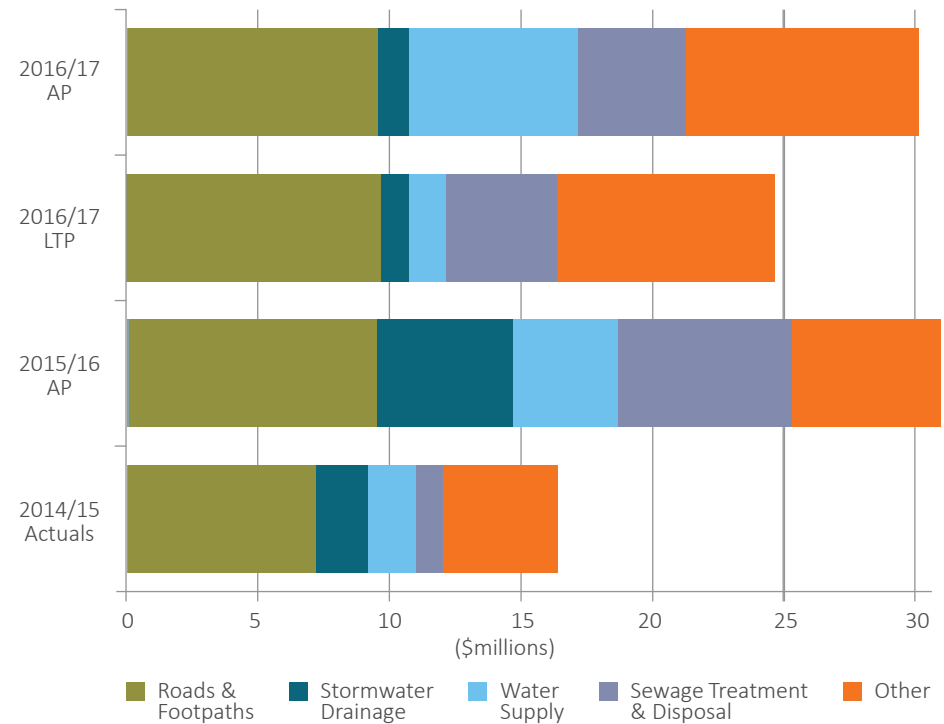
The Financial Strategy limits rates revenue to a maximum of 80% of operating costs. This means we will need to continue to get at least 20% of revenue from sources other than rates. For the 2016/17 year, we plan to receive 37% of our revenue from sources other than rates and we will continue to maximise this wherever possible.

Capital costs and borrowing

This year's capital expenditure programme to be projected at \$30.1 million. This compares to \$24.1 million set out in the LTP for the 2016/17 year. The difference in these budgets largely reflects the timing of projects, some of which have been delayed from 2015/16, while others have been advanced from future years.

The full capital works programme for the 2016/17 year is included on pages 42-48 of this Annual Plan.

Figure 3: Capital expenditure for 2016/17

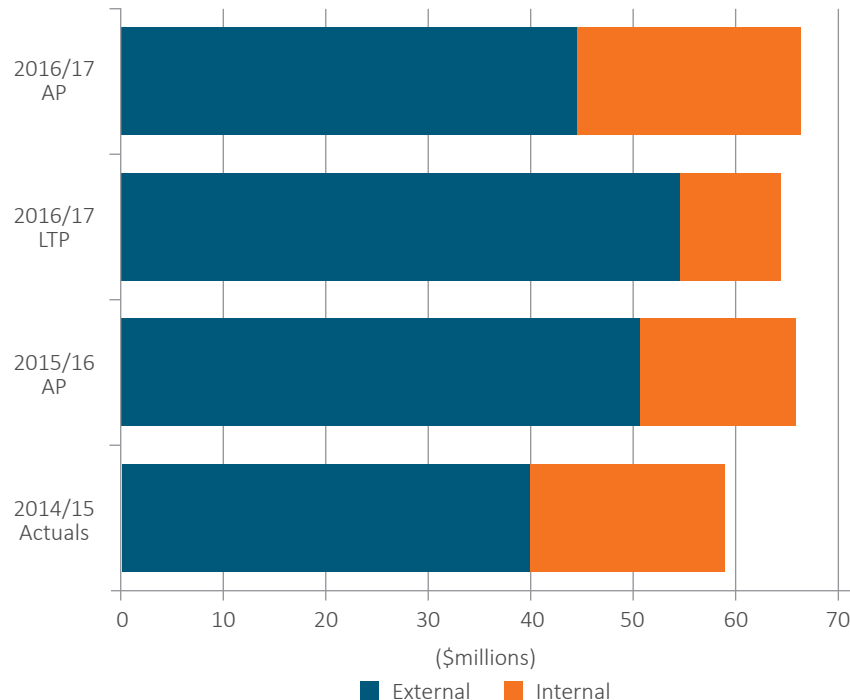


LIMITS ON BORROWING

We use loan funding to more fairly spread the costs of assets across current and future ratepayers. Because assets often have a long life span, this means that those who benefit from those assets in the future also contribute to the cost. This also helps to even out the impact on rates and providing greater certainty for ratepayers. Our current level of borrowing is consistent with, or favourable to many other similar-sized local authorities in New Zealand.

Our Financial Strategy limits our total debt to no more than \$75 million. Figure 4 shows our debt profile for the 2016/17 year. This is compared to what we had projected for the 2016/17 year in the Long Term Plan and to the previous two financial years.

Figure 4: Our borrowing and debt limits 2016/17



LIMITS ON THE AMOUNT OF RATES BEING USED TO PAY INTEREST

We have given further certainty to ratepayers by limiting the amount of rates revenue which can be used to pay interest on debt. To do this, the interest expense (internal and external) on borrowing is limited to 12% of total rates income. For the 2016/17 year, the total proposed interest expense is 10.5%, with 7% being interest expense from external loans.



Funding Impact Statement - Whole of Council

The 'Funding Impact Statement' (FIS) table that follows 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 an 'operational' and 'capital' level. Operational costs include the ongoing maintenance and delivery of our services, while capital costs relate to the cost of constructing a new asset or extending or renewing an existing asset. Capital expenditure is generally 'one-off' in nature, whereas operational costs are ongoing. Taking all this information into account, we can then see how much will be received, how much will be spent and whether or not we will have a surplus or deficit at the end of the year.

An explanation of the categories in this FIS can be found on page 65 of the Long Term Plan.

INDICATIVE FUNDING
IMPACT STATEMENT –
WHOLE OF COUNCIL

AP 2015/16 \$000		LTP 2016/17 \$000	AP 2016/17 \$000	VARIANCE 2016/17 \$000
OPERATIONAL				
	Sources of operating funding			
17,440	General rates, uniform annual general charges, rates penalties	18,123	19,312	1,189
23,158	Targeted rates	24,027	22,341	(1,686)
3,521	Subsidies and grants for operating purposes	3,479	3,653	174
6,986	Fees and charges	7,267	6,941	(326)
40	Interest and dividends from investments	40	50	10
2,226	Local authorities fuel tax, fines, infringement fees, and other receipts	2,341	2,630	289
53,370	Total operating funding (A)	55,277	54,928	(349)
	Applications of operating funding			
39,380	Payments to staff and suppliers	40,985	40,191	(794)
2,645	Finance costs	3,182	2,920	(262)
870	Other operating funding applications	887	890	3
42,895	Total applications of operating funding (B)	45,054	44,001	(1,053)
10,475	Surplus (deficit) of operating funding (A-B)	10,223	10,927	704
CAPITAL				
	Sources of capital funding			
10,997	Subsidies and grants for capital expenditure	9,155	9,832	677
87	Development and financial contributions	97	94	(3)
9,951	Increase (decrease) in debt	4,000	4,147	147
625	Gross proceeds from sale of assets	625	-	(625)
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
	Total sources of capital funding (C)	13,877	14,073	196
	Applications of capital funding			
	Capital expenditure			
2,114	- to meet additional demand	4,019	2,286	(1,733)
18,469	- to improve level of service	5,081	11,744	6,663
10,446	- to replace existing assets	16,186	16,082	(104)
1,106	Increase (decrease) in reserves	(1,186)	(5,112)	(3,926)
-	Increase (decrease) of investments	-	-	-
32,135	Total applications of capital funding (D)	24,100	25,000	900
(10,475)	Surplus (deficit) of capital funding (C-D)	(10,223)	(10,927)	(704)
-	Funding Balance ((A-B) + (C-D))	-	-	-

* Targeted rates for water supply include volumetric charges only.





ALL ABOUT RATES

How rates work

This section of the Annual Plan provides a brief overview of how our rating system works and provides examples of what your rates might look like for the 2016/17 year.

The Funding Impact Statement - Rating is included at the end of this section. This lets you see how we calculate your rates and the services that you might be paying for in 2016/17. It sets out the total rating impacts of the work programme contained in this Annual Plan.

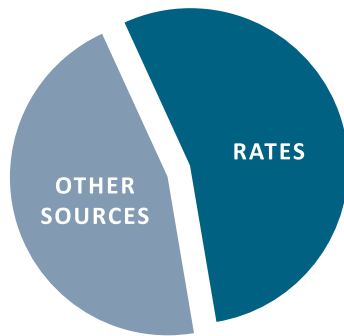
Your rates are determined by a number of key factors, which are set out here.



AMOUNT OF
FUNDING WE
NEED OVERALL

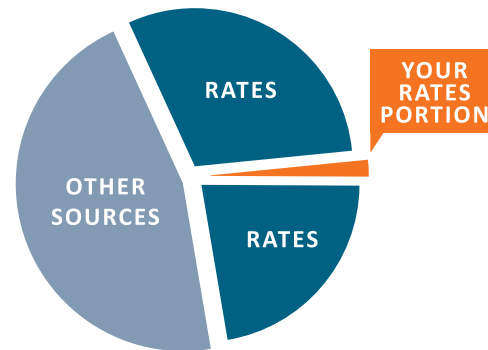
1. OUR BUDGET SETTING PROCESS IMPACTS RATES AFFORDABILITY

As we developed the LTP and subsequently refined the budget through this Annual Plan, we made choices about the projects and services that will be delivered. The amount that we spend and how we spread these costs over time (such as through loan funding) has a direct impact on rates.



2. THE AMOUNT OF FUNDING WE ARE ABLE TO GET FROM OTHER SOURCES IMPACTS RATES AFFORDABILITY

Not all of Council's spending is paid for by rates. In fact, 37% will come from other sources in the 2016/17 year. We work hard to get as much funding as we can from external sources like the Ministry of Health, NZ Transport Agency, the Lotteries Commission, local partnerships and others. Working in partnership for more effective and efficient outcomes is a key focus in our LTP.



3. OUR SYSTEM OF RATING IMPACTS RATES AFFORDABILITY

In our District, we have 15,673 rateable properties. Our "rates requirement" is divided amongst these properties and the amount of rates charged differs from one to the next. These differences are based on a balance between the capital value of each property, and on the services property owners can access or are likely to benefit from. Our rating philosophy and rating system determines what that balance is.



4. OUR DAY TO DAY FINANCIAL MANAGEMENT IMPACTS RATES AFFORDABILITY

Staying within the budgets that have been set for any given year is a key part of rates affordability. This is because cost overruns in one year can cause a rating deficit which would need to be recovered in the following year or years.

Rateable properties in our District

The Council's rating requirement (the amount we need to collect from rates) is divided among the available "rateable properties" in the District. Certain types of properties, like schools, churches, recreation reserves and national parks, are not rateable. Our District is made up of 15,673 rateable properties. The table below shows the number of rateable properties in our District as at 16 May 2016. Properties are valued every three years by an independent valuer and were last valued in September 2013. The next review will take place in September 2016.

	NUMBER OF RATEABLE RATING UNITS	RATEABLE CAPITAL VALUE \$ MILLION
Whakatāne Commercial	511	\$975,521
Edgecumbe	650	\$139,007
Matatā	332	\$73,480
Murupara	774	\$47,501
Ōhope	1,875	\$952,807
Ōtarawairere	37	\$27,820
Rural	5,172	\$2,979,238
Tāneatua	283	\$31,948
Te Teko	276	\$35,325
Whakatāne Urban	5,763	\$1,787,057
TOTAL	15,673	\$7,049,704

Rates due dates

There will be four equal instalments for the 2016/17 rating year, the due dates are as follows:

INSTALMENT	DUE DATE
Instalment 1	Friday, 26 August 2016
Instalment 2	Friday, 25 November 2016
Instalment 3	Friday, 24 February 2017
Instalment 4	Friday, 26 May 2017

A 10% instalment penalty will apply if any rates which are not paid by the instalment due dates. A further 10% additional charge will be added on 1 October 2017 to any overdue rates payments at 1 July 2017 and which are unpaid at 1 July 2017, which remain unpaid at 30 September 2017.

Water rates due dates

The following are the due dates for water rates invoices:

INSTALMENT	SCHEME	DUE DATE
1st Reading	Plains and Awakeri Extn	Friday, 21 October 2016
2nd Reading	All metered schemes	Friday, 20 January 2016
3rd Reading	Plains and Awakeri Extn	Friday, 21 April 2017
4th Reading	All metered schemes	Friday, 21 July 2017

A 10% penalty will apply if any water rates payments remain outstanding after each of the above water rates due dates.

Payments

Rates are payable at the Council Services Centres in Whakatāne and Murupara. The payment facilities available at the Council offices include cash, cheque or EFTPOS. Council accepts payment of rates by credit card, via our online facility. Alternatively, the Council offers the option of paying rates by direct debit, on a fortnightly, monthly, quarterly, or annual basis. Rates can also be paid by phone/internet banking and automatic payments. Please contact Customer Services on 07 306 0500 or 0800 306 0500 for further information, or refer to www.whakatane.govt.nz.

Discounts for prompt payments

The Council offers a discount for ratepayers who pay the in total annual rates assessment by the due date for the first instalment. The discount rate for 2016/17 is 2.5%.

Rates relief in special circumstances

The Council provides for the remission and postponement of rates in some special circumstances, as defined in our Rates Remissions and Postponement Policies (available from Council offices or online at www.whakatane.govt.nz).





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%

2016/17 \$		
GENERAL RATES		
Total Amount Required		18,712,556
The Council sets a general rate on the capital value (CV) of each applicable rating unit in the District on a stepped differential basis (cents per CV\$).		
	cents per CV\$	
District wide rating units with capital value less than \$15 million (step 1)	0.00133621	8,873,632
District wide rating units with capital value greater than \$15 million (step 2)*	0.00066810	273,124
Uniform Annual General Charge on all rating units in the District	647.21	9,565,799
<i>* Council uses a differential for all rating units with capital value over \$15 million to reduce the total rate those 17 rating units are charged.</i>		

ROADING RATES		
Total Amount Required		6,936,294
The Council sets the roading rate on the capital value of each applicable rating unit in the District (cents per CV\$).		
	cents per CV\$	
District wide rating units (cents per CV\$)	0.00089236	6,242,665
Fixed targeted rate on all rating units in the District	46.92	693,629

2016/17 \$		
COMMUNITY BOARDS		
Total Amount Required		342,770
The Community Board rate funds the Governance activity. The Community Board rate is set to fund the costs of the five Community Boards. The Council sets the targeted rate on rating units within each of the following locations.		
	Rate \$	
Whakatāne	16.87	105,570
Rangitāiki	15.63	63,906
Ōhope	40.37	76,787
Tāneatua	35.58	44,976
Murupara	40.58	51,531

STORMWATER RATES				
Total amount required				3,092,052
The Council sets a differential targeted rate for stormwater on rating units and a rate on the capital value differentially as follows.				
	Differential	Fixed targeted rate per rateable unit \$	cents per CV\$	
Whakatāne Urban	1.0	83.86	0.00057520	1,503,855
Whakatāne Commercial and Industrial*	2.2	83.86	0.00126544	581,286
Matatā	1.0	102.56	0.00135673	132,924
Ōhope	1.0	82.99	0.00047966	622,397
Edgecumbe	1.0	90.51	0.00079644	230,974
Tāneatua	1.0	9.99	0.00025229	10,747
Murupara	1.0	0.46	0.00002709	1,346
Te Mahoe Land Drainage	1.0	17.27	0.00065585	1,658
Te Teko Land Drainage	1.0	13.51	0.00055085	6,865
<i>* 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.</i>				

2016/17 \$				
DISTRICT GROWTH RATES				
Total amount required			478,814	
The District Growth rate funds the Economic Development Activity. The Council sets a fixed targeted rate per commercial and industrial rating unit within the District				
			200.84	119,704
Total amount required from cents per CV\$				359,111
The Council sets a targeted rate on the capital value for all commercial and industrial rating units outside the Whakatane urban area (cents per CV\$).	1.0	0.00035751		53,030
The Council sets a targeted rate on the capital value for all commercial and industrial rating units within the Whakatane urban area (cents per CV\$).	2.0	0.00071501		306,080

REFUSE REMOVAL RATES				
Total amount required			\$ 3,367,363	
The Refuse Removal rate funds the Waste Group of Activities. The Council sets a targeted rate to fund the collection and disposal of the Council approved refuse and recycling bins. This targeted rate is set as a fixed amount where a service is available to the rating unit. A rating unit can apply for more than one service and will be charged accordingly. The service applicable to each category is:				
Residential - refuse, recycling and green waste				
Rural and Commercial - recycling and green waste				
Residential - per service		268.14		2,150,513
Rural/commercial - per service		205.40		744,159
Ohope residential * - per service		270.84		463,951
Ohope commercial - per service		208.10		8,740
*The Council provides an additional three recycling collections during the summer holiday period for Ohope.				

2016/17 \$				
WATER RATES				
Total amount required			5,311,222	
The Council sets water rates on a differential based on provision of service, land use and location.				
Connected - any rating unit that is connected directly or indirectly to a Council operated waterworks.				
Available - any rating unit that is not connected to a Council operated waterworks but is within 100 metres of such waterworks.				
<i>Note: All water by meter consumption that is invoiced during the current rating year will be calculated on the charges detailed below.</i>				
Ruatahuna	Per connection \$	Rate \$	Total \$	
Connected	29.62		237	
Connected - commercial	74.04		148	
Plains and Awakeri Extension				
Plains and Awakeri connected - metered	120.00		317,422	
Plains and Awakeri water by meter		0.27	476,133	
Plains and Awakeri excess water by meter*		0.90		
Murupara				
Connected - metered	76.65		1,840	
Connected - non metered	188.52		126,877	
Available - not connected	76.65		7,972	
Water by meter		0.51	16,810	
All Other Schemes				
Connected - metered	171.72		1,453,249	
Connected - non metered	464.98		572,860	
Available - not connected	171.72		80,707	
Water by meter		1.33	2,256,966	
* The 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.				
<i>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.</i>				

		2016/17 \$
SEWERAGE RATES		
Total amount required		2,812,197
<p>The 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, the 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.</p> <p>Connected - any rating unit that is connected to a public sewerage drain.</p> <p>Available - any rating unit that is not connected to a public sewerage drain but is within 30 metres of such a drain.</p>		
	Rate \$	
Available - all schemes excluding Murupara	118.28	44,000
Connected - all schemes excluding Murupara	236.56	2,623,928
Available - Murupara	91.54	8,056
Connected - Murupara	183.08	136,213
<p>* 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.</p>		

PERCENTAGE OF RATES THAT ARE FIXED CHARGES

Under the Local Government Rating Act (LGRA), a maximum of 30% 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 the Council for the 2016/17 year and the percentage of the total rates that these represent.

		2016/17 \$
Report on 30% Cap (Section 21 LGRA)		\$ 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		9,565,799
Roading		693,629
Community Boards		342,770
Stormwater		773,013
District Growth		119,704
Total Uniform Annual General Charge and targeted rates		11,494,915
Total rates (excluding GST)		41,053,268
Uniform rates as a percentage of total rates		28%
Targeted rates that are set on a differential uniform basis, not included in the 30% cap		
Refuse Removal Rate		3,367,363

Indicative rating examples for 2016/17

Overall, the average rates increase for 2016/17 is 2.8% but this will differ for specific properties around the District. The table below models a number of example properties. It shows what your rates might look like for the 2016/17 year and how this compares to the 2015/16 year.

INDICATIVE RATING EXAMPLES FOR 2016/17									
	WHAKATĀNE URBAN LOW	WHAKATĀNE URBAN AVERAGE	WHAKATĀNE URBAN HIGH	WHAKATĀNE COMMERCIAL (LESS THAN \$10M) LOW	WHAKATĀNE COMMERCIAL (LESS THAN \$10M) AVERAGE	EDGE CUMBE AVERAGE	MATATĀ AVERAGE	MATATĀ HIGH	MURUPARA URBAN
Capital Value	128,000	298,000	900,000	335,000	640,000	205,000	226,000	485,000	53,000
2016/17 INDICATION OF RATES									
General Rate	171.03	398.19	1,202.59	447.63	855.17	273.92	301.98	648.06	70.82
Uniform Annual General Charge	647.21	647.21	647.21	647.21	647.21	647.21	647.21	647.21	647.21
Roading CV	114.22	265.92	803.13	298.94	571.11	182.93	201.67	432.80	47.30
Roading Fixed Targeted Rate	46.92	46.92	46.92	46.92	46.92	46.92	46.92	46.92	46.92
Community Boards	16.87	16.87	16.87	16.87	16.87	15.63	15.63	15.63	40.58
Stormwater Fixed Targeted Rate	83.86	83.86	83.86	83.86	83.86	90.51	102.56	102.56	0.46
Stormwater CV	73.63	171.41	517.68	423.92	809.88	163.27	306.62	658.01	1.44
District Growth	-	-	-	440.37	658.45	-	-	-	-
Refuse Removal	268.14	268.14	268.14	205.40	205.40	268.14	268.14	268.14	268.14
Water	464.98	464.98	464.98	464.98	464.98	464.98	464.98	464.98	188.52
Sewerage	236.56	236.56	236.56	236.56	236.56	236.56	-	-	183.08
Total	2,123.42	2,600.06	4,287.94	3,312.66	4,596.41	2,390.07	2,355.71	3,284.31	1,494.47
Plus GST at 15%	318.51	390.01	643.19	496.90	689.46	358.51	353.36	492.65	224.17
2016/17 Total indicative rates inc GST	\$2,441.93	\$2,990.07	\$4,931.13	\$3,809.56	\$5,285.87	\$2,748.58	\$2,709.07	\$3,776.96	\$1,718.64
CHANGE COMPARED TO THE 2015/16 YEAR									
2015/16 Total indicative rates inc GST	\$2,423.35	\$2,940.33	\$4,771.05	\$3,695.33	\$5,087.30	\$2,678.25	\$2,749.58	\$3,825.68	\$1,746.15
\$ increase (decrease) incl. GST	18.58	49.74	160.08	114.23	198.57	70.33	(40.51)	(48.73)	(27.51)
% increase (decrease) incl. GST	0.77%	1.69%	3.36%	3.09%	3.90%	2.63%	(%1.47)	(%1.27)	(%1.58)

INDICATIVE RATING EXAMPLES FOR 2016/17

MURUPARA LIFESTYLE	TE TEKŌ	ŌTARAWAIRERE	ŌHOPE LOW	ŌHOPE AVERAGE	ŌHOPE HIGH	TĀNEATUA	RURAL LOW	RURAL AVERAGE	RURAL HIGH	DISTRICT WIDE - COMMERCIAL/ INDUSTRIAL \$10M PLUS (SIX PANS)
180,000	101,000	720,000	375,000	490,000	935,000	112,000	55,000	865,000	2,370,000	11,131,175

2016/17 INDICATION OF RATES

240.52	134.96	962.07	501.08	654.74	1,249.36	149.66	73.49	1,155.82	3,166.81	14,873.57
647.21	647.21	647.21	647.21	647.21	647.21	647.21	647.21	647.21	647.21	647.21
160.63	90.13	642.50	334.64	437.26	834.36	99.94	49.08	771.90	2,114.90	9,933.07
46.92	46.92	46.92	46.92	46.92	46.92	46.92	46.92	46.92	46.92	46.92
40.58	15.63	40.37	40.37	40.37	40.37	35.58	15.63	15.63	15.63	16.87
-	13.51	82.99	82.99	82.99	82.99	9.99	-	-	-	83.86
-	55.64	345.36	179.87	235.04	448.49	28.26	-	-	-	14,085.78
-	-	-	-	-	-	-	-	-	-	8,159.78
205.40	268.14	270.84	270.84	270.84	270.84	268.14	205.40	205.40	205.40	205.40
-	120.00	464.98	464.98	464.98	464.98	464.98	120.00	120.00	120.00	464.98
-	-	236.56	236.56	236.56	236.56	236.56	-	-	-	1,419.36
1,341.26	1,392.14	3,739.80	2,805.46	3,116.91	4,322.08	1,987.24	1,157.73	2,962.88	6,316.87	49,936.80
201.19	208.82	560.97	420.82	467.54	648.31	298.09	173.66	444.43	947.53	7,490.52
\$1,542.45	\$1,600.96	\$4,300.77	\$3,226.28	\$3,584.45	\$4,970.39	\$2,285.33	\$1,331.39	\$3,407.31	\$7,264.40	\$57,427.32

CHANGE COMPARED TO THE 2015/16 YEAR

\$1,573.75	\$1,668.33	\$4,093.61	\$3,113.00	\$3,439.87	\$4,704.68	\$2,255.98	\$1,392.50	\$3,338.23	\$6,953.48	\$54,273.23
(31.30)	(67.37)	207.16	113.28	144.58	265.71	29.35	(61.11)	69.08	310.93	3,154.09
(%1.99)	(%4.04)	5.06%	3.64%	4.20%	5.65%	1.30%	(%4.39)	2.07%	4.47%	5.81%





ANNUAL BUDGET IN DETAIL



The following forecast financial statements are provided to give you an indication of our predicted financial position during the 2016/17 year. Please note that actual results are likely to differ from those presented. The information in these statements may not be appropriate for purposes other than those described. Variances to the information presented in the LTP are shown in the right hand columns of the financial statements.

Forecast Financial Statements

Prospective Statement of Comprehensive Income

This provides information on the impact of surpluses or deficits arising throughout the Plan on past and future comprehensive income. This aids the reader to differentiate between components of financial performance according to frequency, and the potential for gain and loss predictability.

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. This statement presents a comprehensive measure of income. Accumulated equity represents the community 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. This information is useful in assessing the Council's ability to generate cash, provide services and for assessing future borrowing needs.

Prospective Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests 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 concerning balancing the budget

The Council will not produce a balanced budget in 2016/17 and has budgeted for a year-end deficit position.

The primary reason for the unbalanced budget is the Council's approach to funding depreciation based on an assessment of the renewal programme over a 30-year period, rather than funding renewals as they are required. This approach will provide more certainty to ratepayers by evening out renewal costs over a longer period of time, while retaining the necessary financial capacity to maintain assets as required. We will also continue our approach of not fully-funding depreciation on some assets, so that ratepayers aren't being rated for assets that Council does not intend to replace.

Given the strength of the Council's financial position and the detailed assessments that have been made of the anticipated renewals programme, the Council is confident that a high degree of financial sustainability will be retained on an on-going basis.

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
	INCOME			
12,215	Revenue from activities (including volumetric charges for water supply)	12,781	9,571	(3,210)
14,518	Subsidies and Grants	12,634	13,485	851
17,440	General Rates ^{Note 1}	18,123	19,313	1,190
20,154	Targeted Rates (excluding volumetric charges for water supply) ^{Note 2}	20,855	22,341	1,486
231	Vested Assets	233	233	-
443	Gains on revaluation of Investment Property	448	448	-
87	Development Contributions	97	94	(3)
40	Finance Income*	40	50	10
65,128	Total Income	65,211	65,535	324
	EXPENDITURE			
27,021	Other Expenses	28,293	27,417	(876)
13,229	Personnel Costs	13,579	13,664	85
14,949	Depreciation and Amortisation ^{Note 3}	16,097	15,120	(977)
2,645	Finance Costs*	3,182	2,920	(262)
57,844	Total Expenditure	61,151	59,121	-2,030
7,284	Net Surplus (Deficit)	4,060	6,414	2,354
	OTHER COMPREHENSIVE INCOME			
7,067	Gains on asset revaluation	6,307	6,307	-
14,351	Total comprehensive income for the year	10,367	12,721	2,354

*Excludes internal borrowing costs

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
	NOTE 1: GENERAL RATES BY ACTIVITY			
2,521	Leadership	2,705	2,558	(147)
1,640	Community Safety	1,694	2,373	679
1,579	Environmental Sustainability	1,703	1,759	56
931	District Growth	934	1,035	101
9,001	Recreation and Community Facilities	9,327	9,464	137
989	Waste	966	1,305	339
-14,00	Roads and Footpaths	(14)	(14)	-
341	Stormwater Drainage	395	374	(21)
23	Sewerage Treatment and Disposal	42	240	198
150	Reportable Council-controlled organisations	144	195	51
279	Corporate and District Activities Funds Applied	227	23	(204)
(230)	Add operating reserve balances repaid	140	-	(140)
17,440	General Rates per Whole of Council FIS	18,123	19,312	1,189
660	Less Penalties	677	600	(77)
16,780	General Rates Levied per Rating Statement	17,446	18,712	1,266

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
NOTE 2: TARGETED RATES BY ACTIVITY				
317	Leadership	336	343	7
433	District Growth	442	479	37
16	Recreation and Community Facilities	17	-	(17)
4,342	Waste	4,416	3,367	(1,049)
7,510	Roads and Footpaths	7,732	6,936	(796)
2,002	Water Supply	2,116	2,141	25
2,848	Stormwater Drainage	2,948	3,092	144
2,687	Sewerage Treatment and Disposal	2,847	2,812	(35)
	Reportable Council-controlled organisations			-
	Add operating reserve balances repaid			-
20,155	Total Targeted Rates per Whole of Council FIS	20,854	19,170	(1,684)
3,003	Volumetric charges for water supply	3,173	3,173	-
23,158	Targeted Rates Levied per Rating Statement	24,027	22,343	(1,684)

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
NOTE 3: DEPRECIATION AND AMORTISATION				
0	Community Safety	-	7	7
89	District Growth	98	79	(19)
1,898	Recreation and Community Facilities	2,077	2,293	216
49	Waste	51	10	(41)
6,930	Roads and Footpaths	7,325	7,006	(319)
2,035	Water Supply	2,087	1,905	(182)
1,096	Stormwater Drainage	1,112	1,160	48
1,450	Sewerage Treatment and Disposal	1,613	1,427	(186)
70	Reportable Council-controlled Organisations	71	81	10
1,332	Corporate & District Activities Funds Applied	1,663	1,152	(511)
14,949	Total Depreciation and Amortisation	16,097	15,120	(977)

RECONCILIATION OF FUNDING IMPACT STATEMENT TO THE PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
TOTAL OPERATING INCOME				
Per Activity Funding Impact Statement:				
2,841	Leadership	3,104	2,963	(141)
3,120	Community Safety	3,210	3,808	598
1,955	Environmental Sustainability	2,089	2,055	(34)
4,078	District Growth	4,192	4,307	115
11,995	Recreation and Community Facilities	12,400	13,062	662
6,131	Waste	6,202	5,467	(735)
11,442	Roads and Footpaths	11,738	10,790	(948)
5,443	Water Supply	5,747	5,737	(10)
4,478	Stormwater Drainage	4,732	5,076	344
3,095	Sewerage Treatment and Disposal	3,289	3,470	181
361	Reportable Council-controlled Organisations	377	425	48
12,496	Corporate & District Activities	12,787	11,906	(881)
67,435	Total Operating Income	69,867	69,066	(801)
65,128	Total Income per Prospective Statement of Comprehensive Income:	65,211	65,535	324
2,307	Variance	4,656	3,531	(1,125)
Made up of:				
443	Gains on revaluation of Investment property	448	448	-
231	Vested Assets	233	233	-
10,997	Subsidies and Grants for capital expenditure	9,155	9,832	677
87	Development and Financial Contributions	97	94	(3)
(14,065)	Internal charges and overheads recovered	(14,589)	(14,138)	451

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
TOTAL OPERATING EXPENDITURE				
Per Activity Funding Impact Statement:				
2,839	Leadership	3,102	2,961	(141)
2,995	Community Safety	3,105	3,701	596
1,820	Environmental Sustainability	2,020	1,977	(43)
2,075	District Growth	2,123	2,290	167
11,744	Recreation and Community Facilities	11,943	12,401	458
5,864	Waste	5,946	5,281	(665)
8,436	Roads and Footpaths	8,579	7,932	(647)
4,108	Water Supply	4,346	3,968	(378)
3,530	Stormwater Drainage	3,734	4,003	269
2,193	Sewerage Treatment and Disposal	2,610	2,191	(419)
331	Reportable Council-controlled Organisations	336	373	37
12,871	Corporate & District Activities	13,346	12,646	(700)
58,806	Total Operating Expenditure	61,190	59,724	(1,466)
57,844	Total Expenditure per Prospective Statement of Comprehensive Income:	61,151	59,121	(2,030)
962	Variance	39	603	564
Made up of:				
(1,863)	Cost of Internal Borrowing	(1,551)	(1,471)	80
14,949	Depreciation	16,097	15,120	(977)
-	Inflation difference between overheads and recoveries	(2)	(2)	-
(14,048)	Internal charges and overheads recovered	(14,583)	(14,250)	451
Other Comprehensive Income				
	Gains on asset revaluation		6,307	6,307
7,284	Per Total Comprehensive Income For The Year	4,060	12,721	8,661

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
440,914	Accumulated Funds at the start of the year	448,198	436,663	-11,535
7,284	Net Surplus for the year	4,060	6,414	2,354
448,198	Accumulated Funds at the end of the year	452,258	443,077	-9,181
175,410	Asset Revaluation Reserves at the start of the year	182,477	158,354	(24,123)
7,067	Revaluation of Assets	6,307	6,307	-
182,477	Asset Revaluation Reserves at the end of the year	188,784	164,661	(24,123)
630,675	Equity at the end of the Year	641,042	607,738	(33,304)

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
PUBLIC EQUITY				
431,800	Retained Earnings	438,814	429,632	(9,182)
16,399	Restricted Equity	13,445	13,445	-
182,477	Asset Revaluation Reserves	188,784	164,661	(24,123)
630,676	Total Public Equity	641,043	607,738	(33,305)
CURRENT ASSETS				
1,228	Cash and Cash Equivalents	1,506	1,646	140
90	Other Current Assets	92	90	(2)
10,893	Trade and other Receivables	10,279	9,073	(1,206)
	Assets Held for Sale			-
12,211	Total Current Assets	11,877	10,565	(1,312)
NON CURRENT ASSETS				
43,741	Investment Property	44,189	43,782	(407)
631,900	Property, Plant and Equipment	647,629	607,520	(40,109)
7,000	Work in Progress	5,125	5,000	(125)
607	Other Non-Current Assets	622	607	(15)
683,248	Total Non Current Assets	697,565	656,909	(40,656)
695,459	Total Assets	709,442	667,718	(41,724)
CURRENT LIABILITIES				
10,561	Trade and Other Payables	9,940	9,653	(287)
1,700	Employee Benefit Liabilities	1,743	2,300	557
5,000	Borrowings	13,000	16,000	3,000
17,261	Total Current Liabilities	24,683	27,953	3,270

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
NON CURRENT LIABILITIES				
500	Provisions	513	620	107
45,675	Borrowings	41,822	28,251	(13,571)
1,347	Other Non-Current Liabilities	1,381	3,156	1,775
47,522	Total Non-Current Liabilities	43,716	32,027	(11,689)
64,783	Total Liabilities	68,399	59,980	-8,419
630,676	Net Assets	641,043	607,738	(33,305)

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
NET INVESTMENT IN COUNCIL CONTROLLED ORGANISATIONS				
789	Whakatāne Airport	793	809	16
448	Local Government Funding Agency*	448	448	-
1,237	Net Investment	1,241	1,257	16

* Council became a Guarantee Shareholder of the Local Government Funding Agency (LGFA) in December 2012. The shareholding includes a number of component parts and requirements including: unpaid subscribed capital, further equity commitments, investment in convertible borrower notes, and to enter into guarantees. Paid up capital of \$100,000 and convertible borrower notes of \$348,000 have been included in these forecast financial statements. Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore have not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low. Furthermore, unpaid subscribed capital and commitment shares are not recognised as a financial liability in these forecast financial statements given the risk of LGFA calling the unpaid capital/commitment shares is considered remote.

PROSPECTIVE STATEMENT OF CASH FLOWS

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
CASH FLOW FROM OPERATING ACTIVITIES				
Cash will be provided from:				
37,205	Rates and Service Charges	42,765	43,480	715
87	Development Contributions	97	94	(3)
2,226	Sundry Income	2,341	2,630	289
7,070	User Fees	5,826	6,941	1,115
14,518	Subsidies & Grants	12,634	13,485	851
40	Interest Income - External	40	50	10
8,185	Regional Council Rates	9,408	9,566	158
69,331	Total Operating Cash Provided	73,111	76,246	3,135
Cash will be applied to:				
37,320	Suppliers and Employees	41,606	41,099	(507)
2,645	Interest on Public Debt	3,182	2,920	(262)
8,185	Regional Council Rates	9,408	9,566	158
48,150	Total Operating Cash Applied	54,196	53,585	(611)
21,181	Net Cashflows from Operating Activities	18,915	22,661	3,746
CASH FLOW FROM INVESTING ACTIVITIES				
Cash will be provided from:				
625	Proceeds from sale of property, plant and equipment	625	-	(625)
625	Total Investing Cash Provided	625	-	-625
Cash will be spent on:				
28,029	Purchase of property, plant and equipment	23,411	24,165	754
	Change in Work in Progress			
28,029	Total Investing Cash Applied	23,411	24,165	754
(27,404)	Net Cashflows from Investing Activities	(22,786)	(24,165)	(1,379)

AP 2016 \$000		LTP 2017 \$000	AP 2017 \$000	VARIANCE 2017 \$000
CASH FLOW FROM FINANCING ACTIVITIES				
Cash will be provided from:				
7,076	Loans raised	4,148	2,650	(1,498)
7,076	Total Financing Cash Provided	4,148	2,650	-1,498
Cash will be spent on:				
0	Repayment of public debt	-	-	-
0	Total Financing Cash Applied	-	-	-
7,076	Net Cashflows from financing activities	4,148	2,650	(1,498)
853	Net increase (decrease) in cash held	277	1,146	869
375	Plus opening cash balance	1,228	500	(728)
1,228	Closing Cash Position	1,505	1,646	141

A blue-tinted photograph of a bird feeding its young in a red flower. The bird is on the left, and the young bird is on the right, both positioned within a large, vibrant red flower. The background is filled with green leaves and branches. The image is split diagonally, with the top-left portion being a solid dark blue color.

Key Capital Expenditure Projects

The table on the following pages sets out the key capital expenditure projects which are planned for the period of this Annual Plan. This may include portions of projects which span multiple years. For more information on project timing and total costs, refer to the Long Term Plan page 202.

CAPITAL PROJECTS LIST - 2016/17 ANNUAL PLAN

PROJECT DESCRIPTION	BUDGET		FUNDING SOURCE							
	LTP \$ 2016/17	AP \$ 2016/17	DEPRECIATION RESERVES	LOANS	DEVELOPMENT CONTRIBUTIONS	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
GROUP: ROADS AND FOOTPATHS										
Activity: Local Roads Renewals and Improvements (Financially Assisted)										
Unsealed Road Metalling	461,250	461,250	212,175	-	-	249,075	-	-	-	-
Sealed Road Resurfacing - Chip & Thin	1,927,000	1,727,000	794,420	-	-	932,580	-	-	-	-
Drainage Renewals - Culverts, Kerb & Channel	461,250	461,250	212,175	-	-	249,075	-	-	-	-
Pavement Rehabilitation	754,400	754,400	347,024	-	-	407,376	-	-	-	-
Structures Component Replacements	133,250	133,250	61,295	-	-	71,955	-	-	-	-
Renewals - Carriage Lights, Signs, Power Undergrounding	244,000	244,000	112,240	-	-	131,760	-	-	-	-
Minor Improvements	1,580,000	1,530,000	-	645,660	73,440	810,900	-	-	-	-
Improvements - Tāneatua Rd Route Security	768,750	768,750	-	353,625	-	415,125	-	-	-	-
Improvements - LED C'Way Light Upgrades	1,000,000	1,000,000	460,000	-	-	540,000	-	-	-	-
Improvements - Upgrade Caverhill Road Rail Crossing	-	50,000	-	-	-	50,000	-	-	-	-
Activity Total: Local Roads Renewals and Improvements	7,329,900	7,129,900	2,199,329	999,285	73,440	3,857,846	-	-	-	-
Activity: Special Purpose Roads (Financially Assisted)										
Unsealed Road Metalling	276,750	276,750	-	-	-	276,750	-	-	-	-
Sealed Road Resurfacing	109,675	109,675	-	-	-	109,675	-	-	-	-
Drainage Renewals	100,450	100,450	-	-	-	100,450	-	-	-	-
Pavement Rehabilitation	-	-	-	-	-	-	-	-	-	-
Traffic Services - Street Lights & Signs	25,550	25,550	-	-	-	25,550	-	-	-	-
Minor Improvements	84,050	84,050	-	-	-	84,050	-	-	-	-
Structures Component Replacements	51,250	51,250	-	-	-	51,250	-	-	-	-
SPR Improvements	1,383,333	1,383,333	-	-	-	1,383,333	-	-	-	-
Improvements - LED C'way Light Upgrades	-	60,000	-	-	-	60,000	-	-	-	-
Activity Total: Special Purpose Roads	2,031,058	2,091,058	-	-	-	2,091,058	-	-	-	-
Activity: Non Financially Assisted Transport										
Renewals - Soakpit & Drainage	41,000	41,000	41,000	-	-	-	-	-	-	-
Renewals - Amenity Signs & Lighting	10,250	10,250	10,250	-	-	-	-	-	-	-
Renewals - Footpath	153,750	153,750	153,750	-	-	-	-	-	-	-
New Kerbing & Drainage	20,500	20,500	-	20,500	-	-	-	-	-	-

PROJECT DESCRIPTION	BUDGET		FUNDING SOURCE							
	LTP \$ 2016/17	AP \$ 2016/17	DEPRECIATION RESERVES	LOANS	DEVELOPMENT CONTRIBUTIONS	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
Under Vearndah Lighting Upgrades	15,375	15,375	-	15,375	-	-	-	-	-	-
New Stock crossing signs	5,125	5,125	-	-	-	-	-	5,125	-	-
Road Legislation (Road Reserve Purchase)	51,250	51,250	-	-	-	-	-	-	51,250	-
Renewals - Parking	10,250	10,250	-	-	-	-	10,250	-	-	-
Ōhope SW Outlet Improvements	-	23,500	-	23,500	-	-	-	-	-	-
Activity Total: Non Financially Assisted Transport	307,500	331,000	205,000	59,375	-	-	10,250	5,125	51,250	-
Group Total: Roads and Footpaths	9,668,458	9,551,958	2,404,329	1,058,660	73,440	5,948,904	10,250	5,125	51,250	-
GROUP: WATER SUPPLY										
Whakatāne Renewals & Replacements	287,000	297,000	297,000	-	-	-	-	-	-	-
Whakatāne Water Storage	-	60,000	-	55,860	4,140	-	-	-	-	-
Whakatāne - Coastlands Link Main	250,000	50,000	-	1,000	49,000	-	-	-	-	-
Extension of water main for Huna Rd development	250,000	130,000	-	2,600	127,400	-	-	-	-	-
Ōhope Supply Main from Ngātiawa Res	50,000	50,000	50,000	-	-	-	-	-	-	-
Murupara Pipe Replacement	200,000	208,000	208,000	-	-	-	-	-	-	-
Edgecumbe - supply main including larger pipe to SH30	-	3,350,000	-	1,330,285	-	2,019,715	-	-	-	-
Plains Water - Paul Road Bore Site Development	-	1,000,000	-	500,000	-	-	500,000	-	-	-
Plains Water - Supply main from Paul Rd Bore to Te Teko	-	550,000	55,000	495,000	-	-	-	-	-	-
Plains Water - Isolation Te Teko from Plains	-	300,000	-	300,000	-	-	-	-	-	-
Pipe sampling Programme - All Areas	21,500	21,500	21,500	-	-	-	-	-	-	-
Connection & Meter Replacement - All Areas	381,500	381,500	381,500	-	-	-	-	-	-	-
Other Areas - Minor Renewals	21,000	21,000	21,000	-	-	-	-	-	-	-
Group Total: Water Supply	1,461,000	6,419,000	1,034,000	2,684,745	180,540	2,019,715	500,000	-	-	-
GROUP: SEWERAGE TREATMENT AND DISPOSAL										
Whakatāne Wastewater Renewals and Upgrades	80,000	80,000	80,000	-	-	-	-	-	-	-
Huna Rd Development	795,000	413,400	-	8,268	405,132	-	-	-	-	-
Whakatāne - Upgrade Wastewater Treatment Plant	10,000	210,000	63,000	147,000	-	-	-	-	-	-
Ōhope Waterwater Renewals & Upgrades	63,500	63,500	25,574	33,950	3,976	-	-	-	-	-
Ōhope - Rising Main No5	2,700,000	2,808,000	2,808,000	-	-	-	-	-	-	-
Edgecumbe - Upgrade and Additional Storage	500,000	520,000	156,000	156,000	-	208,000	-	-	-	-
Edgecumbe Pump Replacement	5,000	5,000	5,000	-	-	-	-	-	-	-
Group Total: Sewerage Treatment and Disposal	4,153,500	4,099,900	3,137,574	345,218	409,108	208,000	-	-	-	-

PROJECT DESCRIPTION	BUDGET		FUNDING SOURCE							
	LTP \$ 2016/17	AP \$ 2016/17	DEPRECIATION RESERVES	LOANS	DEVELOPMENT CONTRIBUTIONS	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
GROUP: STORMWATER DRAINAGE										
Electrical Installations	1,000	5,000	5,000	-	-	-	-	-	-	-
Minor Works	20,000	20,000	-	-	-	-	-	-	20,000	-
Pipe Upgrades	50,000	50,000	35,000	15,000	-	-	-	-	-	-
Stormwater upgrades for Huna Rd developmt	850,000	442,000	-	8,840	433,160	-	-	-	-	-
McAlister PS Pump Upgrade	-	600,000	420,000	180,000	-	-	-	-	-	-
Pohutukawa/Harbour Rd upgrades	100,000	100,000	50,000	50,000	-	-	-	-	-	-
Group Total: Stormwater Drainage	1,021,000	1,217,000	510,000	253,840	433,160	-	-	-	20,000	-
GROUP: WASTE										
Ongoing minor replacements	15,000	15,000	15,000	-	-	-	-	-	-	-
Group Total: Waste	15,000	15,000	15,000	-	-	-	-	-	-	-
GROUP: COMMUNITY SAFETY										
Activity: Safer Communities										
CCTV Phase 2	100,000	30,000	30,000	-	-	-	-	-	-	-
Activity Total: Safer Communities	100,000	30,000	30,000	-	-	-	-	-	-	-
Group Total: Community Safety	100,000	30,000	30,000	-	-	-	-	-	-	-
GROUP: DISTRICT GROWTH										
Activity: Strategic Property										
Renewals	46,922	83,402	-	-	-	-	36,480	-	-	46,922
Woodwaste Remediation	-	50,000	-	-	-	-	50,000	-	-	-
Activity Total: Strategic Property	46,922	133,402	-	-	-	-	86,480	-	-	46,922
Activity: Events and Tourism										
Xmas Lights	20,500	20,500	-	-	-	20,500	-	-	-	-
Activity Total: Events and Tourism	20,500	20,500	-	-	-	20,500	-	-	-	-
Group Total: District Growth	67,422	153,902	-	-	-	20,500	86,480	-	-	46,922

PROJECT DESCRIPTION	BUDGET		FUNDING SOURCE							
	LTP \$ 2016/17	AP \$ 2016/17	DEPRECIATION RESERVES	LOANS	DEVELOPMENT CONTRIBUTIONS	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
GROUP: RECREATION AND COMMUNITY FACILITIES										
Activity: Library										
Library Mixed Collection Renewal	100,000	100,000	100,000	-	-	-	-	-	-	-
Activity Total: Library	100,000	100,000	100,000	-	-	-	-	-	-	-
Activity: Halls										
Renewals	302,424	302,424	302,424	-	-	-	-	-	-	-
Activity Total: Halls	302,424	302,424	302,424	-	-	-	-	-	-	-
Activity: Parks And Reserves										
Kani Rangī Park Development	-	10,000	-	-	-	-	10,000	-	-	-
Galatea Reserve and Aniwheua Playground phase 2	-	10,000	-	-	-	-	10,000	-	-	-
Matatā Coastal Reserve Access	27,500	27,500	-	27,500	-	-	-	-	-	-
Port Ōhope Recreation reserve	10,000	10,000	-	-	480	-	9,520	-	-	-
Sullivan Lake Footpath & Retaining Walls	32,000	32,000	-	-	-	-	32,000	-	-	-
Harbour Beautification	50,000	50,000	-	-	2,400	-	47,600	-	-	-
Coastal Land Acquisition	100,000	100,000	-	95,200	4,800	-	-	-	-	-
Park & Reserve Renewals	304,878	217,949	217,949	-	-	-	-	-	-	-
Dog Park	-	40,000	-	-	-	40,000	-	-	-	-
Walking and Cycling Projects	75,000	75,000	-	-	-	-	75,000	-	-	-
Wairaka Centennial Park	-	720,000	64,800	-	115,200	223,200	316,800	-	-	-
Mowing Unit Plant & Equipment	-	730,000	-	730,000	-	-	-	-	-	-
Activity Total: Parks And Reserves	599,378	2,022,449	282,749	852,700	122,880	263,200	500,920	-	-	-
Activity: Sports Fields										
Renewals	62,385	62,385	62,385	-	-	-	-	-	-	-
Rugby Park - Grandstand	29,004	29,004	29,004	-	-	-	-	-	-	-
Activity Total: Sports Fields	91,389	91,389	91,389	-	-	-	-	-	-	-
Activity: Cemeteries And Crematorium										
Whakatāne Cemetery Berms	10,000	20,000	-	-	2,200	-	-	17,800	-	-
Cemeteries & Crematorium Renewals	15,686	20,318	20,318	-	-	-	-	-	-	-
Activity Total: Cemeteries And Crematorium	25,686	40,318	20,318	-	2,200	-	-	17,800	-	-
Activity: Public Conveniences										
Renewals	83,926	76,944	76,944	-	-	-	-	-	-	-
Mitchell Park Tāneatua	135,000	135,000	-	135,000	-	-	-	-	-	-

PROJECT DESCRIPTION	BUDGET		FUNDING SOURCE							
	LTP \$ 2016/17	AP \$ 2016/17	DEPRECIATION RESERVES	LOANS	DEVELOPMENT CONTRIBUTIONS	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
Activity Total: Public Conveniences	218,926	211,944	76,944	135,000	-	-	-	-	-	-
Activity: Aquatic Centres										
Renewals	52,171	92,171	92,171	-	-	-	-	-	-	-
Redesign of Reception, Entrance and Office	-	155,000	-	155,000	-	-	-	-	-	-
Activity Total: Aquatic Centres	52,171	247,171	92,171	155,000	-	-	-	-	-	-
Activity: Ports And Harbour										
Port Ōhope Site upgrade/development	337,000	337,000	-	-	-	-	337,000	-	-	-
Renewals - Buildings, Wharf, Jetties, Ramps and Navigation	34,632	34,632	34,632	-	-	-	-	-	-	-
Whakatāne Main Wharf Replacement	50,000	320,000	256,000	-	-	-	64,000	-	-	-
Quay Street Wharf Extension	1,000,000	500,000	-	-	-	-	500,000	-	-	-
Whakatāne Harbour - Eastern Wall Strengthening	500,000	500,000	-	-	-	-	500,000	-	-	-
Activity Total: Ports And Harbour	1,921,632	1,691,632	290,632	-	-	-	1,401,000	-	-	-
Group Total: Recreation and Community Facilities	3,311,606	4,707,327	1,256,627	1,142,700	125,080	263,200	1,901,920	17,800	-	-
GROUP: CORPORATE ACTIVITIES										
Activity: Corporate Information										
ICT Infrastructure	430,000	430,000	430,000	-	-	-	-	-	-	-
Organisational Performance Reporting	-	75,000	-	75,000	-	-	-	-	-	-
ERP Development	50,000	50,000	50,000	-	-	-	-	-	-	-
Asset Management - Hansen, Kern, SPM, RAMMS	40,000	40,000	40,000	-	-	-	-	-	-	-
Corporate Disclosure Management	-	108,000	108,000	-	-	-	-	-	-	-
LS - Aerial Photography Rural and Urban	40,000	40,000	40,000	-	-	-	-	-	-	-
Activity Total: Corporate Information	560,000	743,000	668,000	75,000	-	-	-	-	-	-
Activity: Business Operations Business Unit										
Replacement of small plant and handheld devices	28,600	28,600	28,600	-	-	-	-	-	-	-
Activity Total: Business Operations BU	28,600	28,600	28,600	-	-	-	-	-	-	-
Activity: Corporate Property										
Vehicle Replacements Council-wide (renewals funded)	180,422	180,422	180,422	-	-	-	-	-	-	-
Renewals and Upgrades	146,153	133,341	133,341	-	-	-	-	-	-	-
Earthquake Strengthening investigations and works	700,000	700,000	350,000	350,000	-	-	-	-	-	-
Museum Redevelopment	3,200,000	1,600,000	68,640	160,000	-	1,371,360	-	-	-	-
Activity Total: Corporate Property	4,226,575	2,613,763	732,403	510,000	-	1,371,360	-	-	-	-
Group Total: Corporate Activities	4,815,175	3,385,363	1,429,003	585,000	-	1,371,360	-	-	-	-

PROJECT DESCRIPTION	BUDGET		FUNDING SOURCE							
	LTP \$ 2016/17	AP \$ 2016/17	DEPRECIATION RESERVES	LOANS	DEVELOPMENT CONTRIBUTIONS	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
GROUP: REPORTABLE COUNCIL-CONTROLLED ORGANISATIONS										
Activity: Whakatāne Airport										
Runway Lighting and Navigational Aids Upgrade	-	400,000	-	200,000	-	-	200,000	-	-	-
Pavement Resurfacing	-	102,936	51,468	-	-	-	51,468	-	-	-
Renewals	10,500	17,790	5,250	3,645	-	-	8,895	-	-	-
Electronic Security Access System (airport)	-	12,000	-	6,000	-	-	6,000	-	-	-
Activity Total: Whakatāne Airport	10,500	532,726	56,718	209,645	-	-	266,363	-	-	-
Group Total: Reportable Council-controlled Organisations	10,500	532,726	56,718	209,645	-	-	266,363	-	-	-
COUNCIL TOTAL	24,623,661	30,112,176	9,873,251	6,279,808	1,221,328	9,831,679	2,765,013	22,925	71,250	46,922

Reserve Balance Forecast 2016/17

	ACTIVITY	PURPOSE	REVISED 30 JUNE 2016 \$000	2016/17 TRANSFERS IN \$000	2016/17 TRANSFERS OUT \$000	ANNUAL PLAN 30 JUNE 2017 \$000
GENERAL OPERATING RESERVES						
General Rates and Revenues	General Council	For General Rate funded Surpluses or Deficits	655	31	(194)	492
Roading Rate - Roads & Footpaths	Roads & Footpaths	For Roading Rate funded Surpluses or Deficits	98	6	-	104
Refuse Collection rate	Waste	For Refuse Collection Rate funded Surpluses or Deficits	193	119	(180)	132
Whakatane Wastewater	Wastewater	For Wastewater Rate funded Surpluses or Deficits	(128)	2	(10)	(136)
Matata Wastewater	Wastewater - Matatā	For Wastewater Rate funded Surpluses or Deficits	(2,210)	175	(196)	(2,232)
Murupara Wastewater	Wastewater - Murupara	For Wastewater Rate funded Surpluses or Deficits	(13)	-	(1)	(14)
Whakatane Water	Water	For Water Rate Funded Surpluses or Deficits	(468)	411	(17)	(74)
Murupara Water	Water - Murupara	For Water Rate Funded Surpluses or Deficits	(97)	-	(5)	(102)
Plains Water	Water - Plains	For Water Rate Funded Surpluses or Deficits	1,164	51	(500)	716
Ruatāhuna Water	Water - Ruatāhuna	For Water Rate Funded Surpluses or Deficits	4	-	-	4
Dog Control	Dog Control	For Animal Control Operating Surpluses or Deficits	181	9	(54)	135
Parking Enforcement	Parking Enforcement	For Parking Enforcement Operating Surpluses or Deficits	392	19	(89)	323
Pensioner Housing	Pensioner Housing	For Pensioner Housing Operating Surpluses or Deficits	273	15	-	288
Airport Whakatāne 50%	Airport Whakatāne	For Whakatane Airport Operating Surpluses or Deficits	(945)	-	(372)	(1,317)
Disaster Mitigation	Stormwater	For Disaster Mitigation Surpluses or Deficits	11	1	(1)	12
Whakatane Stormwater	Whakatane Stormwater	For Stormwater Rate funded Surpluses or Deficits	3	-	-	3
Ohope Stormwater	Ohope Stormwater	For Stormwater Rate funded Surpluses or Deficits	(44)	40	(1)	(6)
Edgecumbe Stormwater	Edgecumbe Stormwater	For Stormwater Rate funded Surpluses or Deficits	63	4	-	67
Matata Stormwater	Matata Stormwater	For Stormwater Rate funded Surpluses or Deficits	(27)	25	(1)	(3)
Taneatua Stormwater	Taneatua Stormwater	For Stormwater Rate funded Surpluses or Deficits	(2)	-	-	(2)
Te Teko Stormwater	Te Teko Stormwater	For Stormwater Rate funded Surpluses or Deficits	(2)	-	-	(2)
Te Mahoe Stormwater	Te Mahoe Stormwater	For Stormwater Rate funded Surpluses or Deficits	-	-	-	-
General Operating Reserves Total			(898)	908	(1,620)	(1,610)

	ACTIVITY	PURPOSE	REVISED 30 JUNE 2016 \$000	2016/17 TRANSFERS IN \$000	2016/17 TRANSFERS OUT \$000	ANNUAL PLAN 30 JUNE 2017 \$000
OTHER RESERVES						
Car parks Development	Parking	For the Development of Car parks in the District	39	2	-	41
Galatea Reserve Development	General Council	For amenities within the Galatea and Murupara areas	2	-	-	2
Disabled Facilities	General Council	For the improvement of Disabled Facilities throughout the District	(9)	-	-	(9)
Roading Storm Damage Reserve	Roads & Footpaths	To fund costs associated with storm damage to the Councils Roding network	1,214	68	-	1,282
Te Mahoe Water - special	Water	For the purchase of Capital Expenditure for the Te Mahoe Water scheme	182	10	-	193
Disaster /LAPP Insurance Reserve	Corporate & District	To fund contributions to the LAPP scheme over and above annual insurance	306	17	-	323
Asset Divestment	General Council	Surplus funds from the Divestment of Council Assets	(2)	-	(568)	(569)
Leaky Homes Reserve	Building	To fund weather tight claims	410	23	-	433
Community Boards & Iwi Liaison	Community Boards & Iwi Liaison	Separately collected rates for community projects	137	9	(1)	145
Digitisation	Corporate & District	To fund digitisation project	257	14	-	271
Other Reserves Total			2,538	144	(569)	2,112
DEPRECIATION RESERVES						
Water	Water	To fund the renewal of Water assets	2,420	958	(1,059)	2,319
Sewage Treatment and Disposal	Sewage Treatment and Disposal	To fund the renewal of Sewage assets	1,513	1,051	(3,217)	(653)
Stormwater	Stormwater	To fund the renewal of Stormwater assets	(536)	247	(555)	(844)
Refuse Disposal	Refuse Disposal	To fund the renewal of Refuse Disposal assets	159	-6	(15)	138
Libraries	Libraries	To fund the renewal of Library assets	60	129	(100)	88
Museum	Museum	To fund the renewal of Museum assets	129	7	-	136
Parks and Gardens & Sports fields	Parks, Reserves, Recreation & Sportsfields	To fund the renewal of Parks and Gardens & Sports fields assets	1,278	392	(374)	1,296
Cemeteries & Crematoria	Cemeteries & Crematorium	To fund the renewal of Cemeteries & Crematorium assets	57	26	(20)	62
Aquatic Centres	Aquatic Centres	To fund the renewal of Aquatic Centre assets	301	160	(92)	369
Halls	Corporate & District	To fund the renewal of Halls assets - includes multisports centre in 2019 / 2020	583	210	(302)	490
Public Conveniences	Public Conveniences	To fund the renewal of Public Conveniences assets	347	15	(77)	285
Pensioner Housing	Pensioner Housing	To fund the renewal of Pensioner Housing assets	335	19	-	353
Strategic & Investment Property	District Growth	To fund the renewal of Commercial Property assets	2	-	-	2
Vehicle & Plant Reserve	Corporate & District	To fund the renewal of Vehicle and Plant	308	228	(209)	326
Corporate Property	Corporate & District	To fund the renewal of Corporate Property assets	673	319	(582)	410
Information Management	Corporate & District	To fund the renewal of Information Management assets	2,194	427	(668)	1,953
Port	Ports & Harbour	To fund the renewal of Port & Harbour assets	1,633	569	(291)	1,912
Roading - assisted / non-assisted / special and safety	Roads & Footpaths	To fund the renewal of Roding assets	586	1,921	(2,404)	102
Airport - Whakatāne 50%	Whakatane Airport	To fund the renewal of Whakatane Airport assets	(277)	81	(72)	(268)
Depreciation Reserves Total			11,762	6,754	(10,037)	8,479

	ACTIVITY	PURPOSE	REVISED 30 JUNE 2016 \$000	2016/17 TRANSFERS IN \$000	2016/17 TRANSFERS OUT \$000	ANNUAL PLAN 30 JUNE 2017 \$000
RESTRICTED RESERVES						
Development Contributions - Whakatane Water	Water	To fund growth related capital expenditure	27	17	(184)	(140)
Development Contributions - Ohope Water	Water	To fund growth related capital expenditure	146	8	-	154
Development Contributions - Edgecumbe Water	Water	To fund growth related capital expenditure	7	-	-	7
Development Contributions - Matata Water	Water	To fund growth related capital expenditure	63	4	-	67
Development Contributions - Plains Water	Water	To fund growth related capital expenditure	(101)	17	(5)	(89)
Development Contributions - Whakatane Wastewater	Sewage Treatment and Disposal	To fund growth related capital expenditure	(1,331)	44	(490)	(1,777)
Develop Contributions - Coastlands Wastewater	Sewage Treatment and Disposal	To fund growth related capital expenditure	-	-	-	-
Development Contributions - Ohope Wastewater	Sewage Treatment and Disposal	To fund growth related capital expenditure	210	12	(4)	217
Development Contributions - Edgecumbe Wastewater	Sewage Treatment and Disposal	To fund growth related capital expenditure	(3)	-	-	(3)
Development Contributions - Matatā Wastewater	Sewage Treatment and Disposal	To fund growth related capital expenditure	-	8	-	8
Development Contributions - Community Infrastructure	Recreation & Community Services	To fund growth related Community Infrastructure. Arts & Culture, Recreation & Community Facilities	416	23	(2)	437
Development Contributions - Parks, Gardens and Reserves	Recreation & Community Services	To fund growth related Parks, Gardens and Reserves capital expenditure	259	11	(123)	147
Development Contributions - Rural Reserves	Recreation & Community Services	To fund growth related capital expenditure	254	14	-	268
Development Contributions - Whakatane Reserves	Recreation & Community Services	To fund growth related capital expenditure	(7)	-	-	(7)
Development Contributions - Ohope Reserves	Recreation & Community Services	To fund growth related capital expenditure	167	9	-	177
Development Contributions - Edgecumbe Reserves	Recreation & Community Services	To fund growth related capital expenditure	51	3	-	54
Development Contributions - Murupara Reserves	Recreation & Community Services	To fund growth related capital expenditure	11	1	-	12
Development Contributions - Solid Waste	Waste	To fund growth related Solid Waste capital expenditure	222	12	-	234
Development Contributions - Roothing	Roads & Footpaths	To fund growth related Roothing capital expenditure	1,099	59	(73)	1,085
Development Contributions - Non Fin Assisted Roothing	Roads & Footpaths	To fund growth related capital expenditure	4	-	-	4
Development Contributions - Whakatāne Stormwater	Stormwater	To fund growth related capital expenditure	107	26	(439)	(306)
Development Contributions - Ohope Stormwater	Stormwater	To fund growth related capital expenditure	111	6	-	117
Development Contributions - Whakatane Car parks	Roads & Footpaths	To fund growth related capital expenditure	(8)	-	-	(8)
Capital Contributions - Roothing	Roads & Footpaths	Financial Contributions for Roothing Capital Projects	54	3	-	57
Subdivision Contributions - Whakatane	General Council	To fund capital expenditure in the Whakatane Ward	162	9	-	172
Subdivision Contributions - Ohope	General Council	To fund capital expenditure in the Ohope Ward	40	2	-	42
Subdivision Contributions - Edgecumbe	General Council	To fund capital expenditure in the Edgecumbe Ward	23	1	-	24
Subdivision Contributions - Matata	General Council	To fund capital expenditure in the Matata Ward	19	1	-	20
Subdivision Contributions - Murupara	General Council	To fund capital expenditure in the Murupara Ward	6	-	-	6
Subdivision Contributions - Rural	General Council	To fund capital expenditure in the Rural Ward	29	2	-	31
Harbour Capital Fund	Ports & Harbour	For Ports & Harbour Operating Surpluses or Deficits	5,035	2,351	(3,576)	3,810
Harbour Land Sales	Ports & Harbour	Funds set aside from the sale of Harbour assets	10,127	567	-	10,694
Restricted Reserves Total			17,199	3,211	(4,896)	15,514



Statement of Accounting Policies

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

Reporting entity

Whakatāne District Council is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand. The principal accounting policies adopted in the preparation of this financial report are set out below. The financial report consists of the prospective financial statements of Whakatāne District Council (the Council) and includes the Whakatāne Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport.

The primary objective of the Council is to provide goods or services for community or social benefit, rather than making a financial return. Accordingly, the Council has designated itself a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The prospective financial statements of the Council are for the year ended 30 June 2017. The financial statements were authorised for issue on 23 June 2016, by Council resolution. The Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Basis of preparation

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). They comply with FRS 42 Prospective Financial Statements, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

MEASUREMENT BASE

The financial statements use estimated closing balances from the period ending 30 June 2016; estimates have been restated accordingly if required. These financial statements have been prepared on a historical basis, modified by the estimated revaluation of land and buildings, certain infrastructural assets, financial instruments (including derivative instruments), investment property, and forestry assets.

FUNCTIONAL AND PRESENTATION CURRENCY

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. The functional currency of the Council is New Zealand dollars.

STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

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

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1

Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is effective 1 January 2018.

JOINT VENTURES AND ASSOCIATES

Council recognises in its financial statements its share of jointly-controlled assets, the liabilities and expenses it incurs, its share of liabilities and expenses incurred jointly, and income from the sale or use of its share of the output of the joint venture.

Significant Accounting Policies

Revenue recognition

Revenue is measured at fair value of the consideration received.

RATES

Rates are set annually by a resolution from the Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as the Council is acting as an agent for BOPRC. Rates collected on behalf of the BOPRC are not included in the Prospective Statement of Comprehensive Income as it does not belong to the Council. It is however, included as a receipt and payment in the Prospective Statement of Cash Flows.

Revenue from water rates by meter is recognised on an accrual basis.

LICENCES AND PERMITS

Revenue derived from licences and permits is recognised on application.

DEVELOPMENT CONTRIBUTIONS

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

SALES OF GOODS

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

PROVISION OF SERVICES

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

RENTAL REVENUE

Rental revenue is recognised in the period that it relates to.

INTEREST INCOME

Interest income is recognised using the effective interest method.

DIVIDEND INCOME

Dividend income is recognised when the right to receive payment is established.

VESTED ASSETS

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income. Assets vested in the Council are recognised as income when control over the asset is obtained.

TRAFFIC AND PARKING INFRINGEMENTS

Traffic and parking infringements are recognised when tickets are paid.

GRANTS AND SUBSIDIES

Grants and subsidies are recognised when the conditions of the grant or subsidy have been met.

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 a successful applicant has been notified of the Council's decision.

Government grants are received from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Finance costs

Borrowing costs are recognised as an expense in the period in which they are incurred. The Council has not capitalised borrowing costs associated with funding capital works in progress which represents a departure from NZ IAS 23: Borrowing Costs. However, it is in line with the decision of the Accounting Standards Review Board to indefinitely defer the adoption of NZ IAS 23 for public benefit entities.

Income tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

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.

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

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 the deductible temporary differences or tax losses.

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 or taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with 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 statement of financial performance 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 financial institutions, 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 on the prospective statement of financial position.

Trade and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost, less any provision for impairment.

Impairment of a receivable is established when there is objective 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 considered indicators that the debt 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. The carrying amount of the asset is reduced through the use of an additional 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 cost of receivables. Overdue receivables that have not been renegotiated are reclassified as current (that is, not past due).

Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost.

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 and group 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 and group 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 income.

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 remeasurement 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 loans are subsequently measured at amortised cost using the effective interest method. 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.

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 INCOME

Financial assets at fair value through other comprehensive income 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 the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date. The Council and group 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 income, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Impairment of financial assets

At each balance sheet date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the prospective statement of comprehensive income.

Derivative financial instruments

The Council uses derivative financial instruments (interest rate swaps) to hedge exposure to interest rate risks arising from 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 remeasured at their fair value at each balance date.

The associated gains or losses of these derivatives are recognised in the prospective statement of comprehensive income.

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 prospective statement of comprehensive income. 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, library books, plant and equipment, museum collection and motor vehicles.

RESTRICTED ASSETS

Restricted assets are parks, reserves and harbour assets owned by the Council which 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 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.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

REVALUATION

Land, buildings (operational and restricted), 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. All other asset classes are carried at depreciated historical cost.

On transition to NZ IFRS, Whakatāne District Council elected to use the fair value of land under roads as at 1 July 2006 as deemed cost. Land under roads is no longer revalued.

The Council assesses the carrying values of its re-valued 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.

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the prospective statement of comprehensive income. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the statement of comprehensive income will be recognised first in the prospective statement of comprehensive income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

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. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, 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 the prospective statement of comprehensive income. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

DEPRECIATION

Depreciation is provided on a straight-line basis on all buildings, bridges and other structures and diminishing value for motor vehicles, plant and equipment, office equipment and furnishings. Land is non depreciable. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

The expected lives, in years, of major classes of fixed assets are as follows:

INFRASTRUCTURE ASSETS	YEARS
ROADING	
Land - Road reserve	N/A
Road formation	N/A
Pavement Basecourse	22-90
Sealed Pavement surface	2-20
Unsealed roads	2-7
Traffic control device	50
Road signs and markers	7-15
Kerbs and channels and cesspits	40-60
Surface water Channel	15-50
Street Railings	10-20
Traffic Islands	50
Street lighting	10-50
Footpaths	20-50
Bridges – concrete	100
Bridges – wooden	30
Car-parks	50
WATER	
Treatment plant – structure	70-90
Treatment plant – contents	15-50
Pump stations – structure	80-100
Pump stations – contents	10-50
Reservoirs – concrete and wooden	70-90
Water lines and service lines	50-80
Valves and hydrants	30-65
Water meters	15-25
WHARVES	
Wharves (concrete)	50
STORMWATER	
Stormwater lines	80

INFRASTRUCTURE ASSETS	YEARS
Manholes	70-80
Open drains and channels	50-90
Pump stations – structure	80-100
Pump station – contents	12-40
Retention dams	80-90
Floodgates	50
SEWERAGE	
Sewer lines and service lines	60-80
Manholes	70-80
Pump station – structure	60-70
Pump station – contents	12-25
Ponds – structure	60
Ponds – plant and equipment	15-25
REFUSE	
Whakatāne landfill	8.5
Murupara landfill	2
Solid Waste	25

OPERATIONAL ASSETS	YEARS
Museum assets	N/A
Land	N/A
Buildings	40-100
Vehicles	5
Plant and machinery – heavy	8-12.5
Plant and machinery – light	2-5
Furniture and fittings	10
Library books	7
Office equipment	4-5
<i>The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.</i>	

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.

Cost associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

EASEMENTS

Easements are recognised at cost, being purchase price and any directly attributable costs in bringing the asset to its intended use. Easements have an indefinite useful life and consequently 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 prospective statement of comprehensive income.

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

Computer software 4 - 5 years 25% - 20%

Impairment of non-financial assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of comprehensive income.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the prospective statement of comprehensive income.

The reversal of an impairment loss on a re-valued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in prospective statement of comprehensive income, a reversal of the impairment loss is also recognised in the prospective statement of comprehensive income.

For assets not carried at a re-valued amount the reversal of an impairment loss is recognised in the prospective statement of comprehensive income.

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 as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the prospective statement of comprehensive income.

Forest assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax 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 biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the Prospective Statement of Comprehensive Income.

The costs to maintain forestry assets are included in the Prospective Statement of Comprehensive Income.

Creditors and other payables

Creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently 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.

Provisions

Provisions are recognised when: the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Landfill Aftercare Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax 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.



Employee benefits

SHORT-TERM BENEFITS

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values 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, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Council recognises a liability for sick leave 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 that the Council anticipates it will be used by staff to cover those future absences.

LONG-TERM BENEFITS

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave 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.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

SUPERANNUATION SCHEME

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

Public equity

Public 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 a number of reserves. Reserves are a component of equity generally representing a particular use for which various parts of equity have been assigned.

The components of equity are:

- Retained earnings;
- 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 Council.

Restricted reserves are those subject to specific conditions accepted as binding by 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.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

We have assumed an interest rate of 5.69%. We use best estimates to predict what things will cost in the future, including inflation expectations. There is a risk that future interest rates and prices of actual inputs and outputs will not increase at the rate assumed. We expect growth to reflect the medium population projection by Statistics New Zealand (34,700 for 2011 and 34,600 for 2016). If growth were to differ substantially from the assumption, growth related projects and work programmes will need to be adjusted.

Goods and services tax

All items in the financial statements are stated exclusive of GST, except for receivables and creditors and other payables, which are presented inclusive of GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the prospective 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 prospective statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

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 the significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Indirect costs are charged to significant activities using appropriate cost drivers such as usage, staff numbers, and floor area.



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WHAKATĀNE
District Council
Kia Whakatāne au i ahau