Revenue and Financing Policy

Te Kaupapa here Pūtea whiwhi me te Ahumoni

WHAKATĀNE
District Council
Kia Whakatāne au i ahau

REVENUE AND FINANCING POLICY
Te Kaupapa here Pūtea whiwhi me te Ahumoni

1.0 PURPOSE – *Te Take*

The purpose of the Revenue and Financing Policy is to provide certainty about how the Council manages its finances prudently and in a way that promotes the current and future interests of the community.

This policy is a framework to ensure the appropriate funding sources for operating and capital expenditure are allocated, based on decisions in the Long Term Plan.

It also outlines how the decisions were made and how it will guide future decisions.

Under sections 102 and 103 of the Local Government Act 2002, the Council must adopt a Revenue and Financing Policy.

2.0 POLICY PRINCIPLES – *Ngā Mātāpono*

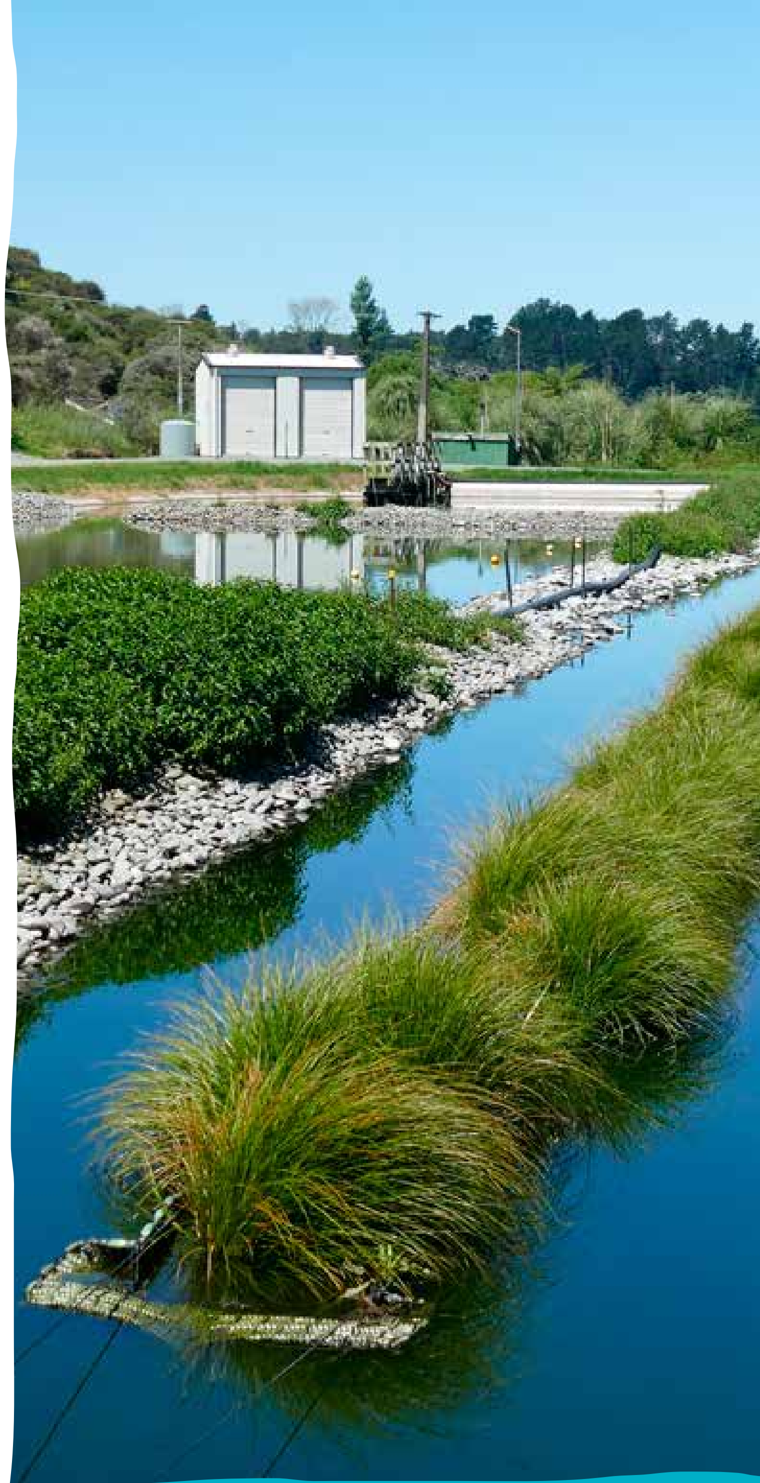
Section 101 of the Local Government Act 2002 requires local authorities to consider certain matters when determining the sources that will be used to meet funding needs.

To assist with the identification of the appropriate funding methods, incorporating the matters set out in section 101, the Council has used a set of guiding principles, set out in table 2.0.1 below:

TABLE 2.0.1: PRINCIPLE/RATIONALE FOR ITS APPLICATION
Ensuring compliance with legislation
This principle reflects the Council complies with legislative requirements as a minimum standard. The Local Government Act 2002 and related legislation, specifically the Local Government Act 2002 and related legislation.
Honouring our obligations under Te Tiriti o Waitangi
This principle reflects the policy appropriately supports the principles set out in Te Ture Whenua Māori Act 1993, and more broadly the principles of the Treaty of Waitangi. The Council will specifically take these into account when considering funding decisions that impact Māori landowners.
Aligned to our strategic goals
This principle reflects the Revenue and Financing Policy supports the broader strategies and priorities as set out in the council's vision and Long Term Plan 2024-34. It should also show how investment in infrastructure is funded.
Ensuring we maintain financial prudence and sustainability
This principle ensures that the Council is able to operate both short- and long-term in a financially sustainable manner that promotes the current and future interests of the community.
Delivering community outcomes
This principle guides the Council's decisions on how revenue requirements will be met (by ratepayers and other groups), taking into account the impact of such decisions on the achievement of the strategic goals and community outcomes from each activity, while minimising the effect of changes from those decisions.

There are some inherent conflicts between these guiding principles. In practice, establishing the Council's specific revenue and financing policies involves balancing competing guiding principles. For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability. In practice, when the Council applies these principles to assess how to fund the separate activities, Council then considers the overall impact of any allocation of liability on the community.

Focusing on broader wellbeing outcomes
This principle guides the Council to consider the revenue requirements, and consider the impact of such decisions on the current and future social, economic, environmental and cultural wellbeing of the community.
Considering the affordability of funding decision
This principle guides the Council to consider the impact of funding methods on people's ability to pay, balanced against the delivery of services through Council activities, as this can have implications for community wellbeing.
Ensuring transparency in how activities are delivered and funded
This principle guides Council to ensure transparent decision-making that enables the funders and users of services to assess whether they get value for money and to make more informed decisions in using Council services.
Ensuring accountability in how activities are delivered and funded
This principle guides the Council to ensure transparent decision-making that enables funders and users of services to assess whether they get value for money and to make more informed decisions in using Council services.
Aligning who benefits and who pays
This principle guides the Council's decisions to consider who benefits from the services provided in each activity and the impact on costs this creates, (whether for the community as a whole, any identifiable part of community, or individuals); as well as the period in which benefits and costs are expected to occur (current or future funding).
Ensuring efficiency in the use of funding sources used for activities
This principle influences the Council's decisions on the best mix of funding (between rates income, other revenue sources, borrowings and asset sales) to pay for its assets and activities. The Council's limited financial resources should be used in such a way to maximise the benefits provided to the community, while minimising the burden on ratepayers.
Ensuring the funding decisions of the Council don't materially impact market neutrality
This principle is relevant when the Council is competing with the private sector in producing or delivering services. To avoid the Council being placed in an advantageous position or discouraging private enterprise, the Council will apply commercial best practice when providing such services, in tandem with other principles.
Ensuring this policy is practical and fit for purpose for the period intended
This principle ensures the Council's Revenue and Financing Policy is achievable and retains relevance in the face of challenging circumstances.



3.0 FUNDING SOURCES – *Ngā Mātāpuna Pūtea*

Legislation requires the Council to make adequate and effective provisions in its Long Term Plan to meet the expenditure needs identified. Generally, this will mean that all expenditure is funded: a 'balanced budget'.

The sources of funding applied under this policy are limited to those set out under section 103 (2) of the Local Government Act 2002.

3.1 Funding of operating cost

Operating costs are the every day spending on activities the Council provides. This includes recognising the costs of previously developed or acquired assets with the benefits they provide over time (depreciation), as well as interest charged on borrowing for capital projects and overhead costs.

The nature of depreciation, as a non-cash charge, does make it distinct from the majority of other operating costs that are generally cash. Further detail on the funding of depreciation is provided in 3.2 below.

We must consider the funding for operating costs of each activity individually. Some activities may be best funded by user charges, such as swimming pool admission fees, others with targeted rates, such as a stormwater schemes, and others from the general rate, such as parks, reserves and gardens.

Often the benefit of outcomes from a particular activity of council may include a mix of direct user benefits as well as wider community benefits, so the funding for the activity may appropriately include a mix of different sources.

The funding sources for operating costs are listed below, and are defined in more detail in 3.3 definition of funding sources:

- General rates, including uniform annual general charges
- Targeted rates, including fixed targeted rates
- Subsidies and grants - operating
- User fees and charges
- Interest and dividends from investments
- Other sundry operating income; and operating reserves.

The Council has determined the proportion of operating costs that needs to be funded from each of the sources through a Fundings Needs Analysis for each activity. These are summarised in table 3.8.1.

The Council will consider forecasting future debt levels when deciding whether it is prudent to budget for an operating surplus for debt repayment.

Investments are managed within the framework specified in the Council's Investment Policy in accordance with section 102(2)(c) of the Local Government Act 2002.

The Local Government Act 2002 requires the Council to produce a Funding Impact Statement that provides details on the funding mechanisms to be used for each year covered. This statement is included in the Long Term Plan and Annual Plan, and shows how the Council intends to implement the Revenue and Financing Policy each year. It also shows the amount of funding to be collected from each available source, including how various rates are to be applied.

3.2 Funding of depreciation

Depreciation is a non-cash charge that reflects the reduction in the usability of our assets over time. Because this is a non-cash expense, any revenue raised to cover depreciation (referred to as 'funding depreciation') generates a cash surplus that is used to fund capital expenditure.

Fully funding depreciation from rates and current revenue would mean that, on average, over the long run, we are not relying on borrowing to fund asset replacement expenditure. This represents a sustainable approach.

The use of borrowings and depreciation reserves may be appropriate to smooth the matching of cashflows between revenues and the funded capital expenditure over time.

In some cases, it is not financially prudent to fund depreciation. In determining the level of non-funded depreciation, the Council will consider:

- Whether at the end of its useful life, the replacement of an asset will be or is likely to be funded by way of a grant or subsidy from a third party.
- Whether the council has elected not to replace an asset at the end of its useful life.
- Whether a third party has a contractual obligation to maintain the service potential of an asset throughout all or part of its useful life or to replace the asset at the end of its useful life.

- Where a portion of the capital expenditure on the asset cost on which depreciation is being amortised has been subsidised by a third party such as capital grants from NZ Transport Angency Waka Kotahi, or development contributions.
- Whether fully funding depreciation in the short-term will result in an unreasonable burden on ratepayers, presenting conflict between funding principles, for example between affordability and financial prudence and sustainability. In such circumstances, the Council will remain prudent and ensure it promotes both the current and future interests of the community by forecasting to reach a position over time where it fully funds depreciation (apart from the exceptions above).

3.3 Funding of capital expenditure

Capital expenditure reflects investment in buying or building new assets. It also includes replacing, improving or extending the useful life of an existing asset contributing to community outcomes and the district's growth and operational capabilities.

Where possible, the Council offsets the impact of cash flow required for capital expenditure, minimising the impact of debt repayments on both current and future rate payers, by first looking for other funding sources for capital expenditure. These may include:

- Subsidies and grants – capital, including from agencies such as NZ Transport Agency Waka Kotahi, Ministry of Business, Innovation & Employment - Hīkina Whakatutuki and Kānoa- Regional Economic Development & Investment Unit.
- Development contributions and financial contributions.
- Lump sum contributions.
- Proceeds from the sales of assets.

Development contributions and financial contributions are managed within the framework specified in the Councils' Development and Financial Contributions Policy in accordance with section 102(2)(d) of the Local Government Act 2002.

After allowing for the offset from the other funding sources above, the Council usually funds the balance of capital expenditure from the following sources:

- Funding of depreciation as provided for in 3.2;
- Depreciation from reserves; and
- Borrowings.

Borrowing for capital expenditure enables the Council to ensure there is intergenerational equity in terms of who funds capital expenditure – the repayments are spread over the reasonably-expected average life of the asset where practicable. This means today's ratepayers are not asked to fund tomorrow's assets.

Borrowing is managed within the framework specified in the Council's Liability Management Policy in accordance with section 102(2)(b) of the Local Government Act 2002.

3.4 Funding of operating cost

This section provides some simple definitions of the different sources that are available to fund the Council's activities. Activities may be funded from one or more source.

General rates

General rates are used to raise revenue for activities that are of public good or where recovery from users (private good) is not efficient or possible.

They include two portions. The first portion is set based on capital value (value of land plus improvements), and the second portion is by fixed amount per rating unit (Uniform Annual General Charges – UAGC).

A more detailed specification of the rating policy is detailed in 3.5 below.

Targeted rates

Targeted rates are used to raise revenue for activities where an area of benefit can be recognised. For example, a rate may be charged to the commercial sector, or to a specific ward. They are set based on the capital value or as a fixed amount per rating unit (Fixed Targeted Rate). This can be used for both private good and public good.

Grants and subsidies

Proceeds through grants and subsidies from external entities must be applied against the project for which the subsidy was acquired. These generally would be of a public good; however, this can depend on the purpose or source of the grant or subsidy.

In some cases, financial assistance relates to a specific project and the ongoing management of the infrastructure e.g. Waka Kotahi NZ Transport Agency subsidises capital costs, and contributes towards the operational costs of the transport team.

User fees and charges

Fees, charges and the recovery of fines are used to raise revenue for services or activities that have a high component of private good, and where the users of the service or the exacerbators are identifiable.

Interest and dividends from investments

The Council has very little external investment holdings and these do not make any return of note. Any income that is received from an investment is generally used to fund activities of public good.

Other sundry operating income

The Council receives income across its activities from a number of other sundry income sources unique to each activity, such as royalties, sponsorships, insurance claims and expense recoveries.

Development contributions

To levy these, there must be a specific policy. The Revenue and Financing Policy must signal why these are going to be levied. There must be a high component of private good. The Council generally considers development contributions as its main funding tool for development-related costs.

Financial contributions

The Council may also require a financial contribution to mitigate environmental effects of a development or subdivision. This may be in the form of money or land, or a combination of both. The Resource Management Act restricts the charging of financial contributions to only those activities that avoid, remedy or mitigate environmental effects.

Lump sum contributions

Lump sum contributions are for the recovery of specific capital expenditure and are otherwise loan funded (optional for ratepayer). These must have a high component of private good, as they are paid by ratepayers for capital. Our policy is to not accept lump sum contributions for targeted rates.

Proceeds from asset sales

Proceeds from asset sales will be applied to reduce debt either within the activity from which the sale arose or by the Council allocating the proceeds to retire debt in a specific activity, or as otherwise provided for within other policies.

Borrowing

Borrowing refers to loans, both short-term and long-term. Our policy is that borrowing is a funding tool and does not need a split between public and private good, as it is only deferring the eventual charge.

Council reserves

Council-created reserves are used to fund a number of activities, where the activity meets the purpose for which the reserve was created.

Operating reserves are used for a specific purpose or activity usually to cover short-term financial fluctuations, ensuring smooth operations and mitigating cash flow issues, such as unexpected expenses or revenue delays.

Depreciation reserves are used for funding asset renewals. In some instances where it is considered appropriate by the Council (excluding reserves which have specific restrictions), and where appropriate approval is granted, reserves are used to fund items outside their original purpose.

Restricted reserves are specific funds set aside for designated purposes, often by donors, granting institutions or through other legal requirements, and can’t be freely used by the Council but are applied against the expenditure associated with the specific purpose intended, ensuring compliance and transparency.

Harbour Endowment Fund: The Council owns a number of harbour properties in the Whakatāne Central Business District. The income from these properties and any sale of harbour endowment assets are held as the Harbour Endowment Fund as a specific reserve. Rules associated with the Harbour Endowment Fund have been set through legislation and govern the use of income derived from leases or the sale of assets.

The Long Term Plan 2024-34 operates within the required parameters of all restricted reserves.

Any other source

Other funding sources may be available from time to time to fund Council activities.

The Council's final consideration of funding by rates comes:

- after considering how other funding sources will be used to fund operating costs and capital expenditure
- after that has been applied to activities in the Funding Needs Analysis; and/or
- after being adjusted for the overall funding considerations.

3.5 Setting of rates

The Council sets its rates on an annual basis under resolution in accordance with the Local Government (Rating) Act 2002 section 23, with due consideration of the Long Term Plan, this policy and other policies.

General rates

The general rate is allocated to all rateable properties based on the capital value of the property.

The Council differentiates the general rate into differential rating categories based on one or more of the uses to which the land is put, the provision or availability to the land of a service provided, the activities permitted, controlled, or discretionary for the area in which the land is situated and the rules to which the land is subject under the operative district plan, and the location of the land.

The current differential rating categories set within this policy are:

- Residential properties capital value up to $30 million
- Commercial properties capital value up to $30 million
- Industrial properties capital value up to $30 million
- Farming and horticultural properties capital value up to $30 million
- District-wide rateable properties capital value portion greater than $30 million.

In setting the differential categories, and the differential factors, the Council considers the requirements of the Local Government Act 2002 and a number of other considerations, including:

- The activities funded by the general rate and the s101(3) considerations for the activities.
- The impact of any change, or rate of change to the differential.
- The views of those impacted by the differentials.
- Other reasonable options, and the advantages and disadvantages of those options.
- The overall impact of the differential on ratepayers.

The full definition of these differential rating categories and the general rate differential factors calculation is contained in the Funding Impact Statement.

Uniform annual general charge

A portion of general rates is assessed as a Uniform Annual General Charge. The Uniform Annual General Charge is set under section 15(1)(b) of the Local Government Rating Act 2002. The Uniform Annual General Charge is a fixed general rate that Council uses to cover charges for services most residents benefit from, being a flat dollar charge for each Separately Used or Inhabited Part of a rating unit. The Uniform Annual General Charge is a fixed charge regardless of the value of a property.

The Uniform Annual General Charge is not a direct allocation of the cost of a single activity or targeted at a single rating category, it is allocated equally to all Separately Used or Inhabited Part's of all rating units.

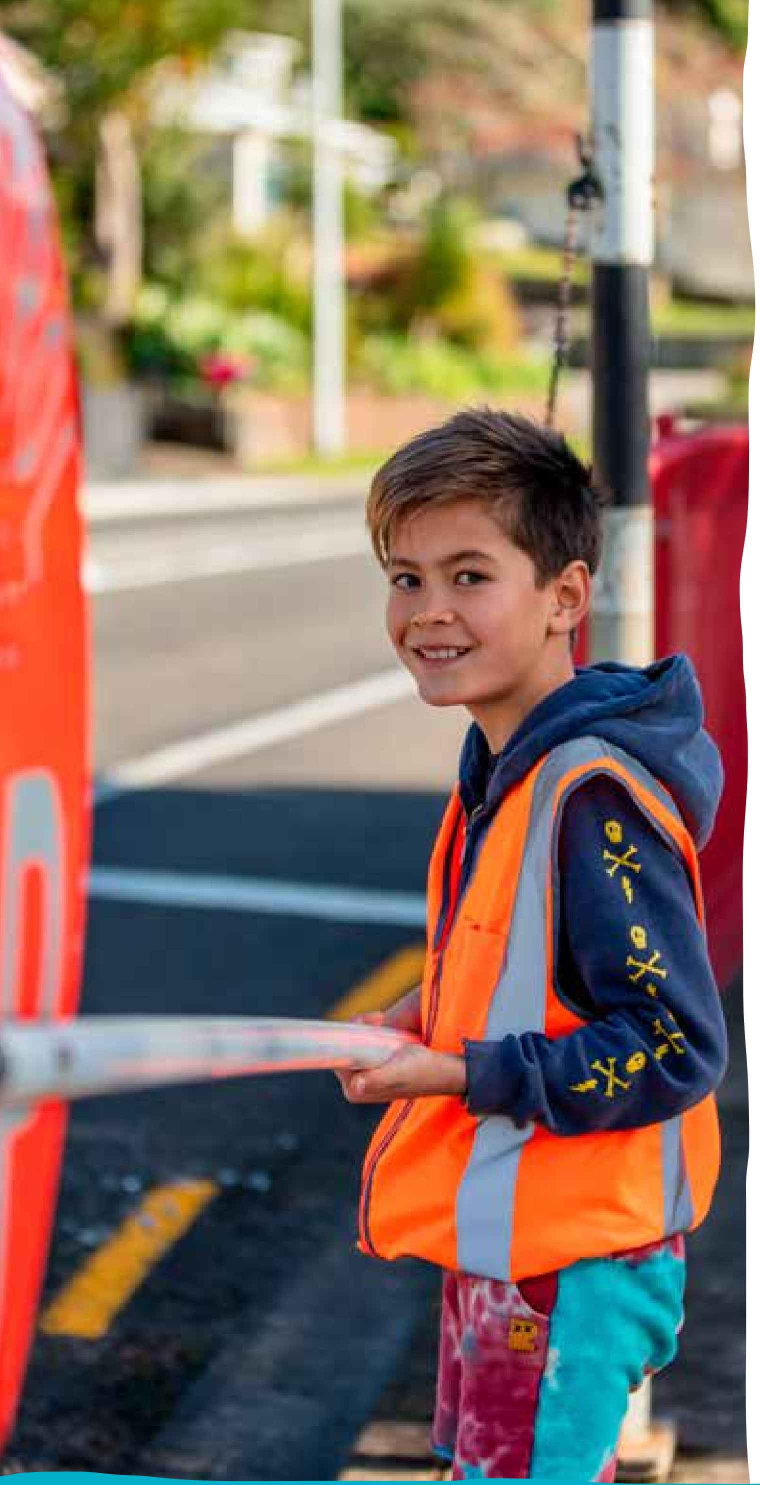
The definition of a Separately Used or Inhabited Part is contained in the Funding Impact Statement.

The Uniform Annual General Charge will not be charged on each division of a rating unit unless it is evident that the divided rating unit is separately used or inhabited. Revenue collected from the Uniform Annual General Charge for all rateable properties is set out in the Funding Impact Statement. The amount of rates revenue collected from the Uniform Annual General Charge is limited to a maximum of 30 percent of the total rates revenue collected as prescribed by the Local Government Rating Act 2002.

Targeted rates

Targeted rates are set in accordance with sections 16, 18, and 19, and schedules 2 and 3 of the Local Government Rating Act 2002.

Targeted rates are rates used to fund an activity or group of activities and may be set on a on a single rating category or multiple rating categories.



Targeted rates may be applied either uniformly on all rating units or at different amounts for different groups of rating units.

One or more of the requirements of schedule 2 of the Local Government Rating Act 2002 must be used when defining a category to set targeted rates differentially.

Targeted rates are used to fund the following activities which the Council feels all, or part of, the cost of an activity is best met by a defined category.

- Democracy - community boards
- Economic development - district growth
- Events and tourism - EPIC
- Transportation connections - roading
- Stormwater
- Wastewater - sewerage
- Water supply
- Waste management - refuse removal

General revaluation

The Council is required to revalue each rating unit at least once every three years. This is a set out in the Rating Valuation Act 1998 (RVA). Along with decisions made by the Council, values established under general revaluation are used for assessing and setting rates. The valuation changes do not change the rates budget, instead they change the allocation of the budget on individual properties.

The next effective date of general revaluation for the Whakatāne District is September 2025. The new values will be used for setting rates for a three-year period commencing 1 July 2026.

Calculating differentials following general revaluation

Following general revaluation, the Council may consider changes to differentials used for each rating category when assessing and setting rates in the year following.

Rates remissions and postponements

The Council may remit rates where it is considered appropriate to do so and as allowed for in the Rates Remission and Postponement Policies (All Land) and Rates Remission and Postponement Policies (Maori Freehold Land). These policies address social matters and adjusting rates for benefits that differ for some rates assessments (e.g. additional or no provision of some services).

The remission or postponement of rates is done in accordance with the Council's Rates Remission and Postponement Policy as required under the Local Government Act section 102(3).

The remission of rates reduces the overall income from rates as such it conceptually results in a shift across the balance of the rating base in future years. This impact is significantly diminished because historically the level of penalties Council collects on rates revenue has been equivalent to, or often greater than, the level of rates remitted per annum, meaning general rates have not had to be increased to fund the revenue reduction from rates remissions.

The remission or postponement of rates on Māori Freehold Land is done in accordance with the Councils' Remission and Postponement of Rates on Māori Freehold Land Policy as required under Local Government Act section 102(2)(e) and with additional reference to Te Ture Whenua Māori Land Act 1993,
Local Government (Rating of Whenua Māori) Amendment Act 2021, and the Local Government Rating Act 2002.

3.6 *Setting of user fees and charges*

User fees and charges are one of the ways the Council can fund the costs of delivering an activity or service directly from those who use, and therefore benefit, from the activity or service.

The Council sets fees and charges to share costs between ratepayers and the people using a particular service (user pays model) in line with the principles of this policy and its supporting activity level.

There is no perfect balance between the two, but generally where an activity has greater public good, such as libraries and sport fields, a higher proportion of that activity will be funded by general rates.

In general, the process of setting user fees and charges typically involves several key steps:

- Identification of services within an Activity
- Cost identification
- Funding requirement
- Who benefits from the services
- User fee setting
- Consideration of affordability
- Consideration of the efficiency in recovering the fees and charges
- Public consultation
- Approval.

Periodic review

User fees and charges are not static. Councils regularly review and adjust these fees, usually in coordination with setting a long term plan or annual plan, to ensure they remain fair, transparent and aligned with the costs of providing activities. Adjustments may be made in response to changes in costs, inflation, or shifts in community needs.

Waiving or discounting of user fees and charges

The Council may waive or discount fees and charges where they're considered appropriate to do so. Considerations include social reasons, the promotion of events and facilities, commercial reasons, poor service, or to minimise risk.

3.7. *Assessing the impact of funding needs*

In accordance with the Local Government Act 2002 section 101(3), and guided by the principles documented in the Financial Strategy and identified in this policy, the Council has considered the above sources of funding against each of its activities. This includes determining the amount of the funding required, understanding the sources of funding, mix of funding and timing of funding. The detail to support the Council assessment is included in the Funding Needs Analysis, which is adopted in support of this policy.

This Policy uses the bands in table 3.7.1 below as a percentage of the revenue required to fund each activity and is indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from budgeted funding sources. Therefore, in line with good practice, these are set as funding bands rather than specific funding percentages to allow for minor changes over time e.g. a one-off subsidy or grant.

TABLE 3.7.1: FUNDING BANDS

Description	Range	Key
Unlikely	0% (-)	⊗
Low	0% - 30%	☆
Medium	30% - 70%	☆
High	70% - 100%	☆
Potential to be Used		☆

3.8 Summary of sources of funding for operational cost by activity

The table below shows the indicative percentages of each funding source which is used to fund the operating costs of the activities.

TABLE 3.8.1: SUMMARY OF SOURCES OF FUNDING FOR OPERATIONAL COSTS BY ACTIVITY

Activity Grouping/Activity	General rates	Targeted rates	User fees and charges	Development and financial contributions	Subsidies and grants	Investment income	Other income	Operating reserves
Democracy								
Governance	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Community Support and Grants	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Community Boards	⊗	☆	⊗	⊗	☆	⊗	☆	☆
Arts and Culture								
Libraries and Galleries	☆	⊗	☆	⊗	☆	⊗	☆	☆
Museums and Archives	☆	⊗	☆	⊗	☆	⊗	☆	☆
District Partnerships								
Māori Relationships	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Community Development	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Community and Road Safety	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Aquatic Centres								
District Aquatic Centres	☆	⊗	☆	⊗	☆	⊗	☆	☆
Events and Tourism								
Visitor Information	☆	⊗	☆	⊗	☆	⊗	☆	☆
Marketing and Events	☆	☆	☆	⊗	☆	⊗	☆	☆
Economic Development								
Economic Development	☆	☆	⊗	⊗	☆	☆	☆	☆
Strategic Property	☆	⊗	☆	⊗	⊗	☆	☆	☆

Activity Grouping/Activity	General rates	Targeted rates	User fees and charges	Development and financial contributions	Subsidies and grants	Investment income	Other income	Operating reserves
Climate Change and Resilience								
Emergency Management	☆	☆	⊗	⊗	☆	⊗	☆	☆
Climate Change	☆	☆	⊗	⊗	☆	⊗	☆	☆
Stormwater								
Waters Management	☆	⊗	⊗	⊗	⊗	⊗	☆	☆
Stormwater and Drainage Services	☆	☆	⊗	⊗	☆	⊗	☆	☆
Wastewater								
Wastewater Services	☆	☆	☆	⊗	☆	⊗	☆	☆
Trade Waste Services	☆	⊗	☆	⊗	☆	⊗	☆	☆
Water Supply								
Water Supply Services	☆	☆	☆	⊗	☆	⊗	☆	☆
Ports and Harbour								
Ports and Harbour	☆	⊗	☆	⊗	☆	⊗	☆	☆
Parks and Reserves								
Parks Reserves and Gardens	☆	⊗	☆	⊗	☆	⊗	☆	☆
Cemeteries	☆	⊗	☆	⊗	☆	⊗	☆	☆
Holiday Park								
Whakatāne Holiday Park	☆	⊗	☆	⊗	☆	⊗	☆	☆
Transportation Connections								
Transport Network Connections	☆	☆	☆	⊗	☆	⊗	☆	☆
Shared Use Pathways	☆	⊗	☆	⊗	☆	⊗	☆	☆
Parking Enforcement	☆	⊗	☆	⊗	☆	⊗	☆	☆

Activity Grouping/Activity	General rates	Targeted rates	User fees and charges	Development and financial contributions	Subsidies and grants	Investment income	Other income	Operating reserves
Building and Resource Management								
Building Services	☆	⊗	☆	⊗	☆	⊗	☆	☆
Resource Consents	☆	⊗	☆	⊗	☆	⊗	☆	☆
Resource Management Policy	☆	⊗	⊗	⊗	☆	⊗	☆	☆
Waste Management								
Waste Disposal	☆	☆	☆	⊗	☆	⊗	☆	☆
Waste Minimisation	☆	☆	☆	⊗	☆	⊗	☆	☆
Community Regulation								
Animal Control	☆	⊗	☆	⊗	☆	⊗	☆	☆
Environmental Health	☆	⊗	☆	⊗	☆	⊗	☆	☆
Liquor Licensing	☆	⊗	☆	⊗	☆	⊗	☆	☆
Regulation Monitoring	☆	⊗	☆	⊗	☆	⊗	☆	☆
Community Facilities								
Halls	☆	⊗	☆	⊗	☆	⊗	☆	☆
Public Conveniences	☆	⊗	☆	⊗	☆	⊗	☆	☆

Corporate Services

Corporate Services overhead costs are the indirect costs incurred by the Council that are not directly tied to the production or delivery of a specific activity or service. Examples of corporate overhead costs include administrative salaries, rent for council offices, utilities, and other general expenses.

The costs of Corporate Services are allocated to each activity using an appropriate allocation base. For example, the cost of the People and Capability service may be allocated based on the number of employees each activity has. This overhead allocation methodology, which is good practice, means the costs of Corporate Services is funded through the indicative percentages of each actual activity, reflected in table 3.8.1 above, in the ratio to which they are allocated.
It’s important to note that overhead allocation may not perfectly reflect the actual consumption of resources by each activity. The goal is to provide a reasonable and consistent method for assigning indirect costs to the activities in a way that aligns with the Council’s overall financial objectives.

3.9 *Summary of sources of funding for capital expenditure by activity*

The table below shows the indicative percentages of each funding source, which is used to fund the capital expenditure costs of the activities. Where an activity has little or no depreciation, it has been excluded.

TABLE 3.9.1: SUMMARY OF SOURCES OF FUNDING FOR CAPITAL EXPENDITURE BY ACTIVITY

Activity Grouping/Activity	Development contributions	Subsidies, grants and other third parties	Assets replacement depreciation reserves	Borrowings
Arts and Culture				
Libraries and Galleries	⊗	☆	☆	☆
Museums and Archives	⊗	☆	☆	☆
Aquatic Centres				
Aquatic Centre Services	⊗	☆	☆	☆
Events and Tourism				
Marketing and Events	⊗	☆	☆	☆
Economic Development				
Strategic Property	⊗	☆	☆	☆
Stormwater				
Stormwater and Drainage Services	☆	☆	☆	☆
Wastewater				
Wastewater Services	☆	☆	☆	☆
Water Supply				
Water Supply Services	☆	☆	☆	☆
Ports and Harbour				
Ports and Harbour	⊗	☆	☆	☆

Activity Grouping/Activity	Development contributions	Subsidies, grants and other third parties	Assets replacement depreciation reserves	Borrowings
Parks and Reserves				
Parks Reserves and Gardens	☆	☆	☆	☆
Cemeteries	☆	☆	☆	☆
Holiday Park				
Whakatāne Holiday Park	⊗	⊗	☆	☆
Transportation Connections				
Transport Network Connections	⊗	☆	☆	☆
Waste Management				
Waste Disposal	⊗	☆	☆	☆
Waste Minimisation	⊗	☆	☆	☆
Community Facilities				
Halls	☆	☆	☆	☆
Public Conveniences	☆	☆	☆	☆

WHAKATĀNE DISTRICT COUNCIL

14 Commerce Street, Whakatāne 3120
Private Bag 1002, Whakatāne 3158

Email: info@whakatane.govt.nz
Phone: 07 306 0500
Website: whakatane.govt.nz

SERVICE CENTRE MURUPARA

Pine Drive, Murupara
Phone: 07 366 5896

whakatane.govt.nz/ltp

WHAKATĀNE
District Council
Kia Whakatāne au i ahau