VOLUME 3

Our Finances
To Tatou Putea

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

WHAKATĀNE District Council
Kia Whakatāne au i ahau

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VOLUME 2: STRATEGIES AND POLICIES

Our finances in detail
Ngā taipitopito ahumoni

This section of the Long Term Plan provides a breakdown of some of our finances in more detail, and further information about our costs, how they are distributed and how they are funded.

Financial statements
Ngā Whakapuakanga Ahumoni

These statements provide an overview of the Council's projected financial position for the next 10 years to 30 June 2034. This information should be read alongside the financial information contained in the 'Our Groups of Activities' section in the Long Term Plan in Volume 1. The statements include:

- Statement of Comprehensive Revenue and Expense
- Statement of Changes in Net Equity
- Statement of Financial Position
- Statement of Cash Flows

Notes to the financial statements
Ngā kupu āpiti ki ngā whakapuakanga ahumoni

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

Statement of Reserves Balances
Te whakapuakanga tahua tāpui

The Statement of Reserves provides detailed information to support the Statement of Changes in Net Equity. This identifies the reserve funds that we operate and the expected value of these funds, including how much is in each fund at the start of the Long Term Plan period, how much we expect to come in or out of each fund during the term of the Long Term Plan, and then what the balance of each fund is expected to be at the end of the Long Term Plan term.

Statement of Reconciliation between the Funding Impact Statement and the Statement of Comprehensive Revenue and Expense

Te Whakakotahitanga o te Tirohanga Whānui ki ngā Utu me te Whakapuakanga Pūtea Whiwhi me ngā Utu

The purpose of the Statement of Reconciliation is to align differences between Council's Funding Impact Statement and its Statement of Comprehensive Revenue and Expense, ensuring transparency and accuracy in financial reporting, showing how funding sources and expenditures correlate with overall financial performance.

Financial prudence benchmarks

Ngā paeraro ahumoni

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

Funding Impact Statement – Whole of Council

Te Tirohanga whānui ki ngā utu - Te Kaunihera katoa

This Funding Impact Statement provides an overview of what it costs to provide Council services and activities and how they will be funded. The Funding Impact Statement breaks down costs and funds at 'operational' and 'capital' levels. Operational costs include the ongoing maintenance and delivery of our services, while capital costs relate to constructing new assets or extending or renewing existing assets. Capital expenditure is generally 'one-off' in nature, whereas operational costs are ongoing. The Funding Impact Statement shows how much will be received, how much will be spent and whether we will have a surplus or deficit at the end of the year. The Funding Impact Statement should be read in conjunction with the Draft Revenue and Financing Policy 2024, which is available on our website and included in Volume 2 of the Long Term Plan.

Funding Impact Statement – rating information

Te Tirohanga whānui ki ngā utu - Ngā tāke kaunihera

This section includes information about the distribution and payment of rates in our district. Where the revenue stream is rates, an indicative level of rate, the mechanism used to assess the rate, and the activities that the rate funds, is described. These indicative figures support the calculations in the rate sample models and are included to provide an indication of the level of rates Council is likely to assess on a sample rating unit in the coming year. As long as we set the rates in accordance with the system described in this statement, the amounts may change. This section provides indicative information including:

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

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

Statement of Comprehensive Revenue and Expense
Te whakapuakanga pūtea whiwhi me ngā utu

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

Statement of Financial Position
Te whakapuakanga tūnga ahumoni

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

Statement of Cash Flows
Te whakapuakanga kapewhiti

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

Auditing of information
Te arotakenga

On 16 February 2024 the current government enacted the Water Services Acts Repeal Act 2024.

As provided for under Part 8 Section 45 of the Act Whakatāne District Council elected not to have its Long Term Plan consultation document, including supporting documents, audited.

A number of other sections within the Act affect the timing of adoption of the Long Term Plan. In particular, it is anticipated that in accordance with section 46 (1) the Council will adopt our Long Term Plan after 1 July 2024 but before 30 September 2024. As of consequence of deciding to adopt the Long Term Plan after 1 July but before 30 September, section 47 of the Act applies, which provides that the Council 'may complete and adopt by resolution, it's annual report for the 2023/2024 financial year no later than December 2024'.

This Long Term Plan has been audited by Audit New Zealand. The purpose of the audit is to ensure that our Long Term Plan meets legislative requirements and provides a reasonable basis for long-term, integrated decision-making and coordination of the Council's resources and its accountability to the community.

Uncertainty and risk
Te pōkaikaha me te tūraru

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

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

Statement Concerning Balancing the Budget
Te whakapuakanga whārite mahere pūtea

The Local Government Act 2002 (LGA) requires the Council to budget each year for revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) at a level sufficient to meet operating expenses for that year. This is known as the 'balanced budget' requirement Local Government (Financial Reporting and Prudence) Regulations 2014 S.19. The LGA allows councils to budget for a deficit, if it resolves that it is financially prudent to do so.

This 10-year plan projects that we will essentially achieve a balanced budget target from 2027-28 onwards and deliver a net surplus across the 10 years of $93 million. The main reasons for the surplus are grants and subsidies that are recognised as revenue in the year received, while expenditure is spread over the useful life of the asset.

In the context of our Long Term Plan, this assessment highlights the impact of market forces beyond the scope considered in our Long Term Plan 2021-31 projections. This is further explained in the introduction to our Financial Strategy as a supporting document within Volume 2.

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

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

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

The Council has recognised that in some aspects that the statutory definition of the balanced budget can include anomalies due to the inclusion of capital subsidies. To measure performance for the Councils' Balanced Budget Position we have used the Local Government (Financial Reporting and Prudence) Regulations Act 2014 definition, modified to exclude from the definition of revenue 'capital improvement subsidies' primarily related to NZ Transport Agency Waka Kotahi's capital improvement subsidies supporting road transportation improvements, and capital improvement grants and subsidies assumed for the Rex Morpeth Recreation Hub project.

The performance against this measure is reflected in our financial strategy.

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

Statement of Comprehensive Revenue and Expense

AP 2024	($000) For years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
	Revenue										
60,260	Rates	70,044	79,859	88,289	94,576	101,207	108,888	114,276	119,221	122,751	125,640
33,613	Subsidies and grants	21,308	22,282	18,755	20,960	60,471	47,005	21,493	24,955	25,472	23,431
426	Development and financial contributions	1,431	1,461	1,494	1,525	1,557	1,588	1,618	1,648	1,678	1,708
9,290	Fees and charges	9,493	9,895	10,103	10,364	10,467	10,730	10,928	11,125	11,321	11,591
47	Interest revenue	51	52	53	54	55	56	57	58	59	60
3,773	Other revenue	3,791	3,880	3,959	4,040	4,118	4,203	4,281	4,360	4,444	4,516
5,544	Gains	-	-	-	-	-	-	-	-	-	-
112,953	**Total revenue**	**106,117**	**117,428**	**122,654**	**131,519**	**177,875**	**172,469**	**152,653**	**161,367**	**165,725**	**166,947**
	Expense										
26,207	Personnel costs	29,359	31,954	32,773	33,563	34,380	35,127	35,798	36,440	37,142	37,814
27,896	Depreciation and amortisation expense	26,616	27,654	28,884	29,701	31,121	34,106	37,828	38,399	39,070	39,453
8,281	Finance costs	7,906	9,330	10,886	12,454	14,567	16,395	17,337	18,136	18,460	18,596
41,910	Other expenses	49,527	51,393	52,607	52,183	53,647	55,519	56,289	59,098	61,211	62,574
888	Future loss on sale- investment property	-	-	-	-	-	-	-	-	-	-
-	Revaluation losses	-	-	-	-	-	-	-	-	-	-
105,182	**Total expense**	**113,408**	**120,332**	**125,151**	**127,902**	**133,715**	**141,147**	**147,252**	**152,073**	**155,883**	**158,436**
(450)	Gains (losses) on share of joint venture / associates equity	(766)	(675)	(474)	(640)	(490)	(535)	(575)	(605)	(620)	(634)
7,321	**Surplus (deficit) before tax**	**(8,057)**	**(3,579)**	**(2,972)**	**2,977**	**43,671**	**30,787**	**4,826**	**8,689**	**9,223**	**7,877**
-	Income tax expense (benefit)	-	-	-	-	-	-	-	-	-	-
7,321	**Surplus (deficit) after tax**	**(8,057)**	**(3,579)**	**(2,972)**	**2,977**	**43,671**	**30,787**	**4,826**	**8,689**	**9,223**	**7,877**
	Other comprehensive revenue and expense										
-	Other comprehensive revenue (expense) of joint ventures/associates	-	-	-	-	-	-	-	-	-	-
59,862	Gains (losses on property plant and equipment revaluations	39,785	29,646	34,457	35,071	36,064	35,120	36,232	36,343	36,822	36,710
-	Deferred tax on revaluations	-	-	-	-	-	-	-	-	-	-
59,862	**Total other comprehensive revenue and expense**	**39,785**	**29,646**	**34,457**	**35,071**	**36,064**	**35,120**	**36,232**	**36,343**	**36,822**	**36,710**
67,183	**Total comprehensive revenue and expense**	**31,728**	**26,067**	**31,485**	**38,048**	**79,735**	**65,906**	**41,058**	**45,032**	**46,045**	**44,587**

Statement of Changes in Net Equity

AP 2024	($000) For years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
1,247,854	**Equity at the beginning of the year**	1,238,486	1,270,214	1,296,281	1,327,766	1,365,814	1,445,550	1,511,456	1,552,514	1,597,546	1,643,590
67,183	Total comprehensive revenue and expense	31,728	26,067	31,485	38,048	79,735	65,906	41,058	45,032	46,045	44,587
-	Other adjustments	-	-	-	-	-	-	-	-	-	-
1,315,037	**Equity at the end of the year**	**1,270,214**	**1,296,281**	**1,327,766**	**1,365,814**	**1,445,550**	**1,511,456**	**1,552,514**	**1,597,546**	**1,643,590**	**1,688,177**
	REPRESENTED BY:										
	Accumulated funds										
474,483	Opening balance	434,527	427,310	427,376	428,315	436,153	490,138	523,279	524,802	533,242	536,840
7,321	Net surplus (deficit) after tax	(8,057)	(3,579)	(2,972)	2,977	43,671	30,787	4,826	8,689	9,223	7,877
9,059	Other adjustments	841	3,645	3,910	4,862	10,314	2,354	(3,303)	(248)	(5,625)	(5,447)
490,863	**Closing balance of accumulated funds**	**427,310**	**427,376**	**428,315**	**436,153**	**490,138**	**523,279**	**524,802**	**533,242**	**536,840**	**539,271**
	Operating Reserves incl. depreciation renewal reserves										
3,695	Opening balance	12,678	11,695	9,042	5,060	(1,044)	(6,287)	(3,143)	(910)	(1,379)	3,490
22,896	Transfers into accumulated funds	16,473	16,795	17,560	18,429	19,202	20,965	24,212	24,934	25,678	26,648
(28,275)	Transfers from accumulated funds	(17,455)	(19,448)	(21,541)	(24,533)	(24,445)	(17,821)	(21,979)	(25,404)	(20,809)	(22,390)
(1,684)	**Closing balance of operating reserves**	**11,695**	**9,042**	**5,060**	**(1,044)**	**(6,287)**	**(3,143)**	**(910)**	**(1,379)**	**3,490**	**7,748**
	Restricted reserves										
13,779	Opening balance	14,698	14,839	13,848	13,919	15,161	10,090	4,592	5,663	6,381	7,136
3,080	Transfers into restricted reserve funds	4,118	4,224	4,355	4,532	4,584	4,729	4,888	5,077	5,235	5,418
(6,760)	Transfers from restricted reserve funds	(3,977)	(5,215)	(4,284)	(3,290)	(9,655)	(10,227)	(3,818)	(4,359)	(4,480)	(4,229)
10,099	**Closing balance of restricted reserves**	**14,839**	**13,848**	**13,919**	**15,161**	**10,090**	**4,592**	**5,663**	**6,381**	**7,136**	**8,325**
	Asset revaluation reserves										
755,897	Opening balance	776,584	816,369	846,015	880,472	915,543	951,608	986,727	1,022,959	1,059,302	1,096,124
59,862	Changes in asset value	39,785	29,646	34,457	35,071	36,064	35,120	36,232	36,343	36,822	36,710
-	Valuation gains (losses) taken to equity	-	-	-	-	-	-	-	-	-	-
815,759	**Closing balance of asset revaluation reserves**	**816,369**	**846,015**	**880,472**	**915,543**	**951,608**	**986,727**	**1,022,959**	**1,059,302**	**1,096,124**	**1,132,834**
1,315,037	**Total equity**	**1,270,214**	**1,296,281**	**1,327,766**	**1,365,814**	**1,445,550**	**1,511,456**	**1,552,514**	**1,597,546**	**1,643,590**	**1,688,177**

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

Statement of Financial Position

AP 2024	($000) As at the years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
	Equity										
490,863	Accumulated funds	427,310	427,376	428,315	436,153	490,138	523,279	524,802	533,242	536,840	539,271
(1,684)	Operating reserves	11,695	9,042	5,060	(1,044)	(6,287)	(3,143)	(910)	(1,379)	3,490	7,748
10,099	Restricted equity	14,839	13,848	13,919	15,161	10,090	4,592	5,663	6,381	7,136	8,325
815,759	Asset revaluation reserves	816,369	846,015	880,472	915,543	951,608	986,727	1,022,959	1,059,302	1,096,124	1,132,834
1,315,037	**Total equity**	**1,270,214**	**1,296,281**	**1,327,766**	**1,365,814**	**1,445,550**	**1,511,456**	**1,552,514**	**1,597,546**	**1,643,590**	**1,688,177**
	Current assets										
4,812	Cash and cash equivalents	5,074	3,997	3,761	2,291	2,356	2,673	2,926	2,510	2,645	2,453
16,216	Trade and other receivables	19,369	19,609	19,367	19,853	22,618	21,915	20,308	20,710	20,862	20,834
-	Current assets held for sale	-	-	-	-	-	-	-	-	-	-
296	Other current assets	303	309	316	322	328	335	341	347	353	359
21,324	**Total current assets**	**24,746**	**23,915**	**23,444**	**22,467**	**25,302**	**24,922**	**23,575**	**23,567**	**23,860**	**23,646**
	Non-current assets										
136,617	Operational assets	121,634	126,463	130,141	133,665	172,824	220,679	226,767	222,717	218,775	214,684
1,179,757	Infrastructural assets	1,187,562	1,241,353	1,297,214	1,353,102	1,407,377	1,461,305	1,499,900	1,550,335	1,595,319	1,638,669
2,549	Intangible assets	2,903	3,236	3,403	3,671	3,658	3,681	3,939	3,894	3,875	3,912
333	Forestry assets	333	333	333	333	333	333	333	333	333	333
49,583	Investment property	50,908	53,042	55,378	57,623	59,951	62,310	64,778	67,261	69,825	72,456
53,136	Restricted assets	54,358	55,391	56,499	57,516	58,551	59,546	60,559	61,528	62,512	63,512
35,667	Assets under construction (work in progress)	12,222	16,045	16,282	16,366	32,687	15,291	5,661	7,747	6,457	6,484
16,696	Non-current assets held for sale	10,051	10,051	55	55	55	55	55	55	55	55
21,469	Investments in joint ventures or associates	14,820	18,940	18,967	18,994	19,023	19,053	19,084	19,117	19,151	19,187
1,652	Other non-current assets	1,692	1,727	1,763	1,799	1,833	1,868	1,901	1,936	1,970	2,004
1,497,459	**Total non-current assets**	**1,456,483**	**1,526,581**	**1,580,035**	**1,643,124**	**1,756,291**	**1,844,121**	**1,882,977**	**1,934,922**	**1,978,273**	**2,021,296**
1,518,783	**Total assets**	**1,481,229**	**1,550,497**	**1,603,480**	**1,665,590**	**1,781,594**	**1,869,043**	**1,906,552**	**1,958,489**	**2,002,133**	**2,044,942**

Statement of Financial Position (continued)

AP 2024	($000) As at the years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
	Current liabilities										
18,903	Trade and other payables	27,961	28,953	28,522	28,475	32,634	31,069	27,418	28,720	28,214	28,333
1,031	Short term employee entitlements	3,064	3,103	3,115	3,126	3,138	3,149	3,159	3,168	3,179	3,189
18,300	Borrowings - current	32,000	32,500	37,000	26,000	33,000	43,000	23,500	25,000	32,000	23,000
705	Other current liabilities	722	737	753	768	782	797	811	826	841	855
38,939	**Total current liabilities**	**63,747**	**65,292**	**69,390**	**58,369**	**69,554**	**78,015**	**54,888**	**57,715**	**64,234**	**55,377**
	Non-current liabilities										
527	Long term employee entitlements	573	626	642	658	675	690	704	717	731	745
1,780	Provisions	4,895	4,998	3,381	3,449	3,515	3,581	3,646	3,711	3,778	3,843
162,500	Borrowings – non current	141,800	183,300	202,300	237,300	262,300	275,300	294,800	298,800	289,800	296,800
164,807	**Total non-current assets**	**147,268**	**188,923**	**206,324**	**241,408**	**266,490**	**279,572**	**299,150**	**303,228**	**294,309**	**301,387**
203,746	**Total liabilities**	**211,015**	**254,216**	**275,713**	**299,776**	**336,044**	**357,587**	**354,038**	**360,943**	**358,543**	**356,765**
1,315,037	**Net assets (assets minus liabilities)**	**1,270,214**	**1,296,281**	**1,327,766**	**1,365,814**	**1,445,550**	**1,511,456**	**1,552,514**	**1,597,546**	**1,643,590**	**1,688,177**

Statement of Cash Flows

AP 2024	($000) For years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
	Cashflows from operating activities										
	Cash will be provided from:										
60,260	Receipts from rates revenue	68,467	78,066	86,355	92,559	99,050	106,556	111,883	116,738	120,225	123,069
35,630	Subsidies and grants received	21,636	22,214	19,002	20,806	57,706	47,948	23,279	24,712	25,436	23,574
8,826	Fees and charges received	9,732	9,834	10,072	10,325	10,452	10,690	10,898	11,096	11,291	11,551
48	Interest received	51	52	53	54	55	56	57	58	59	60
-	Other operating receipts	6,442	5,425	5,647	5,398	5,825	5,743	5,858	5,976	6,106	6,209
104,764	**Total operating cash provided**	**106,327**	**115,591**	**121,129**	**129,141**	**173,087**	**170,994**	**151,975**	**158,580**	**163,118**	**164,463**
	Cash will be applied to:										
63,349	Payments to suppliers and employees	76,619	81,393	83,452	83,826	85,820	88,259	89,686	92,877	95,672	97,712
-	Payments to agencies	-	-	-	-	-	-	-	-	-	-
8,281	Interest paid	7,906	9,330	10,886	12,454	14,567	16,395	17,337	18,136	18,460	18,596
-	Other operating payments	-	-	-	-	-	-	-	-	-	-
71,630	**Total operating cash applied**	**84,525**	**90,723**	**94,338**	**96,280**	**100,387**	**104,653**	**107,023**	**111,013**	**114,132**	**116,308**
33,134	**Net cash flows from operating activities**	**21,802**	**24,868**	**26,791**	**32,861**	**72,699**	**66,340**	**44,952**	**47,567**	**48,986**	**48,155**
	Cashflows from investing activities										
	Cash will be provided from:										
500	Proceeds from sale of property plant and equipment	1,015	1,065	9,393	1,174	1,233	1,295	1,360	1,428	1,499	1,574
-	Other investment receipts	-	-	-	-	-	-	-	-	-	-
500	Total investing cash provided	1,015	1,065	9,393	1,174	1,233	1,295	1,360	1,428	1,499	1,574
	Cash will be applied to:										
81,505	Purchase of property plant and equipment	54,796	64,215	59,420	58,838	105,350	89,754	45,451	54,273	47,696	47,251
5,815	Purchase of investments	780	4,795	501	667	518	565	606	638	654	670
87,320	**Total investing cash applied**	**55,576**	**69,010**	**59,921**	**59,506**	**105,868**	**90,319**	**46,058**	**54,911**	**48,350**	**47,921**
(86,820)	**Net cash flows from investing activities**	**(54,562)**	**(67,945)**	**(50,527)**	**(58,331)**	**(104,635)**	**(89,024)**	**(44,698)**	**(53,483)**	**(46,851)**	**(46,347)**
	Cashflows from financing activities										
	Cash will be provided from:										
63,500	Proceeds from borrowings	49,000	75,000	56,000	62,000	58,000	56,000	43,000	29,000	23,000	30,000
63,500	**Total financing cash provided**	**49,000**	**75,000**	**56,000**	**62,000**	**58,000**	**56,000**	**43,000**	**29,000**	**23,000**	**30,000**
	Cash will be applied to:										
10,000	Repayment of borrowings	17,000	33,000	32,500	38,000	26,000	33,000	43,000	23,500	25,000	32,000
10,000	**Total financing cash applied**	**17,000**	**33,000**	**32,500**	**38,000**	**26,000**	**33,000**	**43,000**	**23,500**	**25,000**	**32,000**
53,500	**Net cash flows from financing activities**	**32,000**	**42,000**	**23,500**	**24,000**	**32,000**	**23,000**	**-**	**5,500**	**(2,000)**	**(2,000)**
(186)	Net increase (decrease) in cash held	(760)	(1,077)	(236)	(1,470)	65	316	254	(416)	134	(192)
5,000	Plus opening cash balance	5,834	5,074	3,997	3,761	2,291	2,356	2,673	2,926	2,510	2,645
4,814	**Closing cash position**	**5,074**	**3,997**	**3,761**	**2,291**	**2,356**	**2,673**	**2,926**	**2,510**	**2,645**	**2,453**

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

NOTES TO THE FINANCIAL STATEMENTS
Ngā kupu āpiti ki ngā whakapuakanga ahumoni

Reporting entity
Te hinonga whakahaere

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

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

The financial statements are for Whakatāne District Council as a separate legal entity. Investments in joint ventures are accounted for in the financial statements using the equity method of accounting.

Basis of preparation
Te tūāpapa whakaritenga

The reporting period for these financial statements is for the 10 years ending 30 June 2034.

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

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

Statement of compliance

The Prospective Financial Statements (financial statements) of the Council have been prepared in accordance with the requirements of the Local Government Act 2002 (LGA) and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The Council's primary objective is to provide goods or services and benefit for the community, rather than making a financial return. Accordingly, the Council designates itself and the Group as public benefit entities (PBEs) and applies tier 1 PBE Accounting Standards. These standards are based on International Public Sector Accounting Standards (IPSAS), with amendments for the New Zealand Environment.

The prospective financial information comply with PBE FRS 42 Prospective Financial Statements. The information in these Prospective Financial Statements have been prepared using the best information available at the time they were prepared.

Events and circumstances may not occur as expected or may not have been predicted or the Council may subsequently take actions that differ from the proposed courses of action on which the Prospective Financial Statements are based. Therefore, whilst there is no current intent to update these Prospective Financial Statements, the Council reserves the right to update this plan in the future. The information contained within these Prospective Financial Statements may not be suitable for use in another capacity.

The accounting policies set out below have been applied consistently to all periods presented in the Prospective Financial Statements.

Measurement base

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

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

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

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

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

Presentation currency and rounding

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

Changes in accounting policies

At the time of preparation of this Long Term Plan there were no expected significant changes in the accounting policies to these applied in the preparation of these Prospective Financial Statements.

Judgements and estimations

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

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

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

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes.

- Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.
- Asset revaluations and impairments
- Provisions for landfill post-closure costs
- Certain fair value calculations
- Provisions
- Selection and measurement of the service performance information within the 'Groups of Activities' in volume 1 of this Long Term Plan.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Te whakarāpopototanga o ngā kaupapa here pūtea matua

Revenue
Pūtea whiwhi

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

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

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

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

Exchange transactions

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

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

Rates revenue

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

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

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

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

In accordance with Local Government (Financial Reporting and Prudence) Regulations 2014 Part 1 Section 5 (5) specify the amount of income received or to be received from targeted rates for metered water supply for the 10 years of the Long Term Plan as being $165.8 million.

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

Government grants, subsidies and funding subsidies

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

Other grants received

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

Development and financial contributions

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

Building and resource consent revenue

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

Entrance fees

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

Landfill fees

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

Provision of commercially based services

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

Rendering of services

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

Sales of goods

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

Infringement fees and fines

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

Vested or donated physical assets

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

Donated and bequeathed financial assets

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

Interest and dividends

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

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

Borrowing costs
Ngā tono pūtea

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

Salaries and wages
Ngā Taiutu

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

Grant expenditure
Whakapaunga karāti

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

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

Foreign currency transactions
Ngā kurutete pūtea tauiwi

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

Income tax
Te tāke pūtea whiwhi

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

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

Leases
Ngā Rīhitanga

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether or not the title is eventually transferred. At the start of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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

Cash and cash equivalents
Pūtea

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

Receivables
Ngā whiwhinga

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

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

Rates are ‘written-off’:

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

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

Derivative financial instruments
Ngā tukanga aroā tūraru pūtea

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from the Council operational activities and interest rate risks arising from the Council's financing activities. In accordance with its treasury policies, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

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

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current.

The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Hedge accounting

The Council designates certain derivatives as either:

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

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

Fair value hedge

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

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

Cash flow hedge

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

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

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

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

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

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

Other financial assets
Ētahi atu rawa ahumoni

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

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

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

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

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

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

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

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

Subsequent measurement of financial assets at amortised cost

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

Subsequent measurement of financial assets at FVTOCRE

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

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

Subsequent measurement of financial assets at FVTSD

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

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

Expected credit loss allowance (ECL)

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

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

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

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

Financial assets at fair value through surplus or deficit

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

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. After initial recognition, financial assets in this category are measured at their fair values, with gains or losses on re-measurement recognised in the surplus or deficit.

Loans and receivables

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

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

Held-to-maturity investments

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

Fair value through other comprehensive revenue and expense

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

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

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

Impairment of financial assets
Whēkitenga o ngā rawa ahumoni

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

Loans and receivables, and held-to-maturity investments

Impairment is established when there is evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

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

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

Inventory
Rārangi rawa

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

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

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

Non-current assets held for sale
Ngā rawa puritia kia hoko

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment
Ngā rawa me ngā taputapu

Property, plant and equipment consists of:

Operational assets

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

Restricted assets

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

Infrastructural assets

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

Revaluation

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

The Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are re-valued. Revaluations of property, plant and equipment are accounted for on a class-of-asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset.

Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Disposals

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

Subsequent costs

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

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

Depreciation

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

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

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

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

Infrastructural assets (approximate average over all assets in that category)	**Years**
TRANSPORT	
Land – road reserve	Not depreciated
Road formation	Not depreciated
Sealed pavement	67
Sealed pavement surface	16
Unsealed pavement	Not depreciated
Unsealed wearing course	4
Bridge railings	10
Signs	16
Drainage (including headwalls)	49
Large culverts	50
Retaining walls	74
Surface water channel	54
Railings	22
Traffic islands	50
Street lighting	26
Footpaths	47
Bridges	92
Car parks	50
WATER SUPPLY	
Treatment plant / headworks	13
Pump stations	11
Reservoirs	38
Trunk main	41
Main	49
Service line	33

Infrastructural assets (approximate average over all assets in that category)	Years
STORMWATER	
Gravity main	45
Rising main	46
Pump station	20
WASTEWATER	
Service line	25
Gravity main	40
Rising main	57
Pump station	12
Treatment plant	47
Outfall	28
HARBOUR ASSETS	
Harbour assets	15-30
PARKS	
Land	Not depreciated
Park assets	17.5
OPERATION ASSETS	
Museum assets	Not depreciated
Land	Not depreciated
Buildings	8-55
Vehicles	5-8
Plant and equipment	4-33
Furniture and fittings	5-10
Library books	3-4
Office equipment	5-10

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

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

Activity Group	Combined depreciation and amortisation (2024-34 $000)
Democracy	-
Arts and Culture	4,921
District Partnerships	50
Aquatic Centres	5,272
Events and Tourism	535
Economic Development	11.080
Climate Change and Resilience	446
Stormwater	22,135
Wastewater	42,492
Water Supply	55,286
Ports and Harbours	4,956
Parks and Reserves	19,045
Holiday Park	1,544
Transportation Connections	111,333
Building and Resource Management	-
Waste Management	1,455
Community Regulation	19
Community Facilities	29,295
Corporate Services	22,272

Intangible assets
Ngā rawa henumi

Software acquisition and development

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

Software as a service (SaaS)

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

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

While the decisions of the committee do not directly impact Public Benefit Entity (PBE) standards, which are mainly based on PBE IPSAS 1, given that NZIAS 38 Intangible Assets and PBE IPSAS

31 are similar, IFRIC's conclusions are authoritative support and may be considered under GAAP. As a result, the agenda decisions have been applied in the Council's accounting policy and were effective from the reporting year ending 30 June 2022.

Easements

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

- Computer software four to five years, 20 to 25 percent.

Impairment of property, plant and equipment and intangible assets
Whēkitenga o ngā rawa, ngā taputapu me ngā rawa henumi

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

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

Value in use for cash-generating assets

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

Forestry assets
Ngā rawa ngahere

Standing forestry assets are generally independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions. Gains and losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit when incurred. Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Investment property
Rawa haumitanga

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

Payables
Ngā nama

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

Borrowings
Ngā tono pūtea taurewa

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

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Finance leases

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

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

The finance charge is charged to the surplus or deficit over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Employee entitlements
Ngā āheinga kaimahi

Short-term employee entitlements

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

Long-term employee entitlements

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

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

Presentation of employee entitlements

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

The discount rates have been chosen in accordance with PBE IPSAS 25, and the valuation method is a refinement of that set out by Treasury in its paper entitled ‘Guidance on accounting for sick leave under NZ IAS 19 employee benefits’. A long-term annual rate of salary growth of 3 percent per year has been used. Sick leave and long-service leave are classified as both current and long-term liabilities depending on predicted settlement. If the payment is likely to be made within 12 months of balance date, the entitlement is classified as current. The balance of the valuation is classified as long term.

Superannuation scheme

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

Provisions
Whakataunga tata

A provision is recognised for future expenditure of uncertain amount or timing when:

- There is a present obligation (either legal or constructive) as a result of a past event;
- It is probable that an outflow of future economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Equity
Whai tūtanga

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

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

Reserve funds

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

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

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

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council. Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

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

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

Asset revaluation reserve

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

Fair value through other comprehensive revenue and expense reserve

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

Goods and services tax (GST)
Tāke hokohoko

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

Annual Plan figures
Ngā nama i te Mahere ā-tau

The comparative 2023/24 figures are for those approved by the Council on its Annual Plan 2023/24. The plan figures have been prepared in accordance with NZ GAAP, using accounting policies that are, or will be, consistent with those adopted by the Council for the preparation of the financial statements.

Cost allocation
Tiritiringa utu

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

Critical accounting estimates and assumptions *Ngā whakataunga tata pūtea*

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within future financial years are outlined below.

Infrastructural assets

There are several of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset: for example, the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example, stormwater, wastewater and water supply pipes that are underground. This risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments of underground assets
- Estimating any obsolescence or surplus capacity of an asset
- Determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions; for example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or under-estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk, the Council's infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, and deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Provision for landfill aftercare costs

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

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

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

For other significant accounting estimates and assumptions, see the 'Our Assumptions' in Volume 2 - Strategies and Policies of the Long Term Plan.

Critical judgements in applying accounting policies *Ngā whakawātanga whakahāngai kaupapa here pūtea*

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

Statement of Reserve Balances

Whakatāne District Council maintains reserve funds as a part of its equity. The Local Government Act 2002 Schedule 10 Clause 16 requires certain information to be included in the Council's Long Term Plan pertaining to these reserve funds. The following identifies each reserve set aside by the Council, its nature and purpose, the activities to which the fund relates, and the financial disclosures required under LGA 2002. Note that forecast opening balances for reserves for this Long Term Plan have been adjusted to reflect the forecast opening position projected at 1 July 2024.

($000)			Opening balance 2024	Transfer into reservers	Transfer from reserves	Closing balance 2034
Reserve Description	**Activity Group**	**Purpose**				
Operating Reserves						
These are set aside to fund short-term operational matters, such as some loan repayments, or to hold short-term surpluses arising from operations. If not required these reserve balances can be transferred to renewal reserves or to the Council's accumulated funds.						
Stormwater - Whakatāne	Stormwater	For stormwater rate funded surpluses or deficits	598	401	-	998
Stormwater - Ōhope	Stormwater	For stormwater rate funded surpluses or deficits	139	93	-	233
Stormwater - Edgecumbe	Stormwater	For stormwater rate funded surpluses or deficits	46	31	-	77
Stormwater - Matatā	Stormwater	For stormwater rate funded surpluses or deficits	143	96	-	239
Stormwater - Murupara	Stormwater	For stormwater rate funded surpluses or deficits	3	2	-	6
Stormwater - Tāneatua	Stormwater	For stormwater rate funded surpluses or deficits	11	7	-	18
Stormwater - Te Mahoe	Stormwater	For stormwater rate funded surpluses or deficits	8	6	-	14
Stormwater - Te Teko	Stormwater	For stormwater rate funded surpluses or deficits	10	7	-	16
Wastewater - Matatā	Wastewater	For wastewater rate funded surpluses or deficits	(195)	5,417	(26,636)	(21,414)
Wastewater - Murupara	Wastewater	For wastewater rate funded surpluses or deficits	40	27	-	67
Wastewater - all other schemes	Wastewater	For wastewater rate funded surpluses or deficits	(94)	764	(1,057)	(387)
Water Supply - Murupara	Water Supply	For water rate funded surpluses or deficits	68	46	-	114
Water Supply - Plains	Water Supply	For water rate funded surpluses or deficits	983	634	(52)	1,566
Water Supply - other schemes	Water Supply	For water rate funded surpluses pluses or deficits	1,269	851	-	2,120
Transportation Connections	Transportation Connections	For roading rate funded surpluses or deficits (incl business cases)	620	39	(1,941)	(1,283)
Waste Disposal	Waste Management	For refuse rate funded surpluses or deficits	657	441	-	1,098
Waste Minimisation	Waste Management	For aaste minimisation purposes	479	5,542	(246)	5,775
Rex Morpeth Recreation (ex Pensioner Housing)	Parks and Reserves	For pensioner housing pperating surpluses or deficits	654	439	-	1,092
Total operating reserves			**5,440**	**14,841**	**(29,932)**	**(9,650)**

($000)			Opening balance 2024	Transfer into reservers	Transfer from reserves	Closing balance 2034
Reserve Description	**Activity Group**	**Purpose**				
Other operating reserves						
These are set aside to specific operating activities of the Council. If not required for the original purpose, these reserve balances can be transferred to renewal reserves or to the Council's accumulated funds.						
Community Board - Murupara	Democracy	Separately collected rates for community projects	24	16	-	40
Community Board - Rangitāiki	Democracy	Separately collected rates for community projects	51	35	-	86
Community Board - Tāneatua	Democracy	Separately collected rates for community projects	23	16	-	39
Community Board - Whakatāne / Ōhope	Democracy	Separately collected rates for community projects	110	74	-	184
District Growth	Events and Tourism / Economic Development	For district growth rate funded surpluses or deficits	53	35	-	88
Strategic Māori Relationships	District Partnerships	Separately collected rates for community projects	9	6	-	15
Asset Divestment	Economic Development	Surplus funds from the divestment of Council assets	1,438	1,020	(161)	2,297
Te Mahoe Water - special	Water Supply	For the purchase of capital expenditure for the Te Mahoe water scheme	25	17	-	43
Capital Contributions - Roading	Transportation Connections	Financial contributions for roading capital projects	73	49	-	123
Roading Storm Damage Reserve	Transportation Connections	To fund storm damage on roading network	269	2,872	(0)	3,140
Whakatāne Holiday Park	Holiday Park	To fund the Whakatāne Holiday Park	(1,274)	-	(7,412)	(8,686)
Parks and Reserves Financial Contribution	Parks and Reserves	To fund capital expenditure for parks and reserves	243	163	-	405
Car Parks Development	Community Regulation	For the development of car parks in the district	18	12	-	31
Total other operating reserves			**1,061**	**4,313**	**(7,574)**	**(2,197)**

($000)			Opening balance 2024	Transfer into reservers	Transfer from reserves	Closing balance 2034
Reserve Description	**Activity Group**	**Purpose**				
Assets renewal / depreciation operating reserves						
These are set aside to fund short to medium term timing variations in the future capital expenditure associated renewal of assets from Council activities. If not required, these reserve balances can be transferred to the Council's accumulated funds.						
Librares and Galleries	Arts and Culture	To fund the renewal of library assets	15	1,276	(1,270)	22
Museums and Archives	Arts and Culture	To fund the renewal of museum assets	197	122	-	319
Aquatic Centres	Aquatic Centres	To fund the renewal of aquatic centre assets	(255)	3,303	(3,393)	(345)
Strategic Properties	Economic Development	To fund the renewal of commercial property assets	9	6	-	14
Stormwater - Edgecumbe	Stormwater	To fund the renewal of stormwater assets	221	965	(433)	753
Stormwater - Matatā	Stormwater	To fund the renewal of stormwater assets	66	203	(161)	108
Stormwater - Murupara	Stormwater	To fund the renewal of stormwater assets	246	246	(270)	221
Stormwater - Ōhope	Stormwater	To fund the renewal of stormwater assets	(85)	804	(1,656)	(938)
Stormwater - Tāneatua	Stormwater	To fund the renewal of stormwater assets	27	92	(119)	1
Stormwater - Te Mahoe	Stormwater	To fund the renewal of stormwater assets	40	91	(58)	72
Stormwater - Te Teko	Stormwater	To fund the renewal of stormwater assets	17	60	(50)	27
Stormwater - Whakatāne	Stormwater	To fund the renewal of stormwater assets	(1,943)	10,120	(11,089)	(2,913)
Wastewater - Matatā	Wastewater	To fund the renewal of wastewater assets	181	121	-	303
Wastewater - Murupara	Wastewater	To fund the renewal of wastewater assets	479	590	(127)	943
Wastewater - all other schemes	Wastewater	To fund the renewal of wastewater assets	4,786	26,513	(30,448)	851
Water Supply - Murupara	Water Supply	To fund the renewal of water assets	54	2,275	(4,861)	(2,533)
Water Supply - Plains	Water Supply	To fund the renewal of water assets	(646)	4,376	(4,730)	(1,000)
Water Supply - all other schemes	Water Supply	To fund the renewal of water assets	(408)	47,408	(43,805)	3,196
Ports and Harbours	Ports and Harbours	To fund the renewal of ports and harbour assets	(560)	1,575	(1,465)	(449)
Parks Reserves and Gardens	Parks and Reserves	To fund the renewal of parks and gardens and sports fields assets	279	7,604	(7,105)	778
Rex Morpeth Recreation (ex Pensioner Housing)	Parks and Reserves	To fund the renewal of pensioner housing assets	452	303	-	754
Cemeteries	Parks and Reserves	To fund the renewal of cemeteries and crematorium assets	284	1,640	(1,408)	516
Holiday Park	Holiday Park	To fund the renewal of Whakatāne Holiday Park assets	(115)	1,004	(645)	245
Transportation Connections	Transportation Connections	To fund the renewal of roading assets	1,760	37,925	(36,690)	2,994
Waste Disposal and Minimisaton	Waste Management	To fund the renewal of refuse disposal assets	33	394	(371)	56
Animal Control	Community Regulation	To fund the renewal of animal control assets	(4)	(0)	(3)	(6)

($000)			Opening balance 2024	Transfer into reservers	Transfer from reserves	Closing balance 2034
Reserve Description	**Activity Group**	**Purpose**				
Halls	Community Facilities	To fund the renewal of halls assets	(17)	20,748	(3,746)	16,984
Public Conveniences	Community Facilities	To fund the renewal of public conveniences assets	88	707	(572)	223
Corporate - Digital Services	Corporate Services	To fund the renewal of information management assets	(44)	5,948	(6,018)	(113)
Corporate - Fleet	Corporate Services	To fund the renewal of vehicle and plant	448	10,289	(14,118)	(3,380)
Corporate - Property	Corporate Services	To fund the renewal of corporate property assets	570	5,031	(3,710)	1,891
Total asset renewal / depreciation reserves			**6,177**	**191,739**	**(178,320)**	**19,595**

Development contribution reserves						
These include development and financial contributions levied by Whakatāne District Council for capital works and are intended to contribute to the growth related capital expenditure in the infrastructural asset activities of roads, water supply, wastewater management, stormwater drainage, waste management and disposal, parks and reserves, facilities, carparks and subdivisions within communities. If not required these reserve balances can be transferred to the Council's operating reserves.						
Stormwater - Matatā	Stormwater	To fund growth related capital expenditure	1	-	-	1
Stormwater - Ōhope	Stormwater	To fund growth related capital expenditure	148	99	-	248
Stormwater - Whakatāne	Stormwater	To fund growth related capital expenditure	139	131	(39)	231
Wastewater - Coastlands	Wastewater	To fund growth related capital expenditure	(708)	-	(475)	(1,183)
Wastewater - Edgecumbe	Wastewater	To fund growth related capital expenditure	(4)	-	(3)	(7)
Wastewater - Ōhope	Wastewater	To fund growth related capital expenditure	309	207	-	516
Wastewater - Whakatāne	Wastewater	To fund growth related capital expenditure	(2,336)	2,132	(915)	(1,119)
Water Supply - Edgecumbe	Water Supply	To fund growth related capital expenditure	9	6	-	15
Water Supply - Matatā	Water Supply	To fund growth related capital expenditure	86	57	-	143
Water Supply - Ōhope	Water Supply	To fund growth related capital expenditure	151	77	(75)	154
Water Supply - Plains	Water Supply	To fund growth related capital expenditure	(69)	-	(46)	(115)
Water Supply - Whakatāne	Water Supply	To fund growth related capital expenditure	(196)	2,637	(1,418)	1,023
Parks, Gardens and Reserves	Parks and Reserves	To fund growth related parks, gardens and reserves capital expenditure	163	191	(277)	77
Rural Reserves	Parks and Reserves	To fund growth related capital expenditure	(38)	-	(25)	(63)
Roading	Transportation Connections	To fund growth related roading capital expenditure	1,129	3,530	(2,623)	2,036
Non Financial Assisted Roading	Transportation Connections	To fund growth related capital expenditure	5	3	-	9
Solid Waste	Waste Management	To fund growth related solid waste capital expenditure	349	234	-	583
Whakatāne Carparks	Community Regulation	To fund growth related capital expenditure	(10)	-	(7)	(17)
Community Infrastructure	Community Facilities	To fund growth related community infrastructure	562	8,410	(16,410)	(7,439)
Total development contribution reserves			**(310)**	**17,715**	**(22,312)**	**(4,906)**

($000)			Opening balance 2024	Transfer into reservers	Transfer from reserves	Closing balance 2034
Reserve Description	**Activity Group**	**Purpose**				
Other restricted reserves						
These are funds subject to specific conditions accepted as binding by Whakatāne District Council, such as bequests or operations in trust under specific Acts, and which may not be revised by the Council without reference to the Courts or third party.						
Harbour Endowment Fund	Strategic Property / Ports and Harbours	For Ports and Harbour Operating Surpluses or Deficits / Proceeds from sale of lands	15,007	29,445	(31,222)	13,231
Total restricted reserves			**15,007**	**29,445**	**(31,222)**	**13,231**

Statement of reconciliation between the funding impact statement and the statement of comprehensive revenue and expense

AP 2024	($000) For years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
67,183	Total comprehensive revenue and expense	31,728	26,067	31,485	38,048	79,735	65,906	41,058	45,032	46,045	44,587
4,431	Surplus (deficit) of operating funding	4,842	8,728	14,321	18,925	21,520	25,021	28,466	29,562	30,403	31,629
62,752	**Difference**	**26,886**	**17,339**	**17,164**	**19,123**	**58,216**	**40,885**	**12,592**	**15,470**	**15,642**	**12,958**
	Represented by										
27,267	Capital income	14,483	16,023	12,065	14,393	53,762	40,407	14,764	18,131	18,510	16,334
(27,896)	Depreciation and amortisation	(26,616)	(27,654)	(28,884)	(29,701)	(31,121)	(34,106)	(37,828)	(38,399)	(39,070)	(39,453)
59,862	Revaluation of assets	39,785	29,646	34,457	35,071	36,064	35,120	36,232	36,343	36,822	36,710
-	Vested assets	-	-	-	-	-	-	-	-	-	-
(888)	Future loss on sale - investment property	-	-	-	-	-	-	-	-	-	-
5,544	Gains (losses) on revaluation	-	-	-	-	-	-	-	-	-	-
(450)	Gains (losses) on share of joint venture / associates equity	(766)	(675)	(474)	(640)	(490)	(535)	(575)	(605)	(620)	(634)
-	Other comprehensive revenue (expense) of joint ventures / associates	-	-	-	-	-	-	-	-	-	-
(687)	Other	-	-	-	-	-	-	-	-	-	-
62,752	**Closing cash position**	**26,886**	**17,339**	**17,164**	**19,123**	**58,216**	**40,885**	**12,592**	**15,470**	**15,642**	**12,958**

FINANCIAL PRUDENCE BENCHMARKS

Ngā paeraro ahumoni

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

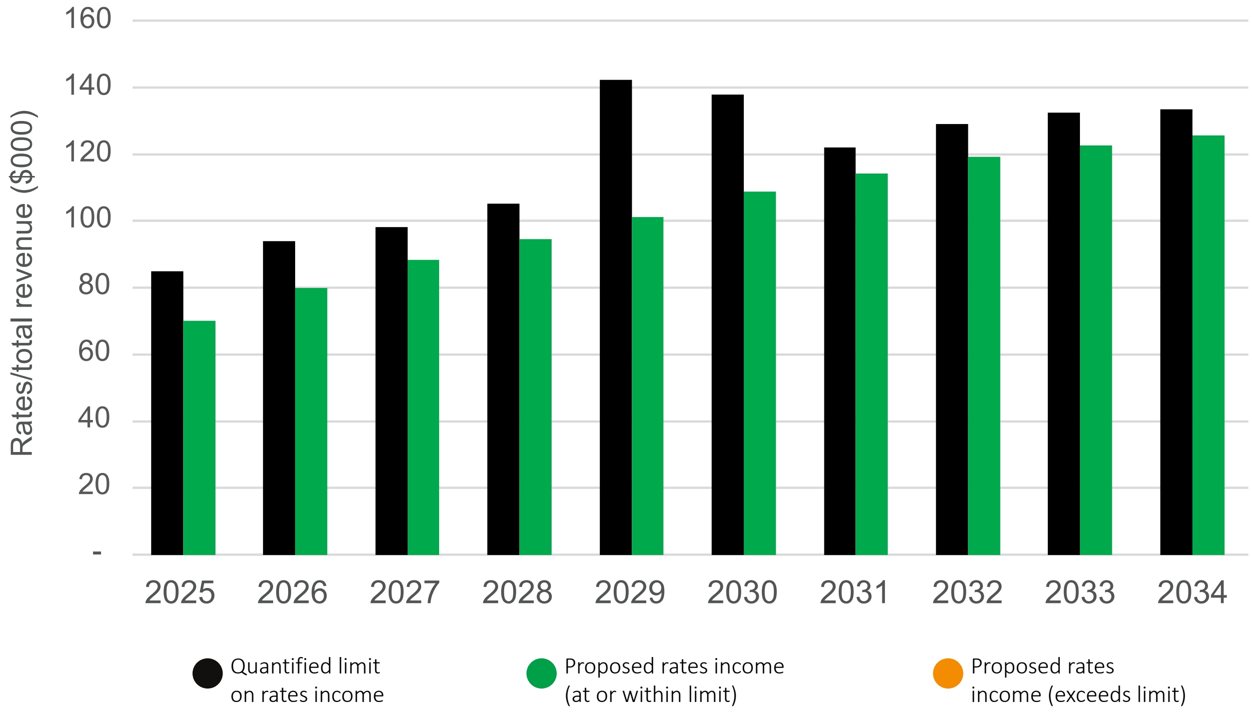
Rates affordability benchmark

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

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

Rates (income) affordability benchmark

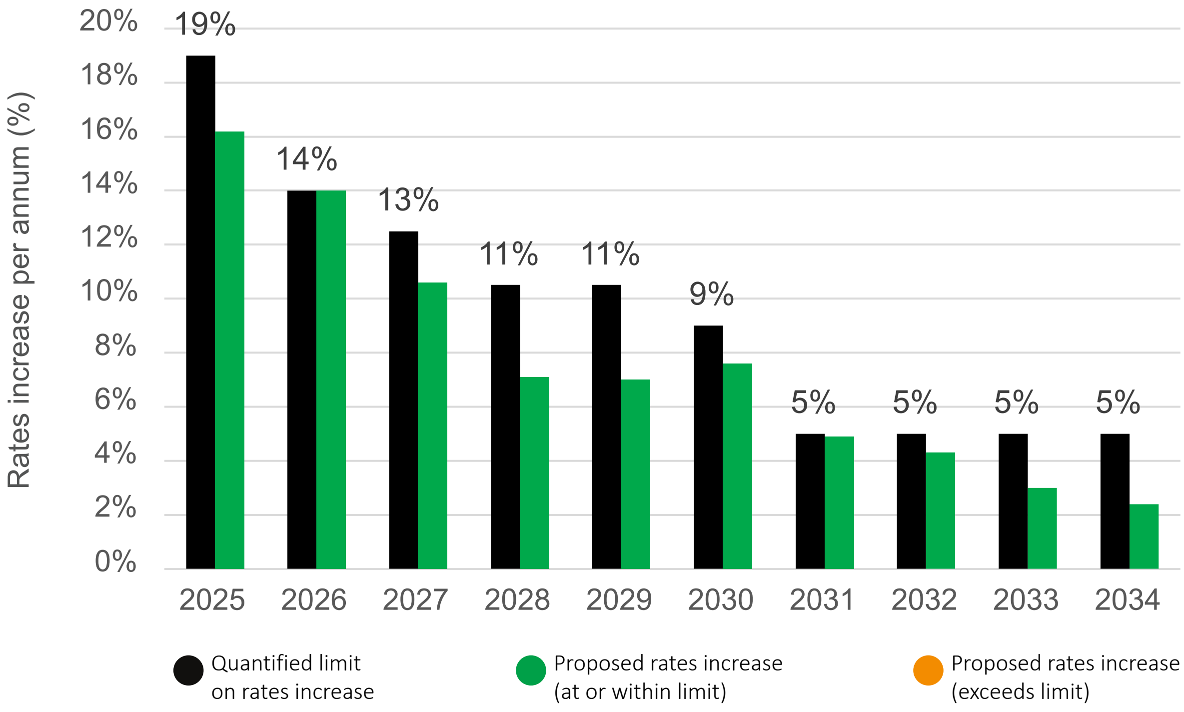
The following graph compares the Council's planned rates with a quantified limit on rates contained in the Financial Strategy included in this Long Term Plan. The quantified limit is that rates will not exceed 80 percent of total revenue.



Rates (increases) affordability benchmark

The following graph compares the Council's planned rates increases with a quantified limit on rates increases contained in the Financial Strategy included in this Long Term Plan. The quantified limit is: that rate increase will not exceed the specific rates limit set for each year.

The quantified limit has been assessed and set by Council in its Financial Strategy on an annual basis taking into account factors such as the balancing of Council's financial position, together with assumed annual inflation as per the Local Government Cost Index provided for in the Business and Economic Research Ltd (BERL) Local Government Cost Adjustor Forecasts, plus a margin for uncertainty and risk of up to three percent per annum .



Debt affordability benchmark

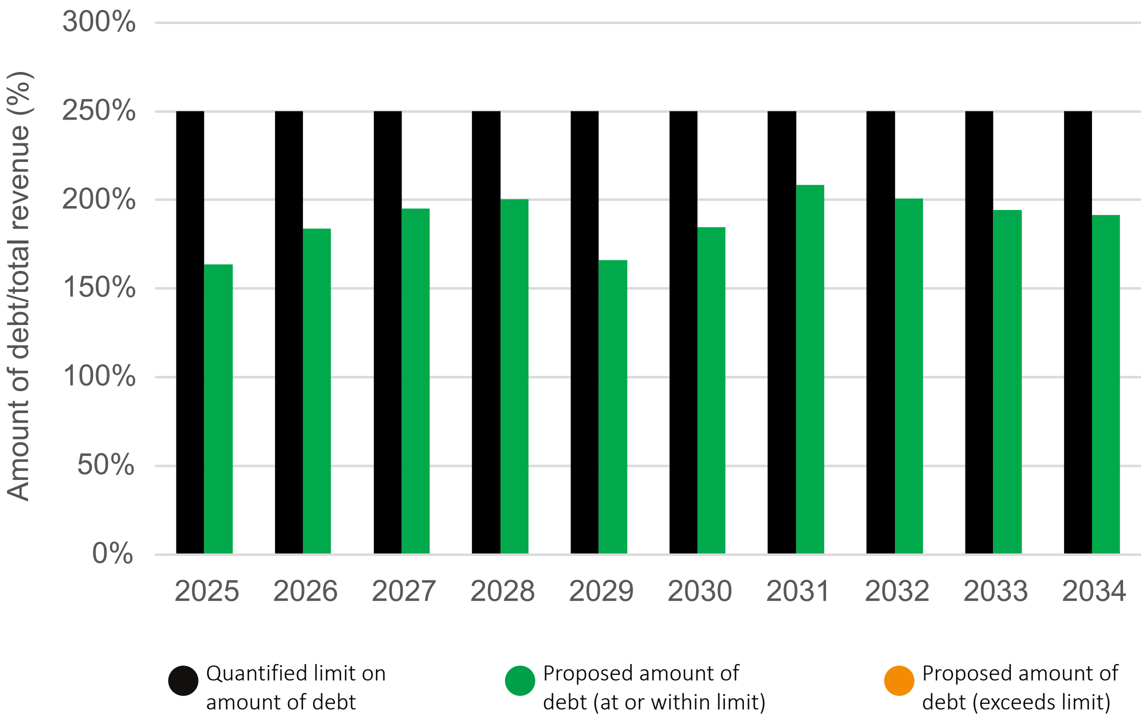
Local Government (Financial Reporting and Prudence) Regulations 2014 S.18

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The Council has 2 quantified limits on borrowing as contained in its Financial Strategy, and as provided for in its Treasury Management Policy.

Debt (amount) affordability benchmark

The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this Long Term Plan. The quantified limit per the Financial Strategy is for net external borrowings (borrowings net of cash and cash equivalents including term deposits) to be no more than 250 percent of total revenue.

Council anticipates becoming credit rated prior to adoption of the Long Term Plan. This prudence benchmark has been prepared using the significant assumption in accordance with the Treasury Management Policy that Council will successfully gain credit rating assessment within the nest next few months of 'A' or better. Under the Policy if a credit rating at this level or better is not achieved the benchmark shall be set at 175%.



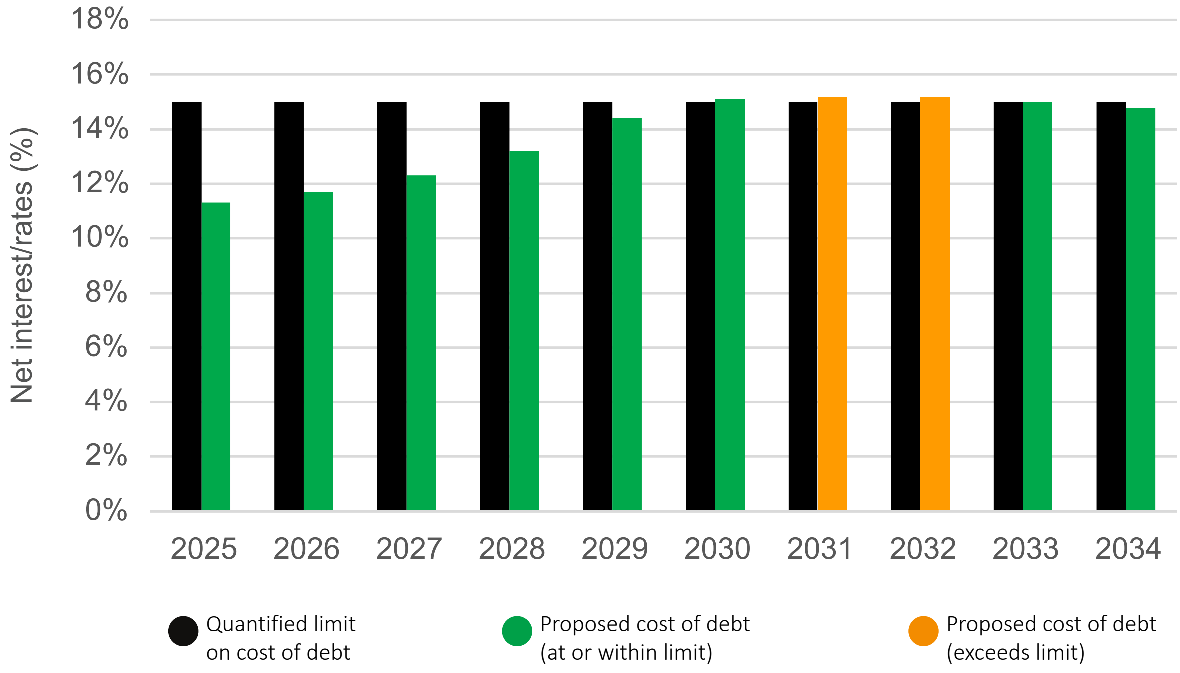
IMPORTANT UPDATE

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

Debt (expense) affordability benchmark

The following graph compares the Council's planned cost of borrowings on debt with a quantified limit on cost of borrowings contained in the Financial Strategy included in this Long Term Plan. The quantified limit per the Financial Strategy is for net interest expense (finance cost net of interest revenue) to be no more than 15 percent of rates revenue.

The proposed 2030/31 through 2031/32 budgets do not meet the debt affordability benchmark of 15 percent of rate. The Council will review and revise the budgets planned for those years in the next long term plan process.



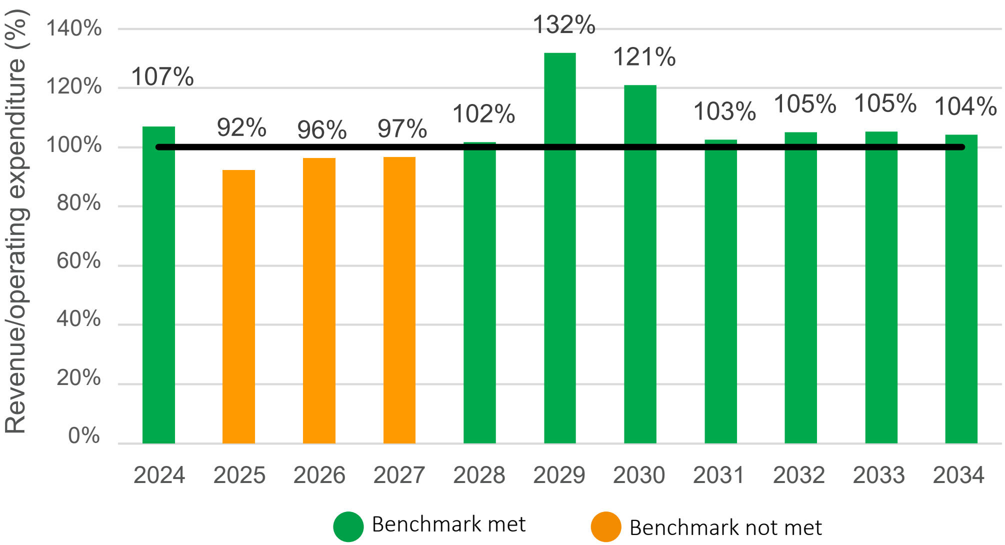
Balanced budget benchmark

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

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

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

The proposed 2024/25 through 2026/27 budgets do not meet the balance budget benchmark. It was noted in the Consultation document and the Financial Strategy included in this Long Term Plan, that to have a fully balanced budget in the first three years of the 10 year plan would be unaffordable for the current ratepayer, however planned revenue over the lifetime of the 10 year plan is set at a level sufficient to meet the operating costs over the full 10 year period to ensure the intergenerational equitable allocation of responsibility for funding.



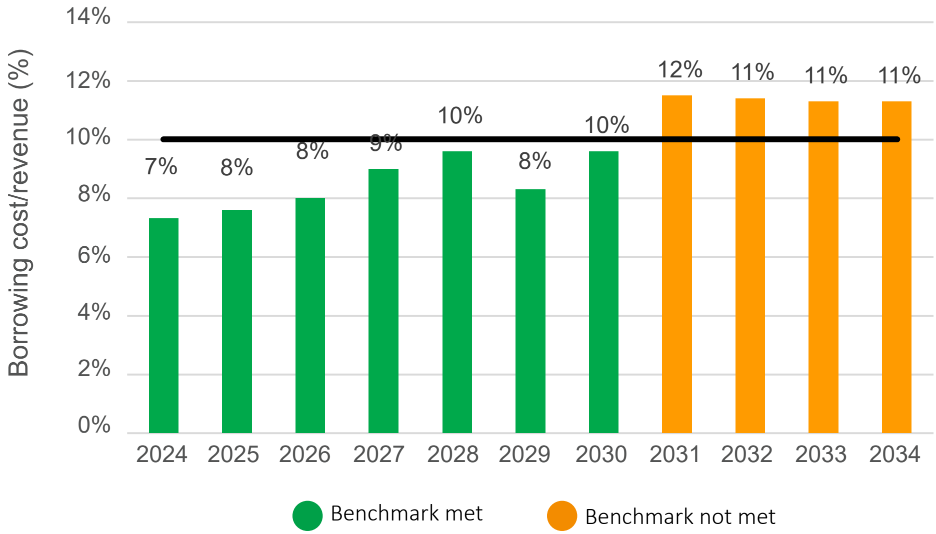
Debt servicing benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.21

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

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

The proposed 2030/31 through 2033/34 budgets do not meet the debt servicing benchmark of 10 percent of rates. As a consequence, unless addressed prior to that period, the ratepayer will be paying a higher proportion of the rates to interest than the benchmark. The Council will review and revise the budgets planned for those years in the next long term plan process.

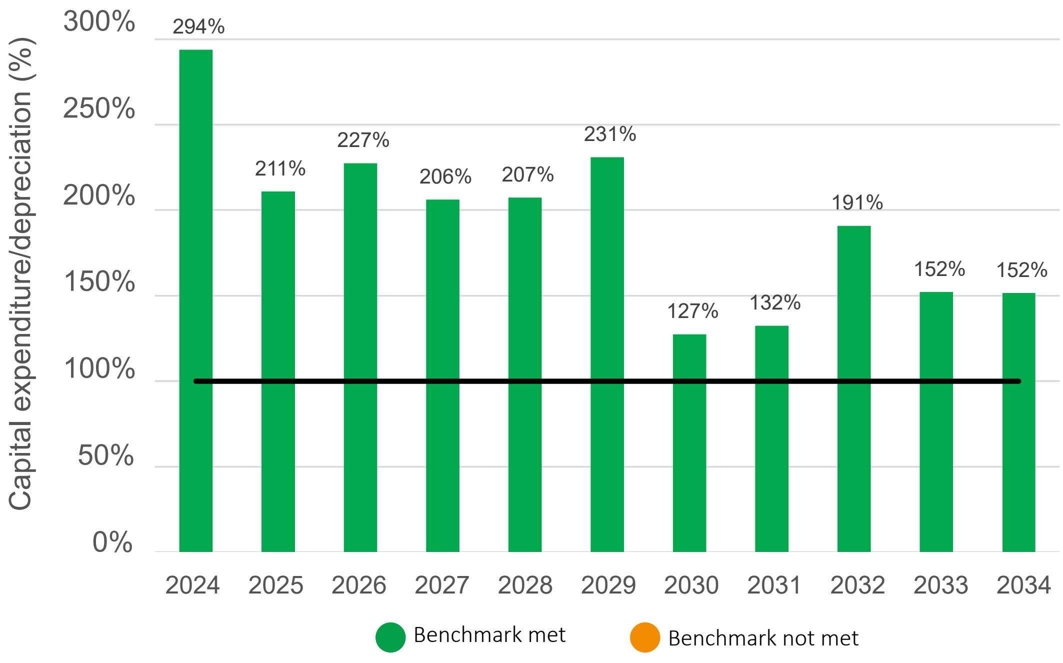


Essential services benchmark

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

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

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



Funding impact statement - Whole of Council

AP 2024	($000) For years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
	OPERATIONAL										
	Sources of operating funding										
31,016	General rates, uniform annual general charges, rates penalties	33,296	37,183	40,294	42,840	45,845	49,535	53,274	54,817	56,015	56,905
29,824	Targeted rates	37,402	43,430	48,823	52,623	56,311	60,366	62,047	65,493	67,859	69,886
7,606	Subsidies and grants for operating purposes	7,751	7,205	7,657	7,554	7,716	7,624	7,775	7,888	8,045	8,198
10,863	Fees and charges	11,181	11,620	11,865	12,160	12,296	12,593	12,824	13,055	13,285	13,588
48	Interest and dividends from investments	60	61	62	64	65	66	67	68	70	71
2,531	Local authorities fuel tax, fines, infringement fees, and other receipts	2,599	2,659	2,714	2,772	2,829	2,891	2,947	3,003	3,066	3,116
81,888	**Total sources of operating funding (A)**	**92,288**	**102,159**	**111,416**	**118,013**	**125,063**	**133,075**	**138,935**	**144,326**	**148,339**	**151,764**
	Applications of operating funding										
67,645	Payments to staff and suppliers	77,252	81,786	83,870	84,204	86,454	89,043	90,602	94,026	96,813	98,820
8,281	Finance costs	7,906	9,330	10,886	12,454	14,567	16,395	17,337	18,136	18,460	18,596
1,531	Other operating funding applications	2,288	2,314	2,339	2,430	2,522	2,616	2,530	2,602	2,663	2,719
77,457	**Total applications of operating funding (B)**	**87,446**	**93,431**	**97,094**	**99,089**	**103,543**	**108,054**	**110,469**	**114,764**	**117,936**	**120,135**
4,431	**Surplus (deficit) of operating funding (A-B)**	**4,842**	**8,728**	**14,321**	**18,925**	**21,520**	**25,021**	**28,466**	**29,562**	**30,403**	**31,629**

Funding impact statement - Whole of Council (continued)

AP 2024	($000) For years ending 30 June	LTP 2025	LTP 2026	LTP 2027	LTP 2028	LTP 2029	LTP 2030	LTP 2031	LTP 2032	LTP 2033	LTP 2034
	CAPITAL										
	Sources of capital funding										
26,841	Subsidies and grants for capital expenditure	13,053	14,562	10,572	12,868	52,205	38,820	13,146	16,483	16,831	14,627
426	Development and financial contributions	1,431	1,461	1,494	1,525	1,557	1,588	1,618	1,648	1,678	1,708
53,500	Increase (decrease) in debt	32,000	42,000	23,500	24,000	32,000	23,000	-	5,500	(2,000)	(2,000)
-	Gross proceeds from sale of assets	1,015	1,065	9,393	1,174	1,233	1,295	1,360	1,428	1,499	1,574
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
80,767	**Total sources of capital funding (C)**	**47,498**	**59,088**	**44,959**	**39,568**	**86,995**	**64,702**	**16,123**	**25,058**	**18,008**	**15,909**
	Applications of capital funding										
	Capital expenditure										
8,654	- to meet additional demand	2,053	3,484	915	1,572	1,300	3,438	1,067	3,201	3,220	1,034
42,000	- to improve level of service	25,728	34,391	30,062	26,934	79,197	62,807	15,606	23,462	19,744	20,632
27,240	- to replace existing assets	27,212	27,142	27,956	30,324	28,897	21,800	25,075	28,698	24,066	25,605
3,204	Increase (decrease) in reserves	(2,653)	(1,300)	347	(338)	(880)	1,677	2,842	(741)	1,382	268
4,100	Increase (decrease) of investments	-	4,100	-	-	-	-	-	-	-	-
85,198	**Total applications of capital funding (D)**	**52,341**	**67,816**	**59,280**	**58,492**	**108,515**	**89,723**	**44,590**	**54,621**	**48,411**	**47,538**
(4,431)	**Surplus (deficit) of capital funding (C-D)**	**(4,842)**	**(8,728)**	**(14,321)**	**(18,925)**	**(21,520)**	**(25,021)**	**(28,466)**	**(29,562)**	**(30,403)**	**(31,629)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

FUNDING IMPACT STATEMENT – RATING INFORMATION
Te Tirohanga whānui ki ngā utu - Ngā tāke kaunihera

Rating information
Pārongo tāke kaunihera

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

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

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

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

Overview of rates
Tirohanga whānui o ngā tāke kaunihera

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

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

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

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

The rates in this Funding Impact Statement will apply in respect to every year in this Long Term Plan, noting that the amounts may change.

Categories
Ngā rōpū

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

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

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

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

Urban means Urban zones as defined in the District Plan.

Rural means Rural zones as defined in the District Plan.

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

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

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

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

Rating calculations and lump sum contributions
Ngā tātai tāke kaunihera me ngā tāpaetanga tahua

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

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

Definition of separately used or inhabited part (SUIP)

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

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

Rates instalment details
Ngā harangote tāke kaunihera

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

Instalment	Due Date	Penalty Date
Instalment 1	Friday, 20 September 2024	Wednesday, 25 September 2024
Instalment 2	Friday, 22 November 2024	Wednesday, 27 November 2024
Instalment 3	Friday, 21 February 2025	Wednesday, 26 February 2025
Instalment 4	Friday, 23 May 2025	Wednesday, 28 May 2025

Metered water supply rates

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

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

Discount for prompt payment

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

Penalties on overdue rates

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

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

Payments

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

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

Allocation of payments

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

Rateable properties in the Whakatāne District
Ngā rawa tāke kaunihera i te rohe

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

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

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

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

Location	Rateable Capital Value ($B)
2024 Annual Plan	16,183
2025 LTP	16,224
2026 LTP	16,370
2027 LTP	16,498
2028 LTP	16,627
2029 LTP	16,704
2030 LTP	16,781
2031 LTP	16,859
2032 LTP	16,937
2033 LTP	17,016
2034 LTP	17,078

Rates for year one of the Long Term Plan
Ngā tāke kaunihera o te tau tuatahi o te Mahere Pae Tawhiti

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

General rates ($32.37 million)

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

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

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

	Per dollar of Capital Value	Rate $
Step 1	District wide rateable residential properties capital value up to $30 million	0.00133907
	District wide rateable commercial properties capital value up to $30 million	0.00133907
	District wide rateable industrial properties capital value up to $30 million	0.00133907
	District wide rateable rural and horticultural properties capital value up to $30 million	0.00133907
Step 2	District wide rateable properties capital value portion greater than $30 million	0.00100430

Uniform annual general charge (UCAG)

In addition to the above as part of the general charge, the Council sets a Uniform Annual General Charge (UCAG) on all applicable rating units in the district as a fixed amount per rating unit. In the 2024/25 year the UCAG is projected at $718.14 per rating unit.

District growth rates ($1.45 million)

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

Per dollar of Capital Value	Differentials	Rate $
Commercial and Industrial properties within the Whakatāne urban area	2.0	0.00132632
Commercial and Industrial properties outside the Whakatāne urban area	1.0	0.00066316

In addition, Council set as a targeted rate of a fixed amount of **$590.78** per rating unit for all commercial and industrial properties within the district.

Democracy – Community Boards rates ($0.43 million)

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

Targeted Rate	Rate $
All rating units in the Whakatāne and Ōhope Community Board Area	24.04
All rating units in the Rangitāiki Community Board Area	20.86
All rating units in the Tāneatua Community Board Area	43.99
All rating units in the Murupara Community Board Area	56.78

Events and tourism - EPIC rate ($0.08 million)

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

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

Transportation connections (roading) rates ($8.46 million)

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

Per dollar of Capital Value	Rate $
All rateable properties	0.00047517

In addition to the above, Council sets a transportation connections targeted rate of a fixed amount on all rating units in the district of **$54.88**.

Stormwater rates ($4.98 million)

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

Fixed Amount per Scheme	Rate $
Whakatāne urban area	134.36
Whakatāne Commercial and Industrial	134.36
All rating units in the Matatā area	91.67
All rating units in the Ōhope area	101.86
All rating units in the Edgecumbe area	165.08
All rating units in the Tāneatua area	40.11
All rating units in the Murupara area	8.55
All rating units in the Te Mahoe Land Drainage area	117.19
All rating units in the Te Teko Land Drainage area	29.99

Per Dollar of Capital Value per Scheme	Differential	Rate $
Whakatāne urban properties	**1.0**	0.00042380
Whakatāne Commercial and Industrial properties	**2.2***	0.00093236
Matatā	**1.0**	0.00042380
Ōhope	**1.0**	0.00022617
Edgecumbe	**1.0**	0.00064651
Tāneatua	**1.0**	0.00033502
Murupara	**1.0**	0.00014604
Te Mahoe Land Drainage	**1.0**	0.00118844
Te Teko Land Drainage	**1.0**	0.00041459

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

Wastewater (sewerage) rates ($6.43 million)

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

- Whakatāne
- Ōhope
- Edgecumbe
- Tāneatua
- Murupara
- Te Māhoe

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

The differential categories of service are:

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

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

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

Murupara ($)	
374.81	per **residential or rural** rating unit **connected** to a public sewerage drain
374.81	per **pan commercial / industrial** rating unit **connected**
187.40	per rating unit **availability** (capable of connection)

Water supply (metered and non-metered) rates ($9.86million)

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

- Whakatāne
- Ōhope
- Edgecumbe
- Matatā
- Tāneatua
- Murupara
- Rūātoki
- Waimana
- Plains / Awakeri Extension
- Te Māhoe
- Ruatāhuna

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

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

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

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

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

Whakatāne, Ōhope, Edgecumbe, Tāneatua, Te Mahoe (all schemes excluding Murupara) ($)	
798.34	fixed amount per connection **connected and non-metered**
285.85	fixed amount per rating unit **availability – non connected** (capable of connection)
285.85	fixed amount per connection **connected and metered**
2.23	per cubic metre of all water supplied to each rating unit **connected and metered**

Murupara ($)	
625.06	fixed amount per connection **connected and non-metered**
257.84	fixed amount per rating unit **availability – non connected** (capable of connection)
257.84	fixed amount per connection **connected and metered**
1.60	per cubic metre of all water supplied to each rating unit **connected and metered**

Plains ($)	
294.79	fixed amount per connection **connected and non-metered**
0.50	per cubic metre of all water supplied to each rating unit **connected and metered**

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

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

Waste management (refuse removal) rates ($5.72 million)

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

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

The service applicable to each category is:

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

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

Fixed Amount per Scheme	Rate $
Residential	410.66
Rural / Commercial	353.29
Residential Ōhope	413.36
Commercial Ōhope	355.99

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

Indicative property rates

2024/25 Proposed rates			**Rating Categories**									**GST inclusive**			
Indicative Property Types	**Capital value ($)**	**General Rates**	**UAGC**	**District Growth**	**Comm-unity Boards**	**Events / Tourism**	**Transport (roading)**	**Storm-water**	**Waste-water**	**Water supply**	**Waste manage-ment**	**Total 2024/25**	**Total 2023/24**	**Increase (%)**	**Increase ($pw)**
Whakatāne Residential															
Low (1%)	290,000	388.33	718.14		24.04		192.68	257.27	522.65	798.34	410.66	3,808.93	3,268.06	16.6%	10.40
Lower Quartile (25%)	550,000	736.49	718.14		24.04		316.22	367.45	522.65	798.34	410.66	4,478.10	3,834.02	16.8%	12.39
Median (50%)	670,000	897.17	718.14		24.04		373.24	418.31	522.65	798.34	410.66	4,786.95	4,095.24	16.9%	13.30
Upper Quartile (75%)	830,000	1,111.43	718.14		24.04		449.27	486.12	522.65	798.34	410.66	5,198.75	4,443.52	17.0%	14.52
High (99%)	1,730,000	2,316.59	718.14		24.04		876.93	867.54	522.65	798.34	410.66	7,515.12	6,402.63	17.4%	21.39
Ōhope Residential															
Low (1%)	430,000	575.80	718.14		24.04		259.20	199.12	522.65	798.34	413.36	4,037.25	3,425.45	17.9%	11.77
Lower Quartile (25%)	950,000	1,272.11	718.14		24.04		506.29	316.72	522.65	798.34	413.36	5,257.41	4,436.55	18.5%	15.79
Median (50%)	1,180,000	1,580.10	718.14		24.04		615.58	368.74	522.65	798.34	413.36	5,797.10	4,883.77	18.7%	17.56
Upper Quartile (75%)	1,500,000	2,008.60	718.14		24.04		767.64	441.11	522.65	798.34	413.36	6,547.97	5,505.98	18.9%	20.04
High (99%)	2,780,000	3,722.61	718.14		24.04		1,375.86	730.61	522.65	798.34	413.36	9,551.44	7,994.84	19.5%	29.93
Other Residential															
Edgecumbe Median (50%)	540,000	723.10	718.14		20.86		311.47	514.20	522.65	798.34	410.66	4,622.33	3,919.17	17.9%	13.52
Matatā Median (50%)	590,000	790.05	718.14		20.86		335.23	341.71		798.34	410.66	3,927.25	3,348.22	17.3%	11.14
Murupara Median (50%)	170,000	227.64	718.14		56.78		135.66	33.38	374.81	625.06	410.66	2,969.44	2,710.14	9.6%	4.99
Tāneatua Median (50%)	310,000	415.11	718.14		43.99		202.18	143.97	522.65	798.34	410.66	3,743.30	3,164.28	18.3%	11.14
Te Teko Median (50%)	210,000	281.20	718.14		20.86		154.67	117.05		403.95	410.66	2,422.51	2,208.36	9.7%	4.12
Rural Residential Median (50%)	240,000	321.38	718.14		20.86		168.92			798.34	353.29	2,738.07	2,372.71	15.4%	7.03
Lifestyle Median (50%)	1,210,000	1,620.27	718.14		20.86		629.84				353.29	3,843.76	3,363.03	14.3%	9.24
Commercial															
Low (1%) - 1 pan	900,000	1,205.16	718.14	1,784.46	24.04	545.79	482.53	973.49	522.65	798.34	353.29	8,519.09	7,002.73	21.7%	29.16
Lower Quartile (25%) - 3 pans	1,160,000	1,553.32	718.14	2,129.31	24.04	703.46	606.08	1,215.90	1,567.94	798.34	353.29	11,120.30	9,149.18	21.5%	37.91
Median (50%) - 6 pans	1,720,000	2,303.19	718.14	2,872.05	24.04	1,043.06	872.17	1,738.02	3,135.88	798.34	353.29	15,936.93	13,114.43	21.5%	54.28
Upper Quartile (75%) - 8 pans	2,790,000	3,736.00	718.14	4,291.21	24.04	1,691.94	1,380.61	2,735.65	4,181.17	798.34	353.29	22,896.96	18,813.26	21.7%	78.53
High (99%) - 10 pans	23,000,000	28,120.40	718.14	31,096.15	24.04	13,947.92	10,983.83	21,578.65	5,226.46	798.34	353.29	129,774.33	105,812.51	22.6%	460.80

2024/25 Proposed rates			Rating Categories									GST inclusive			
Indicative Property Types	**Capital value ($)**	**General Rates**	**UAGC**	**District Growth**	**Comm-unity Boards**	**Events / Tourism**	**Transport (roading)**	**Storm-water**	**Waste-water**	**Water supply**	**Waste manage-ment**	**Total 2024/25**	**Total 2023/24**	**Increase (%)**	**Increase ($pw)**
Industrial															
Low (1%) - 1 pan	900,000	1,205.16	718.14	1,187.62	24.04		482.53	973.49	522.65	798.34	353.29	7,205.06	5,928.01	21.5%	24.56
Lower Quartile (25%) - 2 pans	1,000,000	1,339.07	718.14	1,253.94	24.04		530.05	1,066.72	1,045.29	798.34	353.29	8,198.22	6,750.25	21.5%	27.85
Median (50%) - 3 pans	1,400,000	1,874.69	718.14	1,519.20	24.04		720.12	1,439.67	1,567.94	798.34	353.29	10,367.76	8,529.95	21.5%	35.34
Upper Quartile (75%) - 5 pans	1,950,000	2,611.18	718.14	1,883.94	24.04		981.46	1,952.47	2,613.23	798.34	353.29	13,726.52	11,291.47	21.6%	46.83
High (99%) - 25 pans	36,800,000	41,979.74	718.14	24,995.08	24.04		17,541.20	34,445.22	13,066.15	798.34	353.29	154,009.40	125,381.04	22.8%	550.55
Farming - Dairy															
Low (1%)	900,000	1,205.16	718.14		20.86		482.53					2,790.70	2,549.11	9.5%	4.65
Lower Quartile (25%)	1,710,000	2,289.80	718.14		20.86		867.42					4,480.66	3,969.48	12.9%	9.83
Median (50%)	2,790,000	3,736.00	718.14		20.86		1,380.61					6,733.95	5,863.31	14.8%	16.74
Upper Quartile (75%)	4,400,000	5,891.89	718.14		20.86		2,145.64					10,093.01	8,686.51	16.2%	27.05
High (99%)	17,750,000	22,847.82	718.14		20.86		8,489.18					36,887.41	31,188.50	18.3%	109.59
Horticulutural															
Low (1%)	950,000	1,272.11	718.14		20.86		506.29					2,895.02	2,636.78	9.8%	4.97
Lower Quartile (25%)	1,840,000	2,463.88	718.14		20.86		929.20					4,751.89	4,197.44	13.2%	10.66
Median (50%)	2,930,000	3,923.47	718.14		20.86		1,447.13					7,026.04	6,108.80	15.0%	17.64
Upper Quartile (75%)	7,020,000	9,400.25	718.14		20.86		3,390.59					15,559.31	13,280.80	17.2%	43.82
High (99%)	33,170,000	38,334.13	718.14		20.86		15,816.33					63,122.88	53,137.65	18.8%	192.02
Farming and Horticultural - Other															
Farming – Pastoral Median (50%)	2,030,000	2,718.31	718.14		20.86		1,019.48					5,148.30	4,530.61	13.6%	11.88
Farming – Other Median (50%)	1,540,000	2,062.16	718.14		20.86		786.64					4,125.98	3,671.38	12.4%	8.74

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

COUNCIL CONTROLLED ORGANISATIONS (CCOs)

Ngā Rōpū e whakahaerehia ana e te Kaunihera

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

We have an interest in the following CCOs:

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

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

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

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

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

Whakatāne Airport *Te Taunga Waka Rererangi o Whakatāne*

About this organisation

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

Our objectives for being involved in this organisation

The Council's objective for this organisation is to see the maintenance of an active regional airport which is a vital economic resource for the Whakatāne District and an essential part of the regional transport infrastructure.

Nature and scope of activities

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

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

The objectives of Whakatāne Airport include:

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

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

Key performance indicators

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

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

Toi Economic Development Agency (Toi-EDA)

About this organisation

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

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

Toi-EDA is an exempted Council Controlled Organisation (CCO) under the Local Government Act 2002. This means that it does not have to meet the specific reporting requirements related to CCOs. Exemption from these requirements allows Toi-EDA to focus more of its limited resources on economic development. As an exempt CCO, the reporting requirements of Toi-EDA are similar to those of other Council activities.

Our objectives for being involved in this organisation

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

Nature and scope of activities:

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

Key performance targets

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

Measure: Toi-EDA delivers initiatives under each of the three pillars that support the sustainable growth and development of the local economy:

- A winning brand
- Economic engine
- Thriving communities

Target: At least three initiatives underway per year.

Bay of Plenty Local Authority Shared Services Limited (BOPLASS)

About this organisation

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

Our objectives for being involved in this organisation

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

Nature and scope of activities

BOPLASS provides benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiencies and increased value through innovation.

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

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

Key performance targets

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

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

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

New Zealand Local Government Funding Agency (LGFA)

About this organisation

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

Our objectives for being involved in this organisation

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

Nature and scope of activities

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

Key performance targets

The following reflects LGFA's performance targets as set out in its statement of intent 2023-26. The financial performance targets are focused on the 2023-24 period.

Governance, capability and business practice	
Performance Targets	**2023-2024 target**
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency	LGFA credit ratings equivalent to NZ Sovereign
LGFA's total operating income for the period to 30 June 2024	> $20.6 million
LGFA's total operating expenses for the period to 30 June 2024.	< $10 million

Optimising financing services for local government	
Performance Targets	**2023-2024 target**
Share of aggregate long-term debt funding to the Local Government sector.	> 80%
Total lending to Participating Borrowers	> $17,870 million
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities	> 85% satisfaction score
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due	100%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements	100%

Effective management of loans	
Performance Targets	**2023-2024 target**
Review each Participating Borrower's financial position	100%
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested	100%

Auditor's report *Arotake pūtea*

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers:

Independent Auditor's report on Whakatāne District Council's 2024-34 Long-term Plan

I am the Auditor-General's appointed auditor for Whakatāne District Council (the Council). The Local Government Act 2002 (the Act) requires the Council's Long-term Plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 5 August 2024.

Qualified opinion

In our opinion, except for the effects of the matters described in the basis for qualified opinion section of our report:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and co-ordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures in Volume 3 on pages 38 to 43 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

In accordance with clause 45 of Schedule 1AA of the Local Government Act 2002, the consultation document on the Council's plan did not contain a report from the Auditor-General. The consultation document is therefore unaudited. Our opinion on the plan does not provide assurance on the consultation document or the information that supports it.

Our opinion on the plan also does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Basis for qualified opinion

Assumption on external funding contributions

As outlined in Volume 2, on page 9, the Council assumed that a significant level of external funding will be secured for some capital projects. This includes external funding of $4.1 million for the Destination Cycleways project, $10 million for the Matata Wastewater scheme, and $63 million for the Rex Morpeth recreation hub upgrade, as set out in Volume 1, on pages 31, 58, 82, and 134. The Council could not provide evidence to support the assumption, because external funding for each of these projects has not been confirmed.

If external funding is not received at the level assumed, the projects may not proceed, or their scope may have to be adjusted. Until such time as the Council decides on these options, we are unable to quantify the effects on the information and assumptions underlying the forecast information in the plan.

Inability to complete capital projects as planned

As outlined in Volume 2, on page 45, the Council reduced its planned capital expenditure on Three Waters compliance and resilience-based projects by between 30% and 50%, due to significant funding constraints. The Council did not make a corresponding adjustment to the scope of individual projects and could not provide evidence that the projects can be completed within the reduced budget.

If the Council is unable to complete the projects as planned, and within the available budget, it could result in non-compliance with regulations and standards, reduced levels of service, and not meeting growth demands.

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400 *The Examination of Prospective Financial Information* that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Emphasis of Matter – risks associated with plans to defer Three Waters capital expenditure

Without further modifying our opinion, we draw attention to Volume 2, page 45, which outlines the Council's plan to defer $260 million of Three Waters capital expenditure for the next 10 years. The Council notes a number of risks associated with this approach in Volume 2, on pages 48, including an inability to meet consent conditions, asset failures, and reduced levels of service.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. We do not express an opinion on the merits of the plan's policy content.

Independence and quality management

We have complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (PES 3)* issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Other than our work in carrying out all legally required external audits, we have performed an assurance engagement over the procurement of a professional services contract. Other than these engagements we have no relationship with or interests in the Council.

David Walker, Audit New Zealand
On behalf of the Auditor-General, Auckland, New Zealand

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WHAKATĀNE
District Council
Kia Whakatāne au i ahau