

WHAKATĀNE
DISTRICT COUNCIL
ANNUAL PLAN
TE MAHERE RAUTAKI
2014/15

14
15

Welcome to the Annual Plan 2014/15

Piki mai ra, kake mai ra ki tēnei Mahere Rautaki. He mihi maioha tēnei kia koutou e ngā iwi, e ngā hapū me ngā reo maha o te rohe whānui o Whakatāne. Takahia te ara poutama o tēnei Rautaki Māhere hei ārahi i a tātou mō te tau 2014/15 e tū mai nei.

Nō reira, tēnā koutou, tēnā koutou, tēnā koutou katoa.

Welcome to our Annual Plan. We acknowledge the iwi, hapū and diverse peoples of the Whakatāne District. This document will guide our district and help us achieve our aspirations.

The Annual Plan 2014/15 represents the third year of our Long Term Plan (LTP) 2012-22. It sets our direction for the year (1 July 2014 to 30 June 2015) and focuses particular attention on any changes to the LTP and new projects we are intending to carry out.

Through consultation on the draft Annual Plan and in finalising this document, we listened to what the community had to say, considered all submissions and amended our plans to better match community expectations. Some of the key changes we have made as a result include fast-tracking stormwater projects, bringing planned upgrades forward to the 2014/15 year to address flooding in Whakatāne and Ōhope. Similarly, we are increasing our unsealed road maintenance budget, allowing more metalling; helping to deliver the level of service our rural community requires.

This is our first Annual Plan since the Council elections in October 2013. The newly-formed Council and I are determined to build upon and maintain the progress achieved in the last triennium, working in partnership with the community, iwi and business to fulfil the District's potential. We will continue our 'can do' attitude and support the business community. Growth will be encouraged and promoted through a number of initiatives, including work to facilitate the development of a retirement village; maintaining and developing Whakatāne's wharves; investigating the feasibility of redeveloping the Whakatāne War Memorial Hall; and a shared-use project with the Murupara Area School which will provide the community with access to greatly improved hall facilities. The Council will also continue to pursue opportunities to sell land to facilitate residential growth, manage debt and ensure the best use is made of our resources. The Council's focus on growth has seen the establishment of the Grow Whakatāne Advisory Board, which will help us to achieve much-needed economic growth, development and investment in our District.

We will deliver our services as efficiently and effectively as possible, ensuring that District ratepayers receive real value for money. The average rates increase for 2014/15 is 2.95%, which we believe strikes an effective balance between rates affordability, maintaining service quality and delivering progress.

We look forward to working with the community to make Whakatāne District the place to live, work and play.



Tony Bonne - Mayor





Annual Plan 2014/15

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About the Annual Plan 2014/15

The Long Term Plan (LTP) 2012-22 sets out the strategic direction, work plan and budgets for the 10 years. The LTP is developed every three years. In each of the two years after the adoption of the LTP, we produce an Annual Plan. The Annual Plans reflect what we said we would do in years two and three of the LTP.

The Annual Plan is our opportunity to detail any changes to the plans set out in the LTP and explain any new projects. This Annual Plan reflects our key principles of affordability, sustainability and responsibility, that were set out in the LTP.

The LTP is our guiding document and first reference point. If you want to find more information about, for example, our Financial Strategy or why we do an activity, please refer to the LTP. Some variations from the LTP are possible, but some significant changes to what we will deliver require an 'amendment to the LTP'. The amendment process requires additional consultation and audit approval.

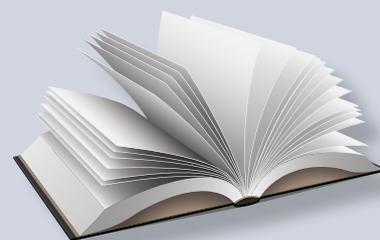
This Annual Plan reflects year three of the LTP (1 July 2014 – 30 June 2015) and does not contain any substantial changes to what was proposed in year three of the LTP.

How does the Annual Report fit in?

The Annual Report is our key accountability document. It tells you how we performed against the LTP and Annual Plan. The Annual Report is produced at the end of every financial year.

Where can I find these documents?

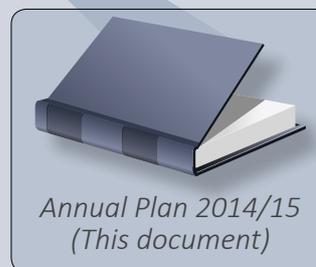
The LTP, Annual Plans and Annual Reports are made available on our website www.whakatane.govt.nz, at the Council's Service Centres in Whakatāne and Murupara and at the various libraries around the District. Summaries of these documents are also sent to households around the District as an insert in a local free-delivery newspaper, or by post.



Long Term Plan
2015-25



Annual Report
2014/15



Annual Plan 2014/15
(This document)



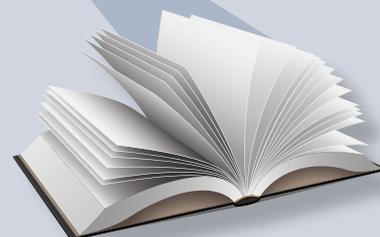
Annual Report
2013/14



Annual Plan
2013/14



Annual Report
2012/13



Long Term Plan
2012-22

3 YEAR PLANNING CYCLE

Community Feedback

LISTENING TO YOU

The draft Annual Plan 2014/15 was open for consultation from 21 March to 22 April 2014. This was your opportunity to 'have your say' on the proposals contained in the draft Annual Plan. In total, 88 submissions were received and considered by Council.

You told us what you liked, what you did not like and made suggestions. Council elected members read every submission, listened to your comments at the public hearings and considered changes. As a result, a number of changes have been incorporated in to the final document.

The key changes detailed below respond to issues raised through the submission process, or as a result of additional information available since the publication of the draft Annual Plan. The impact of these, and other minor changes, will be a net increase in our total rates requirement for the year of \$11,801. That will add 0.04% to the proposed rates, taking the average rates increase across the District to 2.95%.

CHANGES FROM THE DRAFT ANNUAL PLAN

During deliberations, the Council made a number of decisions based on the community's input and on additional information received. The major changes are included on the next page.

Some of the minor changes incorporated in the final Annual Plan include:

- The carpark on the corner of Pyne Street and O'Rourke Place will be sealed in 2014/15, at a cost of \$372,000 (from development contributions and reserves);
- An increase in community board rates for Ōhope, to meet an Ōhope Beach Community Board request for a \$10,000 increase in its discretionary fund;
- Additional funding of \$300,000 to enable development of the Port Ōhope Reserve, following the sale of land at Port Ōhope (funded by development contributions and the Harbour Fund);
- A decrease in forecast income from the Solid Waste activity;
- The cost related to the Ocean Road extension has been reduced to \$274,000, to match the figure agreed as part of the Port Ōhope land sale.
- A lease remission allowance has been included to allow for the provision of relief for Harbour land leaseholders undertaking earthquake strengthening works;
- Additional expenditure of \$73,000 has been provided for the relocation of a pedestrian crossing, following the development of The Strand Plaza;
- An allowance of \$50,000 has been budgeted for investigations into stormwater options in the Shaw and Huna Road areas. This will be funded as a loan as part of the District Plan review.

NEED TO KNOW MORE? CONTACT US

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Major Changes

DEALING WITH STORMWATER

Following submissions, investigations and the severe rainfall event on 18 April 2014, stormwater project priorities have been reassessed.

As a result, stormwater spending planned for 2015/16 in the Apanui and Ōhope Catchments, has been brought forward to 2014/15, in addition to the stormwater projects already scheduled through the draft Annual Plan.

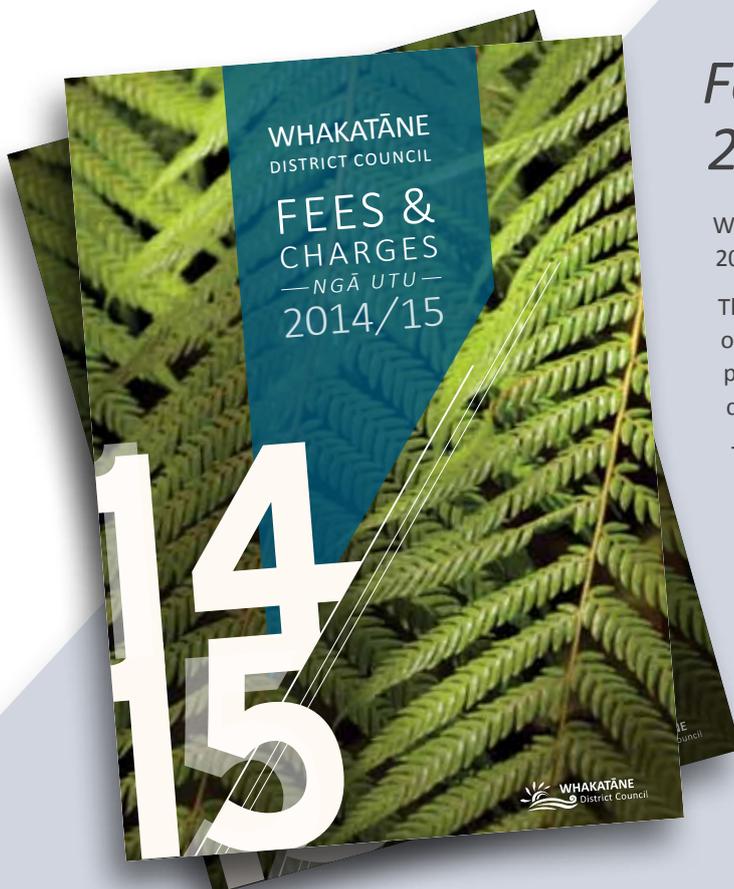
This will allow upgrades to these stormwater systems to be fast-tracked, reducing the risk of flooding for the community. The additional spending of \$660,000 in the Apanui catchment and \$790,000 in Ōhope will take the total funding for stormwater works, in those catchments in 2014/15, to \$2 million and \$1.1 million respectively.

INCREASED METALLING

Our unsealed roads form an important part of the roading network and provide an essential service for our rural communities. Council has increased the unsealed roading budget, for 2014/15, from \$300,000 to \$450,000, increasing the rating requirement by \$76,500, with the remainder funded by NZTA. This will allow us to increase metalling of our unsealed roads and improve the quality of our roading assets.

MANAGING WATER

The Water Supply budget has increased by \$300,000 to cover the cost of installing a larger diameter pipe as part of the Edgecumbe bulk supply water main project. The bigger pipe will cater for future growth in the area and provide for the possible need for an emergency water supply to Whakatāne and Ōhope from the Paul Road bore.



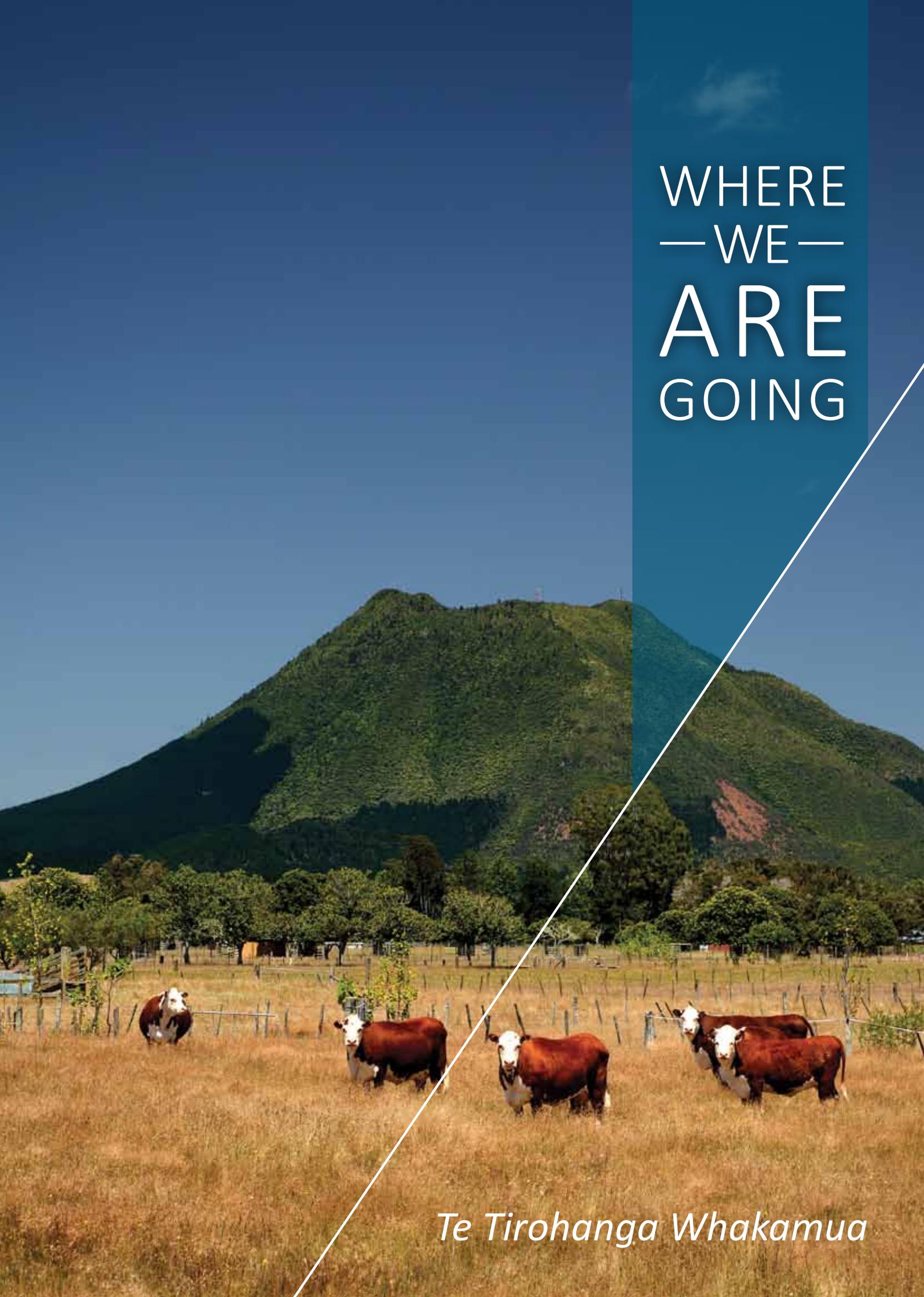
Fees and Charges 2014/15

We also consulted on our proposed Fees and Charges 2014/15.

This document sets out how much we charge for a range of services: from the cost of hiring a community hall to photocopying charges; from airport landing fees to the cost of dog registration.

There have been very few changes from the draft document.

The Fees and Charges 2014/15 are available online, or from Council offices.



WHERE
— WE —
ARE
GOING

Te Tirohanga Whakamua

Overview of this Chapter

This chapter outlines our direction for the next year. It contains our vision, purpose, community outcomes, a summary of the Financial Strategy and lets you know 'All About Rates'.



Vision & Purpose

The vision and purpose guides everything we do at the Council. It sets out, at a high level, where we want to be and how we will get there. We identified the vision and purpose after careful consideration of the District's key issues.

Our Vision

To be known as the place of choice for people to live, work and play.

In achieving our vision:

- Our community will be safe and surrounded by people who are friendly and caring
- Businesses will be thriving
- There will be respect for, and pride in our history
- We will be successful guardians of our natural environment

Our Purpose

To lead the Whakatāne District to meet the current and future needs of our community.

As a District Council we will achieve this through:

- Good governance, leadership and advocacy
- Integrated long term planning
- Effective and reliable community infrastructure
- Outstanding service delivery

Community Outcomes

Community outcomes are goals the Council aims to achieve in order to fulfil its vision and purpose. Through the LTP six community outcomes were developed, encompassing all areas of the Council's operations. Each group of activity in the 'Our Work in Detail' chapter shows which outcomes it contributes towards.



Effective Leadership

EFFECTIVE LEADERSHIP

Striving for our future well-being

- To be visible, strong, have a clear vision and listen to all sectors of the community.
- To work in partnership with iwi and the community.
- To ensure accountability to the community through transparent, open and inclusive decision-making.
- To respond and advocate on community issues.



Community Needs

COMMUNITY NEEDS

A caring community

- To create vibrant, connected and safe communities.
- To support healthy, active communities.
- To build inclusive communities.
- To value, celebrate, promote and protect Māori culture.



Quality Services

QUALITY SERVICES

Excellent value for money

- To provide services that meet the aspirations of the community.
- To ensure all customers are dealt with in a timely, helpful and friendly way.



Valuing Our Environment

VALUING OUR ENVIRONMENT

Sustaining for future generations

- To sustainably manage the natural and physical resources.
- To recognise and protect places of natural and cultural heritage.
- To proactively plan for growth and ensure the effects and costs are managed.



Reliable & Affordable Infrastructure

RELIABLE & AFFORDABLE INFRASTRUCTURE

Meeting current and future needs

- To provide infrastructure that facilitates growth and development.
- To ensure people, infrastructure and the environment are protected from natural disasters.
- To sustainably manage community assets.



Sustainable Economic Development

SUSTAINABLE ECONOMIC DEVELOPMENT

Working in partnership

- To facilitate an economy that is prosperous in both urban and rural areas.
- To encourage business growth that builds on the region's assets.
- To support Māori economic development.
- To promote connected businesses through effective networks.

For more information about our Community Outcomes, please see the 'Where We are Going' chapter in the LTP.

Financial Strategy

The Financial Strategy is based on the three key principles which underpin our LTP - affordable, sustainable and responsible. These principles aim to balance peoples' ability to pay with the need to maintain our assets and deliver services which provides the best value for money for our community.

The Financial Strategy responds to the drivers and challenges we face to determine what our rates, borrowing and overall spending levels will be in the coming 10 years. It also provides limits for rates, rates increases and borrowing to help provide certainty and stability for ratepayers.

The following is a summary of the Financial Strategy. For more information, see the 'Where We are Going' chapter of the LTP.

OBJECTIVES: REDUCING EXTERNAL DEBT AND KEEPING RATES INCREASES DOWN

The Financial Strategy seeks to achieve two primary outcomes. These are the reduction of external debt (owed to banks) and keeping rates increases to an affordable, reasonable and responsible level. To achieve these outcomes, the Financial Strategy sets limits on rates, rates increases and debt.

Compared to our levels of rates and borrowing in the past, it is fair to say that the limits we have set in the LTP are restrictive. We thought hard about how restrictive these limits should be and how they will affect our budgets. The decisions we have made will not affect the integrity of our assets, because that would compromise the quality of the services we provide and the affordability of rates in the future. Our services and assets will be maintained so that they continue to be sustainable for future generations.

PUTTING THE FINANCIAL STRATEGY INTO PRACTICE MEANS CHANGING HOW WE DO THINGS

The following list summarises the things we have been doing and will do through this Annual Plan and the LTP to put the Financial Strategy into practice. These actions will help us stay within the limits we have set for rates and borrowing and also put our key principles into action.

- We will not take on any new, non-essential services and initiatives unless a strong case has been put forward to justify why they are needed and how they will be paid for.
- We have prepared budgets based on what can realistically be achieved and paid for.
- We will bring costs down by looking for smarter and more efficient ways of operating.
- We will increase our investment into regular monitoring and maintenance of our infrastructure.
- We will ensure today's ratepayers pay their fair share for our services and assets.
- We will sell surplus land assets that are not needed for the delivery of services and are costing us money to keep.
- We will provide a District fund to support the cost of unforeseen events like floods, storms or other natural disasters.
- We will encourage the economic growth of the District.

KEY PRINCIPLES

*Affordable,
sustainable
and
responsible*

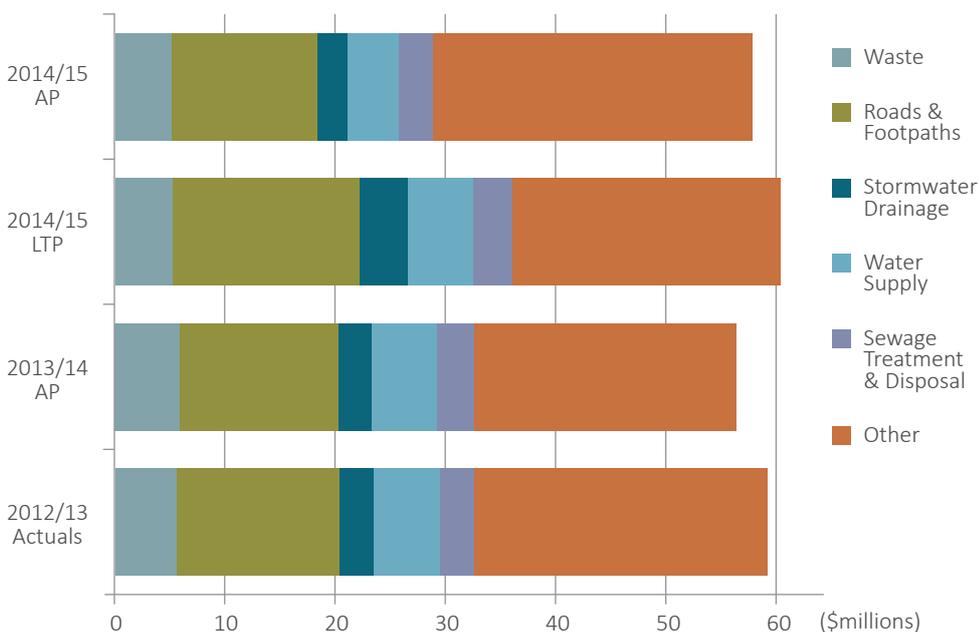
Our Operating Costs & Rates

WHAT OUR OPERATIONAL SPENDING WILL LOOK LIKE

Operating expenditure pays for the Council’s day-to-day costs of delivering services, maintaining existing assets, or other expenditure that does not buy, or build a new asset. It also covers the costs of financing any loans that we have taken. Figure 1 shows our operating expenditure for 2012/13 and operating budget for 2013/14, what we projected in the LTP for 2014/15 and what this Annual Plan is projecting.

As shown in the graph, much of our operating expenditure is related to core network infrastructure (roads and footpaths, waste, water supply, stormwater and sewerage). For the 2014/15 year we are predicting an increase in our operating expenditure, compared to the 2013/14 budgets. This is primarily due to inflation and planned maintenance and upgrades programmes.

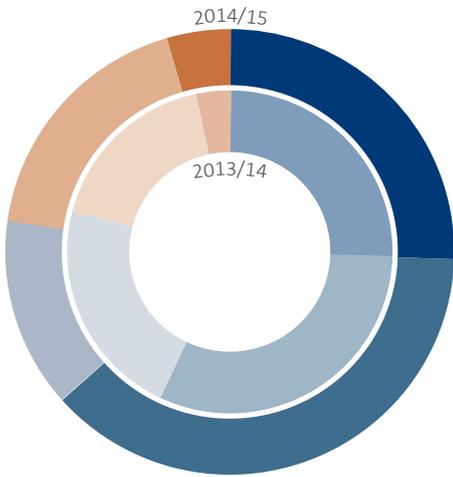
Figure 1: Operating expenditure



WHERE OUR REVENUE WILL COME FROM

Rates are the main source of income for the Council usually making up between 55 and 65% of our total revenue. This year, rates account for 64% of our income. Other major sources of funding are fees and charges, external subsidies and grants. Figure 2 shows where our operating revenue is budgeted to come from for the 2014/15 year and how this compares to the last year's budget. The increase in the level of income from targeted rates reflects the nature of the increased operating expenditure.

Figure 2: Where our revenue will come from



Revenue	2014/15 %	2013/14 %
General Rates	26%	26%
Targeted Rates	38%	31%
User Fees & Charges	14%	22%
Subsidies & Grants	18%	18%
Other	5%	3%

LIMITS ON THE AVERAGE RATES INCREASES

The Council has set limits for rates increases to the Local Government Cost Index (LGCI), plus 2%. This will limit average rates increases to no more than 5-6% each year, over the period of the LTP. For the 2014/15 year, the average rates increase is forecast to be 2.95%. This is a slightly higher increase than the predicted increase for 2014/15 proposed in the LTP of 2.74% or through the draft Annual Plan of 2.91% and lower than the limit that we have set of 4.5% (updated LGCI + 2%). For more detail about your rates, please see the 'All About Rates' section of this chapter.

LIMITS ON RATES REVENUE

The Council will limit rates revenue to a maximum of 80% of operating revenue. This means we will need to continue to source at least 20% from sources other than rates. For the 2014/15 year, we plan to receive 37% of our revenue from sources other than rates and we will continue to maximise these levels as much as we can.

Our Capital Costs & Borrowing

WHAT OUR CAPITAL SPENDING WILL LOOK LIKE

Capital expenditure pays for buying or building new assets, renewing an existing asset or improving an existing one to deliver a better service. Our capital expenditure budgets in the LTP focus mostly on renewals. There is little focus on new projects that look to increase the service we deliver. Figure 3 shows our capital expenditure for the past two years (2012/13 actual expenditure and 2013/14 budgeted expenditure), what we projected in the LTP for 2014/15 and what this Annual Plan is projecting. This year's capital expenditure is expected to increase to \$25.4 million, which is \$4.01 million more than projected in the LTP. This is mainly due to projects associated with Water Supply to Edgecumbe and the Plains areas and Stormwater projects in Whakatāne and Ōhope being brought forward into the 2014/15 financial year and cost adjustments for inflation; for further details see 'Our Work in Detail' chapter.

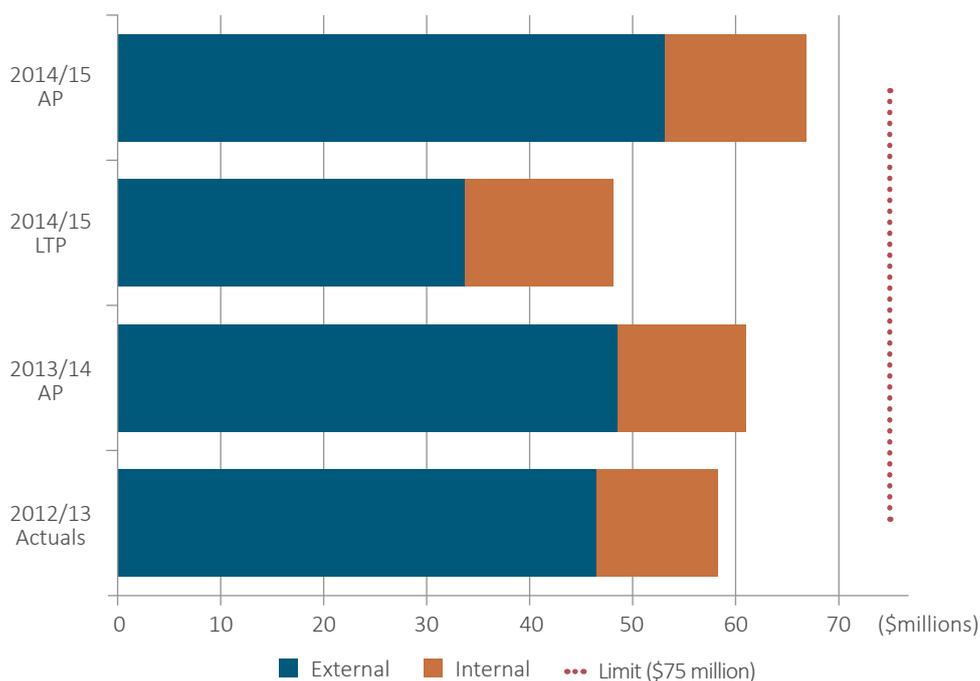
Figure 3: Capital expenditure



LIMITS ON BORROWING

Over the past six years, the Council's level of debt has been increasing. This is because we borrowed for disaster mitigation projects and for work to renew our assets for core services. We have planned to limit our total debt (including internal and external borrowing) to no more than \$75 million. Internal borrowing will predominantly be from some of our reserves, including the Harbour Fund. While these reserves are held for specific purposes, internal borrowing allows us to maximise the use of these funds until such time as they are required for their intended purpose. Any borrowing from these reserves is repaid, with interest, in the same way that we borrow from banks. Figure 4 shows our debt profile for the past two years (2012/13 actuals and 2013/14 budgeted), what we projected in the LTP for 2014/15 and what this Annual Plan is projecting. The level of external debt is greater than that planned for in the LTP, partly due to the sale of Council owned property, on Bunyan Road, no longer predicted to be completed in 2014/15 financial year. The increase is also attributable to the timing of subsidy funding receipts for the Matatā sewerage project and a shift from internal to external borrowing.

Figure 4: Our limits for debt



LIMITS ON THE AMOUNT OF RATES BEING USED TO PAY INTEREST

We have given further certainty to ratepayers by providing limits on the amount of rates which can be used to pay interest on our debt. To do this, we have set limits on interest expense (internal and external) on our borrowing to 12% of total rates income. For the 2014/15 year, the total proposed interest expense is 9.5% with 6.4% being interest expense from external loans.

All About Rates

This section of the Annual Plan provides a brief overview of how our rating system works and provides examples of what your rates might look like for the 2014/15 year.

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

Your rates are determined by three key factors. How much the Council spends overall, how much funding we can get from sources other than rates and the rating system.

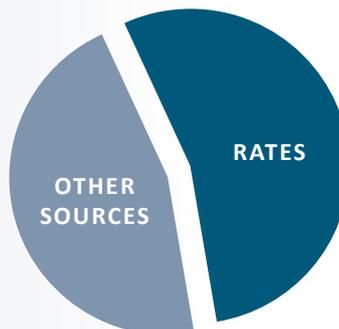
1. How much the Council spends overall:

As part of the budget setting process for the LTP and this Annual Plan, we make choices about the projects and services that we will deliver. The amount that we spend has a direct impact on what rates will be.



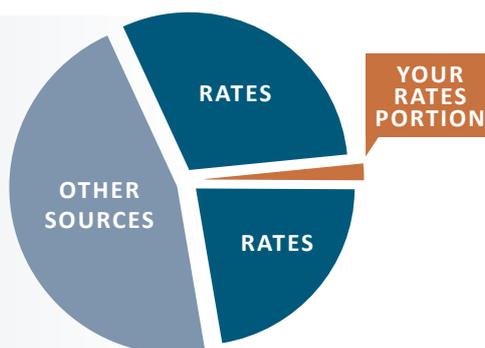
2. How much funding we are able to get from other sources:

This year 37% of our funding is projected to come from sources other than rates. We work hard to get as much funding as we can from other places. The amount that we need to source from rates is called our “rates requirement”.



3. The rating system:

In our District, we have approximately 15,700 rateable properties. Our rates requirement is divided amongst these properties and the amount differs for each property. These differences are based on a balance between the capital value of the property and on the services which property owners can access or are likely to benefit from.



If you drive on roads, walk on a footpath, use a boat ramp, go to the library, enjoy our playgrounds and parks, or have your rubbish collected, you are using Council services, and that is only a fraction of what we deliver.

Each year your rates will change. This is because the costs of providing services change each year due to inflation and other factors. Throughout the budget setting process, the Council has been conscious of the need to keep costs down. The level that we have set for our spending and rates requirement allows us to continue to deliver our current services and facilities. It also allows us to maintain the standard of our assets at an appropriate level.

To reduce rates, we would either have to reduce our current service levels or increase the funding we get from other sources. We will continue to look into alternative sources of funding to ensure that we keep rates increases as low as possible.

HOW THE RATING SYSTEM WORKS

This section explains the basic elements of how our rating system works. Rates help to pay for the services that the Council delivers to you. Where possible we also obtain income from other sources. Other major funding sources are grants, subsidies and user fees and charges.

General rates: General rates are charged across the whole District. They are used to raise revenue for activities that are for the public good or where recovery from users is not efficient or possible. General rates are charged both on the capital value of each property and as a fixed charge. Fixed charges across the whole District are known as the Uniform Annual General Charge or UAGC.

Targeted rates: These rates are targeted to a specific group of ratepayers, based on the services those ratepayers can access or are likely to benefit from. Targeted rates can be charged either on capital value or as a fixed charge regardless of capital value. Fixed charges targeted to a particular group of ratepayers are known as Uniform Annual Charges or UACs.

Rateable properties in our District: The Council's rating requirement is divided among the available "rateable properties" in the District. The table below shows the number of rateable properties in our District, as at 8 January 2014.

	NUMBER OF RATEABLE RATING UNITS	RATEABLE CAPITAL VALUE \$ MILLION
Whakatāne Commercial	523	973.22
Edgecumbe	646	137.11
Matatā	334	73.21
Murupara	777	47.54
Ōhope	1,842	931.46
Otarawairere	37	26.47
Rural	5,268	2,884.35
Tāneatua	282	31.93
Te Teko	277	35.19
Whakatāne Urban	5,735	1,757.69
Total	15,721	6,898.17

PROPERTY VALUATIONS

Properties are valued every three years by an independent valuer. This process was last undertaken in September 2013 and property owners will have received letters notifying them of the changes in value for their properties. The average Capital Value of properties in the District has decreased by 6%. This is largely due to the lasting effects of the Global Financial Crisis, which began in 2008. A portion of your rates is calculated on the Capital Value of your property. If your property devalued by more than the 6% average, you may see a relative rates reduction compared to other properties. If your property devalued less than the 6% average, then this may contribute to a relative rates increase compared to other properties.

RATES RELIEF IN SPECIAL CIRCUMSTANCES

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

WHEN WILL YOUR RATES BE DUE FOR 2014/15

There will be four equal instalments for the 2014/15 rates. The due dates are as follows:

INSTALMENT	DUE DATE
Instalment 1	Friday, 22 August 2014
Instalment 2	Friday, 21 November 2014
Instalment 3	Friday, 20 February 2015
Instalment 4	Friday, 22 May 2015

A 10% instalment penalty will apply if any of these rates instalments remain unpaid after the due dates. A further 10% additional charge will be added on 1 October 2015 to any rates that were set prior to 1 July 2015 and which are unpaid at 1 July 2015 and remain unpaid at 30 September 2015.

Water due dates

The following are the due dates for the water invoices:

INSTALMENT	SCHEME	DUE DATE
1st reading	Plains and Awakeri Extension	Friday, 24 October 2014
2nd reading	All metered schemes	Friday, 23 January 2015
3rd reading	Plains and Awakeri Extension	Friday, 24 April 2015
4th reading	All metered schemes	Friday, 24 July 2015

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

Note: Under our rating system, ratepayers with metered water supplies will find both the fixed portion and the consumption charge will appear on their water invoice.

PAYMENTS

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

Discounts for prompt payments

The Council 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 2014/15 is 2.5%.

Rates Affordability

Through the LTP we made a commitment to the community to keep rates at an affordable level. After consultation with you on our Financial Strategy we set stringent rates increase limits for the next 10 years. For the 2014/15 year we had signalled an average rates increase of 2.74%, through the LTP, with a cap of 4.5% (updated LGCI + 2%). However, in developing this Annual Plan and setting the work plan and budgets for 2014/15, the average rates increase will be 2.95%. The majority of properties across the District will see an increase in waste, water and sewerage rates due to contract costs affected by inflation adjustments, increased levels of service and repair and maintenance costs.

The recent revaluation of properties' Capital Value may also effect the level of rates change individual properties see.

The average rates increase for 2014/15 is not applied uniformly across the District. Therefore some households will have a smaller increase than this, while others will have a larger increase. Unfortunately, there are specific situations in some areas where the increase is above what we would have wanted for our community. The following explains the main reasons why your rates may be increasing. For more information, please see 'What your rates might look like in 2014/15' at the end of this chapter.

KEY CHANGES

TĀNEATUA

In general, properties in Tāneatua will see a forecast rates increase of 3.66%. This is the result of an increase in rates for waste, water and the UAGC.

MATATĀ

Average capital value properties will see a decrease of around 2.21% and 5.12% for higher value properties. This represents a concerted effort by the Council to keep rates increases down, particularly in respect to the cost of servicing debt from the stormwater works programme in Matatā and the on-going cost of operating the stormwater system. Council has a funding policy that spreads 75% of the costs of disaster mitigation over the District. This means that the remaining 25% is paid for by the Matatā Community.

TE TEKŌ

Rates for the average Te Teko property will increase by approximately 3.82%, due mainly to increased rates for waste and the UAGC.

MURUPARA

The average rates increase for Murupara Urban is forecast to be 3.17%. This is primarily due to an increase in waste, water and the UAGC.

MINOR CHANGES

WHAKATĀNE

In general Whakatāne properties will see a rates increase of around 2.97%. This is only slightly greater than the District average.

ŌHOPE

Rates in Ōhope will increase by an average of around 2.68%.

COMMERCIAL

An average Whakatāne Commercial property can expect fairly static rates, with an increase of around 0.51%.

RURAL

The rural sector will see relatively low increases this year with some properties experiencing a reduction. This is primarily due to the revaluations.

FUNDING IMPACT STATEMENT (RATING)

The following pages show how the rating system is applied across the community. This information helps illustrate the financial impacts discussed in the 'All about rates' section. You will find that this information is very similar to what appears on the back of your rates invoice.

Rating units are defined as:

Commercial and industrial is defined as any property zoned or used for commercial / industrial purposes.

Rural is defined as all rural zoned land except commercial and industrial properties as defined above.

Note: All figures in this table are GST exclusive. GST will apply at the current rate of 15%

	2014/15	2014/15 \$
GENERAL RATES		
Total Amount Required		15,619,537

The Council sets a general rate on the capital value (CV) of each applicable rating unit in the District on a stepped differential basis (cents per CV\$).

	cents per CV\$	
District rateable properties capital value less than \$15 million (step 1)	0.00101002	6,571,384
District rateable properties capital value greater than \$15 million (step 2)*	0.00050501	206,532
Uniform Annual General Charge on all rating units in the District	\$600.69	8,841,621

* Council uses a differential capital value for all properties over \$15 million to reduce the total rate those 17 properties are charged.

ROADING RATES		
Total Amount Required		7,924,873

The Council sets the roading rate on the capital value of each applicable rating unit in the District (cents per CV\$).

	cents per CV\$	
District rateable properties (cents per CV\$)	0.00103141	7,132,386
Uniform Annual Charge on all rating units in the District	\$53.83	792,487

COMMUNITY BOARDS		
Total Amount Required		284,420

The Community Board rate funds the Governance activity.

The Community Board rate is set to fund the costs of the five Community Boards.

The Council sets the targeted rate on rating units within each of the following locations.

	Rate \$	
Whakatāne	14.53	90,684
Rangitāiki	12.76	52,184
Ōhope	31.47	58,684
Tāneatua	31.25	38,684
Murupara	29.22	44,184

STORMWATER**Total Amount Required****2,641,115**

The Council sets a differential targeted rate for stormwater on rating units and a rate on the capital value differentially as follows.

	Differential	UAC \$ per rateable unit	cents per CV\$	
Whakatāne Urban	1.0	74.43	0.00051501	1,330,852
Whakatāne Commercial and Industrial*	2.2	74.43	0.00113303	514,954
Matatā	1.0	138.27	0.00183652	179,752
Ōhope	1.0	52.51	0.00030235	386,052
Edgecumbe	1.0	80.14	0.00070473	203,238
Tāneatua	1.0	6.29	0.00015858	6,769
Murupara	1.0	2.34	0.00013841	6,897
Te Mahoe Land Drainage	1.0	45.29	0.00171994	4,348
Te Teko Land Drainage	1.0	16.25	0.00066222	8,253

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

PROMOTION AND ECONOMIC DEVELOPMENT RATE**Total Amount Required****406,063**

The Promotion and Economic Development rate funds the Economic Development activity.

The Council sets a targeted rate of a fixed amount per rating unit for all commercial and industrial properties within the District. \$421.16 256,063

The Council sets a targeted rate on the capital value for all commercial and industrial properties within the Whakatāne urban area (cents per CV\$). 0.00035470 150,000

REFUSE REMOVAL RATE**Total Amount Required****\$ 4,164,438**

The Refuse Removal rate funds the Waste Group of Activities.

The Council sets a targeted rate to fund the collection and disposal of the Council approved refuse and recycling bins. This targeted rate is set as a fixed amount per bin for which the Council is providing a weekly service.

Residential	329.72	2,637,772
Rural/commercial	266.78	949,478
Ōhope residential *	332.44	566,138
Ōhope commercial	269.50	11,049

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

WATER**Total Amount Required****5,292,053**

The Council sets water rates on a differential based on provision of service, land use and location.

Connected - any rating unit that is connected directly or indirectly to a Council operated waterworks.

Available - any rating unit that is not connected to a Council operated waterworks but is within 100 metres of such waterworks and that have a connection available.

Note: All water by meter consumption that is invoiced during the current rating year will be calculated on the charges detailed below.

	Per connection \$	Rate \$	Total \$
Ruatahuna			
Connected	26.92		215
Connected - commercial	67.31		135
Plains and Awakeri Extension			
Plains connected - metered	120.00		162,657
Plains water by meter		0.27	233,210
Plains excess water by meter*		0.90	240,226
Awakeri connected - metered	120.00		45,196
Awakeri water by meter		0.27	51,539
Excess water by meter*		0.90	36,961

	2014/15	2014/15 \$
Murupara		
Connected - metered	115.56	4,276
Connected - non metered	286.75	194,704
Available - not connected	115.56	11,903
Water by meter		0.78 25,724
All Other Schemes		
Connected - metered	158.11	1,442,956
Connected - non metered	439.94	545,971
Available - not connected	158.11	74,946
Water by meter		1.28 2,221,434

**The Council sets an additional targeted rate for any excess water consumed that is over and above the purchased entitlement for each property connection to these water supplies. An overuse targeted rate is set for the excess volume consumed over and above the purchased entitlement.*

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.

SEWERAGE		
Total Amount Required		2,363,466

The Council sets sewerage rates on land use and provision of service. Land use is residential, rural or commercial / industrial.

For residential and rural properties, the Council sets targeted rates of a fixed amount per separately used or inhabited part of a rating unit* to fund sewage disposal.

Commercial / industrial properties are charged per pan.

Connected - any rating unit that is connected 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 and has a connection available.

	Rate \$	
Available - all schemes excluding Murupara	98.22	34,378
Connected - all schemes excluding Murupara	196.45	2,170,331
Available - Murupara	100.99	8,887
Connected - Murupara	201.98	149,870

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

PERCENTAGE OF RATES THAT ARE FIXED CHARGES

Under the Local Government Rating Act (LGRA) the Council may only set a maximum of 30% of the total rates income to come from fixed rates such as targeted rates or uniform charges. The following table shows an analysis of these charges and shows the percentage of the Council's total rates.

REPORT ON 30% CAP (SECTION 21 LGRA)		
Targeted rates that are set on a uniform basis and calculated in accordance with section 18(2) or clause 7 of Schedule 3		
Uniform Annual General Charge		8,841,621
Roading		792,487
Community Boards		284,420
Stormwater		660,279
Promotion		256,063
Total Uniform Rates and Charges		10,834,870
Total Rates Excluding GST		38,695,965
Uniform Rates as a Percentage of Total Rates		28%
Targeted rates that are set on a differential uniform basis, not included in the 30% cap		
Refuse Collection		4,164,438

WHAT YOUR RATES MIGHT LOOK LIKE IN 2014/15 –

The “Indicative Rating Table” below, models a number of property examples from around the District. It shows what your rates might look like for the 2014/15 year, based on this Annual Plan. The table also shows how this compares to the 2013/14 year. Because the capital values of properties in the District were revalued in September 2013, how your property value changed relative to the District average of a 6% decrease, will impact on your rates for the 2014/15 year. As a result, we have included last year’s capital value and the new capital value of our example properties, to demonstrate how values have changed across the District.

INDICATIVE RATING EXAMPLES FOR 2014/15	WHAKATĀNE URBAN LOW	WHAKATĀNE URBAN AVERAGE	WHAKATĀNE URBAN HIGH	WHAKATĀNE COMMERCIAL (LESS THAN \$10M) LOW	WHAKATĀNE COMMERCIAL (LESS THAN \$10M) AVERAGE	EDGE CUMBE AVERAGE	MATATĀ AVERAGE	MATATĀ HIGH	MURUPARA URBAN	MURUPARA LIFESTYLE
Last year Capital Value	136,000	320,000	1,000,000	355,000	690,000	215,000	250,000	540,000	68,000	200,000
New Capital Value	128,000	298,000	900,000	335,000	640,000	205,000	226,000	485,000	53,000	180,000
% increase (decrease) in CV	(5.88%)	(6.87%)	(10.00%)	(5.63%)	(7.25%)	(4.65%)	(9.60%)	(10.18%)	(22.06%)	(10.00%)
2014/15 INDICATION OF RATES										
General Rate	129.28	300.99	909.02	338.36	646.41	207.05	228.26	489.86	53.53	181.80
Uniform Annual General Charge	600.69	600.69	600.69	600.69	600.69	600.69	600.69	600.69	600.69	600.69
Roading CV	132.02	307.36	928.27	345.52	660.10	211.44	233.10	500.24	54.66	185.65
Roading UAC	53.83	53.83	53.83	53.83	53.83	53.83	53.83	53.83	53.83	53.83
Community Boards	14.53	14.53	14.53	14.53	14.53	12.76	12.76	12.76	29.22	29.22
Stormwater UAC	74.43	74.43	74.43	74.43	74.43	80.14	138.27	138.27	2.34	-
Stormwater CV	65.92	153.47	463.51	379.56	725.14	144.47	415.05	890.71	7.34	-
Promotion and Economic Development	-	-	-	539.98	648.16	-	-	-	-	-
Refuse Removal	329.72	329.72	329.72	266.78	266.78	329.72	329.72	329.72	329.72	266.78
Water	439.94	439.94	439.94	439.94	439.94	439.94	439.94	439.94	286.79	-
Sewerage	196.45	196.45	196.45	196.45	196.45	196.45	-	-	201.98	-
Total	2,036.81	2,471.41	4,010.39	3,250.07	4,326.46	2,276.49	2,451.62	3,456.02	1,620.06	1,317.97
Plus GST at 15%	305.52	370.71	601.56	487.51	648.97	341.47	367.74	518.40	243.01	197.70
2014/15 Total indicative rates including GST	\$2,342.33	\$2,842.12	\$4,611.95	\$3,737.58	\$4,975.43	\$2,617.96	\$2,819.36	\$3,974.42	\$1,863.07	\$1,515.67
2013/14 Total indicative rates including GST	\$2,260.49	\$2,760.21	\$4,606.92	\$3,718.47	\$4,966.08	\$2,562.78	\$2,883.12	\$4,188.68	\$1,805.91	\$1,482.22
CHANGES - 2014/15 vs 2013/14										
\$ increase (decrease) incl. GST	81.85	81.91	5.03	19.11	9.35	55.19	(63.76)	(214.26)	57.16	33.44
% increase (decrease) incl. GST	3.62%	2.97%	0.11%	0.51%	0.19%	2.15%	(2.21%)	(5.12%)	3.17%	2.26%

INDICATIVE RATING EXAMPLES FOR 2014/15	TE TEKŌ	OTARAWAIRERE	ŌHOPE LOW	ŌHOPE AVERAGE	ŌHOPE HIGH	TĀNEATUA	RURAL LOW	RURAL AVERAGE	RURAL HIGH	DISTRICT WIDE - COMMERCIAL/ INDUSTRIAL \$10M PLUS (SIX PANS)
Last year Capital Value	106,000	760,000	405,000	530,000	1,000,000	118,000	68,500	1,000,000	2,450,000	11,905,000
New Capital Value	101,000	720,000	375,000	490,000	935,000	112,000	55,000	865,000	2,370,000	11,131,175
% increase (decrease) in CV	(4.72%)	(5.26%)	(7.41%)	(7.55%)	(6.50%)	(5.08%)	(19.71%)	(13.50%)	(3.27%)	(6.50%)
2014/15 INDICATION OF RATES										
General Rate	102.01	727.21	378.76	494.91	944.37	113.12	55.55	873.67	2,393.75	11,242.72
Uniform Annual General Charge	600.69	600.69	600.69	600.69	600.69	600.69	600.69	600.69	600.69	600.69
Roading CV	104.17	742.62	386.78	505.39	964.37	115.52	56.73	892.17	2,444.45	11,480.85
Roading UAC	53.83	53.83	53.83	53.83	53.83	53.83	53.83	53.83	53.83	53.83
Community Boards	12.76	31.47	31.47	31.47	31.47	31.25	12.76	12.76	12.76	14.53
Stormwater UAC	16.25	52.51	52.51	52.51	52.51	6.29	-	-	-	74.43
Stormwater CV	66.88	217.69	113.38	148.15	282.69	17.76	-	-	-	12,611.94
Promotion and Economic Development	-	-	-	-	-	-	-	-	-	4,369.35
Refuse Removal	329.72	332.44	332.44	332.44	332.44	329.72	266.78	266.78	266.78	266.78
Water	120.00	439.94	439.94	439.94	439.94	439.94	120.00	120.00	120.00	439.94
Sewerage	-	196.45	196.45	196.45	196.45	196.45	-	-	-	1,178.67
Total	1,406.31	3,394.85	2,586.25	2,855.78	3,898.76	1,904.57	1,166.34	2,819.90	5,892.26	42,333.73
Plus GST at 15%	210.95	509.23	387.94	428.37	584.81	285.69	174.95	422.99	883.84	6,350.06
2014/15 Total indicative rates including GST	\$1,617.26	\$3,904.08	\$2,974.19	\$3,284.15	\$4,483.57	\$2,190.26	\$1,341.29	\$3,242.89	\$6,776.10	\$48,683.79
2013/14 Total indicative rates including GST	\$1,557.77	\$3,767.81	\$2,888.92	\$3,198.38	\$4,362.01	\$2,112.86	\$1,307.29	\$3,352.73	\$6,536.75	\$47,972.32
CHANGES - 2014/15 vs 2013/14										
\$ increase (decrease) incl. GST	59.49	136.26	85.27	85.77	121.57	77.40	34.01	(109.85)	239.35	711.47
% increase (decrease) incl. GST	3.82%	3.62%	2.95%	2.68%	2.79%	3.66%	2.60%	(%3.28)	3.66%	1.48%



OUR WORK — IN — DETAIL

*Ngā
mahinga
whānui*

Introduction to 'Our Work in Detail'

This chapter provides an overview of the activities we will undertake during the 2014/15 year. We currently have 39 internal and external activities organised into 12 groups of activities.

GROUPS OF ACTIVITIES

- Leadership
- Roads and Footpaths
- Water Supply
- Sewage Treatment and Disposal
- Stormwater Drainage
- Waste
- Environmental Sustainability
- Community Safety
- Arts and Culture
- Community Property
- Recreation and Community Facilities
- Corporate and District Activities

These groups incorporate the core services that we deliver, as defined by the Local Government Act 2002 and align with the purpose of Local Government. How these core services contribute to the community is given particular consideration in our decision-making process.

Within each group you will find what has changed, what we want to achieve and what the group will cost. This document should be read alongside the Long Term Plan 2012-22 (LTP) and for that reason, the Annual Plan does not expand on issues/projects which have already been discussed in detail in the LTP. For more specific details of the activities, please see the 'Our Work in Detail' chapter of the LTP.

Council Controlled Organisations (CCOs) are also included in this chapter. The Whakatāne District Council is a shareholder in three CCOs: Whakatāne Airport; Bay of Plenty Local Authority Shared Services Limited (BoPLASS) and the Local Government Funding Agency (LGFA).

Guide to the Layout & Content of 'Our Work in Detail'

GROUP OF ACTIVITIES

The top of each group page indicates what the group is and the activities undertaken within that group, shown in bubbles.

WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

The Funding Impact Statements set out the budgeted costs for each group of activities during the 2014/15 year and describes how they are funded. Explanations of the categories used in the statements can be found later in this introduction.

THE COMMUNITY OUTCOMES THIS ACTIVITY CONTRIBUTES TO

The Community Outcomes that the group of activity helps to promote are identified in the top right hand corner of each spread. More information about our Community Outcomes can be found in the 'Where We are Going' chapter in this Annual Plan.



WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Water Supply

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
	- General rates, uniform annual general charges, rates penalties	-	-	-
1,942	Targeted rates (other than a targeted rate for water supply)	2,219	2,117	(102)
	- Subsidies and grants for operating purposes	-	-	-
3,214	Fees, charges, and targeted rates for water supply*	3,445	3,475	30
117	Internal charges and overheads recovered	179	127	(52)
11	Local authorities fuel tax, fines, infringement fees, and other receipts	12	21	9
5,284	Total operating funding (A)	5,855	5,740	(115)
Applications of operating funding				
1,639	Payments to staff and suppliers	1,582	1,661	79
412	Finance costs	521	425	(96)
1,917	Internal charges & overheads applied	2,115	2,052	(63)
-	- Other operating funding applications	-	-	-
3,968	Total applications of operating funding (B)	4,218	4,138	(80)
1,316	Surplus (deficit) of operating funding (A-B)	1,637	1,602	(35)
CAPITAL				
Sources of capital funding				
85	Subsidies and grants for capital expenditure	914	2,000	1,086
25	Development and financial contributions	27	25	(2)
(372)	Increase (decrease) in debt	(255)	334	589
	- Gross proceeds from sale of assets	-	-	-
	- Lump sum contributions	-	-	-
(262)	Total sources of capital funding (C)	686	2,359	1,673
Applications of capital funding				
Capital expenditure				
41	- to meet additional demand	44	41	(3)
110	- to improve level of service	1,075	3,000	1,925
651	- to replace existing assets	562	523	(39)
252	Increase (decrease) in reserves	642	397	(245)
	- Increase (decrease) of investments	-	-	-
1,054	Total applications of capital funding (D)	2,323	3,961	1,638
(1,316)	Surplus (deficit) of capital funding (C-D)	(1,637)	(1,602)	35
- Funding Balance ((A-B) + (C-D))				
		-	-	-

* targeted rates for water supply include volumetric charges only.



Overview

Where We are Going

Our Work in Detail

Our Costs in Detail

WHAT HAS CHANGED

This section explains what the variances in the Funding Impact Statement are primarily due to. It sets out any differences between this Annual Plan and what we said we would do in the LTP. This includes proposed updates or changes to projects, budgets or intended levels of service.

WHAT WE WANT TO ACHIEVE

This table outlines the level of service we aim to provide to the community and the targets we are aiming for, as set through the LTP. Some measures are based on our annual perception survey, which is undertaken to gauge the community's views on our performance. The survey collates the answers received and ranks them on a scale of 0-100. This is referred to as the 'Customer Satisfaction Index score' or 'CSI score'. The higher the score, the better the community thinks we are doing.

WHAT WE ARE GOING TO DO

This table sets out the key capital projects we will undertake in the 2014/15 year, including the total cost of the project for the year and where the funds will come from. A full breakdown of our capital projects can be found in the 'Our Costs in Detail' chapter later in this Annual Plan.

WHAT HAS CHANGED

- Projects associated with the Paul Road bore and subsequent reticulation upgrades for the Plains and Edgcombe supply schemes have been brought forward. In the 2014/15 year \$1.7 million will be spent on these projects, rather than in the 2015/16 year as anticipated. This will enable the use of Ministry of Health subsidies for the project.
- An additional \$300,000 has been budgeted to install a larger diameter pipe in the Edgcombe bulk supply main project. For further information see page 4.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Water Supply	Provide a continuous and safe water system throughout the District's urban, residential and commercial areas that complies with drinking water standards	Percentage of water supply systems (excluding Plains) with adequate pressure to fill a 15 litre bucket in one minute	95%
		Percentage of the time our water schemes comply with specified New Zealand Drinking Water Standards	90%
		Satisfaction with the quality of drinking water supplied to resident's homes (Customer Satisfaction Index score)	64-68
		Percentage of pipe bursts and major breaks affecting urban systems responded to within one hour*	99%

*Note: actual work required to remedy breakages and blockages will vary according to the extent of the fault.

WHAT WE ARE GOING TO DO

We are planning to undertake the following major projects this year.

DESCRIPTION	TOTAL (\$)	FUNDING SOURCE
Plains Water Supply – Paul Road Bore site and reticulation	800,000	Loan 32.5%, Development Contributions 11.25%, Subsidy 37.5%, Operating Reserve 18.75%
Plains Water Supply – Pipe upgrades	500,000	Loan 100%
Edgcombe Water Supply – Supply main from Paul Road bore	1,700,000	Subsidy 100%

Funding Impact Statement- Whole of Council

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

The 'Indicative Funding Impact Statement – Whole of Council' table below gives you an idea of what it costs to provide all of our activities and how we will fund them. You will notice that every group of activities has a FIS which gives you more detailed information on what that group costs. An explanation of categories in the FIS can be found on the next page.

INDICATIVE FUNDING IMPACT STATEMENT – WHOLE OF COUNCIL

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
16,049	General rates, uniform annual general charges, rates penalties	16,429	16,219	(210)
19,206	Targeted rates (other than a targeted rate for water supply)	20,214	19,900	(314)
2,666	Subsidies and grants for operating purposes	3,167	3,203	36
12,132	Fees, charges, and targeted rates for water supply*	11,225	11,000	(225)
8	Interest and dividends from investments	60	15	(45)
1,908	Local authorities fuel tax, fines, infringement fees, and other receipts	2,283	2,226	(57)
51,969	Total operating funding (A)	53,378	52,563	(815)
Applications of operating funding				
36,607	Payments to staff and suppliers	37,500	38,122	622
2,340	Finance costs	2,768	2,470	(298)
685	Other operating funding applications	451	950	499
39,632	Total applications of operating funding (B)	40,719	41,542	823
12,337	Surplus (deficit) of operating funding (A-B)	12,659	11,021	(1,638)
CAPITAL				
Sources of capital funding				
8,295	Subsidies and grants for capital expenditure	8,671	7,957	(714)
465	Development and financial contributions	500	465	(35)
(1,246)	Increase (decrease) in debt	(12,060)	6,300	18,360
226	Gross proceeds from sale of assets	12,811	500	(12,311)
-	Lump sum contributions	-	-	-
7,740	Total sources of capital funding (C)	9,922	15,222	5,300
Applications of capital funding				
Capital expenditure				
289	- to meet additional demand	54	804	750
11,251	- to improve level of service	14,339	15,830	1,491
9,457	- to replace existing assets	8,476	8,765	289
(920)	Increase (decrease) in reserves	(288)	844	1,132
-	Increase (decrease) of investments	-	-	-
20,077	Total applications of capital funding (D)	22,581	26,243	3,662
(12,337)	Surplus (deficit) of capital funding (C-D)	(12,659)	(11,021)	1,638
-	Funding Balance ((A-B) + (C-D))	-	-	-

* Targeted rates for water supply include volumetric charges only.

EXPLANATION OF CATEGORIES IN THE FUNDING IMPACT STATEMENTS

WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM	
OPERATIONAL	
Sources of Operating Funding (Revenue)	
General rates, uniform annual general charges, rates penalties	Income from general rates charged on the capital value of all properties within the District, fixed charges across the whole district (UAGC), and penalties for late payment of rates.
Targeted rates (other than a targeted rate for water supply)	Rates where the benefit or use of a service can be assigned to specific households or communities, such as stormwater or promotion and economic development.
Subsidies and grants for operating purposes	Money received from other organisations that contribute to the operational cost of the service.
Fees, charges, and targeted rates for water supply	Includes admission charges for Council facilities and regulatory fees e.g. permits, dog registration, and targeted rates for water supply.
Internal charges and overheads recovered	Money received from other departments of the Council such as overheads and direct costs.
Interest and dividends from investments	Money earned from our savings and investments through interest and dividend payments.
Local authorities fuel tax, fines, infringement fees, and other receipts	Miscellaneous income from other sources generally not of a significant nature e.g. local authority petrol tax.
Total Operating Funding	Total income from the day to day operation of this activity.
Applications of Operating Funding (Expenditure)	
Payments to staff and suppliers	The day to day cost of running this activity e.g. salaries and wages, materials and services.
Finance costs	Interest payments we make on funds borrowed (loans).
Internal charges and overheads applied	Money paid to other departments of the Council such as overheads and direct costs.
Other operating funding applications	Miscellaneous expenses including bad debt expense, rates remissions and loss on disposal of assets.
Total Applications of Operating Funding	Total operating expenditure for this activity.
Surplus (Deficit) of Operating Funding	Total revenue less total expenditure.
CAPITAL	
Sources of Capital Funding	
Subsidies and grants for capital expenditure	Money received from other organisations that contribute to the capital cost of the service.
Development and financial contributions	Money paid by developers towards providing assets or extending existing assets to cater for increased demand due to growth, e.g. extending sewerage systems.
Increase (decrease) in debt	Borrowing money to pay for new assets, parts of assets or to fund temporary deficits, less loan repayments.
Gross proceeds from the sale of assets	Revenue to be raised from the sale of assets belonging to this activity.
Lump sum contributions	Payments made by an eligible ratepayer for the purposes of contributing to a capital project. However, we do not accept lump sum contributions for targeted rates.
Total Sources of Capital Funding	Total capital funding for this activity.
Applications of Capital Funding	
Capital expenditure	Capital expenditure creating a completely new asset or extending or renewing an existing asset to provide the same or greater service than it currently provides e.g. extending a sewer pipe to increase capacity. The expenditure is split to fund level of service improvements versus population growth and/or renewal works. While a lot of our capital projects contribute to more than one of these drivers, legislation requires us to allocate each project to just one driver in the Funding Impact Statements.
Increase (decrease) in reserves	Transferring money into and from a reserve account held for a special purpose. Includes: transferring development contribution revenue to development contribution reserves; using funds from depreciation reserves, and using funds from operational reserves to provide or to assist with maintaining existing assets or services.
Increase (decrease) of investments	Net movement of investments.
Total Applications of Capital Funding	Total capital expenditure for this activity.
Surplus (Deficit) of Capital Funding	Sources of capital funding less applications of capital funding.
Funding Balance	Net operating funding less net capital funding.

Leadership

Te Poumanukura



WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Leadership

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
2,454	General rates, uniform annual general charges, rates penalties	2,468	2,412	(56)
264	Targeted rates (other than a targeted rate for water supply)	281	284	3
-	- Subsidies and grants for operating purposes	-	20	20
-	- Fees, charges, and targeted rates for water supply	-	-	-
-	- Internal charges and overheads recovered	-	-	-
62	Local authorities fuel tax, fines, infringement fees, and other receipts	3	2	(1)
2,780	Total operating funding (A)	2,752	2,718	(34)
Applications of operating funding				
1,814	Payments to staff and suppliers	1,732	1,703	(29)
6	Finance costs	6	6	-
894	Internal charges & overheads applied	965	957	(8)
-	- Other operating funding applications	-	-	-
2,714	Total applications of operating funding (B)	2,703	2,666	(37)
66	Surplus (deficit) of operating funding (A-B)	49	52	3
CAPITAL				
Sources of capital funding				
-	- Subsidies and grants for capital expenditure	-	-	-
-	- Development and financial contributions	-	-	-
(6)	Increase (decrease) in debt	(6)	(6)	-
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
(6)	Total sources of capital funding (C)	(6)	(6)	-
Applications of capital funding				
Capital expenditure				
-	- to meet additional demand	-	-	-
-	- to improve level of service	-	-	-
-	- to replace existing assets	-	-	-
60	Increase (decrease) in reserves	43	46	3
-	- Increase (decrease) of investments	-	-	-
60	Total applications of capital funding (D)	43	46	3
(66)	Surplus (deficit) of capital funding (C-D)	(49)	(52)	(3)
-	Funding Balance ((A-B) + (C-D))	-	-	-



WHAT HAS CHANGED

- Additional funding has been made available for the ANZAC Day centenary commemorations in April 2015. This will be primarily funded through a grant application.
- Ōhope Beach Community Board discretionary fund increased by \$10,000 to \$35,000.
- Council will be reviewing our Seal Extension Policy leading into the next LTP.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Governance	The Council makes decisions in an open, inclusive and transparent manner	Proportion of meetings that are publicly notified and agendas of the Council, its committees and community boards are available at least two clear working days before meetings. Meetings are conducted in accordance with the Local Government Act and standing orders	100%
		Satisfaction that the Council is providing opportunities for community involvement in decision making (Customer Satisfaction Index score)	58-62
Community Support	Community groups, voluntary organisations and landowners are supported in contributing to the well-being of the Whakatāne District	Community funding is available and distributed in accordance with Council's Community Funding Policy	Available Funds distributed
Strategy and Policy	Council will develop and maintain strategies, policies and plans that support the sustainable development and needs of the community	Council's corporate requirements (including LTPs, Annual Plans and Annual Reports) are completed and receive a clear audit opinion	Audit opinion received for Long Term Plan and Annual Report

PROVIDING FOR THE FUTURE

During the 2014/15 year, several projects will progress to ensure that the District's future is fully planned for. The Council will be carrying out a representation review, considering how the Mayor and Councillors are elected; the number of elected members we should have; and whether or not to retain Community Boards and their appropriate structures. The review is to ensure that the Council appropriately reflects the views and opinions of the community and works efficiently and effectively for your benefit.

Throughout 2014/15, the Council will be developing the draft Long Term Plan 2015-25. This document sets out the direction of the District for the next ten years and outlines the major priorities, work programme and services we will deliver. This will be fully consulted on, to allow you the opportunity to be involved in shaping the future of the District.

We will also respond to planned legislative change, which will primarily be addressed through the development of the LTP.

Roads & Footpaths

Ngā Huarahi ara Rau



WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Roads & Footpaths

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
-	General rates, uniform annual general charges, rates penalties	-	(15)	(15)
7,667	Targeted rates (other than a targeted rate for water supply)	8,390	7,890	(500)
2,401	Subsidies and grants for operating purposes	2,964	2,406	(558)
1,460	Fees, charges, and targeted rates for water supply	48	90	42
-	Internal charges and overheads recovered	-	-	-
554	Local authorities fuel tax, fines, infringement fees, and other receipts	646	818	172
12,082	Total operating funding (A)	12,048	11,189	(859)
Applications of operating funding				
5,382	Payments to staff and suppliers	6,238	5,677	(561)
620	Finance costs	674	606	(68)
1,698	Internal charges & overheads applied	1,879	1,729	(150)
-	Other operating funding applications	-	-	-
7,700	Total applications of operating funding (B)	8,791	8,012	(779)
4,382	Surplus (deficit) of operating funding (A-B)	3,257	3,177	(80)
CAPITAL				
Sources of capital funding				
2,945	Subsidies and grants for capital expenditure	4,117	3,190	(927)
68	Development and financial contributions	73	68	(5)
(313)	Increase (decrease) in debt	(1,094)	(164)	930
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
2,700	Total sources of capital funding (C)	3,096	3,094	(2)
Applications of capital funding				
Capital expenditure				
-	- to meet additional demand	-	274	274
2,383	- to improve level of service	2,883	1,824	(1,059)
4,337	- to replace existing assets	4,780	4,417	(363)
362	Increase (decrease) in reserves	(1,310)	(244)	1,066
-	Increase (decrease) of investments	-	-	-
7,082	Total applications of capital funding (D)	6,353	6,271	(82)
(4,382)	Surplus (deficit) of capital funding (C-D)	(3,257)	(3,177)	80
-	Funding Balance ((A-B) + (C-D))	-	-	-



WHAT HAS CHANGED

- The planned realignment of Thornton Road is no longer considered a priority and would place a significant financial burden on ratepayers. A number of alternate measures to improve safety on Thornton Road have been implemented and planned seal widening will still take place in 2015/16.
- An additional project for an extension of Ocean Road in Port Ōhope has been budgeted. The project will be funded by the Council and the developer, with Council's share being \$274,000.
- A project to seal the carpark on the corner of Pyne Street and O'Rourke Place has been included. See page 3 for further information.
- The unsealed roading budget has been increased by \$150,000, for 2014/15. See page 4 for further details.
- The planned Apanui Stream Culvert upgrade (\$750,000) is more appropriately considered a Stormwater project and as such will not receive NZTA funding. It has been included under the Stormwater activity.
- The Road Safety activity is now delivered through the Community Development activity.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year, as set out in the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Transport Networks	Roads are reasonably smooth and comfortable to travel on	Smooth travel exposure; the percentage of vehicle kilometres travelled on smooth*, sealed roads	91-95%
	Roads are maintained to an appropriate standard	Satisfaction that local roads are maintained to an appropriate standard (Customer Satisfaction Index score)	62-66
		Pavement Integrity Index for Sealed Roads. This measures pavement faults to produce an index out of 100. The higher the number, the greater the integrity of our pavements	96-100
	Roads are maintained in a cost effective way	Maintenance and renewal costs for this activity per vehicle kilometres travelled (vkt) on our local roads	<\$0.05/vkt
Parking Enforcement	Parking enforcement maximises the availability of parking and ensures vehicles are safe	Satisfaction with the Council parking in Whakatāne (Customer Satisfaction Index score)	74-78
		Regular patrols are carried out	Three per day in Whakatāne, three per week in Kopeopeo

*Indicates the ride quality experienced by motorists

WHAT WE ARE GOING TO DO

We are planning to undertake the following major projects this year.

DESCRIPTION	TOTAL (\$)	FUNDING SOURCE
Pyne Street Carpark formalisation	372,000	Development Contributions 6%, Reserves 94%
Matahi realignment	300,000	Subsidy 51%, Loan 49%
Port Ōhope Ocean Road extension	274,000	Loan 100%

Water Supply

Ngā Puna wai Hei Oranga mō te Rohe Whānui

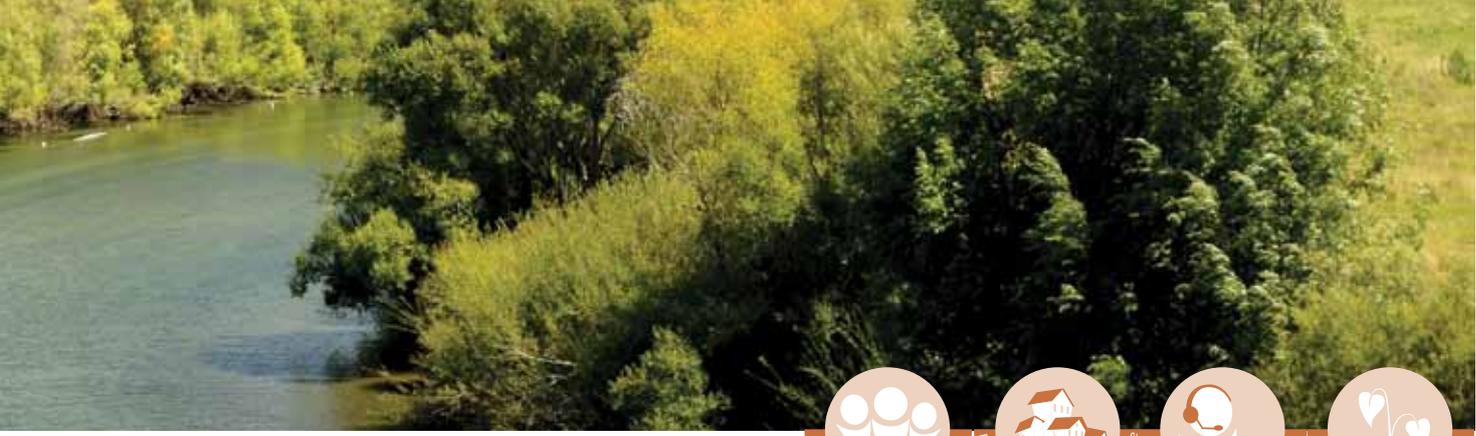


WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Water Supply

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
-	General rates, uniform annual general charges, rates penalties	-	-	-
1,942	Targeted rates (other than a targeted rate for water supply)	2,219	2,117	(102)
-	Subsidies and grants for operating purposes	-	-	-
3,214	Fees, charges, and targeted rates for water supply*	3,445	3,475	30
117	Internal charges and overheads recovered	179	127	(52)
11	Local authorities fuel tax, fines, infringement fees, and other receipts	12	21	9
5,284	Total operating funding (A)	5,855	5,740	(115)
Applications of operating funding				
1,639	Payments to staff and suppliers	1,582	1,661	79
412	Finance costs	521	425	(96)
1,917	Internal charges & overheads applied	2,115	2,052	(63)
-	Other operating funding applications	-	-	-
3,968	Total applications of operating funding (B)	4,218	4,138	(80)
1,316	Surplus (deficit) of operating funding (A-B)	1,637	1,602	(35)
CAPITAL				
Sources of capital funding				
85	Subsidies and grants for capital expenditure	914	2,000	1,086
25	Development and financial contributions	27	25	(2)
(372)	Increase (decrease) in debt	(255)	334	589
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
(262)	Total sources of capital funding (C)	686	2,359	1,673
Applications of capital funding				
Capital expenditure				
41	- to meet additional demand	44	41	(3)
110	- to improve level of service	1,075	3,000	1,925
651	- to replace existing assets	562	523	(39)
252	Increase (decrease) in reserves	642	397	(245)
-	Increase (decrease) of investments	-	-	-
1,054	Total applications of capital funding (D)	2,323	3,961	1,638
(1,316)	Surplus (deficit) of capital funding (C-D)	(1,637)	(1,602)	35
-	Funding Balance ((A-B) + (C-D))	-	-	-

* targeted rates for water supply include volumetric charges only.



WHAT HAS CHANGED

- Projects associated with the Paul Road bore and subsequent reticulation upgrades for the Plains and Edgecumbe supply schemes have been brought forward. In the 2014/15 year \$1.7 million will be spent on these projects, rather than in the 2015/16 year as anticipated. This will enable the use of Ministry of Health subsidies for the project.
- An additional \$300,000 has been budgeted to install a larger diameter pipe in the Edgecumbe bulk supply main project. For further information see page 4.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Water Supply	Provide a continuous and safe water system throughout the District's urban, residential and commercial areas that complies with drinking water standards	Percentage of water supply systems (excluding Plains) with adequate pressure to fill a 15 litre bucket in one minute	95%
		Percentage of the time our water schemes comply with specified New Zealand Drinking Water Standards	90%
		Satisfaction with the quality of drinking water supplied to resident's homes (Customer Satisfaction Index score)	64-68
		Percentage of pipe bursts and major breaks affecting urban systems responded to within one hour*	99%

**Note: actual work required to remedy breakages and blockages will vary according to the extent of the fault.*

WHAT WE ARE GOING TO DO

We are planning to undertake the following major projects this year.

DESCRIPTION	TOTAL (\$)	FUNDING SOURCE
Plains Water Supply – Paul Road Bore site and reticulation	800,000	Loan 32.5%, Development Contributions 11.25%, Subsidy 37.5%, Operating Reserve 18.75%
Plains Water Supply – Pipe upgrades	500,000	Loan 100%
Edgecumbe Water Supply – Supply main from Paul Road bore	1,700,000	Subsidy 100%

Sewage Treatment & Disposal

Te Tūhanga o ngā Parapara



WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Sewage Treatment & Disposal

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
18	General rates, uniform annual general charges, rates penalties	15	19	4
2,561	Targeted rates (other than a targeted rate for water supply)	2,673	2,363	(310)
-	Subsidies and grants for operating purposes	-	-	-
125	Fees, charges, and targeted rates for water supply	196	125	(71)
80	Internal charges and overheads recovered	152	88	(64)
123	Local authorities fuel tax, fines, infringement fees, and other receipts	188	137	(51)
2,907	Total operating funding (A)	3,224	2,732	(492)
Applications of operating funding				
891	Payments to staff and suppliers	987	882	(105)
297	Finance costs	398	422	24
810	Internal charges & overheads applied	944	866	(78)
-	Other operating funding applications	-	-	-
1,998	Total applications of operating funding (B)	2,329	2,170	(159)
909	Surplus (deficit) of operating funding (A-B)	895	562	(333)
CAPITAL				
Sources of capital funding				
5,000	Subsidies and grants for capital expenditure	3,603	2,700	(903)
168	Development and financial contributions	181	168	(13)
1,418	Increase (decrease) in debt	2,565	2,833	268
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
6,586	Total sources of capital funding (C)	6,349	5,701	(648)
Applications of capital funding				
Capital expenditure				
-	- to meet additional demand	-	-	-
6,220	- to improve level of service	6,210	5,608	(602)
1,303	- to replace existing assets	469	436	(33)
(28)	Increase (decrease) in reserves	565	219	(346)
-	Increase (decrease) of investments	-	-	-
7,495	Total applications of capital funding (D)	7,244	6,263	(981)
(909)	Surplus (deficit) of capital funding (C-D)	(895)	(562)	333
-	Funding Balance ((A-B) + (C-D))	-	-	-



WHAT HAS CHANGED

- A project to provide a full reticulation scheme in Matatā is underway, however the LTP budget only allowed for a partial reticulation scheme, accordingly the total budget required has been increased. For more details see the feature box below.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Sewage Treatment and Disposal	To provide high quality, efficient and reliable sewerage systems that meet the reasonable needs of the urban and commercial communities	Percentage of blockages and breakages affecting the system in Whakatāne are responded to within one hour *	90%
		Reducing environmental impacts of sewage by providing reticulated schemes in urban areas **	Whakatāne Ōhope Edgecumbe Murupara Tāneatua Te Mahoe
		Satisfaction with the overall disposal and treatment of sewage (Customer Satisfaction Index score)	70-74
		Number of sewerage related resource consent infringement and abatement notices received by the Bay of Plenty Regional Council	0

*Note: Actual works required to remedy breakages and blockages will vary according to the extent of the fault.
 **Note: Matatā is expected to be included in the 2015/16 year.

WHAT WE ARE GOING TO DO

We are planning to undertake the following major projects this year.

DESCRIPTION	TOTAL (\$)	FUNDING SOURCE
Whakatāne – Pipe upgrades City South Catchment	160,000	Development Contributions 5%, Loan 95%
Whakatāne – Inflow and infiltration reduction	100,000	Loan 100%
Ōhope – Treatment Plant upgrade	400,000	Development Contributions 8%, Loan 92%
Edgecumbe – Reticulation upgrades	275,000	Loan 100%
Matatā – Treatment plant and reticulation construction	4,833,400	Loan 44.13%, Subsidy 55.87%

SEWERAGE AT MATATĀ

The Matatā sewerage project is a major undertaking. Consultation alongside our last Annual Plan established a high level of community support for a fully reticulated system. The availability of a Ministry of Health subsidy (\$6.7 million) and a grant allocation from the Bay of Plenty Regional Council (\$1.88 million) means this project can be undertaken at a more reasonable cost to the ratepayer than initially calculated.

The project will provide all households in Matatā with a clean, efficient and environmentally responsible sewerage system.

Stormwater Drainage

Te Wai Āwhiowhio me ōna Rītenga



WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Stormwater Drainage

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
342	General rates, uniform annual general charges, rates penalties	408	342	(66)
2,532	Targeted rates (other than a targeted rate for water supply)	2,421	2,641	220
-	- Subsidies and grants for operating purposes	-	-	-
-	- Fees, charges, and targeted rates for water supply	-	-	-
1,031	Internal charges and overheads recovered	2,102	1,086	(1,016)
200	Local authorities fuel tax, fines, infringement fees, and other receipts	215	193	(22)
4,105	Total operating funding (A)	5,146	4,262	(884)
Applications of operating funding				
1,723	Payments to staff and suppliers	1,705	1,761	56
835	Finance costs	1,003	913	(90)
516	Internal charges & overheads applied	1,568	516	(1,052)
-	- Other operating funding applications	-	-	-
3,074	Total applications of operating funding (B)	4,276	3,190	(1,086)
1,031	Surplus (deficit) of operating funding (A-B)	870	1,072	202
CAPITAL				
Sources of capital funding				
-	- Subsidies and grants for capital expenditure	-	-	-
114	Development and financial contributions	123	114	(9)
362	Increase (decrease) in debt	1,387	2,645	1,258
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
476	Total sources of capital funding (C)	1,510	2,759	1,249
Applications of capital funding				
Capital expenditure				
-	- to meet additional demand	-	-	-
1,379	- to improve level of service	3,129	4,447	1,318
-	- to replace existing assets	-	396	396
128	Increase (decrease) in reserves	(749)	(1,012)	(263)
-	- Increase (decrease) of investments	-	-	-
1,507	Total applications of capital funding (D)	2,380	3,831	1,451
(1,031)	Surplus (deficit) of capital funding (C-D)	(870)	(1,072)	(202)
-	Funding Balance ((A-B) + (C-D))	-	-	-



WHAT HAS CHANGED

- Following recent investigations, projects have been reprioritised to ensure the most effective stormwater protection is provided. The Kirk Street area flood mitigation works will not be carried out this year, as planned in the LTP, but will be carried out within the next three years. The \$450,000 budgeted for this work will fund higher priority projects in the Apanui and Hinemoa catchments.
- Stormwater expenditure for Apanui catchment (\$660,000) and Ōhope stormwater (\$790,000) have been brought forward from 2015/16. These projects have been fast-tracked to reduce the risk of flooding for the community. For further information see page 4.
- A project to upgrade the Apanui Stream culvert will be implemented in the 2014/15 year at a cost of \$792,500. This project had initially been planned to be carried out under the Roads and Footpaths Group of Activities in the LTP, but is more appropriately considered to be a Stormwater project.
- Updated costings have meant that planned upgrades to the Wainui Te Whara channel are now budgeted to cost an additional \$100,000, raising the cost to \$1,480,000.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Stormwater Drainage	Provide a quality and safe urban stormwater system accessible throughout Whakatāne (including Otarawairere), Ōhope, Edgumbe, Matatā, Murupara, Tāneatua, Te Mahoe and Te Teko	Initial response time to blockages affecting the system within three hours*	87%
		Percentage of stormwater systems built to meet one in 10 year rainfall event	80%

*Note: Actual works required to remedy blockages will vary according to the extent of the fault

WHAT WE ARE GOING TO DO

We are planning to undertake the following major projects this year.

DESCRIPTION	TOTAL (\$)	FUNDING SOURCE
Apanui Stream – Upgrade to The Strand culvert	792,500	Loan 60%, Renewal 35%, Development Contributions 5%
Pyne Street Stormwater upgrades	250,000	Loan 65%, Renewal 30%, Development Contributions 5%
Ōhope Stormwater upgrades	790,000	Loan 100%
Hinemoa Catchment Stormwater upgrades	460,000	Loan 65%, Renewal 30%, Development Contributions 5%
McAlister Pump Station upgrades	1,000,000	Loan 65%, Renewal 30%, Development Contributions 5%
Wainui Te Whara Flood Protection Project	1,480,000	Loan 65%, Renewal 30%, Development Contributions 5%

Waste

Ngā Parapara



WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Waste

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
1,024	General rates, uniform annual general charges, rates penalties	517	1,422	905
3,786	Targeted rates (other than a targeted rate for water supply)	3,779	4,164	385
100	Subsidies and grants for operating purposes	107	120	13
1,220	Fees, charges, and targeted rates for water supply	1,438	1,030	(408)
-	Internal charges and overheads recovered	-	-	-
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
6,130	Total operating funding (A)	5,841	6,736	895
Applications of operating funding				
4,776	Payments to staff and suppliers	4,498	5,009	511
237	Finance costs	272	230	(42)
726	Internal charges & overheads applied	775	755	(20)
-	Other operating funding applications	-	-	-
5,739	Total applications of operating funding (B)	5,545	5,994	449
391	Surplus (deficit) of operating funding (A-B)	296	742	446
CAPITAL				
Sources of capital funding				
-	Subsidies and grants for capital expenditure	-	-	-
8	Development and financial contributions	9	8	(1)
(198)	Increase (decrease) in debt	(218)	(252)	(34)
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
(190)	Total sources of capital funding (C)	(209)	(244)	(35)
Applications of capital funding				
Capital expenditure				
-	- to meet additional demand	-	-	0
25	- to improve level of service	16	0	(16)
-	- to replace existing assets	-	-	0
176	Increase (decrease) in reserves	71	498	427
-	Increase (decrease) of investments	-	-	-
201	Total applications of capital funding (D)	87	498	411
(391)	Surplus (deficit) of capital funding (C-D)	(296)	(742)	(446)
-	Funding Balance ((A-B) + (C-D))	-	-	-



WHAT HAS CHANGED

- There is an increase in overall operational expenditure, due to adjustments for inflation to contract costs, and budgeting for the Urban Litter contract.
- The planned establishment of a greenwaste processing facility in Whakatāne will result in new operational costs. However, the change will lead to a reduction to the current operational costs for greenwaste reprocessing and is expected to ultimately lead to additional savings.
- Forecast income from Fees and Charges will decrease in the 2014/15 year, due to a slight decline in customers. This will be partly off-set by reduced costs and a reduction in leasing costs.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Waste Disposal	Waste Minimisation is actively promoted to all residents/ ratepayers and strategies are put in place to manage waste for the long term	Decrease in the portion of waste sent to landfill	46% of waste is sent to landfill.
Waste Recycling	Waste Minimisation is actively promoted to all residents/ ratepayers and strategies are put in place to manage waste for the long term	Increase in the proportion of waste being recycled	23% of waste is diverted to recycling.
Waste Reprocessing	Waste Minimisation is actively promoted to all residents/ ratepayers and strategies are put in place to manage waste for the long term	Increase in the proportion of waste being reprocessed	31% of waste is diverted to reprocessing.

Environmental Sustainability

Te Pūtaiao



WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Environmental Sustainability

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
1,057	General rates, uniform annual general charges, rates penalties	1,771	1,155	(616)
-	- Targeted rates (other than a targeted rate for water supply)	-	-	-
-	- Subsidies and grants for operating purposes	-	-	-
275	Fees, charges, and targeted rates for water supply	448	275	(173)
-	- Internal charges and overheads recovered	-	-	-
101	Local authorities fuel tax, fines, infringement fees, and other receipts	157	101	(56)
1,433	Total operating funding (A)	2,376	1,531	(845)
Applications of operating funding				
1,191	Payments to staff and suppliers	1,429	1,205	(224)
140	Finance costs	155	163	8
534	Internal charges & overheads applied	607	568	(39)
-	- Other operating funding applications	-	-	-
1,865	Total applications of operating funding (B)	2,191	1,936	(255)
(432)	Surplus (deficit) of operating funding (A-B)	185	(405)	(590)
CAPITAL				
Sources of capital funding				
-	- Subsidies and grants for capital expenditure	-	-	-
-	- Development and financial contributions	-	-	-
511	Increase (decrease) in debt	(136)	462	598
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
511	Total sources of capital funding (C)	(136)	462	598
Applications of capital funding				
Capital expenditure				
-	- to meet additional demand	-	-	-
-	- to improve level of service	-	-	-
-	- to replace existing assets	-	-	-
79	Increase (decrease) in reserves	49	57	8
-	- Increase (decrease) of investments	-	-	-
79	Total applications of capital funding (D)	49	57	8
432	Surplus (deficit) of capital funding (C-D)	(185)	405	590
-	Funding Balance ((A-B) + (C-D))	-	-	-



WHAT HAS CHANGED

- \$50,000 has been budgeted for investigations in to stormwater options for residential development in the Shaw and Huna Road areas. This will be funded as a loan as part of the District Plan review.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Resource Management - Policy	Growth and development is planned while our natural and physical resources are managed in a sustainable manner	Status of the second generation District Plan*	Plan made operative
		Satisfaction with Council's resource consent process (Customer Satisfaction Index score)	55-59
Resource Management - Consents	Resource Management Act (RMA) administrative services are provided to facilitate environmentally sustainable development within the Whakatāne District	Average (median) working days for processing land use resource consents	15 days
		Average (median) working days for processing non-notified subdivision resource consents	20 days
		Number of resource consent decisions overturned by the Environment Court	0
		Percentage of land use consents (excluding consents to remove trees) granted in the previous financial year are monitoring for compliance with conditions of consent by 30 June each year	100%

* The second plan prepared under the Resource Management Act 1991.

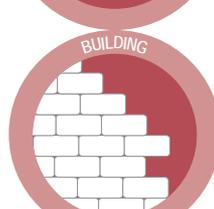
MANAGING THE DISTRICT'S RESOURCES

The District Plan controls how land is used, subdivided and developed in the District, balancing growth and development with the need to protect our natural and cultural values. The District Plan is currently under review and the Proposed District Plan will allow us to more effectively deal with issues such as planning for residential growth in Whakatāne and Ōhope, and managing indigenous biodiversity.

Public hearings on submissions to the Proposed District Plan are due to take place during 2014 and decisions made after this.

Community Safety

Te Whakamaru o Tū



WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Community Safety

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
1,641	General rates, uniform annual general charges, rates penalties	1,460	1,707	247
-	- Targeted rates (other than a targeted rate for water supply)	-	35	35
70	Subsidies and grants for operating purposes	87	353	266
1,108	Fees, charges, and targeted rates for water supply	1,278	1,197	(81)
-	- Internal charges and overheads recovered	-	-	-
438	Local authorities fuel tax, fines, infringement fees, and other receipts	521	529	8
3,257	Total operating funding (A)	3,346	3,821	475
Applications of operating funding				
2,013	Payments to staff and suppliers	1,976	2,495	519
1	Finance costs	2	-	(2)
925	Internal charges & overheads applied	1,046	1,045	(1)
-	- Other operating funding applications	-	-	-
2,939	Total applications of operating funding (B)	3,024	3,540	516
318	Surplus (deficit) of operating funding (A-B)	322	281	(41)
CAPITAL				
Sources of capital funding				
63	Subsidies and grants for capital expenditure	-	7	7
-	- Development and financial contributions	-	-	-
(3)	Increase (decrease) in debt	(5)	(3)	2
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
60	Total sources of capital funding (C)	(5)	4	9
Applications of capital funding				
Capital expenditure				
-	- to meet additional demand	-	-	-
-	- to improve level of service	-	-	-
77	- to replace existing assets	-	21	21
301	Increase (decrease) in reserves	317	264	(53)
-	- Increase (decrease) of investments	-	-	-
378	Total applications of capital funding (D)	317	285	(32)
(318)	Surplus (deficit) of capital funding (C-D)	(322)	(281)	41
-	Funding Balance ((A-B) + (C-D))	-	-	-



WHAT HAS CHANGED

- Resourcing for Emergency Management in the Eastern Bay of Plenty has been increased and will be jointly funded by the three Eastern Bay of Plenty District Councils. A new role has been established for the wider Eastern Bay that focuses on developing community response planning and building community engagement, ensuring we are all better prepared during a natural hazard event.
- Due to changes in the Sale and Supply of Alcohol Act 2012, an Eastern Bay of Plenty shared District Licensing Committee has been established. Resources are required to support the Committee and will be shared by the three Eastern Bay of Plenty Councils. This will lead to an increased level of staffing costs partly recovered through the fees charged to applicants as set out in the accompanying regulations. In time, it is anticipated that this will be a self-funding activity.
- The Road Safety activity is now included as part of the Community Development activity, to reflect a new coordinated approach to delivering our community safety and development programmes. The Community Development activity is now funded by a combination of Community Development and Road Safety Activities, as defined in our Revenue and Financing Policy.
- Dog registration fees have been reduced by at least five dollars. This is a move towards the funding split outlined in the Council's Revenue and Financing Policy, in the LTP, to reflect the public good received from the service. Please see our 'Fees and Charges 2014/15', available on our website.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Licensing (Alcohol and Gambling)	Licensed premises comply with the Sale of Liquor Act and Gambling Act	Percentage of licensed premises inspected each year	100%
		Controlled purchase operations are conducted annually	Two per year
Environmental Health	100% of residents and ratepayers have access to healthy buildings and a healthy environment	Satisfaction that the Environmental Control Services such as public health, food, noise, litter and liquor licensing make the environment a healthier place to live (Customer Satisfaction Index score)	67-71
		Percentage of after-hours excessive noise complaints responded to within contracted timeframes	100%
Regulation Monitoring	The Council administers and enforces bylaws to deal with issues that create nuisance to the community	Percentage of urgent* complaints relating to bylaws infringements responded to within one hour and non-urgent within 24 hours	100%
Building	High quality outcomes for building consent and code compliance applications are provided in a timely and professional manner	Satisfaction with the process Council used for your building consent	56-60
		Average working days for processing building consents	15 days
Animal Control	Public safety and comfort is protected	Percentage of aggressive/threatening dogs and roaming stock complaints responded to within half an hour. All other complaints responded to within 24 hours	100%
		Satisfaction with Council's Dog Control Service (Customer Satisfaction Index score)	68-72
Emergency Management	The Council will respond and lead the community in an emergency	Percentage of major events where an Emergency Operation Centre is setup and functional within two hours of the controller establishing the event as a major emergency	100%
		Frequency of regular and ongoing training undertaken by the Whakatāne Emergency Response Team and the Whakatāne Rural Fire Force	Fortnightly
Community Development	Social well-being is improved in the District through a range of strategies, policies and projects	Number of programmes or projects completed on an annual basis in response to social issues facing the District	4
	To reduce road network related injuries and fatalities through information and educational campaigns	Satisfaction with the safety of our roads	66-70

*Urgent, in this context, means anything with an immediate and significant impact on people's health and safety, or on the environment.

Arts & Culture

Ngā Mahi Toi Whakairo



WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Arts & Culture

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
3,102	General rates, uniform annual general charges, rates penalties	3,199	3,175	(24)
-	- Targeted rates (other than a targeted rate for water supply)	-	-	-
3	Subsidies and grants for operating purposes	3	3	-
26	Fees, charges, and targeted rates for water supply	30	21	(9)
-	- Internal charges and overheads recovered	-	-	-
62	Local authorities fuel tax, fines, infringement fees, and other receipts	76	56	(20)
3,193	Total operating funding (A)	3,308	3,255	(53)
Applications of operating funding				
1,088	Payments to staff and suppliers	1,084	1,116	32
248	Finance costs	238	278	40
1,418	Internal charges & overheads applied	1,649	1,479	(170)
-	- Other operating funding applications	-	-	-
2,754	Total applications of operating funding (B)	2,971	2,873	(98)
439	Surplus (deficit) of operating funding (A-B)	337	382	45
CAPITAL				
Sources of capital funding				
42	Subsidies and grants for capital expenditure	-	5	5
-	- Development and financial contributions	-	-	-
(91)	Increase (decrease) in debt	(85)	(106)	(21)
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
(49)	Total sources of capital funding (C)	(85)	(101)	(16)
Applications of capital funding				
Capital expenditure				
155	- to meet additional demand	-	-	-
12	- to improve level of service	-	5	5
130	- to replace existing assets	133	125	(8)
93	Increase (decrease) in reserves	119	151	32
-	- Increase (decrease) of investments	-	-	-
390	Total applications of capital funding (D)	252	281	29
(439)	Surplus (deficit) of capital funding (C-D)	(337)	(382)	(45)
-	Funding Balance ((A-B) + (C-D))	-	-	-



WHAT HAS CHANGED

- There are no major changes from what had been planned through the LTP.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Library	The Council ensures all members of the community have ready access to a wide range of resources for information, education, leisure and cultural enrichment	Satisfaction with the Library & Exhibition Centre (Customer Satisfaction Index score)	80-84
		Increase in the number of card holders across the District	12,300 card holders*
Exhibition, Research, Storage and Archives	The Council provides dynamic facilities and services that help create a strong sense of community pride and identity, reflecting the heritage and culture of our region	Number of exhibitions per year	Minimum of 10

* Note: An increase of 100 from 2013/14's target of 12,200.

Community Property

Ngā Rawa o Te Hāpori



WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Community Property

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
632	General rates, uniform annual general charges, rates penalties	671	597	(74)
-	- Targeted rates (other than a targeted rate for water supply)	-	-	-
-	- Subsidies and grants for operating purposes	-	160	160
752	Fees, charges, and targeted rates for water supply	773	752	(21)
203	Internal charges and overheads recovered	-	142	142
6	Local authorities fuel tax, fines, infringement fees, and other receipts	6	6	-
1,593	Total operating funding (A)	1,450	1,657	207
Applications of operating funding				
818	Payments to staff and suppliers	681	1,214	533
20	Finance costs	23	24	1
408	Internal charges & overheads applied	377	347	(30)
-	- Other operating funding applications	-	-	-
1,246	Total applications of operating funding (B)	1,081	1,585	504
347	Surplus (deficit) of operating funding (A-B)	369	72	(297)
CAPITAL				
Sources of capital funding				
-	- Subsidies and grants for capital expenditure	-	-	-
59	Development and financial contributions	62	59	(3)
(25)	Increase (decrease) in debt	(26)	175	201
226	Gross proceeds from sale of assets	7,517	500	(7,017)
-	- Lump sum contributions	-	-	-
260	Total sources of capital funding (C)	7,553	734	(6,819)
Applications of capital funding				
Capital expenditure				
-	- to meet additional demand	10	99	89
65	- to improve level of service	79	20	(59)
138	- to replace existing assets	416	448	32
404	Increase (decrease) in reserves	7,417	239	(7,178)
-	- Increase (decrease) of investments	-	-	-
607	Total applications of capital funding (D)	7,922	806	(7,116)
(347)	Surplus (deficit) of capital funding (C-D)	(369)	(72)	297
-	Funding Balance ((A-B) + (C-D))	-	-	-



WHAT HAS CHANGED

- \$440,000 is budgeted to work in partnership with the Ministry of Education to fund the new Murupara Area School hall and make it available for public use. External funding for one-third of the proposed contribution will be secured, with Council funding support coming from asset renewal reserves, operational savings and loan funding, meaning the rating impact will be minimal. Through working together, not only are we drastically improving the quality of facilities that the community receive but also ensuring the most efficient use of local and central government budgets.
- A budget of \$90,000 has been included to investigate the development of the Whakatāne Memorial Hall, this will be funded through reserves and Development Contributions.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Pensioner Housing	Affordable, safe and secure pensioner housing is provided to people who meet the Whakatāne District Council eligibility criteria	Number of Council pensioner units provided	79*
Halls	The community is provided with sufficient community halls and pavilions that are functional, affordable and available	Satisfaction with public halls (Customer Satisfaction Index score) Sufficient community halls and pavilions provided in each ward by the Council or the community	72-76 Four urban Council managed, two rural Council and four rural community managed**

* Council currently provides 79 units.

**Through our LTP we signalled our intention to move four of our rural halls to be community-managed. However, this will only happen if there is sufficient interest from a community to transfer the management to a dedicated community group.

COMMUNITY HALLS, COMMUNITY SPACES

Projects in Murupara and Whakatāne look to provide the best hall options for our communities. The Murupara project involves working alongside the community and Ministry of Education, allowing a full-size gymnasium to be constructed at the Murupara Area School, which will also be used as a modern community hall. This will help develop the facility, and the school itself, as a true community hub.

Similarly, the investigations into the Whakatāne War Memorial Hall will assess the need and feasibility of redeveloping the hall. This will examine the possibility of the facility becoming a flexible, contemporary, conference, performance and sporting facility, supporting surrounding activities and maximising its potential.

Recreation & Community Facilities

Te Whare Tāpere o Tānerore me ngā hua ka puta mā Te Hāpori

WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Recreation & Community Facilities

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
5,642	General rates, uniform annual general charges, rates penalties	5,652	5,830	178
369	Targeted rates (other than a targeted rate for water supply)	361	406	45
92	Subsidies and grants for operating purposes	6	141	135
3,434	Fees, charges, and targeted rates for water supply	3,053	3,467	414
934	Internal charges and overheads recovered	1,749	984	(765)
44	Local authorities fuel tax, fines, infringement fees, and other receipts	100	44	(56)
10,515	Total operating funding (A)	10,921	10,872	(49)
Applications of operating funding				
5,254	Payments to staff and suppliers	4,686	5,312	626
483	Finance costs	517	464	(53)
2,731	Internal charges & overheads applied	3,579	2,891	(688)
-	Other operating funding applications	-	-	-
8,468	Total applications of operating funding (B)	8,782	8,667	(115)
2,047	Surplus (deficit) of operating funding (A-B)	2,139	2,205	66
CAPITAL				
Sources of capital funding				
160	Subsidies and grants for capital expenditure	37	55	18
23	Development and financial contributions	25	23	(2)
120	Increase (decrease) in debt	(4,556)	12	4,568
-	Gross proceeds from sale of assets	5,294	-	(5,294)
-	Lump sum contributions	-	-	-
303	Total sources of capital funding (C)	800	90	(710)
Applications of capital funding				
Capital expenditure				
23	- to meet additional demand	-	390	390
792	- to improve level of service	646	659	13
612	- to replace existing assets	913	1,141	228
923	Increase (decrease) in reserves	1,380	105	(1,275)
-	Increase (decrease) of investments	-	-	-
2,350	Total applications of capital funding (D)	2,939	2,295	(644)
(2,047)	Surplus (deficit) of capital funding (C-D)	(2,139)	(2,205)	(66)
-	Funding Balance ((A-B) + (C-D))	-	-	-





WHAT HAS CHANGED

- A project to provide erosion protection for Maraetōtara Reserve has been included at a cost of \$90,000.
- An additional \$191,000 is budgeted for Council led economic development initiatives and District promotion; this cost replaces previous contributions to Toi Economic Development Agency (Toi-EDA). For more details, see the feature box below.
- \$100,000 has been added to the budget for investigations and an application to gain a Resource Consent to extend the Quay Street Wharf. This will allow extra berthages to be created to meet current and future demand.
- The cost of dredging the Whakatāne River mouth has increased due to the impacts of changing weather patterns on river flows.
- A pedestrian crossing will be relocated, following the development of The Strand Plaza. See page 3.
- Additional funding of \$300,000 is budgeted to enable development of the Port Ōhope Reserve. See page 3.
- A lease remission allowance has been included to allow for the provision of relief for Harbour land leaseholders undertaking earthquake strengthening works. A budget of \$50,000 from the Harbour Fund has been established.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Parks, Reserves, Recreation and Sportsfields	Assets are well maintained throughout all parks and recreational facilities providing a high standard of appearance and functionality	Satisfaction with parks and reserves in the Whakatāne District (Customer Satisfaction Index score)	75-79
	Adequate sports fields/grounds are provided to meet the needs of users and are kept to a high standard by regular mowing, herbicide applications and specialised turf grass treatments	Amount of active recreation space available in the District per 1,000 people	1.5ha
Cemeteries and Crematorium	Appropriate and sufficient cemetery and crematorium services are available to residents	Satisfaction with cemeteries and crematorium in the Whakatāne District (Customer Satisfaction Index score)	84-88
Public Conveniences	Adequate public conveniences will be provided where required in the community	Satisfaction with public toilets in the Whakatāne District (Customer Satisfaction Index score)	68-72
Aquatic Centres	High quality, affordable and safe aquatic facilities will be provided in Whakatāne and Murupara	Satisfaction with swimming pools in the Whakatāne District (Customer Satisfaction Index score)	76-80
Ports and Harbour	Provide safe access to rivers and coastal water within the general vicinity of the Whakatāne CBD, Ōhiwa Harbour and Thornton Domain	Satisfaction with harbour facilities in Whakatāne CBD including the port and surrounding environment (Customer Satisfaction Index score)	76-80

ECONOMIC DEVELOPMENT A PRIORITY

The Council has strengthened its focus on the economic wellbeing of our community. This has led to the renaming of the activity 'Visitor Information', to 'Economic Development' to reflect its wider focus and additional functions. The Council no longer funds Toi-EDA (further information on this change is available in the CCO section). This activity will deliver many of the key goals of Toi-EDA, such as: promoting, supporting and facilitating projects that have economic benefits; continuing a web based immigration campaign and supporting the 'Bay of Connections' strategy. The Grow Whakatāne Advisory Board and Business Services Department in the Council will ensure Economic Development is efficiently and effectively promoted.

Corporate & District Activities

Ngā Mahinga Matakite ā Rohe



WHAT THESE ACTIVITIES WILL COST AND HOW WE ARE GOING TO PAY FOR THEM

FUNDING IMPACT STATEMENT – Corporate & District Activities

AP 2013/14 \$000		LTP 2014/15 \$000	AP 2014/15 \$000	VARIANCE 2014/15 \$000
OPERATIONAL				
Sources of operating funding				
80	General rates, uniform annual general charges, rates penalties	208	(425)	(633)
-	- Targeted rates (other than a targeted rate for water supply)	-	-	-
-	- Subsidies and grants for operating purposes	-	-	-
303	Fees, charges, and targeted rates for water supply	269	348	79
10,735	Internal charges and overheads recovered	11,640	11,296	(344)
313	Local authorities fuel tax, fines, infringement fees, and other receipts	417	324	(93)
11,431	Total operating funding (A)	12,534	11,543	(991)
Applications of operating funding				
9,588	Payments to staff and suppliers	10,308	9,868	(440)
192	Finance costs	234	121	(113)
416	Internal charges & overheads applied	415	435	20
685	Other operating funding applications	451	950	499
10,881	Total applications of operating funding (B)	11,408	11,374	(34)
550	Surplus (deficit) of operating funding (A-B)	1,126	169	(957)
CAPITAL				
Sources of capital funding				
-	- Subsidies and grants for capital expenditure	-	-	-
-	- Development and financial contributions	-	-	-
(641)	Increase (decrease) in debt	(624)	24	648
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
(641)	Total sources of capital funding (C)	(624)	24	648
Applications of capital funding				
Capital expenditure				
-	- to meet additional demand	-	-	-
215	- to improve level of service	281	248	(33)
2,146	- to replace existing assets	1,203	1,258	55
(2,452)	Increase (decrease) in reserves	(982)	(1,313)	(331)
-	- Increase (decrease) of investments	-	-	-
(91)	Total applications of capital funding (D)	502	193	(309)
(550)	Surplus (deficit) of capital funding (C-D)	(1,126)	(169)	957
-	Funding Balance ((A-B) + (C-D))	-	-	-



WHAT HAS CHANGED

- \$110,000 has been budgeted for upgrades to the Civic Centre.
- \$250,000 has been included in the budget to begin a multi-year project transferring all property files from hard copy to digital (electronic) versions. This digitisation programme will improve Council services, for example, allowing property files to be requested online.

WHAT WE WANT TO ACHIEVE

The following table shows our targets for the next year as set through the LTP.

ACTIVITY	GOAL	MEASURE	TARGET
Customer Services	The community has access to Council's activities through fully competent and efficient Service Centres	Proportion of customers' telephone calls answered within 30 seconds	80%
		Satisfaction with the overall service from the Customer Service/Front Desk Staff (Customer Satisfaction Index score)	78-82
Public Affairs (Previously Communications)	The community has access to information and feels well informed	Satisfaction with Council's provision of information (Customer Satisfaction Index score)	64-68
		Association of Local Government Information Management Website ranking compared to other councils	20th
Finance	The community and the Council have access to accurate and timely financial information	Rates invoices are issued to ratepayers at least three weeks prior to due date for payment	100%

WHAT WE ARE GOING TO DO

We are planning to undertake the following major projects this year.

DESCRIPTION	TOTAL (\$)	FUNDING SOURCE
Civic Centre upgrades	110,000	Loan 100%



Council Controlled Organisations

Ngā Roopu Mahi Tahī-a-Te Kaunihera ō Whakatāne

INTRODUCTION TO CCOS

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

The Whakatāne District Council is a shareholder in three CCOS: Whakatāne Airport; Bay of Plenty Local Authority Shared Services Limited (BoPLASS) and the Local Government Funding Agency (LGFA).

This section summarises the services these organisations aim to deliver over the next year and how their performance will be monitored.

WHAT HAS CHANGED

Toi Economic Development Agency

Since December 2013, the Council ceased contributing to Toi-EDA. The Council's decision was based on changing circumstances since Toi-EDA was originally formed. For example:

- There is a need for greater business involvement in economic development activities.
- Greater capacity exists within Councils to carry out their own economic development activities
- Councils have formed the Eastern Bay of Plenty Joint Committee, to provide greater coordination of activities across the region.

Collaboration across the Eastern Bay of Plenty and beyond will contribute to enhanced economic development outcomes. The Toi-EDA Board and Eastern Bay of Plenty Councils are currently examining future options for economic development in the Eastern Bay of Plenty.





Whakatāne Airport

- Provides daily air services to and from Auckland
- Manages the day-to-day operation and maintenance of the airport
- Provides a valuable community asset, contributing to the social and economic needs of the District
- Provides facilities for scheduled, commercial and recreational flights

HOW PERFORMANCE WILL BE MEASURED?

Financial performance measures and targets:

- Operate and maintain the airport's assets within the operational expenditure and capital expenditure budgets (excluding corporate overheads and depreciation). These budgets will be outlined in the Whakatāne Airport Statement of Intent each year.

Non-financial performance measures and targets:

- Maintain the Airport as a non-certified aerodrome in accordance with Civil Aviation Authority aerodrome design for aircraft at or below 5,700kg Maximum Combined Take-off Weight.

Further performance targets are disclosed in the Statement of Intent for 2014/15.



WANT TO KNOW MORE ABOUT OUR CCO'S?

WHAKATĀNE AIRPORT
STATEMENT OF INTENT
Whakatāne Airport Ten Year Business Plan
LTP 2012-22
www.whakatane.govt.nz

BOPLASS STATEMENT OF INTENT
www.boplass.co.nz
LTP 2012-22
www.whakatane.govt.nz

LGFA STATEMENT OF INTENT
www.lgfa.co.nz
LTP 2012-22



Bay of Plenty Local Authority Shared Services (BoPLASS)

- ➔ Investigates, develops and delivers shared services, joint procurement and communications for participating councils
- ➔ Aims to reduce costs and make efficiency savings
- ➔ Funded through a user-pays system and a \$1000 levy from each Council.

HOW WILL PERFORMANCE BE MEASURED?

The specific performance targets for BoPLASS will be set annually through the BoPLASS Statement of Intent and will be based on the framework outlined below.

Performance measures and targets:

- Initiate at least one shared service each year and no less than two shared services successfully implemented within three years.
- Implement shared services demonstrating best practice and added value to participating councils and stakeholders.
- Investigate a minimum of four joint procurement initiatives per year for goods and services from sources offering best value, service, continuity of supply and/or opportunities for integration.
- Communicate with each shareholding council at appropriate levels with at least one meeting with each Executive Leadership Team per year.
- Ensure sufficient income is available from activities to sustain a viable company.

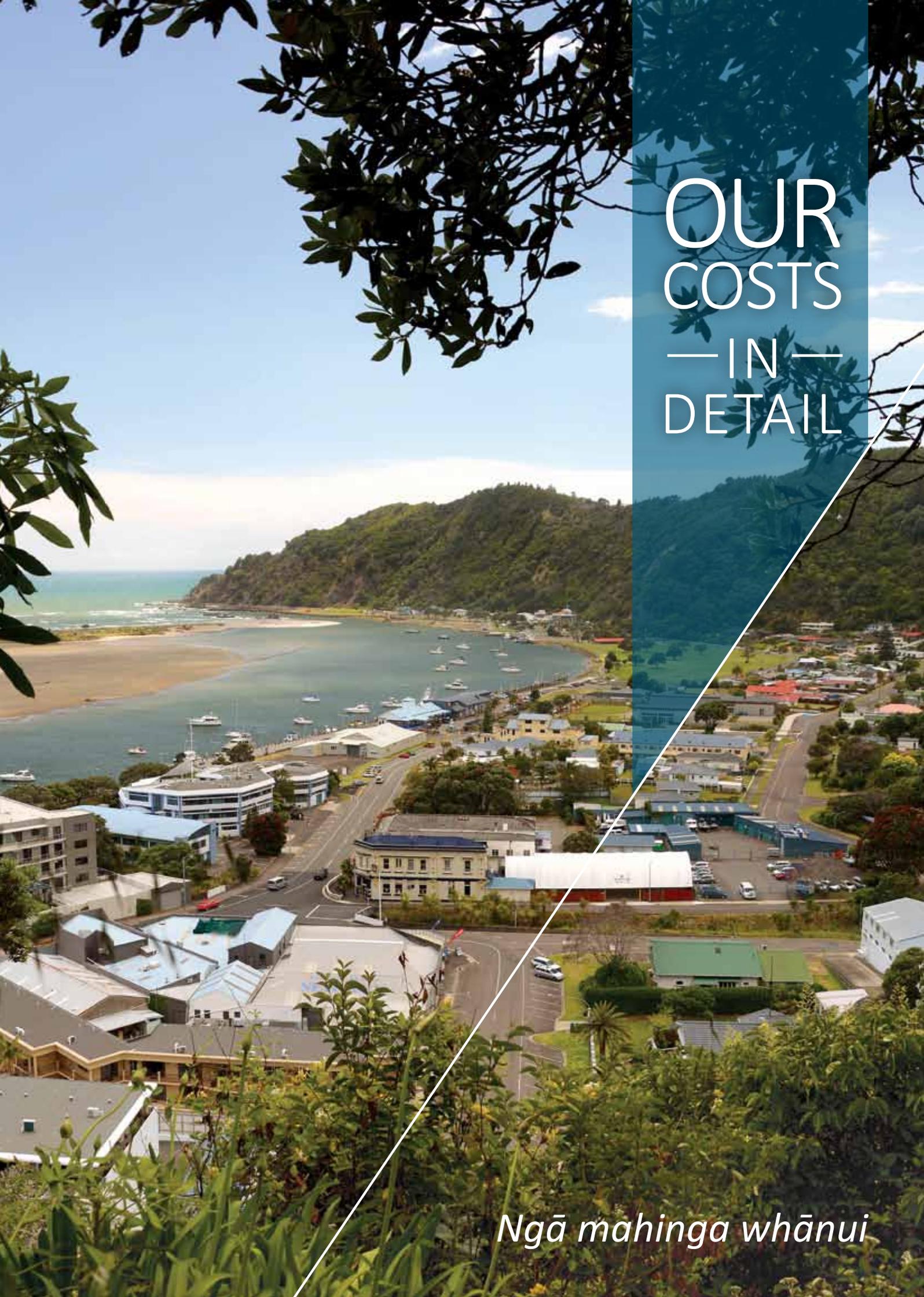
Local Government Funding Agency (LGFA)

- ➔ Enables councils to borrow funds at lower interest margins than would otherwise be available
- ➔ Partnership between the participating local authorities and the New Zealand Government
- ➔ The LGFA only lends to local authorities that enter into all of the relevant arrangements with it (participating local authorities) and that comply with the LGFA's lending policies.

HOW WILL PERFORMANCE BE MEASURED?

The specific performance targets for the LGFA are set annually through its Statement of Intent. The following performance targets are included in the LGFA's Statement of Intent 2014/15:

- LGFA's average cost of funds, relative to the average cost of funds for New Zealand Government Securities, for the period to 30 June 2015, will be less than 0.50% higher.
- The average margin above LGFA's cost of funds charged to the highest-rated Participating Local Authorities, for the period to 30 June 2015, will be no more than 0.15%.
- LGFA's annual issuance and operating expenses, for the period to 30 June 2015, will be less than \$4.67 million
- Total lending to Participating Local Authorities, at 30 June 2015, will be at least \$4,400 million.

An aerial photograph of a coastal town, likely in New Zealand, featuring a harbor with several boats, a mix of residential and commercial buildings, and a backdrop of green hills. The foreground is partially obscured by dark green foliage. A semi-transparent teal vertical bar is on the right side, containing the text 'OUR COSTS — IN — DETAIL'.

OUR COSTS — IN — DETAIL

Ngā mahinga whānui



Introduction to 'Our Costs in Detail'

This chapter of the Annual Plan provides a breakdown of some of our costs in more detail and provides further information about how these costs are calculated and distributed. This chapter is a culmination of all the information contained within this Annual Plan.

FORECAST FINANCIAL STATEMENTS

Our Forecast Financial Statements are included to give you an overview of the Council's forecast financial position for the 2014/15 year. This information should be read alongside the financial information contained in the 'Our Work in Detail' Chapter. The information in these statements may not be appropriate for purposes other than those described.

The Statements include:

- Prospective Statement of Comprehensive Income
- Prospective Statement of Changes in Equity
- Prospective Statement of Financial Position
- Prospective Statement of Cash Flows
- Statement of Reserve Balances.

KEY CAPITAL PROJECTS

This table outlines the key capital projects we plan to complete during the course of this Annual Plan. More information about the projects is contained in the "Our Work in Detail" chapter of this Annual Plan and the Long Term Plan.

STATEMENT OF ACCOUNTING POLICIES

This statement outlines the principles against which we have prepared our financial statements.

Forecast Financial Statements

The following forecast financial statements are provided to give you an indication of our predicted financial position during the 2014/15 year. Please note that actual results are likely to differ from those presented as situations change. The information in these statements may not be appropriate for purposes other than those described.

Variances to what we said in the LTP are shown in the right hand columns of the financial statements. A number of the variances in the Prospective Statement of Changes in Equity, Prospective Statement of Finance Position and Prospective Statement of Cash Flows have arisen due to the use of actual figures for the close of the 2012/13 financial year when preparing forecasts for the 2014/15 financial year. More information on variances in the Prospective Statement of Comprehensive Income can be found in the financial strategy section and the Our Work in Detail chapter of this Annual Plan.

Prospective Statement of Comprehensive Income

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

Prospective Statement of Changes in Equity

Also known as net worth, equity is measured as the difference between the total value of assets and total liabilities. This statement presents a comprehensive measure of income. Accumulated equity represents the communities' investment in publicly owned assets resulting from past surpluses.

Prospective Statement of Financial Position

This presents information about the economic resources controlled by the Council. This information is useful in assessing the Council's ability to generate cash, provide services and for assessing future borrowing needs.

Prospective Statement of Cash Flows

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

STATEMENT CONCERNING BALANCING THE BUDGET

The Council will not produce a balanced budget in the 2014/15 year or in each of the 10 years of the LTP. Having considered the overall impact of our financial management policies and decisions we believe it remains financially prudent.

In setting the budget we have had regard for the following matters:

- Maintaining levels of service.
- Maintaining service capacity and integrity of assets.
- Intergenerational equity.
- Compliance with the Council's revenue and financing policies.

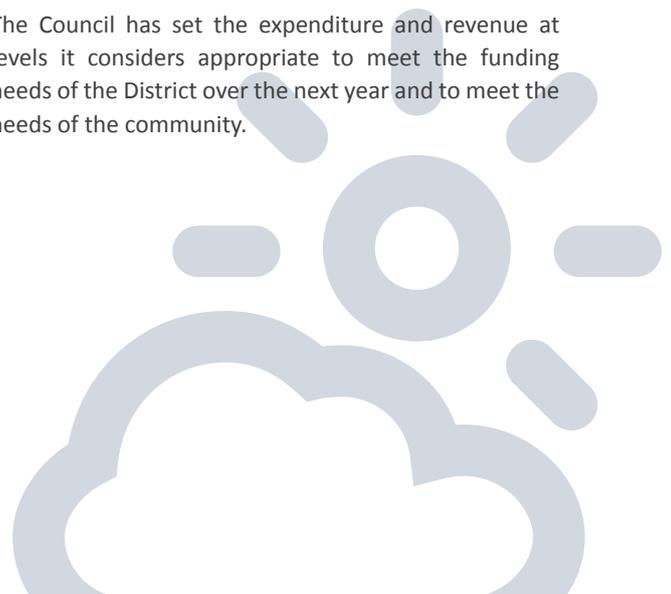
The main reasons for the surplus are:

- NZTA grants for roading are largely used to fund capital expenditure in the Roads and Footpaths activity.
- Other Central Government grants and subsidies are shown as income, whereas the capital items they fund are not included in the Prospective Statement of Comprehensive Income.

Surpluses are reduced by:

- The policy to fund depreciation on infrastructural assets based on their 25 year renewal requirement.
- Reserves which may be used to fund expenditure.

The Council has set the expenditure and revenue at levels it considers appropriate to meet the funding needs of the District over the next year and to meet the needs of the community.



PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

AP 2014 \$000		LTP 2015 \$000	AP 2015 \$000	VARIANCE 2015 \$000
INCOME				
14,040	Revenue from activities (including volumetric charges for water supply)	13,508	13,226	(282)
10,961	Subsidies and Grants	11,838	11,160	(678)
16,049	General Rates ^{Note 1}	16,429	16,219	(210)
19,206	Targeted Rates (excluding volumetric charges for water supply) ^{Note 2}	20,214	19,900	(314)
224	Vested Assets	232	290	58
1,277	Gains on revaluation of Investment Property	1,315	1,068	(247)
465	Development Contributions	500	465	(35)
8	Finance Income*	60	15	(45)
62,230	Total Income	64,096	62,343	(1,753)
EXPENDITURE				
25,265	Other Expenses	26,531	26,509	(22)
12,027	Personnel Costs	11,420	12,563	1,143
16,707	Depreciation and Amortisation ^{Note 3}	19,477	16,256	(3,221)
2,340	Finance Costs*	2,768	2,470	(298)
56,339	Total Expenditure	60,196	57,798	(2,398)
5,891	Net Surplus (Deficit)	3,900	4,545	645
OTHER COMPREHENSIVE INCOME				
5,932	Gains on asset revaluation	10,522	2,500	(8,022)
11,823	Total comprehensive income for the year	14,422	7,045	(7,377)

*Excludes internal borrowing costs

NOTES TO THE PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

AP 2014 \$000		LTP 2015 \$000	AP 2015 \$000	VARIANCE 2015 \$000
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NOTE 1: GENERAL RATES BY ACTIVITY

2,454	Leadership	2,468	2,412	(56)
1,641	Community Safety	1,460	1,707	247
1,057	Environmental Sustainability	1,771	1,155	(616)
3,102	Arts and Culture	3,199	3,175	(24)
5,642	Recreation and Community Facilities	5,652	5,830	178
632	Community Property	671	597	(74)
1,024	Waste	517	1,422	905
-	Roads and Footpaths	-	(15)	(15)
342	Stormwater Drainage	408	342	(66)
18	Sewerage Treatment and Disposal	15	19	4
56	Reportable Council-controlled organisations	60	-	(60)
311	Corporate and District Activities Funds Applied	68	(425)	(493)
(230)	Add operating reserve balances repaid	140	-	(140)
16,049	General Rates per Whole of Council FIS	16,429	16,219	(210)
580	Less Penalties	585	600	15
15,469	General Rates Levied per Rating Statement	15,844	15,619	(225)

AP 2014 \$000		LTP 2015 \$000	AP 2015 \$000	VARIANCE 2015 \$000
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NOTE 2: TARGETED RATES BY ACTIVITY

264	Leadership	281	284	3
-	Community Safety	-	35	35
369	Recreation and Community Facilities	361	406	45
3,786	Waste	3,779	3,734	(45)
7,667	Roads and Footpaths	8,390	7,793	(597)
1,942	Water Supply	2,219	2,076	(143)
2,532	Stormwater Drainage	2,421	2,411	(10)
2,561	Sewerage Treatment and Disposal	2,673	2,363	(310)
85	Reportable Council-controlled organisations	90	-	(90)
-	Add operating reserve balances repaid	-	798	798
19,206	Total Targeted Rates per Whole of Council FIS	20,214	19,900	(314)
2,914	Volumetric charges for water supply	3,328	3,176	(152)
22,120	Targeted Rates Levied per Rating Statement	23,542	23,076	(466)

AP 2014 \$000		LTP 2015 \$000	AP 2015 \$000	VARIANCE 2015 \$000
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NOTE 3: DEPRECIATION AND AMORTISATION

41	Community Safety	52	34	(18)
312	Arts and Culture	332	313	(19)
1,608	Recreation and Community Facilities	1,704	1,626	(78)
772	Community Property	821	772	(49)
64	Waste	113	60	(53)
6,728	Roads and Footpaths	9,270	6,784	(2,486)
1,941	Water Supply	2,104	1,944	(160)
950	Stormwater Drainage	1,047	944	(103)
1,941	Sewerage Treatment and Disposal	2,104	1,505	(599)
38	Reportable Council-controlled Organisations	40	52	12
2,312	Corporate & District Activities Funds Applied	1,890	2,222	332
16,707	Total Depreciation and Amortisation	19,477	16,256	(3,221)

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

AP 2014 \$000		LTP 2015 \$000	AP 2015 \$000	VARIANCE 2015 \$000
TOTAL OPERATING INCOME				
Per Activity Funding Impact Statement:				
2,780	Leadership	2,752	2,718	(34)
3,257	Community Safety	3,346	3,821	475
1,433	Environmental Sustainability	2,376	1,531	(845)
3,193	Arts and Culture	3,308	3,255	(53)
9,581	Recreation and Community Facilities	9,172	9,888	716
1,390	Community Property	1,450	1,515	65
6,130	Waste	5,841	6,736	895
12,082	Roads and Footpaths	12,048	11,189	(859)
5,167	Water Supply	5,676	5,613	(63)
3,074	Stormwater Drainage	3,044	3,176	132
2,827	Sewerage Treatment and Disposal	3,072	2,644	(428)
360	Reportable Council-controlled Organisations	397	227	(170)
697	Corporate & District Activities	894	247	(647)
51,971	Total Operating Income	53,376	52,561	(815)
62,230	Total Income per Prospective Statement of Comprehensive Income:	64,096	62,343	(1,753)
(10,259)	Variance	(10,719)	(9,782)	937
Made up of:				
1,277	Gains on revaluation of Investment property	1,314	1,068	(246)
224	Vested Assets	232	290	58
8,295	Subsidies and Grants for capital expenditure	8,671	7,957	(714)
465	Development and Financial Contributions	500	465	(35)
TOTAL OPERATING EXPENDITURE				
Per Activity Funding Impact Statement:				
1,820	Leadership	1,738	1,709	(29)
2,014	Community Safety	1,978	2,495	517
1,331	Environmental Sustainability	1,584	1,368	(216)
1,336	Arts and Culture	1,322	1,394	72
5,737	Recreation and Community Facilities	5,203	5,776	573
838	Community Property	704	1,238	534
5,013	Waste	4,770	5,239	469
6,002	Roads and Footpaths	6,912	6,283	(629)
2,051	Water Supply	2,103	2,086	(17)
2,558	Stormwater Drainage	2,708	2,674	(34)
1,188	Sewerage Treatment and Disposal	1,385	1,304	(81)
449	Reportable Council-controlled Organisations	429	237	(192)
10,465	Corporate & District Activities	10,993	10,939	(54)
40,802	Total Operating Expenditure	41,829	42,742	913
56,339	Total Expenditure per Prospective Statement of Comprehensive Income:	60,196	57,798	(2,398)
(15,537)	Variance	(18,367)	(15,056)	3,311
Made up of:				
(1,170)	Cost of Internal Borrowing	(1,295)	(1,200)	95
16,707	Depreciation	19,477	16,256	(3,221)
-	Inflation difference between overheads and recoveries	185	-	(185)
Other Comprehensive Income				
5,932	Gains on asset revaluation	10,522	2,500	(8,022)
11,823	Per Total Comprehensive Income For The Year	14,422	7,045	(7,377)

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

AP 2014 \$000		LTP 2015 \$000	AP 2015 \$000	VARIANCE 2015 \$000
441,788	Accumulated Funds at the start of the year	439,050	442,958	3,908
5,891	Net Surplus for the year	3,900	4,545	645
447,679	Accumulated Funds at the end of the year	442,950	447,503	4,553
182,491	Asset Revaluation Reserves at the start of the year	201,508	179,283	(22,225)
5,932	Revaluation of Assets	10,522	2,500	(8,022)
188,423	Asset Revaluation Reserves at the end of the year	212,030	181,783	(30,247)
636,102	Equity at the end of the year	654,979	629,286	(25,693)

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

AP 2014 \$000		LTP 2015 \$000	AP 2015 \$000	VARIANCE 2015 \$000
	PUBLIC EQUITY			
433,140	Retained Earnings	423,325	430,353	7,028
14,539	Restricted Equity	19,625	17,150	(2,475)
188,423	Asset Revaluation Reserves	212,029	181,783	(30,246)
636,102	Total Public Equity	654,979	629,286	(25,693)
	CURRENT ASSETS			
201	Cash and Cash Equivalents	701	34	(667)
1,399	Other Current Assets	192	90	(102)
5,161	Trade and other Receivables	7,988	7,500	(488)
	Assets Held for Sale		200	
6,761	Total Current Assets	8,881	7,824	(1,057)
	NON CURRENT ASSETS			
46,364	Investment Property	41,290	45,000	3,710
638,513	Property, Plant and Equipment	650,363	629,992	(20,371)
2,000	Work in Progress	-	10,000	10,000
816	Other Non-Current Assets	1,600	500	(1,100)
687,693	Total Non Current Assets	693,253	685,492	(7,761)
694,453	Total Assets	702,133	693,316	(8,817)
	CURRENT LIABILITIES			
4,611	Trade and Other Payables	9,585	8,500	(1,085)
1,393	Employee Benefit Liabilities	1,598	1,430	(168)
20,000	Borrowings*	3,412	10,000	6,588
26,004	Total Current Liabilities	14,595	19,930	5,335
	NON CURRENT LIABILITIES			
593	Provisions	1,000	500	(500)
28,754	Borrowings*	30,707	42,000	11,293
3,000	Other Non-Current Liabilities	852	1,600	748
32,347	Total Non-Current Liabilities	32,559	44,100	11,541
58,351	Total Liabilities	47,154	64,030	16,876
636,102	Net Assets	654,979	629,286	(25,693)

*Excludes internal borrowing costs

AP 2014 \$000		LTP 2015 \$000	AP 2015 \$000	VARIANCE 2015 \$000
NET INVESTMENT IN COUNCIL CONTROLLED ORGANISATIONS				
798	Whakatāne Airport	836	750	(86)
276	Local Government Funding Agency*	100	448	348
1,074	Net Investment	936	1,198	262

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

PROSPECTIVE STATEMENT OF CASH FLOWS

AP 2014 \$000		LTP 2015 \$000	AP 2015 \$000	VARIANCE 2015 \$000
CASH FLOW FROM OPERATING ACTIVITIES				
Cash will be provided from:				
35,326	Rates and Service Charges	36,643	35,119	(1,524)
465	Development Contributions	500	465	(35)
1,908	Sundry Income	2,283	2,226	(57)
12,061	User Fees	11,225	9,400	(1,825)
10,961	Subsidies & Grants	11,838	10,160	(1,678)
8	Interest Income - External	60	15	(45)
5,652	Regional Council Rates	5,863	7,200	1,337
66,381	Total Operating Cash Provided	68,412	64,585	(3,827)
Cash will be applied to:				
36,207	Suppliers and Employees	37,500	34,822	(2,678)
2,340	Interest on Public Debt	2,768	2,470	(298)
5,652	Regional Council Rates	5,863	7,200	1,337
44,199	Total Operating Cash Applied	46,131	44,492	(1,639)
22,182	Net Cashflows from Operating Activities	22,281	20,093	(2,188)
CASH FLOW FROM INVESTING ACTIVITIES				
Cash will be provided from:				
226	Proceeds from sale of property, plant and equipment	12,811	600	(12,211)
226	Total Investing Cash Provided	12,811	600	(12,211)
Cash will be spent on:				
24,997	Purchase of property, plant and equipment	22,869	19,999	(2,870)
(2,000)	Change in Work in Progress	-	7,000	7,000
22,997	Total Investing Cash Applied	22,869	26,999	4,130
(22,771)	Net Cashflows from Investing Activities	(10,058)	(26,399)	(16,341)
CASH FLOW FROM FINANCING ACTIVITIES				
Cash will be provided from:				
54,488	Loans raised	7,108	14,000	6,892
54,488	Total Financing Cash Provided	7,108	14,000	6,892
Cash will be spent on:				
53,734	Repayment of public debt	19,168	7,700	(11,468)
53,734	Total Financing Cash Applied	19,168	7,700	(11,468)
754	Net Cashflows from financing activities	(12,060)	6,300	18,360
165	Net increase (decrease) in cash held	163	(6)	(169)
36	Plus opening cash balance	538	40	(498)
201	Closing Cash Position	701	34	(667)

Key Capital Expenditure Projects

The table on the following pages sets out the key capital expenditure projects which are planned for the period of this Annual Plan. Capital expenditure projects improve the level of service, provide for growth or replace an existing asset.

These are different from operational projects which are for the day to day operation of the Council.

This table provides a list of the capital projects including those from the 'What we are going to do' tables in the 'Our Work in Detail' chapter, however a number of projects in these tables have been consolidated for readability.

PROJECT NAME	LTP \$ 2014/15	AP \$ 2014/15	DEPRECIATION	LOANS	DEV. CONTRIB.	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
ARTS AND CULTURE										
Library										
Library Mixed Collection Renewal	125,000	125,000	125,000	-	-	-	-	-	-	-
Library Total	125,000	125,000	125,000	-	-	-	-	-	-	-
Exhibition, Research, Storage and Activity										
Museum Collection - Art Purchases		5,000	-	-	-	5,000	-	-	-	-
Exhibition, Research, Storage and Activity Total		5,000	-	-	-	5,000	-	-	-	-
Arts and Culture Total	125,000	130,000	125,000	-	-	5,000	-	-	-	-

Key Capital Expenditure Projects (continued)

PROJECT NAME	LTP \$ 2014/15	AP \$ 2014/15	DEPRECIATION	LOANS	DEV. CONTRIB.	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
RECREATION AND COMMUNITY FACILITIES										
Parks and Reserves										
Matatā Coastal Reserve Access Development	27,500	27,500	-	27,500	-	-	-	-	-	-
Port Ōhope Recreation Reserve	50,000	50,000	-	-	3,000	-	47,000	-	-	-
Ōhope - Mair Street Carparking	40,270	-	-	-	-	-	-	-	-	-
Parks and Gardens Whakatāne	64,925	64,925	-	-	-	-	64,925	-	-	-
Sullivan Lake Footpath and Retaining Walls	32,000	32,000	-	-	-	-	32,000	-	-	-
Harbour Beautification	50,000	50,000	-	-	3,000	-	47,000	-	-	-
Coastal Land Acquisition	250,000	250,000	-	235,000	15,000	-	-	-	-	-
Art In The Park Initiative	10,000	10,000	-	-	-	10,000	-	-	-	-
Murupara Reserve Upgrade	50,000	50,000	50,000	-	-	-	-	-	-	-
Park and Reserve Renewals	412,603	412,603	382,103	-	5,500	25,000	-	-	-	-
Walking and Cycling Projects	75,000	75,000	-	-	-	-	75,000	-	-	-
Rural Playgrounds	10,000	-	-	-	-	-	-	-	-	-
Maratotara Erosion Protection	-	90,000	-	90,000	-	-	-	-	-	-
Parks and Reserves Total	1,072,298	1,112,028	432,103	352,500	26,500	35,000	265,925	-	-	-
Sports Fields										
Renewals	85,944	85,944	85,944	-	-	-	-	-	-	-
Rugby Park - Grandstand Renewals	78,690	78,690	78,690	-	-	-	-	-	-	-
Sports Fields Total	164,634	164,634	164,634	-	-	-	-	-	-	-
Cemeteries and Crematorium										
Whakatāne Cemetery Berms	10,000	10,000	-	-	1,100	-	-	8,900	-	-
Cemeteries and Crematorium Renewals	17,511	52,511	52,511	-	-	-	-	-	-	-
Cemeteries and Crematorium Total	27,511	62,511	52,511	-	1,100	-	-	8,900	-	-
Public Conveniences										
Renewals	86,703	86,703	86,703	-	-	-	-	-	-	-

Key Capital Expenditure Projects (continued)

PROJECT NAME	LTP \$ 2014/15	AP \$ 2014/15	DEPRECIATION	LOANS	DEV. CONTRIB.	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
Public Conveniences Total	86,703	86,703	86,703	-	-	-	-	-	-	-
Aquatic Centres										
Renewals	46,006	81,816	55,662	-	26,154	-	-	-	-	-
Aquatic Centres Total	46,006	81,816	55,662	-	26,154	-	-	-	-	-
Ports and Harbour										
Boat Ramp - Upgrades and Alternatives	30,000	30,000	-	-	3,300	-	26,700	-	-	-
Renewals Harbour Protection		94,160	94,160	-	-	-	-	-	-	-
Resource Consent Quay Street Wharf		100,000	-	-	-	-	100,000	-	-	-
Development of the Port Ohope Reserve	-	300,000	-	-	-	-	300,000	-	-	-
Relocation of Strand Pedestrian Crossing	-	73,000	-	-	-	-	73,000	-	-	-
Renewals- Buildings, Wharf, Jetties, Ramps and Navigation	44,889	44,889	44,889	-	-	-	-	-	-	-
Ports and Harbour Total	74,889	642,049	139,049	-	3,300	-	499,700	-	-	-
Economic Development										
Events - Banners and Xmas Lights		40,000	20,000	-	-	20,000	-	-	-	-
Economic Development Total		40,000	20,000	-	-	20,000	-	-	-	-
Recreation and Community Facilities Total	1,472,041	2,189,741	950,662	352,500	57,054	55,000	765,625	8,900	-	-
CORPORATE AND DISTRICT ACTIVITIES										
Corporate Information										
Remote Monitoring	50,000	50,000	50,000	-	-	-	-	-	-	-
Identity Management for Web Access	30,000	30,000	-	30,000	-	-	-	-	-	-
Protective Surveillance	45,000	45,000	-	45,000	-	-	-	-	-	-
ECMS Upgrades (Objective)	100,000	100,000	100,000	-	-	-	-	-	-	-
Video Conferencing	35,000	25,000	-	25,000	-	-	-	-	-	-
ICT Infrastructure	510,000	445,000	111,250	333,750	-	-	-	-	-	-
ERP Development	-	50,000	50,000	-	-	-	-	-	-	-

Key Capital Expenditure Projects (continued)

PROJECT NAME	LTP \$ 2014/15	AP \$ 2014/15	DEPRECIATION	LOANS	DEV. CONTRIB.	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
Aerial Photography Rural and Urban	70,000	40,000	40,000	-	-	-	-	-	-	-
Corporate Information Total	840,000	785,000	351,250	433,750	-	-	-	-	-	-
Business Operations Business Unit										
Replacement of Small Plant and Handheld Devices	30,900	69,800	69,800	-	-	-	-	-	-	-
Business Operations Business Unit Total	30,900	69,800	69,800	-	-	-	-	-	-	-
Corporate Property										
Vehicle Replacements	380,000	347,000	347,000	-	-	-	-	-	-	-
Earthquake Strengthening investigations and works - Civic Centre	75,000	75,000	37,500	37,500	-	-	-	-	-	-
Renewals and Upgrades	88,409	228,409	118,409	110,000	-	-	-	-	-	-
Corporate Property Total	543,409	650,409	502,909	147,500	-	-	-	-	-	-
Corporate and District Activities Total	1,414,309	1,505,209	923,959	581,250	-	-	-	-	-	-
COMMUNITY PROPERTY										
Halls										
Renewals	272,692	272,692	272,692	-	-	-	-	-	-	-
Memorial Hall Upgrade Investigation	-	90,000	-	-	50,004	-	39,996	-	-	-
Halls Total	272,692	362,692	272,692	-	50,004	-	39,996	-	-	-
Pensioner Housing										
Disabled Access Improvements	20,000	20,000	-	-	-	-	20,000	-	-	-
Renewals	151,929	151,929	151,929	-	-	-	-	-	-	-
Pensioner Housing Total	171,929	171,929	151,929	-	-	-	20,000	-	-	-
Commercial Property Capital										
Renewals	32,533	32,533	-	-	-	-	9,361	-	-	23,172
Commercial Property Capital Total	32,533	32,533	-	-	-	-	9,361	-	-	23,172
Community Property Total	477,154	567,154	424,621	-	50,004	-	69,357	-	-	23,172

Key Capital Expenditure Projects (continued)

PROJECT NAME	LTP \$ 2014/15	AP \$ 2014/15	DEPRECIATION	LOANS	DEV. CONTRIB.	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
REPORTABLE COUNCIL-CONTROLLED ORGANISATIONS										
Whakatāne Airport										
Renewals	19,137	19,137	19,137	-	-	-	-	-	-	-
Whakatāne Airport Total	19,137	19,137	19,137	-	-	-	-	-	-	-
Reportable Council-Controlled Organisations Total	19,137	19,137	19,137	-	-	-	-	-	-	-
COMMUNITY SAFETY										
Emergency Management										
Rural Fire Pumps		21,000	14,000	-	-	7,000	-	-	-	-
Emergency Management Total	-	21,000	14,000	-	-	7,000	-	-	-	-
Community Safety Total	-	21,000	14,000	-	-	7,000	-	-	-	-
ROADS AND FOOTPATHS										
Local Roads Renewals and Improvements										
Unsealed Road Metalling	300,000	450,000	229,500	-	-	220,500	-	-	-	-
Sealed Road Resurfacing - Chip and Thin	2,180,000	2,180,000	1,111,800	-	-	1,068,200	-	-	-	-
Drainage Renewals - Culverts, Kerb and Channel	320,000	320,000	163,200	-	-	156,800	-	-	-	-
Structures Component Replacements	130,000	130,000	66,300	-	-	63,700	-	-	-	-
Renewals - Carriage Light, Signs, Power Undergrounding	260,000	260,000	132,600	-	-	127,400	-	-	-	-
Associated Improvements - Shoulder Reconstruction	30,000	30,000	-	14,988	312	14,700	-	-	-	-
Associated Improvements - Wilson Drainage	45,000	45,000	0	22,950	0	22,050	-	-	-	-
Pavement Rehabilitation	515,000	515,000	262,650	-	-	252,350	-	-	-	-
Improvements - Minor and Associated	893,000	893,000	-	386,390	1,440	505,170	-	-	-	-
Apanui Stream Culvert Upgrade	750,000	-	-	-	-	-	-	-	-	-

Key Capital Expenditure Projects (continued)

PROJECT NAME	LTP \$ 2014/15	AP \$ 2014/15	DEPRECIATION	LOANS	DEV. CONTRIB.	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
Road Reconstruction - Thornton Road Realignment	500,000	-	-	-	-	-	-	-	-	-
Road Reconstruction - Matahi Realignment	300,000	300,000	-	147,000	-	153,000	-	-	-	-
Road Reconstruction - Landing Road	75,000	75,000	10,725	23,025	4,500	36,750	-	-	-	-
Local Roads Renewals and Improvements Total	6,253,000	5,153,000	1,976,775	571,403	6,252	2,598,570	-	-	-	-
Special Purpose Roads										
Unsealed Road Metalling	270,000	270,000	-	-	-	270,000	-	-	-	-
Sealed Road Resurfacing	67,000	67,000	-	-	-	67,000	-	-	-	-
Drainage Renewals	98,000	98,000	-	-	-	98,000	-	-	-	-
Traffic Service - Street Lights and Signs	27,000	27,000	-	-	-	27,000	-	-	-	-
Minor Improvements	79,000	79,000	-	-	-	79,000	-	-	-	-
Associated Improvements	32,000	-	-	-	-	-	-	-	-	-
Pavement Rehabilitation	160,000	-	-	-	-	-	-	-	-	-
Structures Component Replacements	50,000	50,000	-	-	-	50,000	-	-	-	-
Special Purpose Roads Total	783,000	591,000	-	-	-	591,000	-	-	-	-
Non Financially Assisted Transport										
Soakpit and Drainage Renewals	40,000	40,000	40,000	-	-	-	-	-	-	-
Amenity Signs and Lighting Renewals	10,000	10,000	10,000	-	-	-	-	-	-	-
Christmas Lights	20,000	-	-	-	-	-	-	-	-	-
New Kerbing and Drainage	20,000	20,000	-	20,000	-	-	-	-	-	-
Port Ōhope Ocean Road Extension	-	274,000	-	-	137,000	-	137,000	-	-	-
Pyne Street / O'Rourke Place Car Park	-	372,000	-	-	22,320	-	349,680	-	-	-
New Stock Crossing Signs	5,000	5,000	-	-	-	-	-	5,000	-	-
Road Reserve Purchase	50,000	50,000	-	50,000	-	-	-	-	-	-
Non Financially Assisted Transport Total	145,000	771,000	50,000	70,000	159,320	-	486,680	5,000	-	-
Roads and Footpaths Total	7,181,000	6,515,000	2,026,775	641,403	165,572	3,189,570	486,680	5,000	-	-

Key Capital Expenditure Projects (continued)

PROJECT NAME	LTP \$ 2014/15	AP \$ 2014/15	DEPRECIATION	LOANS	DEV. CONTRIB.	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
WATER-RELATED SERVICES										
Stormwater Drainage										
Whakatāne Reticulation Upgrades - Apanui Avenue	485,000	-	-	-	-	-	-	-	-	-
Whakatāne Stormwater - Upgrade Strand Culvert	-	792,500	277,375	475,500	39,625	-	-	-	-	-
McAlister Pump Station Upgrades	-	1,000,000	300,000	650,000	50,000	-	-	-	-	-
Whakatāne Reticulation Upgrades	975,000	710,000	213,000	461,500	35,500	-	-	-	-	-
Whakatāne South - Wainui Te Whara - Urban Channel Upgrade	1,380,000	1,480,000	444,000	962,000	74,000	-	-	-	-	-
Whakatāne - Minor Works and Stream Bank Reinstatement	70,000	70,000	-	70,000	-	-	-	-	-	-
Ohope Stormwater Upgrades	-	790,000	-	790,000	-	-	-	-	-	-
Stormwater Drainage Total	2,910,000	4,842,500	1,234,375	3,409,000	199,125	-	-	-	-	-
Water Supply										
Whakatāne Renewals and Replacements	235,000	235,000	235,000	-	-	-	-	-	-	-
Edgecumbe Supply Main from Paul Road	1,000,000	1,700,000	-	-	-	1,700,000	-	-	-	-
Plains Supply - Paul Road Bore Site, Reticulation and Upgrades	-	1,300,000	-	760,000	90,000	300,000	150,000	-	-	-
Pipe Sampling Programme - All Areas	47,000	47,000	47,000	-	-	-	-	-	-	-
Connection and Meter replacements - All Areas	241,000	241,000	241,000	-	-	-	-	-	-	-
New Connections -All Areas	41,000	41,000	-	-	-	-	-	41,000	-	-
Water Supply Total	1,564,000	3,564,000	523,000	760,000	90,000	2,000,000	150,000	41,000	-	-
Sewerage Treatment and Disposal										
Whakatāne Waste Water Renewals and Upgrades	390,000	390,000	123,500	252,000	14,500	-	-	-	-	-
Ōhope Waste Water Renewals and Upgrades	411,000	411,000	10,520	368,000	32,480	-	-	-	-	-
Edgecumbe Waste Water Renewals and Upgrades	290,000	290,000	15,000	275,000	-	-	-	-	-	-
Matatā Waste Water Treatment Plant and Reticulation Construction	5,000,000	4,833,400	-	2,132,979	-	2,700,421	-	-	-	-
Murupara Waste Water Renewals and Upgrades	110,000	110,000	110,000	-	-	-	-	-	-	-
Tāneatua Waste Water Renewals and Upgrades	10,000	10,000	10,000	-	-	-	-	-	-	-
Sewerage Treatment and Disposal Total	6,211,000	6,044,400	269,020	3,027,979	46,980	2,700,421	-	-	-	-

Key Capital Expenditure Projects (continued)

PROJECT NAME	LTP \$ 2014/15	AP \$ 2014/15	DEPRECIATION	LOANS	DEV. CONTRIB.	SUBSIDIES/ GRANTS	OTHER RESERVES	FEES & CHARGES	TARGETED RATES	GENERAL RATES
Water-related Services Total	10,685,000	14,450,900	2,026,395	7,196,979	336,105	4,700,421	150,000	41,000	-	-
WASTE										
Waste Disposal										
Burma Road Landfill Restoration - Ongoing Minor Works	15,000	-	-	-	-	-	-	-	-	-
Waste Disposal Total	15,000	-	-	-	-	-	-	-	-	-
Waste Total	15,000	-	-	-	-	-	-	-	-	-
COUNCIL TOTAL	21,388,641	25,398,141	6,510,549	8,772,132	608,735	7,956,991	1,471,662	54,900	-	23,172

Reserve Balance Forecast 2014/15

ACTIVITY	PURPOSE	REVISED 30 JUNE 2014 \$000	2014/15 TRANSFERS IN \$000	2014/15 TRANSFERS OUT \$000	ANNUAL PLAN 30 JUNE 2015 \$000
GENERAL OPERATING RESERVES					
General Rates and Revenues	For General Rate funded Surpluses or Deficits	622	23	(491)	154
Roading Rate	For Roading Rate funded Surpluses or Deficits	(92)	97	-	6
Refuse Collection rate	For Refuse Collection Rate funded Surpluses or Deficits	(442)	430	(1)	(13)
Wastewater	For Wastewater Rate funded Surpluses or Deficits (excluding Matatā and Murupara schemes)	336	4	(269)	71
Wastewater - Matatā ¹	For Matatā Wastewater operational Surpluses or Deficits	(145)	-	(142)	(287)
Wastewater - Murupara	For Murupara Wastewater Rate funded Surpluses or Deficits	20	-	(25)	(5)
Water	For Water Rate funded Surpluses or Deficits (excluding Murupara, Plains and Ruatahuna schemes)	(57)	16	(2)	(44)
Water - Murupara	For Murupara Water Rate funded Surpluses or Deficits	(67)	25	(2)	(44)
Water - Plains	For Plains Water Rate funded Surpluses or Deficits	1,148	65	-	1,213
Water - Ruatahuna	For Ruatahuna Water Rate funded Surpluses or Deficits	3	1	-	4
Dog Control	For Animal Control Operating Surpluses or Deficits	177	10	-	187
Parking Enforcement	For Parking Enforcement Operating Surpluses or Deficits	596	89	(92)	593
Pensioner Housing	For Pensioner Housing Operating Surpluses or Deficits	55	52	(66)	41
Airport Whakatāne	For Whakatāne Airport Operating Surpluses or Deficits	(964)	-	(225)	(1,189)
Whakatāne Stormwater	For Whakatāne Stormwater Rate funded Surpluses or Deficits	(193)	180	(1)	(13)
Ōhope Stormwater	For Ōhope Stormwater Rate funded Surpluses or Deficits	(33)	30	-	(3)
Edgecumbe Stormwater	For Edgecumbe Stormwater Rate funded Surpluses or Deficits	27	2	-	28
Matatā Stormwater	For Matatā Stormwater Rate funded Surpluses or Deficits	(70)	20	(3)	(52)
Murupara Stormwater	For Murupara Stormwater Rate funded Surpluses or Deficits	-	-	-	-
Tāneatua Stormwater	For Tāneatua Stormwater Rate funded Surpluses or Deficits	(3)	-	(1)	(4)

Reserve Balance Forecast 2014/15 (continued)

ACTIVITY	PURPOSE	REVISED 30 JUNE 2014 \$000	2014/15 TRANSFERS IN \$000	2014/15 TRANSFERS OUT \$000	ANNUAL PLAN 30 JUNE 2015 \$000
Te Teko Stormwater	Stormwater	(2)	-	-	(2)
Te Mahoe Stormwater	Stormwater	10	-	-	10
Disaster Mitigation	Stormwater	179	10	-	189
Community Boards & Iwi Liasion	Governance	149	8	-	157
Car parks Development	Parking	36	1	(22)	15
Sand mining Royalties	General Council	-	-	-	-
Museum Collections	Exhibitions, Research, Storage & Archives	4	-	-	4
Galatea Reserve Development	General Council	2	-	-	2
Disabled Facilities	Pensioner Housing	11	21	(20)	11
Te Mahoe Water - special	Water	42	2	(15)	29
Asset Divestment	General Council	(314)	-	(130)	(444)
Leaky Homes Reserve	Building	108	112	-	220
Roading Storm Damage Reserve	Roads and Footpaths	651	328	-	979
LAPP Insurance Reserve	Corporate and District	287	16	-	304
General Disaster Reserve	General Council	-	-	-	-
		2,081	1,542	(1,509)	2,115

¹ *Matatā Wastewater is not yet established as a rating scheme and therefore costs have been attributed to an operating reserve until the scheme has been defined.*

Reserve Balance Forecast 2014/15 (continued)

ACTIVITY	PURPOSE	REVISED 30 JUNE 2014 \$000	2014/15 TRANSFERS IN \$000	2014/15 TRANSFERS OUT \$000	ANNUAL PLAN 30 JUNE 2015 \$000
RESTRICTED RESERVES					
Subdivision Contributions-Whakatāne	To fund capital expenditure in the Whakatāne Ward	265	7	(137)	136
Subdivision Contributions-Ōhope	To fund capital expenditure in the Ōhope Ward	(4)	-	(50)	(54)
Subdivision Contributions-Edgecumbe	To fund capital expenditure in the Edgecumbe Ward	21	1	-	22
Subdivision Contributions-Matatā	To fund capital expenditure in the Matatā Ward	18	1	-	19
Subdivision Contributions-Murupara	To fund capital expenditure in the Murupara Ward	6	-	-	6
Subdivision Contributions-Rural	To fund capital expenditure in the Rural Ward	27	2	-	29
Harbour Capital Fund	For Ports & Harbour Operating Surpluses or Deficits	6,446	2,698	(2,354)	6,790
Harbour Land Sales	Funds set aside from the sale of Harbour assets	8,537	406	(800)	8,143
Development Contributions - Stormwater	To fund growth related stormwater capital expenditure	365	132	(166)	331
Development Contributions - Water	To fund growth related Water capital expenditure	296	39	(90)	245
Development Contributions - Wastewater	To fund growth related Wastewater capital expenditure	(782)	168	(85)	(698)
Development Contributions-Community Infrastructure	To fund growth related Community Infrastructure	433	82	(81)	434
Development Contributions -Parks, Gardens and Reserves	To fund growth related Parks, Gardens and Reserves capital expenditure	1,571	104	(179)	1,496
Development Contributions -Solid Waste	To fund growth related Solid Waste capital expenditure	345	28	-	373
Development Contributions -Roading	To fund growth related Roading capital expenditure	1,802	147	(493)	1,455
Otarawaire Disaster Mitigation	To fund growth related capital expenditure at Ōtarawaire	(1,543)	-	(88)	(1,630)
Capital Contributions - Roading	Financial Contributions for Roading capital projects	52	3	-	55
		17,854	3,818	(4,522)	17,150

Reserve Balance Forecast 2014/15 (continued)

	ACTIVITY	PURPOSE	REVISED 30 JUNE 2014 \$000	2014/15 TRANSFERS IN \$000	2014/15 TRANSFERS OUT \$000	ANNUAL PLAN 30 JUNE 2015 \$000
DEPRECIATION RESERVES						
Water		To fund the renewal of Water assets	2,111	1,125	(523)	2,713
Wastewater		To fund the renewal of Wastewater assets	1,169	844	(269)	1,744
Stormwater		To fund the renewal of Stormwater assets	283	163	(1,279)	(833)
Refuse Disposal		To fund the renewal of Refuse Disposal assets	171	15	-	186
Libraries		To fund the renewal of Library assets	25	126	(125)	26
Museum		To fund the renewal of Museum assets	103	27	-	130
Parks and Gardens & Sportsfields		To fund the renewal of Parks and Gardens & Sportsfields assets	1,067	637	(597)	1,107
Cemeteries & Crematoria		To fund the renewal of Cemeteries & Crematorium assets	69	46	(53)	62
Swimming Pools		To fund the renewal of Aquatic Centre assets	267	194	(56)	406
Halls		To fund the renewal of Halls assets	591	182	(323)	451
Public Conveniences		To fund the renewal of Public Conveniences assets	350	108	(87)	372
Pensioner Housing		To fund the renewal of Pensioner Housing assets	322	97	(152)	267
Strategic & Investment Property		To fund the renewal of Commercial Property assets	2	-	-	2
Corporate Property		To fund the renewal of Corporate Property assets	996	529	(605)	920
Information Management		To fund the renewal of Information Management assets	1,850	979	(351)	2,477
Port		To fund the renewal of Port & Harbour assets	1,618	461	(139)	1,940
Roading		To fund the renewal of Roading assets	382	1,884	(2,028)	237
Airport - Whakatāne		To fund the renewal of Whakatāne Airport assets	(290)	51	(34)	(273)
			11,087	7,468	(6,619)	11,936

Depreciation for infrastructural assets has been funded on a 25 year renewal forecast basis. This means that whilst some reserve accounts reflect a surplus or deficit at the end of the 10 year LTP period these reserves are expected to return to a neutral balance over the 25 year period for which funding requirements have been determined.

Note: () depicts an overdrawn reserve account balance

Statement of Accounting Policies

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

REPORTING ENTITY

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

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

The prospective financial statements of the Council are for the year ended 30 June 2015. The financial statements were authorised for issue on 30 June 2014 by Council resolution. The Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

BASIS OF PREPARATION

Statement of compliance

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

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

Measurement base

The financial statements use closing balances from the period ending 30 June 2013; estimates have been restated accordingly if required. These financial statements have been prepared on a historical basis, modified by the estimated revaluation of land and buildings, certain infrastructural assets, financial instruments (including derivative instruments) investment property, and forestry assets.

Functional and presentation currency

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

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

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

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS

and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Joint ventures and associates

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

Significant Accounting Policies

REVENUE RECOGNITION

Revenue is measured at fair value of the consideration received.

Rates

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

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

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

Licences and permits

Revenue derived from licences and permits is recognised on application.

Development contributions

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

Sales of goods

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

Provision of services

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

Rental revenue

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

Interest income

Interest income is recognised using the effective interest method.

Dividend income

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

Vested assets

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

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are paid.

Grants and subsidies

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

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

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

FINANCE COSTS

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

INCOME TAX

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

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

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

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 or taxable profit.

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

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

LEASES

Finance leases

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

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council

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

Operating leases

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

CASH AND CASH EQUIVALENTS

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

TRADE AND OTHER RECEIVABLES

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

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

INVENTORIES

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

FINANCIAL ASSETS

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council and group has transferred substantially all the risks and rewards of ownership.

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

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

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

Financial assets at fair value through surplus or deficit

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

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

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

Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date. The Council and group includes in this category:

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

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

IMPAIRMENT OF FINANCIAL ASSETS

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

DERIVATIVE FINANCIAL INSTRUMENTS

The Council uses derivative financial instruments (interest rate swaps) to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date.

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

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the prospective statement of comprehensive income. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consists of:

Operational assets

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

Restricted assets

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

Infrastructural assets

Infrastructural assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

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

Revaluation

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

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

The Council assesses the carrying values of its re-valued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are re-valued.

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

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

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the prospective statement of comprehensive income. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

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

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

INFRASTRUCTURE ASSETS	YEARS
Roading	
Land - Road reserve	N/A
Road formation	N/A
Pavement Basecourse	22-90
Sealed Pavement surface	2-20
Unsealed roads	2-7
Traffic control device	50
Road signs and markers	7-15
Kerbs and channels and cesspits	40-60
Surface water Channel	15-50
Street Railings	10-20
Traffic Islands	50

Street lighting	10-50
Footpaths	20-50
Bridges – concrete	100
Bridges – wooden	30
Car-parks	50

Water

Treatment plant – structure	70-90
Treatment plant – contents	15-50
Pump stations – structure	80-100
Pump stations – contents	10-50
Reservoirs – concrete and wooden	70-90
Water lines and service lines	50-80
Valves and hydrants	30-65
Water meters	15-25

Wharves

Wharves (concrete)	50
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Stormwater

Stormwater lines	80
Manholes	70-80
Open drains and channels	50-90
Pump stations – structure	80-100
Pump station – contents	12-40
Retention dams	80-90
Floodgates	50

Sewerage

Sewer lines and service lines	60-80
Manholes	70-80
Pump station – structure	60-70
Pump station – contents	12-25
Ponds – structure	60
Ponds – plant and equipment	15-25

Refuse

Whakatāne landfill	8.5
Murupara landfill	2
Solid Waste	25

OPERATIONAL ASSETS	YEARS
Museum assets	N/A
Land	N/A
Buildings	40-100
Vehicles	5
Plant and machinery – heavy	8-12.5
Plant and machinery – light	2-5
Furniture and fittings	10
Library books	7
Office equipment	4-5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.



INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

Easements

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

Amortisation

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

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

Computer software 4 - 5 years 25% - 20%

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

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

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

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

INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer.

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

FOREST ASSETS

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains and losses arising on initial recognition of biological assets at fair value less estimated costs to sell and from a

change in fair value less estimated costs to sell are recognised in the Prospective Statement of Comprehensive Income.

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

CREDITORS AND OTHER PAYABLES

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

PROVISIONS

Provisions are recognised when: the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

EMPLOYEE BENEFITS

Short-term benefits

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Council anticipates it will be used by staff to cover those future absences.

Long-term benefits

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement,
- The likelihood that staff will reach the point of entitlement and contractual entitlement information; and,
- The present value of the estimated future cash flows.
- The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation scheme

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

PUBLIC EQUITY

Public Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. Reserves are a component of equity generally representing a particular use for which various parts of equity have been assigned.

The components of equity are:

- Retained earnings;
- Restricted reserves;
- Asset revaluation reserve.

Restricted reserves

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

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Asset revaluation reserve

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

GOODS AND SERVICES TAX

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the prospective statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the prospective statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

COST ALLOCATION

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

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

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

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