



# OUR COSTS IN DETAIL

Ngā whakapaunga pūtea me ōna whānuitanga

## OUR COSTS IN DETAIL

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

### REVENUE AND FINANCING POLICY

This policy considers who uses and benefits from our services and then, based on our funding philosophy, allocates how the costs of our activities are paid for.

### KEY CAPITAL PROJECTS

This table outlines the key capital projects we have planned to complete over the course of this LTP. More information about the projects is contained in the 'Our Work in Detail' chapter of this LTP.

### FORECAST FINANCIAL STATEMENTS

Our Forecast Financial Statements are included to give you an overview of the Council's forecasted financial position for the next 10 years. This information should be read alongside the financial information contained in the 'Our Work in Detail' Chapter. The Statements include:

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

### STATEMENT OF ACCOUNTING POLICIES

This statement outlines the principles against which we have prepared our financial statements. These policies have been applied to all the 10 years of this plan, unless specifically stated.

## REVENUE & FINANCING POLICY

### PURPOSE

The aim of the policy is to promote consistent, prudent, effective and sustainable financial management of the Council and to ensure activities are funded from the most appropriate source.

The Revenue and Financing Policy sets out the Council's funding philosophy and describes how each of the Council's activities will be funded including the rationale for each funding method.

The Local Government Act 2002 (the Act) requires each council to adopt a Revenue and Financing Policy as part of its Long Term Plan. Specifically, this policy is required to comply with sections 102 and 103 of the Act.

### FUNDING PHILOSOPHY

The following funding philosophy has been adopted by the Council to underpin the revenue and rating system for the 2012-22 Long Term Plan.

The Council has adopted the following philosophy for the apportionment of funding:

- Where services and the beneficiaries of those services can be clearly defined, those beneficiaries should contribute towards the cost of providing those services in proportion to their level of use through direct user charges provided, it is administratively efficient to do so; and

- Where specific benefits accrue to a particular part or parts of the District, the cost of those benefits should be met through rates charged to that part or parts of the District, through the application of differentials and/or targeted rates; and
- Where benefits provided can be identified as a public good and accrue to the District as a whole, the Council will apply the generally accepted principles of taxation and the cost of those benefits will be met by capital value general rates across the District.

Remission and postponement policies will be provided as a safety net to assist in cases where ratepayers have a reduced ability to pay.

### POLICY CONSIDERATIONS

Section 101(3)(a) of the Act requires local authorities to consider certain matters when determining the sources that will be used to meet funding needs. These considerations seek to ensure financial affairs are managed prudently and in a manner that promotes the current and future interests of the community. This section of the policy demonstrates how the Council has considered these matters.

### Community outcomes

Community Outcomes represent the Council's contribution to community well-being in the District. They represent the goals the Council is aiming towards and underpin the rationale for the activities and services the Council delivers. The six community outcomes of the Council are outlined below. The activity funding tables within section eight of this policy outline the community outcomes each activity contributes.



### User/beneficiary pays

This consideration analyses the distribution of benefits an activity has between the community as a whole, any identifiable part of the community and individuals. The activity funding tables within section eight of this policy identify which proportion of each activity is considered public versus private benefit.

As the Council's funding philosophy is centred around a beneficiary pays approach, the funding sources selected by the Council for each activity will typically, although not always, reflect the levels of public versus

private benefit. The choice of funding source will also be influenced by the other policy considerations listed in this section.

The available funding sources are listed in section seven of this policy. This includes an identification of whether these sources apply to either public or private good, or both. The Council also applies differentials to some rating categories. This provides both reduced and increased rates charges to recognise the level of access to services and facilities for some areas of the District as a result of remoteness.

### **Intergenerational equity**

This consideration analyses the period in or over which the benefits of Council's activities are expected to accrue. This then indicates the period the operating and capital expenditure should be funded.

For all activities, operating costs are directly related to providing benefits in the year of expenditure. As such, they are appropriately funded on an annual basis from annual revenue.

Intergenerational equity applies more readily to capital expenditure, where assets have useful lives ranging from a few years through to many decades. One method used to spread these costs over time is loan funding. This ensures current ratepayers do not pay for benefits received by future ratepayers. Each year's ratepayers service the debt associated with this asset. This results in infrastructural costs being spread more evenly across the life of the asset and the different ratepayers who benefit from it.

### **Exacerbator pays**

This consideration analyses the extent the actions or inaction of particular individuals or a group contribute to the need to undertake the activity. Examples are parking enforcement, dog control, littering, noise control, enforcement of bylaws etc. This principle aims to identify the costs to the community of controlling the negative effects of individual or group actions. The principle suggests the Council should recover any costs directly from those causing the problem.

Some of Council's activities exhibit exacerbator pays characteristics, in particular 'Regulation Monitoring'. Through the use of fees and charges, and fines, the Council will seek to recover expenditure where this situation exists. However, it is acknowledged it can be difficult or inefficient to identify exacerbators (e.g. fly-tipping of refuse) and in these circumstances activities will be funded through general rates.

### **Costs and benefits**

This consideration analyses the costs and benefits of funding the activity distinctly from other activities.

There are administration costs associated with separate funding and these need to be weighed against any benefits of targeting specific beneficiaries/users of a service, including transparency and accountability. Transparency and accountability are most evident when an activity has one defined funding source. This allows ratepayers, or payers of user charges, to see exactly how much money is being raised and spent on the activity, and to assess more readily whether or not the cost to them of the activity represents good value.

However, funding every activity this way would be extremely complex. For some activities, the quantity of rates funding to be collected amounts to only a few cents per ratepayer. The administrative cost and lack of significance lead Council to fund a number of activities by way of a general rate. To aid in transparency and accountability, Council separates the total general rate into reasonable activity breakdowns when presenting the ratepayer with their rates assessment notices. This then allows the ratepayer to make some form of meaningful assessment down to activity level.

## **CONSIDERATIONS OF IMPACTS ON COMMUNITY WELL-BEING**

Section 101(3)(b) of the Act requires local authorities to consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community. This section of the policy demonstrates how the Council has considered this matter.

### **Social well-being**

Affordability has been a major consideration in the development of this policy. This has primarily been considered in the context of high levels of socio-economic deprivation in the District but also in terms of the effect on high value property. The latter reflects increasing land values for coastal properties and also the high value of large rural properties. In response, the Council has reviewed and moved away from the application of private benefit funding sources to a system that spreads costs over a wider rating base. This has resulted in a far larger proportion of funding requirements being sourced through general rates. Some examples include parks, reserves and libraries.

While this has the effect of reducing the proportion of liability on lower value properties, the Council acknowledges this places a greater burden on high value property. The Council will use the Uniform Annual General Charge to moderate this impact.

In addition to the funding philosophy and funding tools set out in this policy, the Council has a number of rating and postponement policies to assist in cases where ratepayers have a reduced ability to pay. The Council also acknowledges the role of the Central Government rates rebate scheme.

Fairness has been a major consideration in the development of this policy. This consideration compares the incidence of who is paying for a service against who is benefiting. This forms the basis of the Council's funding philosophy. The Council has shifted towards an approach of allocating costs to those who 'benefit' from a service, rather than those who specifically 'use' a service. As part of this philosophy, general rates are applied wherever the benefits provided by Council activities can be identified as a public good. In support of the principle of fairness, the Council also applies differentials to some rates charges.

Access to Council facilities and services have also been considered in the development of this policy. Where user fees and charges are applied to services and facilities the Council has considered the impact this may have on levels of participation. In this way fees and charges can become unaffordable or deter users. Where activities are considered to have a high social or recreational value, the Council has taken a low user pays approach to remove barriers

to accessing those services and facilities. For example, this includes community development, libraries, museum and gallery, sports-fields, parks and reserves, and the aquatic centres.

### **Economic well-being**

The cost of Council's activities places liability on the commercial and industrial sectors. As with residential property, affordability has been considered by the Council and can influence economic well-being. In this way, Council costs may impact on the economic viability of an existing enterprise or become a deterrent for the development of new economic enterprises.

The Council is also mindful that the setting of fees and charges can become a deterrent to using Council services and facilities and this could result in adverse impacts on economic well-being. In particular, the Council has been mindful of the impediment that consent fees and charges may pose for growth. In developing this policy the Council has recognised the wider public good of growth for the District and increased the proportion of those activities to be funded through general rates, as opposed to fees and charges to consent applicants.

There are no concessions to developers within the Revenue and Financing Policy. In fact, the Council makes it clear it expects to set development contributions at a level to fund future capacity built into infrastructure. Whether or not this discourages development is a moot point. Certainly would-be developers are made aware of the financial contribution they are expected to contribute and can factor that into their costings to decide whether or not a particular development is viable.

### **Cultural well-being**

This policy does not impact on the cultural well-being of our community and the Council considers these outcomes are more appropriately pursued through other mechanisms such as policy, strategy and processes to build Māori capacity.

In addition to the funding philosophy and funding tools set out in this policy, the Council has a rates remission and postponement policies for Māori freehold land. These policies recognise the particular conditions, ownership structures or other circumstances that make it appropriate to provide relief from rates for defined periods of time.

### **Environmental well-being**

By identifying exacerbators the Council will recover, where possible, costs against those who pollute the environment. This includes targeted rates and/or fees and charges for stormwater, sewerage, refuse collection and processing. It also identifies a public good element in maintaining a clean environment and a proportion of these costs are funded from general rates.

The Council is also mindful that the setting of fees and charges can become a deterrent to using Council services and facilities, and this could result in adverse impacts on the environment. In particular this relates to fees and charges for dumping waste at the Council's transfer stations. When fees and charges increase above a threshold of acceptance to the community, this may increase the incidence of fly-tipping. The Council have been careful to consider the use of fees and charges against general rates to manage this impact.

The Council considers funding decisions should not be used to achieve policy goals (for example, this could be achieved through the identification of properties with high natural heritage value and reducing the incidence of funding required from them). The Council considers that the preservation of natural heritage should be managed through provisions in the District Plan.

## FUNDING OF OPERATING EXPENDITURE

Operating expenditure pays for the Council's day to day expenditure of service delivery, maintaining existing assets, or other expenditure that does not buy or build a new asset.

Council funds operating expenditure from the following sources:

- General rates, including uniform annual general charges.
- Targeted rates, including uniform annual charges.
- Fees and charges.
- Interest and dividends from investments.
- Grants and subsidies.
- Other operating revenue (e.g. operating reserves).

The Council has determined the proportion of operating expenditure to be funded from each of the sources listed above, and the method for apportioning rates and other charges. The activity funding tables outlined in section eight of this policy explains how those decisions have been made and provides information on how operating expenditure is funded for each activity.

The Council may choose to not fully fund operating

expenditure in any particular year, if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years. An operating deficit will only be budgeted when beneficial to avoid significant fluctuations in rates, fees or charges.

The Council may choose to fund from the above sources more than necessary to meet the operating expenditure in any particular year. The Council will only budget for an operating surplus to fund an operating deficit in the immediately preceding or following years, or to repay debt.

The Council will have regard to forecast future debt levels when ascertaining whether it is prudent to budget for an operating surplus for debt repayment. The LGA requires the Council to produce a 'Funding Impact Statement' that provides details on the funding mechanisms to be used for each year covered, and for this statement to be included in the LTP and Annual Plan, as appropriate. The 'Funding Impact Statement' shows how the Council intends to implement the Revenue and Financing Policy each year. It also shows the amount of funding to be collected from each available source, including how various rates are to be applied.

## FUNDING OF CAPITAL EXPENDITURE

Capital expenditure pays for buying or building new assets, including replacing an existing asset or improving an existing one to deliver a better service.

The Council usually funds capital expenditure from borrowing and spreads repayment over several years. Borrowing is managed within the framework specified

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

Other funds include:

- Grants and subsidies - from agencies such as the NZ Transport Agency and Ministry of Health.
- Council reserves - including annual revenue collected to cover depreciation.
- Development contributions.
- Proceeds from the sale of assets.
- Lump sum contributions.

The Prospective Financial Statements included in the LTP contain a statement of prospective net debt position. This statement provides a summary of forecast borrowing levels, identifying the impact of capital expenditure and the various other capital funding sources listed above.

## FUNDING SOURCES

This section provides some simple definitions of the different sources available to fund Council's activities and our policies related to these sources. Each activity may be funded from any one or more source.

### General rates

General rates are used to raise revenue for activities that are of public good or where recovery from users (private good) is not efficient or possible. They may be set based on capital value (value of land plus improvements) or as a fixed amount per rating unit (Uniform Annual General Charges). More detail about our policy on general rates can be found in the 'All about rates' section.

### Targeted rates

Targeted rates are used to raise revenue for activities where an area of benefit can be recognised. For example, a rate may be charged to the commercial sector, or to a specific ward. They may be set based on the value of the land or as a fixed amount per rating unit (Uniform Annual Charges). This can be used for both private good and public good. More detail about our policy on targeted rates can be found in the 'All about rates' section.

### Proceeds from asset sales

Our policy for the proceeds from the sale of assets is that the proceeds from assets sales will be applied to reduce debt either within the activity from which the sale arose or by Council allocating the surplus to a specific activity. Further detail is available in our full policy on our website.

### Fees & charges

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

### Interest & dividends from investments

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

### Borrowing

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

### Lump sum contributions

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

### Development contributions

To levy these there must be a specific policy, however, the revenue and financing policy must signal why these are going to be levied. This must have a high component of private good.

### Grants & subsidies

Our policy is that income from external funding entity be applied against the project for which the subsidy was acquired. These generally would be of a public good, however, this can depend on the purpose or source of the grant or subsidy.

### Council created reserves

Council created reserves are used to fund a number of activities, usually in instances where the activity meets the purpose for which the reserve was created. In some instances, where it is considered appropriate by the Council and where appropriate approval is granted, reserves are used to fund items outside of their original purpose.

### Any other source

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

## ACTIVITY FUNDING TABLES

ACTIVITIES	COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	CONSIDERATIONS						FUNDING SOURCES	
			PUBLIC %	PRIVATE %	USER PAYS	BENEFITS OVER TIME	EXACER-BATOR	COSTS & BENEFITS	OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%	CAPITAL
<b>LEADERSHIP</b>										
GOVERNANCE		<p>This activity provides the opportunity for people to participate in the democratic process and for elected members to lead the Council on behalf of the community.</p> <p>Operational costs are funded predominantly through general rates reflecting that this activity is provided for public benefit. Targeted rates are used to fund each of the five community boards of the District.</p>	100	0	Nil	Nil	Nil	Nil	<ul style="list-style-type: none"> <li>General rates H</li> <li>Targeted rates L</li> </ul>	• Nil
COMMUNITY SUPPORT		<p>This activity provides support to organisations and groups promoting the social and cultural well-being of the residents of the District.</p> <p>Operational costs are funded through general rates recognising the services delivered by this activity are of public good.</p>	100	0	Nil	Nil	Nil	Nil	<ul style="list-style-type: none"> <li>General rates F</li> </ul>	• Nil
STRATEGY & POLICY		<p>This activity provides strategy and policy advice to enable effective decision making and long-term planning.</p> <p>Operational costs are funded through general rates recognising the services delivered by this activity are of public good.</p>	100	0	Nil	Nil	Nil	Nil	<ul style="list-style-type: none"> <li>General rates F</li> </ul>	• Nil

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<b>ROADS AND FOOTPATHS</b>										
TRANSPORT NETWORKS		This activity provides and maintains a network of roads and infrastructure for the safe and efficient movement of goods, services and people throughout the District.	50	50	M	M	L	M	<ul style="list-style-type: none"> <li>Targeted rates M</li> <li>Grants and subsidies M</li> </ul>	<ul style="list-style-type: none"> <li>Targeted rates</li> <li>Grants and subsidies</li> <li>Development contributions</li> <li>Operating and capital reserves</li> <li>Borrowings</li> </ul>
		The provision of a safe effective and efficient transportation network benefits both the specific users of the network and supports economic and social well-being outcomes for the district as a whole.								
		Operational costs are funded through a targeted rate (including Uniform Annual Charge) across the District, and through grants and subsidies from the NZ Transport Agency.								
ROAD SAFETY		This activity contributes to the safety of goods, services and people specifically using the roading network. This also has a wider public benefit of reducing the social costs associated with road accidents.	50	50	L	M	M	L	<ul style="list-style-type: none"> <li>Targeted rates H</li> <li>Grants and subsidies L</li> </ul>	<ul style="list-style-type: none"> <li>Nil</li> </ul>
		Operational costs are funded through a targeted rate (including Uniform Annual Charge) across the District, and through grants and subsidies from the NZ Transport Agency.								
PARKING ENFORCEMENT		This activity manages the use of public parking areas by regulating and monitoring restrictions on the use of this space. The Council also issues infringement notices for expired warrants and registrations.	0	100	M	L	H	L	<ul style="list-style-type: none"> <li>Fees and charges F</li> </ul>	<ul style="list-style-type: none"> <li>Fees and charges</li> </ul>
		Operational costs are recovered entirely by way of fees and charges (also includes fines). This funding mechanism takes an exacerbator pays approach. This activity is entirely self funding.								
		Any revenue surpluses are required by legislation to be applied to transportation projects in the (geographic) area where that revenue was collected. This revenue is also used to fund any capital expenditure under this activity.								

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<b>WATER SUPPLY</b>											
WATER SUPPLY		<p>This activity provides potable water supply service to consumers who are able to connect to schemes within the District.</p> <p>Operational costs are funded through targeted rates (targeted to properties where connection to a scheme is possible) and through fees and charges.</p> <p>Fees and charges are used to recover costs of water use where meters exist. Where there are no meters in place the targeted rate will include a charge equal to the average level of water use.</p> <p>These two funding mechanisms have been applied in acknowledgement that this activity is of private good and reflects a user pays approach.</p> <p>Water supply schemes across the District have been amalgamated for funding purposes, rather than each scheme paying for its own costs. This means that everyone receiving a similar service of having access to a scheme, pays the same regardless of the costs related to each individual scheme. In general, this benefits smaller schemes which have a higher per ratepayer cost.</p> <p>The water schemes for Ruatāhuna, Plains and Murupara have not been amalgamated with the others, each for different reasons. The Ruatāhuna scheme is not owned by the Council. The Plains scheme is primarily an agricultural scheme and has a unique 50 year management strategy. The Murupara scheme is gravity fed rather than relying on pumps and therefore requires comparatively low cost to run. Amalgamating the Murupara scheme would place an unaffordable cost on this community.</p>	0	100	H	H	L	L	<ul style="list-style-type: none"> <li>Targeted rates</li> <li>Fees and charges</li> </ul>	<p>H</p> <p>L</p>	<ul style="list-style-type: none"> <li>Targeted rates</li> <li>Grants and subsidies</li> <li>Development contributions</li> <li>Operating and capital reserves</li> <li>Borrowings</li> </ul>
											
											
											

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<b>SEWAGE TREATMENT AND DISPOSAL</b>												
SEWAGE TREATMENT AND DISPOSAL		This activity provides a wastewater disposal service to consumers who are able to connect to a scheme within the District.	0	100	H	H	L	L	<ul style="list-style-type: none"> <li>Targeted rates</li> </ul>	H	<ul style="list-style-type: none"> <li>Targeted rates</li> </ul>	
		Operational costs are funded through targeted rates (targeted to properties where connection to a scheme is possible) and through fees and charges. These two funding mechanisms have been applied in acknowledgement that this activity is of private good and reflects a user pays approach.							<ul style="list-style-type: none"> <li>Fees and charges</li> </ul>	L	<ul style="list-style-type: none"> <li>Grants and subsidies</li> <li>Development contributions</li> </ul>	
		Although each sewerage scheme has different costs to maintain and operate, sewerage schemes across the District have been amalgamated for funding purposes, rather than each scheme paying for its own costs. This means that everyone receiving a similar service of having access to a scheme, pays the same regardless of the costs related to each individual scheme. In general, this benefits smaller schemes which have a higher per ratepayer cost. Similar to the amalgamation of water schemes, Murupara is again an exception.										
												<ul style="list-style-type: none"> <li>Operating and capital reserves</li> <li>Borrowings</li> </ul>

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TRADE WASTE		<p>This activity manages waste discharged into the Council's wastewater system from industrial and commercial premises.</p> <p>Operational costs are funded predominantly through fees and charges. This recognises the private benefit to commercial and industrial premises of using the wastewater system. It also reflects an exacerbator pays and user pays approach where the charging structure is based on the quantity and quality of water discharged, rather than a uniform charge.</p> <p>The use of general rates recognises the wider environmental benefit of having trade waste actively and appropriately managed.</p>	30	70	H	L	H	L	<ul style="list-style-type: none"> <li>General rates L</li> <li>Fees and charges H</li> </ul>	<ul style="list-style-type: none"> <li>Nil</li> </ul>
		<b>STORMWATER DRAINAGE</b>								
STORMWATER DRAINAGE		<p>This activity protects properties from inundation. Disaster mitigation will now be funded as part of the Stormwater activity and no longer funded separately. This recognises that disaster mitigation works provide a similar function of providing a certain level of protection to communities from the impacts of stormwater. Operational costs of this activity are funded through targeted rates (targeted according to each area benefiting from a storm water scheme). This acknowledges the private benefit to households receiving that service.</p> <p>Funding for Matata disaster mitigation is an exception as the costs place a huge and unaffordable burden onto that community. As a result a portion of costs will be funded across the district. The Council recognise this is inconsistent with the funding for the rest of this activity but consider it necessary to ease the rating burden on the Matata community.</p>		100	L	H	L	L	<ul style="list-style-type: none"> <li>Targeted rates H</li> <li>General rates (for Matata disaster mitigation only) L</li> </ul>	<ul style="list-style-type: none"> <li>Targeted rates</li> <li>General Rates</li> <li>Development contributions</li> <li>Operating and capital reserves</li> <li>Borrowings</li> </ul>

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<b>WASTE</b>											
<b>WASTE REPROCESSING</b>	 	<p>This activity provides for the diverting and reprocessing of waste out of the waste stream and currently includes green waste services and concrete reprocessing. This reduces the quantity of waste going to landfill for disposal, resulting in environmental benefits and cost savings to rate payers.</p> <p>Operational costs are funded mainly through targeted rates (targeted to communities where the recycling bin collection service is available). This acknowledges the private good to households that have access to green waste wheelie bin services.</p>	10	90	H	M	M	L	<ul style="list-style-type: none"> <li>Targeted rates</li> </ul>	H	<ul style="list-style-type: none"> <li>Targeted rates</li> </ul>
		<p>The fees and charges component also acknowledges private good to users of the transfer station where those fees and charges are leveraged.</p> <p>General rates are used to fund this activity to recognise the public benefit of managing waste appropriately and safely. The Council also acknowledges a stronger user pays approach would be prohibitive.</p>							<ul style="list-style-type: none"> <li>Fees and charges</li> <li>General rates</li> </ul>	L	<ul style="list-style-type: none"> <li>Operating and capital reserves</li> <li>Borrowings</li> </ul>

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WASTE DISPOSAL	 	<p>This activity provides for the collection and disposal of waste that cannot be reprocessed or recycled.</p> <p>Operational costs of this activity are funded through a mix of targeted rates, general rates, and fees and charges.</p> <p>The targeted rates component acknowledges the private good to households that have access to wheelie bin services. This targeted rate is on these communities where the service is available to be used.</p> <p>The fees and charges component also acknowledges private good to users of the transfer station where those fees and charges are leveraged.</p> <p>The general rates component provides for public bins and also reflects the public good of managing waste appropriately and safely. The Council also acknowledges that a stronger user pays approach would be prohibitive.</p>	10	90	H	M	M	L	<ul style="list-style-type: none"> <li>Targeted rates M</li> <li>General rates L</li> <li>Fees and charges L</li> </ul>	<ul style="list-style-type: none"> <li>Targeted rates</li> <li>Operating and capital reserves</li> <li>Borrowings</li> </ul>	
WASTE RECYCLING	 	<p>This activity provides for collection of waste that can be recycled and reduces the quantity going to landfill for disposal.</p> <p>Operational costs of this activity are funded predominantly through targeted rates - targeted to communities where the recycling bin collection service is available. This recognises the private good component of the service being delivered to specific households.</p> <p>General rates are used to fund the public good component. This recognises that recycling services contributes to environmental well-being of the district and wider. The Council also acknowledges that a stronger user pays approach would be prohibitive.</p>	10	90	H	M	M	L	<ul style="list-style-type: none"> <li>Targeted rates H</li> <li>General rates L</li> </ul>	<ul style="list-style-type: none"> <li>Targeted rates</li> <li>Operating and capital reserves</li> <li>Borrowings</li> </ul>	

ACTIVITIES	COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	CONSIDERATIONS						FUNDING SOURCES			
			PUBLIC %	PRIVATE %	USER PAYS	BENEFITS OVER TIME	EXACER-BATOR	COSTS & BENEFITS	OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%		CAPITAL	
<b>ENVIRONMENTAL SUSTAINABILITY</b>												
RESOURCE MANAGEMENT- CONSENTS	 	<p>This activity manages subdivision and development of the District through the consent process.</p> <p>Operational costs are funded through general rates and fees and charges reflecting the public and private good components of the activity.</p> <p>The general rates component acknowledges the public good of this activity in enabling and controlling District growth, which is of wider benefit to the community but also recognises the service to customers who have not necessarily made a consent application.</p> <p>The fees and charges portion recognises the private good component to those applying for subdivision and land-use consents. The reduced reliance on fees and charges as a result of this review recognised that charge out rates have been excessive and a deterrent to growth.</p>	50	50	H	L	L	L	<ul style="list-style-type: none"> <li>General rates M</li> <li>Fees and charges M</li> </ul>	• Nil		
		   	<p>This activity provides a framework for the sustainable management of growth and development in the District.</p> <p>Operational costs of this activity are funded entirely through general rates. This acknowledges that the activity is predominantly of public benefit.</p> <p>While there is some element of private good to this activity there is limited ability to recover costs through fees and charges.</p>	90	10	L	L	L	L	<ul style="list-style-type: none"> <li>General rates F</li> </ul>	• Nil	

ACTIVITIES	COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	CONSIDERATIONS						FUNDING SOURCES			
			PUBLIC %	PRIVATE %	USER PAYS	BENEFITS OVER TIME	EXACER-BATOR	COSTS & BENEFITS	OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%		CAPITAL	
<b>COMMUNITY SAFETY</b>												
LICENSING (LIQUOR AND GAMBLING)		<p>This activity allows the operation of licensed premises but provides some control over the sale of liquor.</p> <p>Operational costs of this activity are funded through the general rate and through fees and charges although not at a level in keeping with the public versus private benefit components of this activity.</p> <p>The high private benefit would suggest a user pays approach to this activity through the application of fees and charges to liquor and gambling premises. However, these fees are set through legislation and the Council is unable to amend them even though they bear no relationship to the actual operating costs of the activity.</p>	5	95	H	Nil	M	L	<ul style="list-style-type: none"> <li>General rates M</li> <li>Fees and charges M</li> </ul>	• Nil		
ENVIRONMENTAL HEALTH	  	<p>This activity responds to nuisance complaints (such as noise, refuse, odour) and to provide licensing for registered premises that provide restricted goods and services (such as food, hairdressers, camp grounds etc).</p> <p>Operational costs are funded primarily by general rates in acknowledgement that the services provided by this activity contribute to public health.</p> <p>Fees and charges also fund this activity in acknowledgement that businesses receive licensing services, which they require to operate lawfully.</p>	70	30	M	Nil	M	L	<ul style="list-style-type: none"> <li>General rates M</li> <li>Fees and charges M</li> </ul>	• Nil		
REGULATION MONITORING	  	<p>This activity administers and enforces bylaws, legislation and policies relating to health and safety in public places.</p> <p>Operational costs are predominantly funded through general rates reflecting benefits to the whole community of undertaking this enforcement role.</p> <p>Some fees and charges (fines are included in this category) are able to be recovered. However, there are difficulties in identifying the exacerbators for actions such as fly tipping and abandoning vehicles. Therefore there is a limited ability to recover costs from fees and charges.</p>	90	10	L	Nil	M	L	<ul style="list-style-type: none"> <li>General rates H</li> <li>Fees and charges L</li> </ul>	• Nil		

ACTIVITIES	COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	CONSIDERATIONS						FUNDING SOURCES		
			PUBLIC %	PRIVATE %	USER PAYS	BENEFITS OVER TIME	EXACER-BATOR	COSTS & BENEFITS	OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%		CAPITAL
BUILDING	  	<p>This activity manages the legal requirements for the construction and alteration of buildings under the Building Act 2004.</p> <p>Operational costs are predominantly funded through fees and charges reflecting the private good component of those applying for consents.</p> <p>The general rates component acknowledges the public good of this activity, delivered through projects such as identifying earthquake prone buildings, dealing with leaky homes liability and interacting with customers who have not necessarily made a consent application.</p>	25	75	H	Nil	M	L	<ul style="list-style-type: none"> <li>General rates L</li> <li>Fees and charges H</li> </ul>	• Nil	
		<p>This activity safeguards human safety and health through the registration and enforcement of legislation, bylaws and policies of dogs, stock and other animals.</p> <p>Operational costs are funded through general rates and fees and charges. The general rates component acknowledges the public good of this activity in contributing to the safety of the community. The fees and charges portion recognises the private benefit of services to dog owners specifically and the high exacerbator element.</p> <p>In the past, the Council recognised this activity was mainly of private benefit (80%) and this resulted in high fees to dog owners. It is considered this did not fairly represent the wider public safety element of this activity where the complaint service is largely accessed by non-dog owners. It was also not considered equitable in that the majority of dog owners are responsible.</p> <p>In this LTP the Council will move to a new funding regime including a higher application of general rates. Rather than reducing fees and charges, this transition will happen over a number of years with fees and charges remaining at the same level until the 50% public good component is reached through inflation.</p>	50	50	H	L	H	M	<ul style="list-style-type: none"> <li>General rates L</li> <li>Fees and charges H</li> </ul>	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees and charges</li> <li>Operating and capital reserves</li> </ul>	
		<p>This activity safeguards human safety and health through the registration and enforcement of legislation, bylaws and policies of dogs, stock and other animals.</p> <p>Operational costs are funded through general rates and fees and charges. The general rates component acknowledges the public good of this activity in contributing to the safety of the community. The fees and charges portion recognises the private benefit of services to dog owners specifically and the high exacerbator element.</p> <p>In the past, the Council recognised this activity was mainly of private benefit (80%) and this resulted in high fees to dog owners. It is considered this did not fairly represent the wider public safety element of this activity where the complaint service is largely accessed by non-dog owners. It was also not considered equitable in that the majority of dog owners are responsible.</p> <p>In this LTP the Council will move to a new funding regime including a higher application of general rates. Rather than reducing fees and charges, this transition will happen over a number of years with fees and charges remaining at the same level until the 50% public good component is reached through inflation.</p>	50	50	H	L	H	M	<ul style="list-style-type: none"> <li>General rates L</li> <li>Fees and charges H</li> </ul>	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees and charges</li> <li>Operating and capital reserves</li> </ul>	

ACTIVITIES	COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	CONSIDERATIONS						FUNDING SOURCES		
			PUBLIC %	PRIVATE %	USER PAYS	BENEFITS OVER TIME	EXACER-BATOR	COSTS & BENEFITS	OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%		CAPITAL
COMMUNITY DEVELOPMENT		<p>This activity promotes a safe community through a variety of methods including education, interagency collaboration and externally funded programmes.</p> <p>A portion of operational costs of this activity is funded through general rates. This recognises the public good component of this activity through its contribution to community well-being.</p> <p>The private good component acknowledges the benefit to individuals who participate in the externally funded programmes that the Council delivers. These are funded through grants and subsidies.</p>	60	40	L	L	M	L	<ul style="list-style-type: none"> <li>General rates L</li> <li>Grants and Subsidies H</li> </ul>	• Nil	
EMERGENCY MANAGEMENT	  	<p>The purpose of this activity is to have measures in place that prepare the community for disasters and to be able to respond and recover from them.</p> <p>Operational costs are predominantly funded through general rates, reflecting that this activity is of public good. Grants and subsidies are also able to be sourced to support this activity.</p>	100	0	Nil	L	Nil	L	<ul style="list-style-type: none"> <li>General rates H</li> <li>Grants and Subsidies L</li> </ul>	<ul style="list-style-type: none"> <li>General rates</li> <li>Subsidies</li> </ul>	
<b>ARTS AND CULTURE</b>											
LIBRARY	 	<p>This activity provides access to printed and digital information for education and recreation, and to encourage literacy through programmes</p> <p>Operational costs of this activity are funded mainly through the general rate. Fees and charges are also used but not to a level in keeping with the private good component of the activity.</p> <p>It is considered a stronger user pays approach could be implemented to comply with the 50% private good component from those who access the library. However, it is considered that this would result in a level of fees and charges that would deter users and the library would be unable to function.</p>	50	50	L	M	L	L	<ul style="list-style-type: none"> <li>General rates H</li> <li>Fees and charges L</li> </ul>	<ul style="list-style-type: none"> <li>General rates</li> <li>Operating and capital reserves</li> <li>Borrowings</li> <li>Subsidies</li> <li>Development contributions</li> </ul>	

ACTIVITIES	COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	CONSIDERATIONS						FUNDING SOURCES	
			PUBLIC %	PRIVATE %	USER PAYS	BENEFITS OVER TIME	EXACER-BATOR	COSTS & BENEFITS	OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%	CAPITAL
EXHIBITIONS, RESEARCH, STORAGE AND ARCHIVES	 	<p>This activity manages the preservation, display and provision of education around the artefacts and other historical assets on behalf of the community.</p> <p>Operational costs are predominantly funded through general rates in recognition of the public good component of this activity.</p> <p>Fees and charges are also used, however, these are generally not able to achieve a level of return reflecting the private good component of this activity.</p>	80	20	L	M	Nil	L	<ul style="list-style-type: none"> <li>General rates H</li> <li>Fees and charges L</li> </ul>	<ul style="list-style-type: none"> <li>General rates</li> <li>Operating and capital reserves</li> <li>Borrowings</li> <li>Subsidies</li> <li>Development contributions</li> </ul>
<b>COMMUNITY PROPERTY</b>										
PENSIONER HOUSING	  	<p>This activity provides low cost housing for the elderly.</p> <p>Operational and capital costs are completely self funded through the rentals charged to occupants. This reflects the private benefit to those using this service.</p>	0	100	H	M	Nil	L	<ul style="list-style-type: none"> <li>Fees and charges F</li> </ul>	<ul style="list-style-type: none"> <li>Fees and charges</li> <li>Operating and capital reserves</li> </ul>
HALLS	  	<p>This activity provides public facilities for community use.</p> <p>Operational costs are predominantly funded through general rates reflecting the public good component which identifies the contribution of halls to social cohesion of the communities they serve. Operational costs are also funded through fees and charges which recognises the private benefit component relating to those individuals and organisations hiring the halls.</p> <p>While users of the service can easily be identified and a strong user pays approach implemented, it is considered this would deter people from using the halls.</p>	80	20	H	M	Nil	L	<ul style="list-style-type: none"> <li>General rates L</li> <li>Fees and charges H</li> </ul>	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees and charges</li> <li>Operating and capital reserves</li> </ul>

ACTIVITIES	COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	CONSIDERATIONS						FUNDING SOURCES	
			PUBLIC %	PRIVATE %	USER PAYS	BENEFITS OVER TIME	EXACER-BATOR	COSTS & BENEFITS	OPERATIONAL L = <30% M = 30-70% H = 71-99%	CAPITAL
COMMERCIAL PROPERTY	 	<p>This activity manages commercial assets vested in the Council.</p> <p>Operational costs are funded through a mix of general rates, fees and charges and subsidies.</p> <p>The high private good component recognises the benefit to those leasing the Council's commercial assets for private use. The Council is unable to achieve a higher level of private benefit funding sources for this activity and uses general rates to fund the shortfall.</p>	0	100	H	H	Nil	M	<ul style="list-style-type: none"> <li>General rates M</li> <li>Fees and charges L</li> <li>Subsidies L</li> </ul>	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees and charges</li> <li>Operating and capital reserves</li> </ul>
<b>RECREATION &amp; COMMUNITY FACILITIES</b>										
PARKS, RESERVES, RECREATION & SPORTSFIELDS	   	<p>This activity provides a range of leisure, recreational, educational and sporting opportunities for the public.</p> <p>Operational costs are substantially funded through general rates reflecting the high public good component. Fees and charges are used to recover some costs from users where possible. A stronger user pays approach is not possible by the nature of the service and facilities provided and would not be appropriate as this would deter people from using them.</p>	100	0	L	H/L	M	M	<ul style="list-style-type: none"> <li>General rates H</li> <li>Fees and charges L</li> </ul>	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees and charges</li> <li>Development contributions</li> <li>Operating and capital reserves</li> <li>Borrowings</li> <li>Subsidies</li> </ul>
CEMETERIES & CREMATORIUM	 	<p>This activity provides for an appropriate method and location for burials and cremations.</p> <p>Operational costs are predominantly funded through fees and charges reflecting the high private benefit to those families of the deceased who choose to use the facilities. General rates funding recognises the public good component, which acknowledges the appropriate burials and cremation processes contribute to the health and safety of the public and maintenance of closed cemeteries.</p>	100	0	L	H	H	M	<ul style="list-style-type: none"> <li>General rates M</li> <li>Fees and charges M</li> </ul>	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees and charges</li> <li>Development contributions</li> <li>Operating and capital reserves</li> <li>Borrowings</li> </ul>

ACTIVITIES	COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	CONSIDERATIONS						FUNDING SOURCES		
			PUBLIC %	PRIVATE %	USER PAYS	BENEFITS OVER TIME	EXACER-BATOR	COSTS & BENEFITS	OPERATIONAL		CAPITAL
									L = <30%	M = 30-70%	
PUBLIC CONVENIENCES	 	<p>This activity provides appropriately located public conveniences for public use.</p> <p>Operational costs are entirely funded through general rates acknowledging these facilities are of benefit to the whole community.</p>	100	0	L	H	H	M	<ul style="list-style-type: none"> <li>General rates</li> </ul>	F	<ul style="list-style-type: none"> <li>General rates</li> <li>Development contributions</li> <li>Operating and capital reserves</li> <li>Borrowings</li> </ul>
AQUATIC CENTRES	  	<p>This activity provides facilities for recreational, educational and sporting use.</p> <p>Operational costs are predominantly funded through general rates acknowledging the high level of public good. Fees and charges are used to recover some costs from service users.</p> <p>While a stronger user pays approach could be implemented it is considered this would deter people from using the aquatic centres.</p>	80	20	M	H	L	L	<ul style="list-style-type: none"> <li>General rates</li> <li>Fees and charges</li> </ul>	H L	<ul style="list-style-type: none"> <li>Targeted rates</li> <li>Fees and charges</li> <li>Development contributions</li> <li>Operating and capital reserves</li> <li>Borrowings</li> </ul>
PORTS AND HARBOUR	   	<p>This activity manages the port, launch facilities and associated assets.</p> <p>Operational costs are predominantly funded by fees and charges (mainly sourced from harbour property leases), which is a private benefit funding tool. This is not consistent with the distribution of benefits which fall primarily to the public (70%).</p> <p>This inconsistency recognises the unique situation of the harbour assets vested in the Council where any income received from those assets can only be reapplied to their maintenance and development. This has an impact of offsetting any funding requirement that might otherwise be sourced from general rates.</p>	70	30	M	H	L	L	<ul style="list-style-type: none"> <li>Fees and charges</li> </ul>	F	<ul style="list-style-type: none"> <li>Investment Income</li> <li>Fees and charges</li> <li>Development Contributions</li> <li>Operating Reserves</li> </ul>

ACTIVITIES	COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	CONSIDERATIONS						FUNDING SOURCES		
			PUBLIC %	PRIVATE %	USER PAYS	BENEFITS OVER TIME	EXACER-BATOR	COSTS & BENEFITS	OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%	CAPITAL	
VISITOR INFORMATION	 	<p>This activity provides information about services and facilities available to the local community and visitors to the District. It also provides marketing and events promotion.</p> <p>The use of general rates to fund the operational costs of this activity recognises the public good aspect of contributing to recreational and prosperity outcomes for the District.</p> <p>Use of fees and charges and targeted rates recognises the benefits of marketing and information distribution to the commercial sector.</p>	70	30	M	Nil	Nil	M	<ul style="list-style-type: none"> <li>General rates M</li> <li>Targeted rates M</li> <li>Fees and charges L</li> </ul>	<ul style="list-style-type: none"> <li>Nil</li> </ul>	
<b>CORPORATE &amp; DISTRICT ACTIVITIES</b>											
CORPORATE ACTIVITIES	All	This activity manages the development and maintenance of internal organisational systems to support the delivery of efficient and effective external services								<p>As this is an internal activity, allocations are made at the end user account.</p>	<ul style="list-style-type: none"> <li>Additional capacity funded by way of borrowings</li> </ul>

ACTIVITIES	COMMUNITY OUTCOME	RATIONALE FOR ALLOCATION	CONSIDERATIONS						FUNDING SOURCES	
			PUBLIC %	PRIVATE %	USER PAYS	BENEFITS OVER TIME	EXACER-BATOR	COSTS & BENEFITS	OPERATIONAL L = <30%    M = 30-70% H = 71-99%    F = 100%	
<b>COUNCIL CONTROLLED ORGANISATIONS</b>										
WHAKATĀNE AIRPORT		<p>This Council Controlled Organisation supports the safe and secure movement of aircraft passengers and freight.</p> <p>Operational costs are predominantly funded through fees and reflecting private benefit to those residents, businesses and visitors using the Whakatāne Airport. The use of general rates recognises that there is some level of public benefit to the District as a whole from operating a sub-regional airport.</p>	20	80	H	H	M	H	<ul style="list-style-type: none"> <li>Fees and charges    H</li> <li>General rates    L</li> </ul>	<ul style="list-style-type: none"> <li>Operating and Capital Reserves</li> <li>Joint Venture Funding</li> <li>Borrowings</li> </ul>
TOI-EDA		<p>Toi Economic Development Agency supports businesses and provides opportunities for increased growth and development.</p> <p>The use of targeted rates to fund operational costs reflects the private benefit to the commercial and industrial sector. General rates are used to fund the activity in acknowledgement that services provided contribute more widely to the prosperity of the whole community.</p>	40	60	M	Nil	Nil	M	<ul style="list-style-type: none"> <li>General rates    M</li> <li>Targeted rates    M</li> </ul>	<ul style="list-style-type: none"> <li>Nil</li> </ul>
BOPLASS		<p>This Council Controlled Organisation delivers shared back office services and communications. As such BoPLASS supports the outcomes of the activities to which those deliverables relate.</p>	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>General rates    H</li> <li>Fees and charges    L</li> </ul>	<p>The funding requirements on the Whakatāne District Council of participating in this Council Controlled Organisation will be specifically relevant to each deliverable and will be considered individually as they arise.</p>

## KEY CAPITAL EXPENDITURE PROJECTS

The following table sets out the key capital expenditure projects which are planned for the period of this LTP.

Capital expenditure projects are projects which improve the level of service, provide for growth or replace an existing asset.

These are different from operational projects which are projects for the day to day operation of the Council. This table provides a complete list of the capital projects including those in 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. There are four columns in the table, the first and second columns describe the projects and when we are planning on doing them, the third sets out the total cost and the fourth column explains where the money will come from to fund the project. The funding source often reflects the purpose of the project and also shows which projects we receive external funding for, such as a subsidy from Central Government.

DESCRIPTION	YEAR	TOTAL (\$)	FUNDING SOURCE
<b>ARTS AND CULTURE</b>			
Library Books - mixed collection renewal	2012-22	1,250,000	Renewal 100%
Re-fit of exhibition displays and exhibition furniture	2018-22	100,000	General Rate 100%
<b>Total Arts and Culture</b>		<b>1,350,000</b>	
<b>RECREATION AND COMMUNITY FACILITIES</b>			
Coastal land acquisition	2012-22	2,500,000	Development Contribution 6% Loan 94%
Harbour beautification	2012-22	550,000	Development Contribution 6% Restricted Reserves 94%
Parks and gardens	2012-22	1,000,195	Renewal 30% Development Contribution 2% Loan 6% Subsidy 3% Restricted Reserves 59%
Reserves - renewals	2012-22	5,263,831	Renewal 100%
Significant sites - Whakatāne Toi's Track	2012-15	250,000	Renewal 39% Subsidy 50% Development Contribution 11%
Walking and cycling projects	2012-22	750,000	Restricted Reserves 100%
Sports facilities - renewals	2012-22	1,682,805	Renewal 100%
Whakatāne Cemetery expansion	2013/14 2017/18	364,033	Development Contribution 6% Loan 94%
Cemeteries and Crematorium renewals	2012-22	521,707	Renewal 81% Development Contribution 2% Fees and Charges 17%
Public conveniences - renewals	2012-22	769,702	Renewal 100%
Aquatic centres - renewals	2012-22	957,972	Renewal 100%
Whakatāne main wharf replacement	2015-17 2020-22	4,500,000	Renewal 100%
Port Ōhope wharf site upgrade/development	2015-20	1,685,000	Development Contribution 6% Restricted Reserves 94%
Ports and harbours renewals/upgrades	2012-22	1,316,201	Renewal 70% Restricted Reserves 27% Development Contribution 3%
<b>Total Recreation and Community Facilities</b>		<b>22,111,446</b>	

DESCRIPTION	YEAR	TOTAL (\$)	FUNDING SOURCE
<b>CORPORATE ACTIVITIES</b>			
Infrastructure improvement	2012-22	2,428,000	Loan 50% Renewal 50%
Information Systems Infrastructure maintenance	2012-22	2,645,000	Renewal 100%
Production Services projects	2012-22	862,000	Renewal 76% Loan 24%
Location Services projects	2012-22	1,250,000	Loan 9% Renewal 91%
Enterprise software replacement/development	2012-22	2,410,000	Renewal 99% Loan 1%
Operations Business Unit plant replacement	2012-22	393,512	Renewal 100%
Corporate property renewals and replacement	2012-22	848,585	Renewal 100%
Vehicle replacement	2012-22	2,520,000	Renewal 100%
Civic Centre renewals	2013-22	450,440	Renewal 100%
Civic Centre archives facility (part of the Research Storage & Archives facility)	2012/13	500,000	Loan 100%
Civic Centre earthquake strengthening investigations and works	2014-18	2,135,000	Renewal 50% Loan 50%
Operations Business Unit renewals	2012-22	322,380	Renewal 100%
<b>Total Corporate Activities</b>		<b>16,764,917</b>	
<b>COMMUNITY PROPERTY</b>			
Multi-sports events centre investigation	2021/22	75,000	Development Contribution 8% Loan 92%
Halls and equipment renewals	2012-22	1,959,549	Renewal 100%
Improve disabled access to Council facilities	2012-19	140,000	Restricted Reserves 100%
Pensioner housing renewals	2012-22	1,392,442	Restricted Reserves 5% Renewal 95%
Commercial and investment property renewals	2012-22	956,975	Restricted Reserves 40% General Rate 60%
<b>Total Community Property</b>		<b>4,523,966</b>	
<b>REPORTABLE COUNCIL-CONTROLLED ORGANISATIONS</b>			
Airport runway lighting and navigational aids upgrade	2017/18	800,000	Loan 100%
Airport pavement resurfacing	2013/14 2017-22	650,000	Renewal 50% Restricted Reserves 50%
Airport renewals	2012-22	203,387	Renewal 83% Restricted Reserves 9% Loan 8%
<b>Total Reportable Council-controlled Organisations</b>		<b>1,653,387</b>	

DESCRIPTION	YEAR	TOTAL (\$)	FUNDING SOURCE
<b>COMMUNITY SAFETY</b>			
CCTV camera network renewal	2016-18 2021/22	300,000	Renewal 100%
Public alerting systems and Tsunami evacuation plan	2012/13	39,000	Loan 100%
<b>Total Community Safety</b>		<b>339,000</b>	
<b>ROADS AND FOOTPATHS</b>			
Unsealed road metalling - Financially Assisted Renewals	2012-22	3,000,000	Renewal 52% Subsidy 48%
Sealed road resurfacing - Financially Assisted Renewals	2012-22	20,697,000	Renewal 51% Subsidy 49%
Drainage renewals - Financially Assisted Renewals	2012-22	3,894,550	Renewal 51% Subsidy 49%
Pavement rehabilitation - Financially Assisted Renewals	2012-22	5,792,000	Renewal 51% Subsidy 49%
Structures component replacements - Financially Assisted Renewals	2012-22	1,300,000	Renewal 51% Subsidy 49%
Traffic services renewals - Financially Assisted Renewals	2012-22	2,600,000	Renewal 51% Subsidy 49%
Associated improvements - Financially Assisted Renewals	2012-22	2,354,000	Loan 50% Subsidy 45% Development Contribution 5%
Bridge renewal - Financially Assisted Improvements	2014-16 2021/22	1,390,000	Renewal 9% Development Contribution 3% Loan 37% Subsidy 51%
Thornton Road realignment and seal widening - Financially Assisted Improvements	2014-22	4,300,000	Loan 47% Subsidy 44% Development Contribution 9%
Matahi Valley Road realignment - Financially Assisted Improvements	2014/15	300,000	Subsidy 55% Loan 45%
Landing Road roundabout reconstruction - Financially Assisted Improvements	2014-16	750,000	Development Contribution 6% Loan 36% Subsidy 44% Renewal 14%
Wainui Road seal widening - Financially Assisted Improvements	2015-22	1,400,000	Loan 50% Subsidy 44% Development Contribution 6%
Property Purchases - Financially Assisted Local Roads	2012/13 2016-22	1,400,000	Loan 41% Subsidy 59%
Minor improvements - Financially Assisted Improvements Local Roads	2012-22	6,773,000	Loan 41% Subsidy 59%
Unsealed road metalling - Special Purpose Roads	2012-22	2,700,000	Subsidy 100%

DESCRIPTION	YEAR	TOTAL (\$)	FUNDING SOURCE
Sealed road resurfacing - Special Purpose Roads	2012-19 2021/22	953,000	Subsidy 100%
Drainage renewals - Special Purpose Roads	2012-22	980,000	Subsidy 100%
Pavement rehabilitation - Special Purpose Roads	2012-22	1,600,000	Subsidy 100%
Structural component replacements - Financially Assisted Renewals	2012-22	656,000	Subsidy 100%
Traffic services renewals - Special Purpose Roads	2012-22	270,000	Subsidy 100%
Improvements - Special Purpose Roads	2012-22	1,590,000	Subsidy 93% Renewal 7%
Kerbing, drainage, amenity lighting, footpaths and parking - Non Financially Assisted Renewals/ Improvements	2012-22	2,442,000	Loan 35% Development Contribution 15% Renewal 48% Subsidy 2%
<b>Total Roads and Footpaths</b>		<b>67,141,550</b>	
<b>STORMWATER DRAINAGE</b>			
Alexander Avenue/Douglas street area flood mitigation works	2012-15	725,000	Loan 69% Renewal 29% Development Contributions 2%
Wainui Te Whara Stream urban catchment flood mitigation works	2013-15	1,450,000	
McAlister/Pohutu/Bracken Street area flood mitigation works	2012-15	1,365,000	
Kirk Street area flood mitigation works	2014/15	450,000	
Hinemoa Street pump station catchment flood mitigation works	2013/14	450,000	
Henderson Street area flood mitigation works	2012-14	100,000	
Further Whakatāne upgrades and flood mitigation works	2015-22	8,361,370	
Ōhope upgrades and works	2012-22	3,620,000	Loan 83% Renewal 13% Development Contribution 4%
Edgecumbe drain extension	2012/13	350,000	Loan 70% Renewal 30%
<b>Total Stormwater Drainage</b>		<b>16,871,370</b>	

DESCRIPTION	YEAR	TOTAL (\$)	FUNDING SOURCE
<b>WATER SUPPLY</b>			
Whakatāne/Ōhope Water Supply	2012-22	5,336,500	Renewal 75% Fees and charges 4% Loan 8% Development Contribution 13%
Edgecumbe Water Supply - supply main from Paul Road	2012-15	1,800,000	Subsidy 85% Loan 15%
Edgecumbe Water Supply - connections/repairs/replacements	2012-22	1,040,000	Loan 43% Fees and charges 1% Renewal 56%
Matatā Water Supply -connections/repairs/replacements	2012-22	534,000	Renewal 100%
Murupara Water Supply - reticulation renewal	2015-22	600,000	Renewal 100%
Murupara Water Supply - connections/repairs/replacements	2012-22	112,000	Renewal 29% Loan 71%
Tāneatua Water Supply - reticulation renewal	2015-19	300,000	Renewal 100%
Tāneatua Water Supply - replacements/renewals	2012-22	33,000	Renewal 100%
Rūātoki Water Supply - replacements/renewals	2012-22	184,500	Renewal 100%
Waimana Water Supply - replacements/renewals/upgrades	2012-22	126,000	Renewal 2% Loan 98%
Plains Water Supply - Paul Road bore site and reticulation	2016-18	2,500,000	Loan 80% Development Contribution 20%
Plains Water Supply - pipe upgrades	2016-21	2,000,000	Loan 100%
Plains Water Supply - mains renewal (provisional)	2015-22	1,000,000	Renewal 100%
Plains Water Supply - Edgecumbe and Te Teko pipe upgrades	2016-18	550,000	Loan 100%
Plains Water Supply - connections/replacements/renewals	2012-22	670,000	Loan 7% Fees and charges 30% Renewal 63%
<b>Total Water Supply</b>		<b>16,786,000</b>	
<b>SEWAGE TREATMENT AND DISPOSAL</b>			
Whakatāne Treatment Plant desludging	2017-19	1,100,000	Loan 95% Development Contribution 5%
Whakatāne sewer reticulation renewal	2012-21	1,050,000	Renewal 95% Development Contribution 5%
Whakatāne - installation of 300mm sewer rising main from City South pump station	2012-14	900,000	Development Contribution 5% Loan 95%
Whakatāne - upgrading and extension of Bridge Street pump station rising main	2015-17	600,000	Development Contribution 5% Loan 95%

DESCRIPTION	YEAR	TOTAL (\$)	FUNDING SOURCE
Whakatāne - tanks, pump replacement, pipes, renewals, upgrades	2012-22	2,109,000	Loan 53% Development Contribution 5% Renewal 42%
Ōhope Treatment Plant upgrade	2012-16	1,550,000	Development Contribution 8% Loan 92%
Ōhope pump station upgrades and additional storage	2016-20	944,000	Loan 92% Development Contribution 8%
Ōhope pipe replacement	2012/13 2017/18 2021/22	800,000	Renewal 100%
Ōhope reticulation joint repairs, reticulation pipe replacements and rising mains	2013-20	700,000	Renewal 30% Loan 70%
Ōhope replacements/upgrades	2012-22	522,348	Development Contributions 4% Loan 45% Renewal 51%
Edgecumbe pump station upgrade and additional storage	2015-18	592,000	Loan 100%
Edgecumbe reticulation upgrades	2013-17	570,000	Loan 100%
Edgecumbe pump replacement	2012-20	36,000	Renewal 100%
Matatā Treatment Plant and reticulation construction	2012-16	7,100,000	Loan 33% Subsidy 67%
Matatā replacements	2017/18 2021/22	40,000	Renewal 100%
Murupara sewer reticulation renewal	2013-18 2021/22	1,000,000	Renewal 100%
Murupara replacement/upgrades/renewals	2012-22	420,000	Renewal 27% Loan 73%
Tāneatua ponds upgrade	2012/13	150,000	Loan 100%
Tāneatua reticulation renewal	2016/17 2021/22	400,000	Renewal 100%
Tāneatua replacement/upgrades/renewals	2012-22	52,000	Renewal 81% Loan 19%
Te Mahoe Treatment Plant upgrade filter replacements	2013/14	15,000	Renewal 100%
<b>Total Sewage Treatment and Disposal</b>		<b>20,650,348</b>	
<b>WASTE</b>			
Waste Disposal - Burma Road landfill restoration/organic waste composting/landfill leachate pump station	2012-22	215,000	Renewal 33% Loan 67%
Waste Recycling Park and Transfer Station improvements/replacements	2012-22	90,000	Renewal 55% Loan 45%
<b>Total Waste</b>		<b>305,000</b>	
<b>COUNCIL TOTAL</b>		<b>168,896,984</b>	

## FORECAST FINANCIAL STATEMENTS

The following forecast financial statements are provided to give you an indication of our predicted financial position during the period of this LTP. Please note that actual results are likely to differ from those presented as situations change. We develop an Annual Plan on an annual basis to update our proposals with the latest information.

### Statement of Prospective 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.

### Statement of Prospective 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.

### Statement of Prospective 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.

### Statement of Prospective Cash Flows

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

### Statement of Reserve Balances

This identifies the reserve funds that we operate and the expected value of these funds including how much is in each fund at the start of the LTP period, how much we expected to come in or out of each fund during the term of the LTP, and then what the balance of each fund is expected to be at the end of the LTP term.

## STATEMENT CONCERNING BALANCING THE BUDGET

The Council will not produce a balanced budget 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.
- Other Central Government grants and subsidies are shown as income, whereas the capital items they fund are not included in the profit and loss statements.

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 one off 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 10 years and to meet the social, cultural, environmental and economic well-being of the community.

## STATEMENT OF PROSPECTIVE COMPREHENSIVE INCOME

ANNUAL PLAN 2012 \$000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
<b>INCOME</b>											
11,745	Revenue from activities (including volumetric charges for water supply)	12,481	13,043	13,508	13,978	14,673	15,022	15,601	16,081	16,678	17,497
9,540	Subsidies and Grants	6,347	7,463	11,838	8,545	8,156	7,527	7,931	7,617	7,811	9,255
8,804	General Rates <sup>Note 1</sup>	15,286	15,908	16,429	16,224	16,762	17,264	17,738	18,356	18,812	19,010
23,550	Targeted Rates (excluding volumetric charges for water supply) <sup>Note 2</sup>	18,934	19,742	20,214	21,372	22,709	23,890	24,221	25,275	26,106	26,737
740	Vested Assets	216	224	232	241	250	259	268	278	287	297
1,310	Gains on revaluation of Investment property	-	1,277	1,314	1,248	1,138	1,059	1,089	1,199	1,359	1,404
536	Development Contributions	465	483	500	515	534	553	572	592	615	638
76	Finance Income*	40	40	60	70	50	40	40	40	40	40
<b>56,301</b>	<b>Total Income</b>	<b>53,769</b>	<b>58,180</b>	<b>64,096</b>	<b>62,192</b>	<b>64,271</b>	<b>65,614</b>	<b>67,460</b>	<b>69,438</b>	<b>71,709</b>	<b>74,878</b>
<b>EXPENDITURE</b>											
23,881	Other Expenses	24,615	25,889	26,531	27,368	28,692	29,930	30,367	31,954	32,967	33,991
10,423	Personnel Costs	10,793	11,102	11,420	11,764	12,128	12,478	12,831	13,220	13,647	14,084
16,734	Depreciation and Amortisation <sup>Note 3</sup>	16,764	18,274	19,477	20,530	22,053	23,614	24,938	26,121	27,129	28,205
2,196	Finance Costs*	2,517	2,749	2,768	2,396	2,094	2,333	2,334	2,197	2,035	1,790
<b>53,234</b>	<b>Total Expenditure</b>	<b>54,689</b>	<b>58,014</b>	<b>60,196</b>	<b>62,058</b>	<b>64,967</b>	<b>68,355</b>	<b>70,470</b>	<b>73,492</b>	<b>75,778</b>	<b>78,070</b>
<b>3,067</b>	<b>Net Surplus (Deficit)</b>	<b>(920)</b>	<b>166</b>	<b>3,900</b>	<b>134</b>	<b>(696)</b>	<b>(2,741)</b>	<b>(3,010)</b>	<b>(4,054)</b>	<b>(4,069)</b>	<b>(3,192)</b>
<b>OTHER COMPREHENSIVE INCOME</b>											
14,726	Gains on asset revaluation	11,362	9,932	10,522	10,098	10,166	10,420	11,227	12,181	12,094	12,536
<b>17,793</b>	<b>Total comprehensive income for the year</b>	<b>10,442</b>	<b>10,098</b>	<b>14,422</b>	<b>10,232</b>	<b>9,470</b>	<b>7,679</b>	<b>8,217</b>	<b>8,127</b>	<b>8,025</b>	<b>9,344</b>

\*Excludes Internal borrowing costs

## NOTES TO THE STATEMENT OF PROSPECTIVE COMPREHENSIVE INCOME

ANNUAL PLAN 2012 \$000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
<b>NOTE 1: GENERAL RATES BY ACTIVITY</b>											
2,597	Leadership	2,271	2,425	2,468	2,570	2,684	2,753	2,789	2,981	3,141	3,086
1,570	Community Safety	1,339	1,437	1,460	1,539	1,494	1,566	1,649	1,705	1,755	1,803
1,188	Environmental Sustainability	873	1,055	1,771	1,727	1,774	1,849	1,893	1,830	1,592	1,551
1,249	Arts and Culture	3,038	3,125	3,199	2,910	3,141	3,273	3,426	3,560	3,670	3,780
1,186	Recreation and Community Facilities	5,729	5,884	5,652	5,787	5,933	6,085	6,261	6,486	6,671	6,805
475	Community Property	631	623	671	781	715	789	727	794	848	811
133	Waste	501	500	517	535	597	622	633	653	678	689
	- Roads and Footpaths	-	-	-	-	-	-	-	-	-	-
	- Water Supply	-	-	-	-	-	-	-	-	-	-
	- Stormwater Drainage	253	367	408	400	418	442	456	477	507	526
18	Sewage Treatment and Disposal	14	14	15	16	17	18	18	19	20	20
90	Reportable Council-controlled organisations	56	58	60	62	65	67	69	71	74	76
(21)	Corporate and District Activities Funds Applied	442	280	68	(104)	(78)	(202)	(182)	(220)	(143)	(137)
320	Add operating reserve balances repaid	140	140	140	-	-	-	-	-	-	-
<b>8,804</b>	<b>General Rates per Whole of Council FIS</b>	<b>15,286</b>	<b>15,908</b>	<b>16,429</b>	<b>16,224</b>	<b>16,762</b>	<b>17,264</b>	<b>17,738</b>	<b>18,356</b>	<b>18,812</b>	<b>19,010</b>
485	Less Rates Penalties	586	567	585	673	630	650	669	690	717	740
<b>8,319</b>	<b>General Rates Levied per Rating Statement</b>	<b>14,700</b>	<b>15,341</b>	<b>15,844</b>	<b>15,551</b>	<b>16,132</b>	<b>16,614</b>	<b>17,070</b>	<b>17,666</b>	<b>18,096</b>	<b>18,270</b>

## NOTES TO THE STATEMENT OF PROSPECTIVE COMPREHENSIVE INCOME (CONTINUED)

ANNUAL PLAN 2012 \$000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
<b>NOTE 2: TARGETED RATES BY ACTIVITY</b>											
415	Leadership	263	280	281	295	317	317	326	350	350	361
-	- Community Safety	-	-	-	-	-	-	-	-	-	-
-	- Environmental Sustainability	-	-	-	-	-	-	-	-	-	-
1,693	Arts and Culture	-	-	-	-	-	-	-	-	-	-
4,342	Recreation and Community Facilities	331	347	361	388	410	431	449	468	479	491
-	- Community Property	-	-	-	-	-	-	-	-	-	-
4,190	Waste	3,883	3,656	3,779	3,891	4,326	4,444	4,550	4,686	4,848	4,979
6,899	Roads and Footpaths	7,897	8,188	8,390	8,921	9,381	9,758	9,908	10,452	10,649	10,791
1,896	Water Supply	2,029	2,169	2,219	2,324	2,459	2,569	2,644	2,697	2,818	2,919
2,025	Stormwater Drainage	2,313	2,340	2,421	2,627	2,695	2,743	2,852	2,988	3,150	3,264
1,956	Sewage Treatment and Disposal	2,133	2,675	2,673	2,833	3,024	3,529	3,389	3,527	3,701	3,816
135	Reportable Council-controlled organisations	85	87	90	93	97	100	104	107	111	115
<b>23,551</b>	<b>Total Targeted Rates per Whole of Council FIS</b>	<b>18,934</b>	<b>19,742</b>	<b>20,214</b>	<b>21,372</b>	<b>22,709</b>	<b>23,890</b>	<b>24,221</b>	<b>25,275</b>	<b>26,106</b>	<b>26,737</b>
2,830	Volumetric charges for water supply	3,041	3,251	3,328	3,482	3,685	3,851	3,966	4,043	4,225	4,376
<b>26,381</b>	<b>Targeted Rates Levied per Rating Statement</b>	<b>21,975</b>	<b>22,993</b>	<b>23,542</b>	<b>24,854</b>	<b>26,394</b>	<b>27,741</b>	<b>28,187</b>	<b>29,318</b>	<b>30,331</b>	<b>31,113</b>
<b>NOTE 3: DEPRECIATION AND AMORTISATION</b>											
-	- Leadership	-	-	-	-	-	-	-	-	-	-
1	Community Safety	41	42	52	54	56	81	108	102	106	109
-	- Environmental Sustainability	-	-	-	-	-	-	-	-	-	-
260	Arts and Culture	312	322	332	344	356	368	377	392	410	427
1,634	Recreation and Community Facilities	1,595	1,655	1,704	1,778	1,854	1,918	1,984	2,054	2,130	2,208
605	Community Property	771	795	821	815	848	875	889	908	898	919
73	Waste	80	97	113	111	107	101	105	108	112	116
8,098	Roads and Footpaths	8,006	8,608	9,270	10,075	10,965	11,849	12,459	13,142	13,666	14,162
1,908	Water Supply	1,893	2,006	2,104	2,188	2,320	2,436	2,581	2,706	2,844	2,974
939	Stormwater Drainage	931	976	1,047	1,130	1,193	1,247	1,312	1,400	1,483	1,583
1,363	Sewage Treatment and Disposal	1,349	2,006	2,104	2,188	2,320	2,436	2,581	2,706	2,844	2,974
33	Reportable Council-controlled organisations	38	39	40	41	43	44	45	47	49	50
1,820	Corporate & District Activities Funds Applied	1,748	1,728	1,890	1,806	1,991	2,259	2,497	2,556	2,587	2,683
<b>16,734</b>	<b>Total Depreciation and Amortisation</b>	<b>16,764</b>	<b>18,274</b>	<b>19,477</b>	<b>20,530</b>	<b>22,053</b>	<b>23,614</b>	<b>24,938</b>	<b>26,121</b>	<b>27,129</b>	<b>28,205</b>

## RECONCILIATION OF FUNDING IMPACT STATEMENT TO STATEMENT OF COMPREHENSIVE INCOME

ANNUAL PLAN 2012 \$000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
<b>TOTAL OPERATING INCOME</b>											
<b>Per Activity Funding Impact Statement</b>											
3,014	Leadership	2,537	2,770	2,752	2,868	3,073	3,074	3,119	3,410	3,495	3,451
3,405	Community Safety	3,119	3,291	3,346	3,490	3,512	3,653	3,805	3,932	4,063	4,191
1,740	Environmental Sustainability	1,441	1,641	2,376	2,353	2,422	2,518	2,584	2,544	2,332	2,317
3,072	Arts and Culture	3,138	3,226	3,308	3,023	3,260	3,399	3,558	3,694	3,813	3,926
8,292	Recreation and Community Facilities	8,967	9,209	9,172	9,389	9,748	9,959	10,368	10,687	11,075	11,571
1,181	Community Property	1,367	1,380	1,450	1,584	1,543	1,640	1,601	1,694	1,779	1,772
5,597	Waste	5,834	5,652	5,841	6,023	6,576	6,775	6,948	7,163	7,415	7,623
9,862	Roads and Footpaths	11,225	11,715	12,048	12,574	13,089	13,629	13,851	14,596	14,862	15,251
4,790	Water Supply	5,191	5,544	5,676	5,942	6,286	6,564	6,759	6,896	7,206	7,463
2,225	Stormwater Drainage	2,766	2,915	3,044	3,250	3,345	3,425	3,556	3,722	3,925	4,069
2,183	Sewage Treatment and Disposal	2,504	3,060	3,072	3,247	3,455	3,975	3,850	4,007	4,200	4,334
464	Reportable Council-controlled organisations	344	356	397	410	425	430	436	447	460	470
841	Corporate & District Activities	1,197	1,053	894	637	638	520	564	550	654	686
<b>46,665</b>	<b>Total Operating Income</b>	<b>49,629</b>	<b>51,811</b>	<b>53,376</b>	<b>54,790</b>	<b>57,373</b>	<b>59,562</b>	<b>60,998</b>	<b>63,342</b>	<b>65,278</b>	<b>67,125</b>
56,301	Total Income per proposed Statement of Prospective Income:	53,769	58,180	64,096	62,192	64,271	65,614	67,460	69,438	71,709	74,878
<b>(9,636)</b>	<b>Variance</b>	<b>(4,140)</b>	<b>(6,368)</b>	<b>(10,719)</b>	<b>(7,402)</b>	<b>(6,898)</b>	<b>(6,052)</b>	<b>(6,463)</b>	<b>(6,096)</b>	<b>(6,430)</b>	<b>(7,753)</b>
<b>Made up of:</b>											
1,310	Gains on revaluation of Investment property	-	1,277	1,314	1,248	1,138	1,059	1,089	1,199	1,359	1,404
740	Vested Assets	216	224	232	241	250	259	268	278	287	297
7,050	Subsidies and Grants for capital expenditure	3,458	4,386	8,671	5,399	4,977	4,180	4,534	4,027	4,169	5,412
536	Development and Financial Contributions	465	483	500	515	534	553	572	592	615	638

## RECONCILIATION OF FUNDING IMPACT STATEMENT TO STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

ANNUAL PLAN 2012 \$000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
<b>TOTAL OPERATING EXPENDITURE</b>											
<b>Per Activity Funding Impact Statement:</b>											
1,611	Leadership	1,586	1,778	1,738	1,822	1,985	1,930	1,942	2,188	2,224	2,149
1,439	Community Safety	1,863	2,015	1,978	2,078	2,049	2,117	2,187	2,259	2,340	2,422
1,480	Environmental Sustainability	1,199	1,270	1,584	1,374	1,355	1,391	1,403	1,423	1,428	1,472
1,042	Hazard Management	-	-	-	-	-	-	-	-	-	-
1,314	Arts and Culture	1,225	1,283	1,322	1,377	1,206	1,247	1,286	1,327	1,374	1,420
4,805	Recreation and Community Facilities	4,862	5,020	5,203	5,007	5,182	5,263	5,459	5,608	5,815	5,947
653	Community Property	699	716	704	724	727	734	749	771	793	818
4,523	Waste	4,619	4,620	4,770	4,938	5,462	5,635	5,795	5,969	6,168	6,357
6,274	Roads and Footpaths	6,459	6,878	6,912	7,205	7,334	7,633	7,759	8,310	8,350	8,778
1,909	Water Supply	1,950	2,024	2,103	2,238	2,387	2,545	2,637	2,741	2,864	2,953
1,791	Stormwater Drainage	2,363	2,536	2,708	2,935	3,067	3,211	3,319	3,468	3,652	3,768
1,025	Sewage Treatment and Disposal	1,089	1,370	1,385	1,585	1,724	2,181	1,987	2,077	2,185	2,247
422	Reportable Council-controlled organisations	425	415	429	445	457	501	544	560	580	596
9,572	Corporate & District Activities	10,427	10,703	10,993	11,211	11,464	11,908	12,013	12,361	12,832	13,015
<b>37,859</b>	<b>Total Operating Expenditure</b>	<b>38,766</b>	<b>40,628</b>	<b>41,829</b>	<b>42,939</b>	<b>44,399</b>	<b>46,296</b>	<b>47,080</b>	<b>49,062</b>	<b>50,605</b>	<b>51,942</b>
53,234	Total Expenditure per proposed Statement of Prospective Income:	54,689	58,014	60,196	62,058	64,967	68,355	70,470	73,492	75,778	78,070
<b>(15,375)</b>	<b>Variance</b>	<b>(15,923)</b>	<b>(17,386)</b>	<b>(18,367)</b>	<b>(19,119)</b>	<b>(20,568)</b>	<b>(22,059)</b>	<b>(23,390)</b>	<b>(24,430)</b>	<b>(25,173)</b>	<b>(26,128)</b>
<b>Made up of:</b>											
(1,359)	Cost of Internal Borrowing	(841)	(978)	(1,295)	(1,676)	(1,843)	(2,030)	(2,143)	(2,403)	(2,815)	(3,063)
16,734	Depreciation	16,764	18,274	19,477	20,530	22,053	23,614	24,938	26,121	27,129	28,205
-	Inflation difference between overheads and recoveries	-	90	185	265	358	475	595	712	859	986
<b>Other Comprehensive Income</b>											
14,726	Gains on asset revaluation	11,362	9,932	10,522	10,098	10,166	10,420	11,227	12,181	12,094	12,536
<b>17,793</b>	<b>PER TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>10,442</b>	<b>10,098</b>	<b>14,422</b>	<b>10,232</b>	<b>9,470</b>	<b>7,679</b>	<b>8,217</b>	<b>8,127</b>	<b>8,025</b>	<b>9,344</b>

## PROJECTED STATEMENT OF CHANGES IN EQUITY

ANNUAL PLAN 2012 \$000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
436,737	<b>Accumulated Funds at the start of the year</b>	439,804	438,884	439,050	442,950	443,084	442,388	439,647	436,637	432,583	428,514
3,067	Net Surplus for the year	(920)	166	3,900	134	(696)	(2,741)	(3,010)	(4,054)	(4,069)	(3,192)
<b>439,804</b>	<b>Accumulated Funds at the end of the year</b>	<b>438,884</b>	<b>439,050</b>	<b>442,950</b>	<b>443,084</b>	<b>442,388</b>	<b>439,647</b>	<b>436,637</b>	<b>432,583</b>	<b>428,514</b>	<b>425,322</b>
165,488	<b>Asset Revaluation Reserves at the start of the year</b>	180,214	191,576	201,508	212,030	222,128	232,294	242,714	253,941	266,122	278,216
14,726	Revaluation of Assets	11,362	9,932	10,522	10,098	10,166	10,420	11,227	12,181	12,094	12,536
<b>180,214</b>	<b>Asset Revaluation Reserves at the end of the year</b>	<b>191,576</b>	<b>201,508</b>	<b>212,030</b>	<b>222,128</b>	<b>232,294</b>	<b>242,714</b>	<b>253,941</b>	<b>266,122</b>	<b>278,216</b>	<b>290,752</b>
<b>620,018</b>	<b>Equity at the end of the year</b>	<b>630,460</b>	<b>640,558</b>	<b>654,979</b>	<b>665,211</b>	<b>674,681</b>	<b>682,360</b>	<b>690,578</b>	<b>698,705</b>	<b>706,730</b>	<b>716,074</b>

## STATEMENT OF PROSPECTIVE FINANCIAL POSITION

ANNUAL PLAN 2012 \$000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
<b>PUBLIC EQUITY</b>											
428,219	Retained Earnings	426,361	425,487	423,325	421,951	420,572	416,173	411,416	405,407	398,760	392,600
11,585	Restricted Equity	12,523	13,563	19,625	21,133	21,816	23,474	25,221	27,176	29,754	32,722
180,214	Asset Revaluation Reserves	191,576	201,508	212,030	222,128	232,294	242,714	253,941	266,122	278,216	290,752
<b>620,018</b>	<b>Total Public Equity</b>	<b>630,460</b>	<b>640,558</b>	<b>654,979</b>	<b>665,211</b>	<b>674,681</b>	<b>682,360</b>	<b>690,578</b>	<b>698,705</b>	<b>706,730</b>	<b>716,074</b>
<b>CURRENT ASSETS</b>											
1,944	Cash and Cash Equivalents	53	538	701	547	497	98	608	769	251	401
911	Other Current Assets	180	186	192	198	205	212	219	226	235	243
7,437	Trade and other Receivables	7,500	7,740	7,988	8,259	8,548	8,839	9,131	9,432	9,772	10,114
<b>10,292</b>	<b>Total Current Assets</b>	<b>7,733</b>	<b>8,464</b>	<b>8,881</b>	<b>9,005</b>	<b>9,251</b>	<b>9,149</b>	<b>9,958</b>	<b>10,428</b>	<b>10,257</b>	<b>10,758</b>
<b>NON-CURRENT ASSETS</b>											
-	Term Investments	100	100	100	100	100	100	100	100	100	100
44,024	Investment Property	44,024	45,301	41,290	35,745	36,883	37,942	39,031	40,230	41,589	42,993
627,891	Property, Plant and Equipment	637,151	644,033	650,363	659,529	671,283	680,065	686,085	688,410	691,609	696,041
1,326	Other Non-Current Assets	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>673,241</b>	<b>Total Non Current Assets</b>	<b>682,775</b>	<b>690,934</b>	<b>693,253</b>	<b>696,875</b>	<b>709,767</b>	<b>719,607</b>	<b>726,716</b>	<b>730,240</b>	<b>734,799</b>	<b>740,634</b>
<b>683,533</b>	<b>Total Assets</b>	<b>690,508</b>	<b>699,398</b>	<b>702,133</b>	<b>705,879</b>	<b>719,017</b>	<b>728,757</b>	<b>736,674</b>	<b>740,668</b>	<b>745,056</b>	<b>751,392</b>
<b>CURRENT LIABILITIES</b>											
8,648	Trade and Other Payables	9,000	9,288	9,585	9,911	10,258	10,607	10,957	11,318	11,726	12,136
1,344	Employee Benefit Liabilities	1,500	1,548	1,598	1,652	1,710	1,768	1,826	1,886	1,954	2,023
4,000	Borrowings	4,775	4,618	3,412	2,722	3,046	3,208	3,134	2,675	2,260	1,908
<b>13,992</b>	<b>Total Current Liabilities</b>	<b>15,275</b>	<b>15,454</b>	<b>14,595</b>	<b>14,285</b>	<b>15,013</b>	<b>15,582</b>	<b>15,917</b>	<b>15,880</b>	<b>15,940</b>	<b>16,067</b>

ANNUAL PLAN 2012 \$000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
<b>NON-CURRENT LIABILITIES</b>											
984	Provisions	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
47,750	Borrowings	42,974	41,561	30,707	24,501	27,411	28,871	28,206	24,077	20,343	17,171
789	Other Non-Current Liabilities	800	826	852	881	912	943	974	1,006	1,042	1,079
<b>49,523</b>	<b>Total Non-Current Liabilities</b>	<b>44,774</b>	<b>43,387</b>	<b>32,559</b>	<b>26,382</b>	<b>29,323</b>	<b>30,814</b>	<b>30,180</b>	<b>26,083</b>	<b>22,385</b>	<b>19,250</b>
<b>620,018</b>	<b>Net Assets</b>	<b>630,460</b>	<b>640,557</b>	<b>654,979</b>	<b>665,212</b>	<b>674,681</b>	<b>682,361</b>	<b>690,577</b>	<b>698,705</b>	<b>706,730</b>	<b>716,074</b>

## NOTES TO THE STATEMENT OF PROSPECTIVE FINANCIAL POSITION

ANNUAL PLAN 2012 \$000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
<b>NET INVESTMENT IN COUNCIL CONTROLLED ORGANISATIONS</b>											
560	Whakatane Airport	661	795	836	866	907	1,900	2,056	2,148	2,420	2,720
-	- Local Government Funding Agency*	100	100	100	100	100	100	100	100	100	100
<b>560</b>	<b>Net Investment</b>	<b>761</b>	<b>895</b>	<b>936</b>	<b>966</b>	<b>1,007</b>	<b>2,000</b>	<b>2,156</b>	<b>2,248</b>	<b>2,520</b>	<b>2,820</b>

\* Council intends to become a guarantee shareholder of the Local Government Funding Agency in the year ended 30 June 2013. 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. Until the date of actual investment an account of the future commitments and guarantees cannot be taken and has not been quantified in these forecast financial statements.

## PROSPECTIVE STATEMENT OF CASH FLOWS

ANNUAL PLAN 2012 \$000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Cash will be provided from:											
32,354	Rates and Service Charges	34,220	35,650	36,643	37,595	39,470	41,154	41,960	43,631	44,918	45,746
536	Development Contributions	465	483	500	515	534	553	572	592	615	638
1,929	Sundry Income	2,137	2,217	2,283	2,312	2,521	2,453	2,601	2,692	2,778	2,835
9,816	User Fees	10,344	10,826	11,225	11,666	12,152	12,569	13,000	13,389	13,900	14,662
9,540	Subsidies & Grants	6,347	7,463	11,838	8,545	8,156	7,527	7,931	7,617	7,811	9,255
76	Interest Income - External	40	40	60	70	50	40	40	40	40	40
5,177	Regional Council Rates	5,475	5,704	5,863	6,015	6,315	6,585	6,714	6,981	7,187	7,319
<b>59,428</b>	<b>Total Operating Cash Provided</b>	<b>59,028</b>	<b>62,382</b>	<b>68,412</b>	<b>66,719</b>	<b>69,198</b>	<b>70,881</b>	<b>72,817</b>	<b>74,942</b>	<b>77,249</b>	<b>80,496</b>
Cash will be applied to:											
33,891	Suppliers and Employees	34,978	36,551	37,500	38,669	40,345	41,922	42,701	44,664	46,090	47,537
2,196	Interest on Public Debt	2,517	2,749	2,768	2,396	2,094	2,333	2,334	2,197	2,035	1,790
5,177	Regional Council Rates	5,475	5,704	5,863	6,015	6,315	6,585	6,714	6,981	7,187	7,319
<b>41,264</b>	<b>Total Operating Cash Applied</b>	<b>42,970</b>	<b>45,004</b>	<b>46,131</b>	<b>47,080</b>	<b>48,754</b>	<b>50,840</b>	<b>51,749</b>	<b>53,842</b>	<b>55,312</b>	<b>56,646</b>
<b>18,164</b>	<b>Net Cashflows from Operating Activities</b>	<b>16,058</b>	<b>17,378</b>	<b>22,281</b>	<b>19,638</b>	<b>20,444</b>	<b>20,041</b>	<b>21,069</b>	<b>21,100</b>	<b>21,937</b>	<b>23,850</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>											
Cash will be provided from:											
350	Proceeds from sale of property, plant and equipment	609	264	12,811	8,289	-	-	-	-	-	-
<b>350</b>	<b>Total Investing Cash Provided</b>	<b>609</b>	<b>264</b>	<b>12,811</b>	<b>8,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash will be spent on:											
20,695	Purchase of property, plant and equipment	14,457	15,588	22,869	21,186	23,727	22,062	19,820	16,351	18,307	20,175
-	Purchase of investments	100	-	-	-	-	-	-	-	-	-
<b>20,695</b>	<b>Total Investing Cash Applied</b>	<b>14,557</b>	<b>15,588</b>	<b>22,869</b>	<b>21,186</b>	<b>23,727</b>	<b>22,062</b>	<b>19,820</b>	<b>16,351</b>	<b>18,307</b>	<b>20,175</b>
<b>(20,345)</b>	<b>Net Cashflows from Investing Activities</b>	<b>(13,948)</b>	<b>(15,324)</b>	<b>(10,058)</b>	<b>(12,897)</b>	<b>(23,727)</b>	<b>(22,062)</b>	<b>(19,820)</b>	<b>(16,351)</b>	<b>(18,307)</b>	<b>(20,175)</b>

ANNUAL PLAN 2012 \$000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2013 \$000	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>											
<b>Cash will be provided from:</b>											
12,521	Loans raised	3,920	4,446	7,108	6,313	7,402	7,656	4,366	4,314	4,027	3,456
<b>12,521</b>	<b>Total Financing Cash Provided</b>	<b>3,920</b>	<b>4,446</b>	<b>7,108</b>	<b>6,313</b>	<b>7,402</b>	<b>7,656</b>	<b>4,366</b>	<b>4,314</b>	<b>4,027</b>	<b>3,456</b>
<b>Cash will be spent on:</b>											
3,643	Repayment of public debt	7,921	6,015	19,168	13,208	4,169	6,034	5,105	8,902	8,175	6,981
<b>3,643</b>	<b>Total Financing Cash Applied</b>	<b>7,921</b>	<b>6,015</b>	<b>19,168</b>	<b>13,208</b>	<b>4,169</b>	<b>6,034</b>	<b>5,105</b>	<b>8,902</b>	<b>8,175</b>	<b>6,981</b>
<b>8,878</b>	<b>Net Cashflows from financing activities</b>	<b>(4,001)</b>	<b>(1,569)</b>	<b>(12,060)</b>	<b>(6,895)</b>	<b>3,233</b>	<b>1,622</b>	<b>(739)</b>	<b>(4,588)</b>	<b>(4,148)</b>	<b>(3,525)</b>
6,697	Net increase (decrease) in cash held	(1,891)	485	163	(154)	(50)	(399)	510	161	(518)	150
(4,753)	Plus opening cash balance	1,944	53	538	701	547	497	98	608	769	251
<b>1,944</b>	<b>Closing Cash Position</b>	<b>53</b>	<b>538</b>	<b>701</b>	<b>547</b>	<b>497</b>	<b>98</b>	<b>608</b>	<b>769</b>	<b>251</b>	<b>401</b>

## COUNCIL RESERVES

GENERAL OPERATING RESERVES	ACTIVITY	PURPOSE
General Rates and Revenues	General Council	For General Rate funded Surpluses or Deficits
Roading Rate	Roads and Footpaths	For Roothing Rate funded Surpluses or Deficits
Refuse Collection rate	Waste	For Refuse Collection Rate funded Surpluses or Deficits
Wastewater	Sewage Treatment and Disposal	For Wastewater Rate funded Surpluses or Deficits (excluding Matatā and Murupara schemes)
Wastewater - Matatā 1	Sewage Treatment and Disposal	For Matatā Wastewater operational Surpluses or Deficits
Wastewater - Murupara	Sewage Treatment and Disposal	For Murupara Wastewater Rate funded Surpluses or Deficits
Water	Water	For Water Rate funded Surpluses or Deficits (excluding Murupara, Plains and Ruatahuna schemes)
Water - Murupara	Water	For Murupara Water Rate funded Surpluses or Deficits
Water - Plains	Water	For Plains Water Rate funded Surpluses or Deficits
Water - Ruatahuna	Water	For Ruatahuna Water Rate funded Surpluses or Deficits
Dog Control	Animal Control	For Animal Control Operating Surpluses or Deficits
Parking Enforcement	Parking	For Parking Enforcement Operating Surpluses or Deficits
Pensioner Housing	Pensioner Housing	For Pensioner Housing Operating Surpluses or Deficits
Airport Whakatāne	Whakatāne Airport	For Whakatāne Airport Operating Surpluses or Deficits
Whakatāne Stormwater	Stormwater	For Whakatāne Stormwater Rate funded Surpluses or Deficits
Ōhope Stormwater	Stormwater	For Ōhope Stormwater Rate funded Surpluses or Deficits
Edgecumbe Stormwater	Stormwater	For Edgecumbe Stormwater Rate funded Surpluses or Deficits
Matatā Stormwater	Stormwater	For Matatā Stormwater Rate funded Surpluses or Deficits
Murupara Stormwater	Stormwater	For Murupara Stormwater Rate funded Surpluses or Deficits
Tāneatua Stormwater	Stormwater	For Tāneatua Stormwater Rate funded Surpluses or Deficits
Te Teko Stormwater	Stormwater	For Te Teko Stormwater Rate funded Surpluses or Deficits
Te Mahoe Stormwater	Stormwater	For Te Mahoe Stormwater Rate funded Surpluses or Deficits
Disaster Mitigation	Stormwater	For Disaster Mitigation/Stormwater Rate funded Surpluses or Deficits
Car parks Development	Parking	For the Development of Carparks in the District
Sand mining Royalties	General Council	Income received from sandmining company for access over Council reserve
Museum Collections	Exhibitions, Research, Storage & Archives	For the purchase of Assets for the Museum Collection
Galatea Reserve Development	General Council	For amenities within the Galatea and Murupara areas
Disabled Facilities	Pensioner Housing	For the improvement of Disabled Facilities throughout the District
Te Mahoe Water - special	Water	For the purchase of Capital Expenditure for the Te Mahoe Water scheme
Asset Divestment	General Council	Surplus funds from the Divestment of Council Assets
Leaky Homes Reserve	Building	To fund weather tight claims
Roothing Storm Damage Reserve	Roads and Footpaths	To fund costs associated with storm damage to the Councils Roothing network
General Disaster Reserve	General Council	To fund costs associated with a disaster within the District

RESTRICTED RESERVES	ACTIVITY	PURPOSE
Subdivision Contributions - Whakatāne	General Council	To fund capital expenditure in the Whakatāne Ward
Subdivision Contributions - Ōhope	General Council	To fund capital expenditure in the Ōhope Ward
Subdivision Contributions - Edgecumbe	General Council	To fund capital expenditure in the Edgecumbe Ward
Subdivision Contributions - Matatā	General Council	To fund capital expenditure in the Matatā Ward
Subdivision Contributions - Murupara	General Council	To fund capital expenditure in the Murupara Ward
Subdivision Contributions - Rural	General Council	To fund capital expenditure in the Rural Ward
Harbour Capital Fund	Ports & Harbour	For Ports & Harbour Operating Surpluses or Deficits
Harbour Land Sales	Ports & Harbour	Funds set aside from the sale of Harbour assets
Development Contributions - Stormwater	Stormwater	To fund growth related stormwater capital expenditure
Development Contributions - Water	Water	To fund growth related Water capital expenditure
Development Contributions - Wastewater	Sewage Treatment and Disposal	To fund growth related Wastewater capital expenditure
Development Contributions - Community Infrastructure	Arts & Culture, Recreation & Community Facilities	To fund growth related Community Infrastructure
Development Contributions - Parks, Gardens and Reserves	Parks, Reserves, Recreation & Sports Fields	To fund growth related Parks, Gardens and Reserves capital expenditure
Development Contributions - Solid Waste	Waste	To fund growth related Solid Waste capital expenditure
Development Contributions - Rooding	Roads and Footpaths	To fund growth related Rooding capital expenditure
Capital Contributions - Rooding	Roads and Footpaths	Financial contributions for Rooding capital projects
DEPRECIATION RESERVES	ACTIVITY	PURPOSE
Water	Water	To fund the renewal of Water assets
Wastewater	Sewage Treatment and Disposal	To fund the renewal of Wastewater assets
Stormwater	Stormwater	To fund the renewal of Stormwater assets
Refuse Disposal	Waste	To fund the renewal of Refuse Disposal assets
Libraries	Libraries	To fund the renewal of Library assets
Museum	Exhibitions, Research, Storage & Archives	To fund the renewal of Museum assets
Parks and Gardens & Sportsfields	Parks, Reserves, Recreation & Sports Fields	To fund the renewal of Parks and Gardens & Sportsfields assets
Cemeteries & Crematoria	Cemeteries & Crematorium	To fund the renewal of Cemeteries & Crematorium assets
Swimming Pools	Aquatic Centres	To fund the renewal of Aquatic Centre assets
Halls	Halls	To fund the renewal of Halls assets
Public Conveniences	Public Conveniences	To fund the renewal of Public Conveniences assets
Pensioner Housing	Pensioner Housing	To fund the renewal of Pensioner Housing assets
Strategic & Investment Property	Commercial Property	To fund the renewal of Commercial Property assets
Corporate Property	Corporate & District Activities	To fund the renewal of Corporate Property assets
Information Management	Corporate & District Activities	To fund the renewal of Information Management assets
Port	Ports & Harbour	To fund the renewal of Port & Harbour assets
Rooding	Roads and Footpaths	To fund the renewal of Rooding assets
Airport - Whakatāne	Whakatāne Airport	To fund the renewal of Whakatāne Airport assets

## RESERVE BALANCE FORECAST 2012-22

### Notes:

- The forecast reserve balances have not been adjusted for inflation. Figures are stated in 2013 dollars.

- ( ) depicts an overdrawn reserve account balance.

	30 JUNE 2012	2012/13 TRANSFERS \$000		30 JUNE 2013	2013/14 TRANSFERS \$000		30 JUNE 2014	2014/15 TRANSFERS \$000		30 JUNE 2015	2015/16 TRANSFERS \$000		30 JUNE 2016	2016/17 TRANSFERS \$000		30 JUNE 2017	2017/18 TRANSFERS \$000	
		IN	OUT		IN	OUT		IN	OUT		IN	OUT		IN	OUT		IN	OUT
<b>GENERAL OPERATING RESERVES</b>																		
General Rates and Revenues	(526)	256	(120)	(390)	256	(115)	(249)	256	(109)	(102)	116	(105)	(92)	116	(105)	(81)	116	(104)
Roading Rate	(97)	-	(4)	(102)	-	(5)	(107)	-	(6)	(112)	-	(6)	(119)	-	(7)	(125)	-	(8)
Refuse Collection rate	(84)	100	(2)	14	1	-	15	1	-	16	1	-	16	1	-	17	1	-
Wastewater	236	135	-	371	18	-	388	20	-	408	22	(1)	430	25	(1)	454	27	(1)
Wastewater - Matatā <sup>1</sup>	(86)	-	(23)	(109)	-	101	(8)	-	28	20	-	(65)	(45)	-	(234)	(278)	-	(267)
Wastewater - Murupara	25	1	(5)	21	1	(10)	11	1	-	12	1	-	13	1	-	13	1	-
Water	157	40	(175)	21	38	(6)	53	19	-	72	30	-	102	32	-	135	8	-
Water - Murupara	(6)	-	-	(6)	-	-	(6)	-	-	(7)	-	-	(7)	-	-	(8)	-	-
Water - Plains	930	42	-	973	47	-	1,020	53	-	1,073	59	-	1,132	65	-	1,197	72	-
Water - Ruatahuna	2	-	-	2	-	-	3	-	-	3	-	-	3	-	-	3	-	-
Dog Control	51	2	-	54	3	-	56	3	-	59	3	-	62	4	-	66	4	-
Parking Enforcement	366	80	(92)	354	82	(92)	344	83	(92)	335	83	(60)	357	84	(60)	382	85	(60)
Pensioner Housing	180	6	(78)	108	5	-	114	5	(49)	69	6	-	75	6	-	81	7	-
Airport Whakatāne	(294)	-	(197)	(491)	-	(219)	(710)	-	(151)	(861)	-	(164)	(1,025)	-	(175)	(1,201)	-	(236)
Whakatāne Stormwater	(198)	100	(7)	(105)	80	(3)	(28)	-	(1)	(29)	-	(2)	(31)	-	(2)	(33)	-	(2)
Ōhope Stormwater	(25)	-	(1)	(26)	-	(1)	(27)	-	(1)	(29)	-	(2)	(30)	-	(2)	(32)	-	(2)
Edgecumbe Stormwater	16	1	-	17	1	-	18	1	-	19	1	-	20	1	-	21	1	-
Matatā Stormwater	(9)	-	-	(9)	-	-	(9)	-	-	(10)	-	(1)	(10)	-	(1)	(11)	-	(1)
Murupara Stormwater	2	-	-	2	-	-	2	-	-	2	-	-	2	-	-	3	-	-
Tāneatua Stormwater	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Te Teko Stormwater	(2)	-	-	(2)	-	-	(2)	-	-	(2)	-	-	(2)	-	-	(2)	-	-
Te Mahoe Stormwater	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disaster Mitigation	79	2	(80)	1	-	-	1	-	-	1	-	-	1	-	-	1	-	-
Car parks Development	32	1	-	34	2	-	35	2	-	37	2	-	39	2	-	42	3	-
Sand mining Royalties	58	3	-	61	3	-	64	3	-	67	4	-	71	4	-	75	5	-
Museum Collections	22	1	-	23	1	-	24	1	-	25	1	-	26	2	-	28	2	-
Galatea Reserve Development	1	-	-	1	-	-	1	-	-	2	-	-	2	-	-	2	-	-
Disabled Facilities	7	-	-	7	-	-	8	-	-	8	-	-	8	-	-	9	1	-
Te Mahoe Water - special	262	12	(15)	258	12	(15)	255	13	(15)	253	14	(15)	251	14	(15)	250	15	(15)
Asset Divestment	522	637	(438)	721	289	(346)	664	7,147	(6,608)	1,203	6,572	(6,293)	1,481	80	(150)	1,411	81	(140)
Leaky Homes Reserve	(94)	150	(1)	55	156	-	212	165	-	376	175	-	551	186	-	737	199	-
Roading Storm Damage Reserve	-	281	-	281	295	-	577	312	-	889	332	-	1,220	353	-	1,573	378	-
General Disaster Reserve	-	-	-	-	-	-	-	-	-	-	154	-	154	163	-	317	225	-
	1,527	1,850	(1,238)	2,139	1,290	(711)	2,719	8,085	(7,004)	3,797	7,576	(6,714)	4,655	1,139	(752)	5,046	1,231	(836)

<sup>1</sup> 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.

	30 JUNE 2018	2018/19 TRANSFERS \$000		30 JUNE 2019	2019/20 TRANSFERS \$000		30 JUNE 2020	2020/21 TRANSFERS \$000		30 JUNE 2021	2021/22 TRANSFERS \$000		30 JUNE 2022	
		IN	OUT		IN	OUT		IN	OUT		IN	OUT		
	(69)	116	(104)	(57)	116	(103)	(44)	116	(102)	(31)	116	(101)	(16)	<b>General Rates and Revenues</b>
	(133)	-	(8)	(141)	-	(9)	(150)	-	(10)	(159)	-	(10)	(170)	<b>Roading Rate</b>
	18	1	-	19	1	-	21	1	-	22	1	-	23	<b>Refuse Collection rate</b>
	481	29	(1)	509	31	(1)	540	35	(1)	575	37	(1)	611	<b>Wastewater</b>
	(545)	-	(282)	(828)	-	(303)	(1,131)	-	(332)	(1,463)	-	(354)	(1,817)	<b>Wastewater - Matatā<sup>1</sup></b>
	14	1	-	15	1	-	16	1	-	17	1	-	18	<b>Wastewater - Murupara</b>
	143	9	-	151	9	-	161	10	-	171	11	-	182	<b>Water</b>
	(8)	-	-	(8)	-	(1)	(9)	-	(1)	(10)	-	(1)	(10)	<b>Water - Murupara</b>
	1,269	76	-	1,346	83	-	1,429	93	-	1,522	99	-	1,621	<b>Water - Plains</b>
	3	-	-	3	-	-	4	-	-	4	-	-	4	<b>Water - Ruatahuna</b>
	70	4	-	74	5	-	79	5	-	84	5	-	89	<b>Dog Control</b>
	406	75	(410)	71	64	(60)	75	65	(60)	80	66	(60)	86	<b>Parking Enforcement</b>
	88	7	-	96	9	-	104	8	-	112	10	-	122	<b>Pensioner Housing</b>
	(1,436)	-	(326)	(1,763)	-	(325)	(2,087)	-	(418)	(2,505)	-	(460)	(2,966)	<b>Airport Whakatāne</b>
	(35)	-	(2)	(37)	-	(2)	(39)	-	(3)	(42)	-	(3)	(44)	<b>Whakatāne Stormwater</b>
	(34)	-	(2)	(36)	-	(2)	(38)	-	(2)	(40)	-	(3)	(43)	<b>Ōhope Stormwater</b>
	22	1	-	24	1	-	25	2	-	27	2	-	28	<b>Edgecumbe Stormwater</b>
	(12)	-	(1)	(12)	-	(1)	(13)	-	(1)	(14)	-	(1)	(15)	<b>Matatā Stormwater</b>
	3	-	-	3	-	-	3	-	-	3	-	-	3	<b>Murupara Stormwater</b>
	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>Tāneatua Stormwater</b>
	(2)	-	-	(2)	-	-	(2)	-	-	(3)	-	-	(3)	<b>Te Teko Stormwater</b>
	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>Te Mahoe Stormwater</b>
	1	-	-	1	-	-	1	-	-	1	-	-	1	<b>Disaster Mitigation</b>
	44	3	-	47	3	-	50	3	-	53	3	-	56	<b>Car parks Development</b>
	80	5	-	85	5	-	90	6	-	96	6	-	102	<b>Sand mining Royalties</b>
	29	2	-	31	2	-	33	2	-	35	2	-	38	<b>Museum Collections</b>
	2	-	-	2	-	-	2	-	-	2	-	-	2	<b>Galatea Reserve Development</b>
	9	1	-	10	1	-	11	1	-	11	1	-	12	<b>Disabled Facilities</b>
	250	15	(15)	249	15	(15)	249	16	(15)	249	16	(15)	250	<b>Te Mahoe Water - special</b>
	1,352	76	(176)	1,253	73	(143)	1,183	71	(185)	1,068	63	(198)	934	<b>Asset Divestment</b>
	936	211	-	1,147	225	-	1,372	244	-	1,617	260	-	1,877	<b>Leaky Homes Reserve</b>
	1,951	401	-	2,352	428	-	2,780	465	-	3,245	496	-	3,741	<b>Roading Storm Damage Reserve</b>
	542	239	-	781	254	-	1,035	377	-	1,413	402	-	1,814	<b>General Disaster Reserve</b>
	<b>5,439</b>	<b>1,272</b>	<b>(1,327)</b>	<b>5,385</b>	<b>1,326</b>	<b>(965)</b>	<b>5,750</b>	<b>1,521</b>	<b>(1,130)</b>	<b>6,140</b>	<b>1,597</b>	<b>(1,207)</b>	<b>6,530</b>	

	30 JUNE 2012	2012/13 TRANSFERS \$000		30 JUNE 2013	2013/14 TRANSFERS \$000		30 JUNE 2014	2014/15 TRANSFERS \$000		30 JUNE 2015	2015/16 TRANSFERS \$000		30 JUNE 2016	2016/17 TRANSFERS \$000		30 JUNE 2017	2017/18 TRANSFERS \$000	
		IN	OUT		IN	OUT		IN	OUT		IN	OUT		IN	OUT		IN	OUT
<b>RESTRICTED RESERVES</b>																		
Subdivision Contributions - Whakatāne	418	18	(66)	369	17	(32)	354	17	(40)	332	14	(158)	188	10	(32)	166	10	-
Subdivision Contributions - Ōhope	118	5	(15)	108	3	(109)	2	-	(48)	(46)	-	(3)	(49)	-	(3)	(52)	-	(3)
Subdivision Contributions - Edgcumbe	39	2	-	40	2	-	42	2	-	45	2	-	47	3	-	50	3	-
Subdivision Contributions - Matatā	16	1	-	17	1	-	17	1	-	18	1	-	19	1	-	20	1	-
Subdivision Contributions - Murupara	5	-	-	5	-	-	5	-	-	6	-	-	6	-	-	6	-	-
Subdivision Contributions - Rural	24	1	-	25	1	-	27	1	-	28	2	-	30	2	-	31	2	-
Harbour Capital Fund	3,141	2,255	(1,914)	3,482	2,327	(1,832)	3,977	2,400	(1,884)	4,493	2,439	(2,402)	4,531	2,491	(2,128)	4,894	2,528	(2,134)
Harbour Land Sales	4,176	190	-	4,366	213	-	4,579	5,367	-	9,947	1,678	-	11,625	665	-	12,290	744	-
Development Contributions - Stormwater	266	128	(30)	365	134	(49)	449	137	(142)	444	140	(66)	518	146	(39)	626	154	(68)
Development Contributions - Water	267	31	(28)	270	32	(25)	278	32	(100)	209	21	(396)	(166)	19	(668)	(815)	19	(49)
Development Contributions - Wastewater	(634)	168	(67)	(533)	168	(85)	(450)	168	(67)	(349)	168	(108)	(288)	168	(88)	(208)	168	(58)
Development Contributions - Community Infrastructure	425	79	(1)	503	84	(10)	577	90	(4)	663	95	(57)	701	100	(21)	780	107	(34)
Development Contributions - Parks, Gardens and Reserves	1,441	88	(67)	1,461	93	(71)	1,483	99	(59)	1,524	107	(39)	1,591	114	(37)	1,668	124	(37)
Development Contributions - Solid Waste	197	18	-	215	19	-	234	21	-	255	23	-	277	24	-	302	27	-
Development Contributions - Roading	1,642	145	(2)	1,784	157	(2)	1,940	168	(103)	2,005	177	(133)	2,049	181	(229)	2,001	190	(39)
Capital Contributions - Roading	44	2	-	46	2	-	49	3	-	51	3	-	54	3	-	57	3	-
	<b>11,585</b>	<b>3,131</b>	<b>(2,190)</b>	<b>12,523</b>	<b>3,253</b>	<b>(2,215)</b>	<b>13,563</b>	<b>8,506</b>	<b>(2,447)</b>	<b>19,625</b>	<b>4,870</b>	<b>(3,362)</b>	<b>21,133</b>	<b>3,927</b>	<b>(3,245)</b>	<b>21,816</b>	<b>4,080</b>	<b>(2,422)</b>
<b>DEPRECIATION RESERVES</b>																		
Water	895	1,014	(1,051)	859	1,028	(586)	1,301	1,045	(523)	1,823	1,061	(934)	1,950	1,109	(531)	2,529	1,155	(483)
Wastewater	373	668	(727)	313	627	(523)	417	643	(269)	791	667	(118)	1,340	832	(717)	1,455	840	(668)
Stormwater	465	205	(285)	386	171	(297)	260	168	(856)	(428)	188	(423)	(663)	188	(271)	(746)	191	(453)
Refuse Disposal	142	11	(10)	143	12	-	156	12	-	168	11	-	179	6	(15)	170	(15)	(25)
Libraries	10	125	(125)	10	125	(125)	11	126	(125)	11	126	(125)	12	126	(125)	12	126	(125)
Museum	(80)	20	(3)	(63)	20	(3)	(46)	20	(2)	(28)	20	(1)	(9)	20	-	11	21	-
Parks and Gardens & Sportsfields	295	439	(588)	145	591	(300)	436	598	(606)	429	605	(374)	659	610	(696)	573	591	(1,196)
Cemeteries & Crematoria	24	44	-	69	46	(41)	73	47	(18)	103	50	(3)	150	52	(39)	163	54	(62)
Swimming Pools	(33)	122	(36)	54	177	(62)	170	184	(46)	308	192	(67)	432	200	(50)	583	205	(243)
Halls	370	125	(110)	385	179	(86)	477	221	(273)	425	225	(50)	600	228	(330)	499	230	(117)
Public Conveniences	125	96	(22)	198	100	(15)	283	103	(87)	299	106	(54)	351	107	(123)	336	109	(90)
Pensioner Housing	283	97	(51)	329	101	(32)	398	104	(97)	405	107	(28)	483	110	(115)	478	111	(107)
Strategic & Investment Property	(26)	-	(1)	(28)	-	(1)	(29)	-	(1)	(30)	-	(2)	(32)	-	(2)	(34)	-	(2)
Corporate Property	235	477	(230)	482	490	(284)	689	505	(537)	657	517	(387)	788	501	(1,137)	152	470	(1,019)
Information Management	1,193	1,004	(1,566)	630	844	(1,873)	(399)	789	(626)	(236)	785	(535)	14	857	(690)	181	932	(944)
Port	768	403	(159)	1,012	418	(187)	1,243	429	(45)	1,627	417	(1,405)	639	374	(1,385)	(371)	370	(35)
Roading	377	1,871	(1,967)	281	1,863	(1,944)	200	2,099	(1,981)	317	2,556	(2,329)	544	2,549	(2,130)	962	2,559	(2,160)
Airport - Whakatāne	(312)	37	(65)	(340)	37	(80)	(383)	37	(39)	(384)	37	(31)	(378)	37	(40)	(380)	37	(39)
	<b>5,104</b>	<b>6,758</b>	<b>(6,996)</b>	<b>4,865</b>	<b>6,829</b>	<b>(6,439)</b>	<b>5,257</b>	<b>7,130</b>	<b>(6,131)</b>	<b>6,257</b>	<b>7,670</b>	<b>(6,866)</b>	<b>7,059</b>	<b>7,906</b>	<b>(8,396)</b>	<b>6,573</b>	<b>7,986</b>	<b>(7,768)</b>

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.

	30 JUNE 2018	2018/19 TRANSFERS \$000		30 JUNE 2019	2019/20 TRANSFERS \$000		30 JUNE 2020	2020/21 TRANSFERS \$000		30 JUNE 2021	2021/22 TRANSFERS \$000		30 JUNE 2022	
		IN	OUT											
	176	11	-	186	11	-	198	13	-	210	14	-	224	Subdivision Contributions - Whakatāne
	(55)	-	(3)	(58)	-	(24)	(82)	-	(5)	(88)	-	(6)	(93)	Subdivision Contributions - Ōhope
	53	3	-	56	3	-	59	4	-	63	4	-	67	Subdivision Contributions - Edgecumbe
	22	1	-	23	1	-	24	2	-	26	2	-	28	Subdivision Contributions - Matatā
	7	-	-	7	-	-	8	-	-	8	1	-	9	Subdivision Contributions - Murupara
	33	2	-	35	2	-	37	2	-	40	3	-	42	Subdivision Contributions - Rural
	5,288	2,602	(2,125)	5,764	2,661	(2,152)	6,273	2,729	(1,819)	7,183	3,015	(1,825)	8,373	Harbour Capital Fund
	13,033	783	-	13,817	851	-	14,668	955	-	15,623	1,019	-	16,641	Harbour Land Sales
	711	157	(127)	741	161	(78)	824	169	(69)	925	176	(67)	1,034	Development Contributions - Stormwater
	(845)	19	(50)	(875)	19	(55)	(911)	19	(59)	(950)	19	(61)	(992)	Development Contributions - Water
	(97)	168	(64)	7	173	(25)	156	183	(15)	324	194	(19)	500	Development Contributions - Wastewater
	852	111	(21)	942	118	(21)	1,039	128	(1)	1,166	137	(1)	1,301	Development Contributions - Community Infrastructure
	1,754	128	(39)	1,843	136	(37)	1,943	149	(37)	2,054	157	(39)	2,172	Development Contributions - Parks, Gardens and Reserves
	329	28	-	357	31	-	388	34	-	421	36	-	458	Development Contributions - Solid Waste
	2,152	198	(39)	2,312	212	(39)	2,484	231	(39)	2,676	244	(39)	2,881	Development Contributions - Roothing
	61	4	-	64	4	-	68	4	-	73	5	-	77	Capital Contributions - Roothing
	<b>23,474</b>	<b>4,215</b>	<b>(2,468)</b>	<b>25,221</b>	<b>4,383</b>	<b>(2,431)</b>	<b>27,176</b>	<b>4,622</b>	<b>(2,044)</b>	<b>29,754</b>	<b>5,026</b>	<b>(2,057)</b>	<b>32,722</b>	
	3,201	1,155	(1,874)	2,482	1,162	(388)	3,256	1,222	(409)	4,070	1,259	(961)	4,368	Water
	1,627	864	(292)	2,200	906	(112)	2,993	964	(294)	3,663	989	(887)	3,765	Wastewater
	(1,008)	191	(767)	(1,584)	191	(536)	(1,929)	191	(476)	(2,214)	191	(437)	(2,460)	Stormwater
	129	(17)	(15)	97	(20)	(25)	53	(21)	-	31	(24)	(30)	(23)	Refuse Disposal
	13	126	(125)	14	126	(125)	15	126	(125)	16	126	(125)	17	Libraries
	33	23	-	55	24	-	79	26	-	105	27	-	132	Museum
	(31)	575	(893)	(348)	575	(774)	(547)	575	(1,129)	(1,101)	575	(825)	(1,350)	Parks and Gardens & Sportsfields
	155	53	(82)	126	53	(49)	130	53	(58)	125	53	(70)	108	Cemeteries & Crematoria
	545	207	(109)	642	215	(69)	787	226	(95)	919	232	(181)	969	Swimming Pools
	613	236	(142)	707	240	(238)	708	238	(373)	573	234	(241)	567	Halls
	354	111	(38)	427	116	(51)	492	117	(178)	431	116	(112)	435	Public Conveniences
	483	112	(88)	507	115	(63)	559	115	(227)	446	114	(25)	536	Pensioner Housing
	(36)	-	(2)	(38)	-	(2)	(40)	-	(3)	(43)	-	(3)	(46)	Strategic & Investment Property
	(398)	477	(394)	(315)	472	(663)	(505)	464	(577)	(619)	469	(316)	(466)	Corporate Property
	170	1,037	(615)	592	1,132	(520)	1,204	1,114	(528)	1,791	1,122	(635)	2,278	Information Management
	(36)	378	(130)	212	397	(138)	471	391	(984)	(122)	380	(998)	(740)	Port
	1,361	2,575	(2,130)	1,805	2,603	(1,943)	2,465	2,646	(1,913)	3,197	2,678	(2,159)	3,716	Roothing
	(382)	37	(83)	(428)	37	(54)	(445)	37	(138)	(545)	37	(143)	(651)	Airport - Whakatāne
	<b>6,793</b>	<b>8,140</b>	<b>(7,779)</b>	<b>7,153</b>	<b>8,344</b>	<b>(5,750)</b>	<b>9,746</b>	<b>8,484</b>	<b>(7,507)</b>	<b>10,723</b>	<b>8,578</b>	<b>(8,148)</b>	<b>11,155</b>	

## STATEMENT OF ACCOUNTING POLICIES

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

### REPORTING ENTITY

Whakatāne District Council is a territorial authority governed by the Local Government Act 2002.

The principal accounting policies adopted in the preparation of this financial report are set out below.

The financial report consists of the 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 and a 35/65 joint venture between the Council and P F Olsen Ltd, a forest management and harvesting company, regarding a forestry block at Onepu on land vested to the Council.

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).

### STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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.

The financial statements use closing balances from the period ending 30 June 2011; estimates have been restated accordingly if required. These financial statements have been prepared on a historical basis, modified by the revaluation of land and buildings, certain infrastructural assets, financial instruments (including derivative instruments) investment property, and forestry assets.

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.

Cost of service for each significant activity is determined as follows. Specifically attributable costs are charged directly. Indirect costs are apportioned using appropriate cost drivers such as actual usage and staff numbers.

The financial statements were authorised for issue on 29 February 2012 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.

### 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.

### 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 Statement of Financial Performance as it does not belong to the Council. It is however, included as a receipt and payment in the 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.

**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.

**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 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.

## 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. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

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 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 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 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 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 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 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:
<b>Roading:</b>	
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

Infrastructure assets:	Years:
<b>Roading:</b>	
Street lighting	10-50
Footpaths	20-50
Bridges – concrete	100
Bridges – wooden	30
Car-parks	50
<b>Water:</b>	
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
<b>Infrastructure assets:</b>	
<b>Wharves:</b>	
Wharves (concrete)	50
<b>Stormwater:</b>	
Stormwater lines	80
Manholes	70-80
Open drains and channels	50-90
Pump stations – structure	80-100

<b>Stormwater:</b>	
Pump station – contents	12-40
Retention dams	80-90
Floodgates	50
<b>Sewerage:</b>	
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
<b>Refuse</b>	
Whakatāne landfill	8.5
Murupara landfill	2
<b>Operational assets:</b>	
<b>Years:</b>	
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 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 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 statement of comprehensive income, a reversal of the impairment loss is also recognised in the statement of comprehensive income.

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

The costs to maintain forestry assets are included in the statements 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.

## THIRD PARTY TRANSFER POLICY

The council collects monies for other organisations including Bay of Plenty Regional Council and the Inland Revenue Department. Where collections are processed through the Council's books, any monies held are shown as accounts payable in the balance sheet. Amounts collected on behalf of third parties are not recognised as revenue, but commission earned from acting as agent is recognised as revenue.

## 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.

### **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 statement of financial position.

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

## INDEPENDENT AUDITOR'S REPORT

**To the readers of Whakatane District Council's Long-term Plan  
for the ten years commencing 1 July 2012**

The Auditor-General is the auditor of Whakatane District Council (the District Council). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to report on the Long-Term Plan (LTP), on her behalf. We have audited the District Council's LTP incorporating pages 1 to 266 dated 27 June 2012 for the ten years commencing 1 July 2012.

The Auditor General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTP complies with the requirements of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the LTP.

## Opinion

### *Overall Opinion*

**In our opinion the District Council's LTP incorporating pages 1 to 266 dated 27 June 2012 provides a reasonable basis for long term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.**

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows.

### *Opinion on Specific Matters Required by the Act*

#### **In our view :**

- **the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment; and**
- **the underlying information and assumptions used to prepare the LTP provide a reasonable and supportable basis for the preparation of the forecast information.**

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 27 June 2012. This is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

## Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves performing procedures to obtain audit evidence about the forecast information and disclosures in the LTP. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the information in the LTP. In making those risk assessments we consider internal control relevant to the preparation of the District

Council's LTP. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

Our audit procedures also include assessing whether:

- the LTP provides the community with sufficient and balanced information about the strategic and other key issues and implications it faces and provides for participation by the public in decision making processes;
- the District Council's financial strategy, supported by financial policies is financially prudent, and has been clearly communicated to the community in the LTP;
- the presentation of the LTP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTP is based on materially complete and reliable asset or activity information;
- the agreed levels of service are fairly reflected throughout the LTP;
- the District Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTP are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;

- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTP.

We do not guarantee complete accuracy of the information in the LTP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

### Responsibilities of the District Council

The District Council is responsible for preparing a LTP under the Act, by applying the Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The District Council is also responsible for such internal control as it determines is necessary to enable the preparation of a LTP that is free from material misstatement.

The District Council's responsibilities arise from Section 93 of the Act.

### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the LTP and reporting that opinion to you based on our audit. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

It is not our responsibility to express an opinion on the merits of any policy content within the LTP.

### Independence

When reporting on the LTP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this report and in conducting the audit of the LTP Statement of Proposal and the annual audit, we have no relationship with or interests in the District Council.

Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand

### **Matters Relating to the Electronic Presentation of the Report to readers of the Long-Term Plan**

This audit report relates to the Long-Term Plan of Whakatane District Council for the ten years commencing 1 July 2012 included on the Council's website. The Council is responsible for the maintenance and integrity of its website. We have not been engaged to report on the integrity of the Council's website. We accept no responsibility for any changes that may have occurred to the Long-Term Plan since they were initially presented on the website.

The audit report refers only to the Long-Term Plan named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the Long-Term Plan. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Long-Term Plan as well as the related audit report dated 27 June 2012 to confirm the information included in the audited Long-Term Plan presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.