



WHERE WE ARE GOING

Te Tirohanga Whakamua



OVERVIEW OF THIS CHAPTER

This chapter of the LTP shows the pathway and direction that we want to head towards as a Council and a District.

OUR VISION AND PURPOSE

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

OUR COMMUNITY OUTCOMES

Community outcomes are goals or desired outcomes, the Council aims to achieve in order to fulfil its vision and purpose. Through this LTP we have developed six community outcomes, encompassing all areas of the Council's operations. These can be found on the following pages.

FINANCIAL STRATEGY

The Financial Strategy outlines what the major drivers of our spending are, how much we propose to spend and how we intend to fund this spending. It also includes limits we are setting for rates, rates increases and borrowing. The Financial Strategy is a major driver for this LTP.

ALL ABOUT RATES

This section explains how our rating system works and provides examples of what your rates might look like over the next 10 years. We have reviewed our rating philosophy and rating system and have made a number of changes.

OUR OTHER KEY STRATEGIES AND DOCUMENTS

We have included a summary of a number of other key strategies and documents in this chapter. They are included for your information. These are generally high level strategic documents that cover a wide area of the Council business and will give you some context to the Council's planning process, previous decisions and direction we have set. We note that the decisions contained in this LTP are not made in isolation and there are many things that influence our decisions. The documents are:

- Policy on Determining Significance
- Whakatāne Integrated Urban Growth Strategy.
- Whakatāne Town Vision.
- Whakatāne District Plan.
- Asset Management Plans.
- Community Strategy.
- Sustainability Strategy.
- Building Māori Capacity to Contribute to Council Decision Making.

ASSUMPTIONS AND DATA

In preparing this LTP, we have made a number of assumptions about things that may happen. While these things may not happen exactly as we predict, we need to plan our costs and activities based on the most likely scenario. This section provides you with a summary of the assumptions we have made when preparing this LTP. It also identifies the risks that may affect the Council. A more thorough breakdown of these assumptions can be found on our website: www.whakatane.govt.nz.



OUR VISION

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

In achieving our vision

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

OUR PURPOSE

To lead the Whakatāne District to sustainable economic, social, environmental and cultural well-being.

As a District Council we will achieve this through:

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

COMMUNITY OUTCOMES

WHAT ARE COMMUNITY OUTCOMES?

Community outcomes are a high level set of desired goals that we aim to achieve. These outcomes seek to improve the social, economic, environmental, and cultural well-being of our District, now and for the future.

Community outcomes are important to the Council. They are used to guide and inform the planning process and set out priorities. They also help us focus on a vision for the District.

HOW WERE COMMUNITY OUTCOMES IDENTIFIED?

Before setting the outcomes, it was important that the issues affecting our District and the Council were understood. We wanted to ensure our role within the community was considered and we developed a framework to guide our decisions. The resulting community outcomes were created for the LTP on that basis.

Draft community outcomes were presented to the community boards and the Iwi Liaison Committee and were approved by the Council in August 2011. They were then included in our draft LTP for consultation.

Six community outcomes have been identified for this LTP. The following pages set out the outcomes and the goals that accompany them. In the 'Our Work in Details' chapter, we have also shown which community outcomes each activity will contribute towards achieving.

WHY HAVE THE COMMUNITY OUTCOMES CHANGED?

We are required to have community outcomes under the Local Government Act 2002. An amendment to this legislation during 2010 shifted the focus of the community outcomes.

The outcomes are no longer goals for the whole community to achieve. The focus is now on the outcomes that the Council hopes to achieve for the community. This makes it clear that the outcomes are something the Council 'owns' and should be working towards.



EFFECTIVE LEADERSHIP

STRIVING FOR OUR FUTURE WELL-BEING

Goals:

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



SUSTAINABLE ECONOMIC DEVELOPMENT

WORKING IN PARTNERSHIP

Goals:

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



COMMUNITY WELL-BEING

A CARING COMMUNITY

Goals:

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



QUALITY SERVICES

EXCELLENT VALUE FOR MONEY

Goals:

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



VALUING OUR ENVIRONMENT

SUSTAINING FOR FUTURE GENERATIONS

Goals:

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



RELIABLE & AFFORDABLE INFRASTRUCTURE

MEETING CURRENT AND FUTURE NEEDS

Goals:

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

FINANCIAL STRATEGY

This strategy tells the financial story of the LTP. It is all about showing you what financial position we want to be in at the end of this LTP and helping you to understand our approach to managing finances.

Developing a Financial Strategy does not begin with a clean slate. There are a number of key drivers and legislative requirements that influence the Council's long term financial planning. The Council has also made decisions and commitments in the past that influence what we can and cannot do now.

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

The financial information in this strategy includes uninflated figures, unless otherwise stated.

EVERYONE BENEFITS FROM COUNCIL SERVICES

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

As illustrated by Figure 1, rates provide good value for money when compared to other everyday goods and services. The average ratepayer pays around \$51 per week

towards the cost of Council services. On top of this, we work hard to get funding from other sources like Central Government. This means that for the \$51 that the average ratepayer pays, we deliver around \$85 of services.

Delivering these services and looking after our assets costs money. But how much will it cost to undertake our activities over the next 10 years? How much does it cost for our core services? What will the cost be for our ratepayers? At what level should we say 'enough is enough' for rates increases and debt? What are we doing to keep costs down? And what financial position do we want to be in at the end of this LTP?

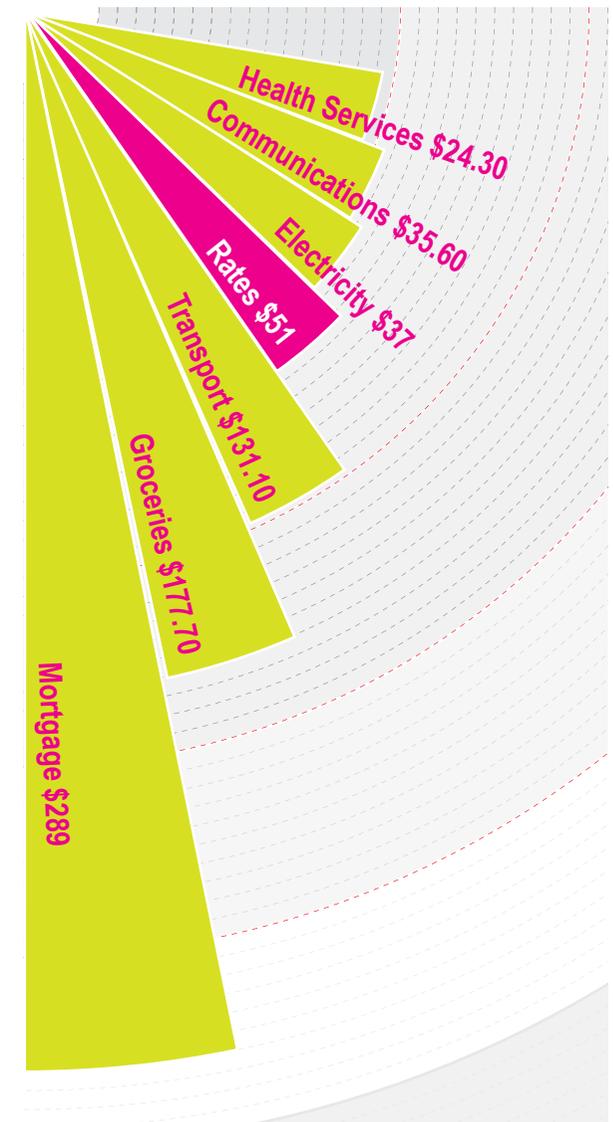
These are some vital questions we have considered in order to develop a Financial Strategy to deliver the LTP.

OUR PRINCIPLES ARE ABOUT BEING AFFORDABLE, SUSTAINABLE AND RESPONSIBLE

The Financial Strategy for this LTP is based on the same three key principles that underpin the whole LTP. These are outlined in Figure 2. We want to make sure we are operating in an affordable, sustainable and responsible manner.

These principles aim to balance peoples' ability to pay with the need to keep assets and deliver services so the community gets the best value for money.

FIGURE 1: RATES COMPARED TO OTHER EVERY DAY GOODS AND SERVICES



*All figures are average amounts sourced from HES Statistics New Zealand June 2010

FIGURE 2: THE THREE KEY PRINCIPLES ARE:

AFFORDABLE	We will be responsive and sensitive to the issue of rates affordability across the District.
SUSTAINABLE	Our assets and services will be managed and funded in a way that does not compromise our ability to provide quality services and reliable infrastructure in the future.
RESPONSIBLE	We will take a conservative approach to our day to day budgeting and financial management and also take up opportunities that provide long term financial certainty and stability.

WHAT FINANCIAL POSITION DO WE WANT TO BE IN AT THE END OF THIS LTP

This Financial Strategy seeks to achieve two primary outcomes. These are the reduction of external debt (owed to banks), and keeping rates increases to a reasonable level. To achieve this the Financial Strategy sets limits on rates, rates increases and debt. These are set out later in this strategy.

It is fair to say that the limits we have set for the next 10 years are restrictive compared to our levels of rates and borrowing in the past. We have thought hard about how restrictive to set these limits and how these will affect our budgets. We need to make sure the decisions we have made about affordability, do not compromise the affordability of rates in the future and our services and assets are sustained for future generations.

Within these limits, we are confident that we will be able to provide and maintain the levels of service that our community will expect over the years of this LTP. That said, putting this Financial Strategy into practice will mean changing the way we do things.

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

The following list summarises the things we have been doing, and will do over the course of this LTP to put this Financial Strategy into practice. These actions will help us stay within the limits we have set for rates and borrowing and also put our key principles into action. A number of these actions are outlined in more detail in the 'Big Decisions' section of this LTP.

- We will not take on any new, non essential services and initiatives unless a strong case has been put forward for why it is needed and how it will be paid for. This means that over the next 10 years, we do not envisage delivering some of the projects we indicated we would in the last LTP, unless substantial funding is received from other agencies. Some examples of projects that no longer feature in our LTP include seal extensions, and construction of a multi sports events centre.
- We have prepared budgets based on what can realistically be achieved and paid for. This includes budgeting revenue (such as subsidies and grants from external funding partners) only when there is a degree of certainty that it will be obtained.
- We will bring costs down by looking for smarter and more efficient ways of operating. This includes developing more partnerships for the delivery of services, such as working with the community to improve walking and cycling networks or with hall committees to manage our urban and rural halls.
- We will increase our investment into the regular monitoring and maintenance of our infrastructure. This will lengthen their lifespan reducing overall costs.
- We will ensure today's ratepayers pay for their fair share of services and assets. This means not overpaying to subsidise future ratepayers but also not underpaying so future ratepayers are not unfairly burdened by large costs.
- We will sell surplus land assets that are not needed for the delivery of services and are costing us money

WHERE WE ARE GOING
Financial Strategy

to keep. Sale of land, including the Piripai block and land at Port Ōhope will help to retire District-wide Council debt that will otherwise need to be funded (over time) by ratepayers and will support residential growth.

- We will provide a District fund to support the costs of unforeseen events like floods, storms or natural disasters. This will help us to pay for the clean up and recovery costs that occur whenever these types of events happen.
- We will encourage growth of the District. Growth of the District in a deliberate and managed way will increase the prosperity of the community and also have a positive impact on the affordability of our services over a longer period of time.

OUR OPERATING COSTS AND RATES

What our operational spending will look like over the next 10 years

Operating expenditure pays for Council’s day to day expenditure of delivering services, maintaining existing assets, or other expenditure that does not buy or build a new asset.

Just as the costs of running your household increase every year with inflation, the cost to provide our services continues to increase each year. This is because costs like energy, property, labour and construction continue to increase, which affects how much it costs for us to deliver services to you. This means that just to continue providing the same services that we always have, rates are likely to increase to fund these extra costs. How changes in

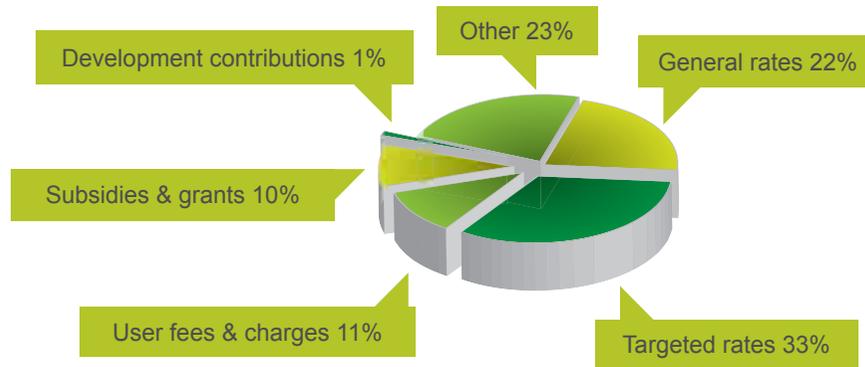
the price of goods and services affects local government is called the Local Government Cost Index (LGCI).

Figure 3 shows our operating expenditure over the last 10 years and what we are planning for the next 10 years. The Council is not looking to increase the services we deliver unless we can achieve this with little or no cost to our ratepayers. This might mean being more creative, innovative or looking for partnerships to improve how we operate. Increases in operating expenditure from year to year are largely driven by inflation. As shown in the graph, much of our operating expenditure is related to core network infrastructure (roads and footpaths, waste, water supply, stormwater and sewerage).

FIGURE 3: OPERATING EXPENDITURE OVER THE NEXT 10 YEARS



FIGURE 4: WHERE OUR REVENUE WILL COME FROM



Where our revenue will come from over the next 10 years

Rates is the main source of income for the Council. Around 55-65% of our income comes from rates. Other major sources are fees and charges, external subsidies, and grants. Wherever possible the Council strives to obtain funding from external sources like the Ministry of Health, NZ Transport Agency, the Lotteries Commission and others. This supplements the funding we receive from rates, allowing us to maximise value for money for our ratepayers.

Figure 4 shows where operating revenue is budgeted to come from over the life of this LTP. This shows the total proportions over 10 years. Individual years will differ slightly from this graph.

FIGURE 5: REVENUE NEEDS FOR THE NEXT 10 YEARS

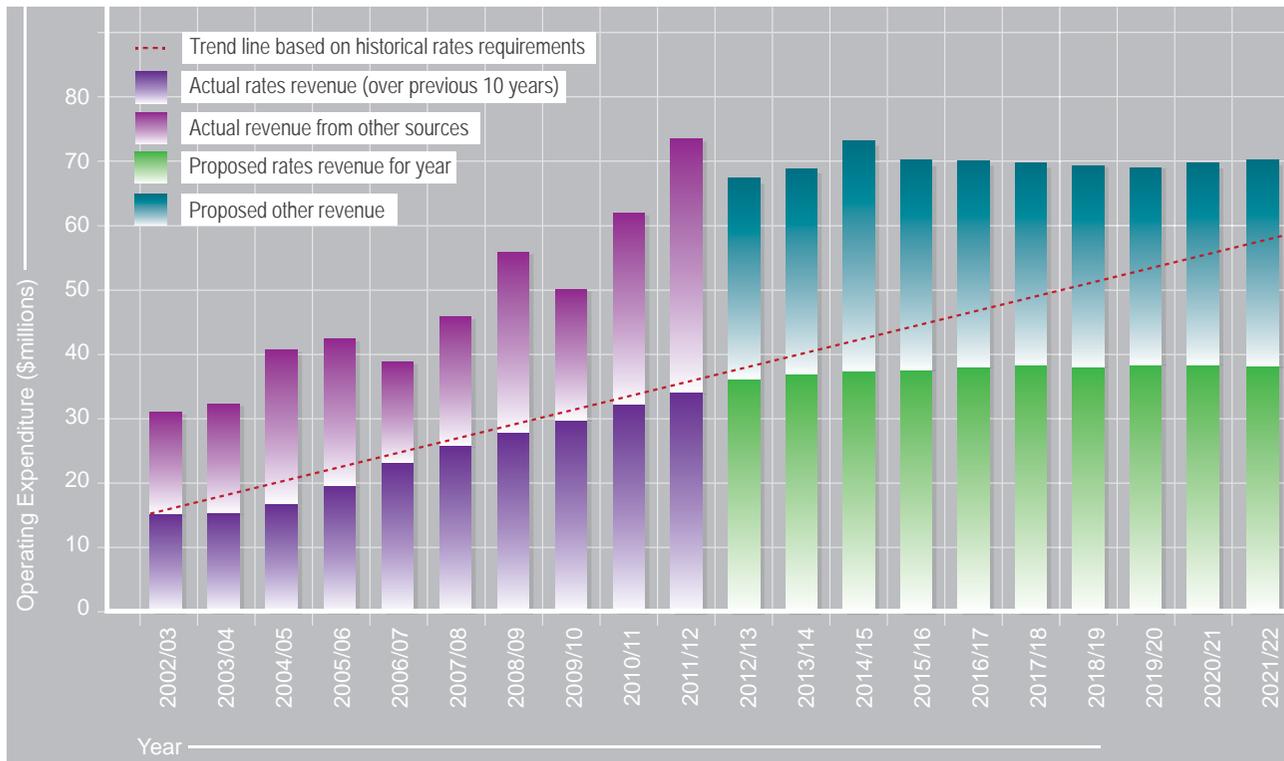


Figure 5 shows what our revenue needs have been over the past 10 years and what we are planning for the next 10 years. It also shows what proportion of this revenue will come from ratepayers versus other sources.

We are limiting the average rates increases to LGCI plus 2%

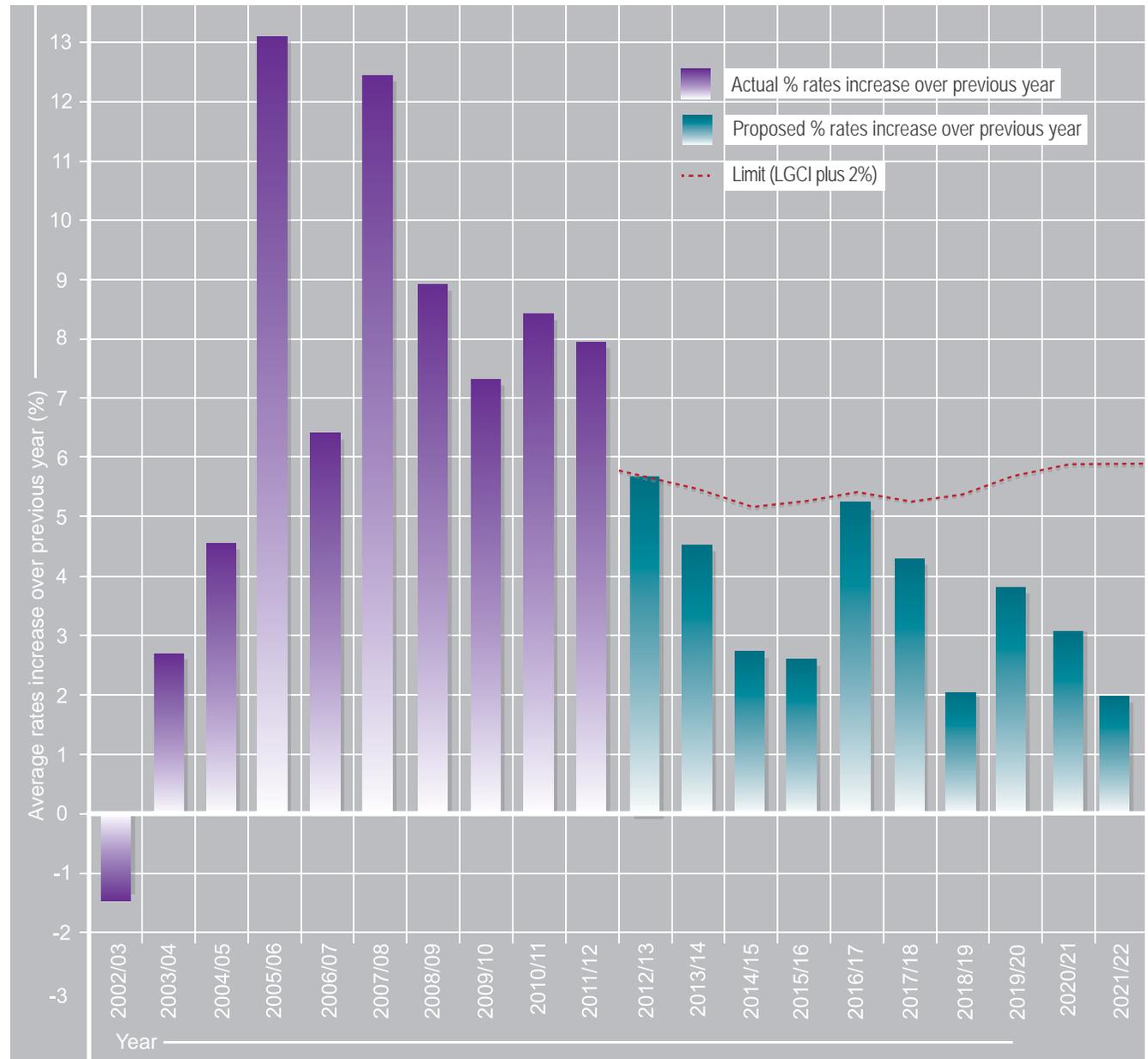
The Council plans to limit rates increases to Local Government Cost Index (LGCI) plus 2%. This will limit average rates increases to no more than 5-6% each year over the period of this LTP. It is important to remember this is an average across the District and that rates increases will vary from property to property with some individual properties seeing increases over this limit.

Figure 6 shows the actual average rates increases from 2004 to 2012 and the limit for the average rates increase over the course of this LTP. As the graph shows, there has been little consistency or predictability around rate movements in the past. The target set by the Council through this LTP will provide more certainty to the community around these movements.

We are limiting rates revenue to 80% of operating revenue

The Council will limit rates revenue to a maximum of 80% of operating revenue. This means we will need to continue to source at least 20% from other sources other than rates. Currently we are receiving around 35% - 45% of our revenue from sources other than rates and will continue to maximise these levels as much as we can. Other funding available is largely dependent on the policies and priorities of Central Government and other funding partners.

FIGURE 6: OUR LIMITS FOR AVERAGE RATES INCREASES*



*see "All about rates section" for more information including specific figures. The figures in this graph are adjusted for inflation.

OUR CAPITAL COSTS AND BORROWING

What our capital spending will look like over the next 10 years

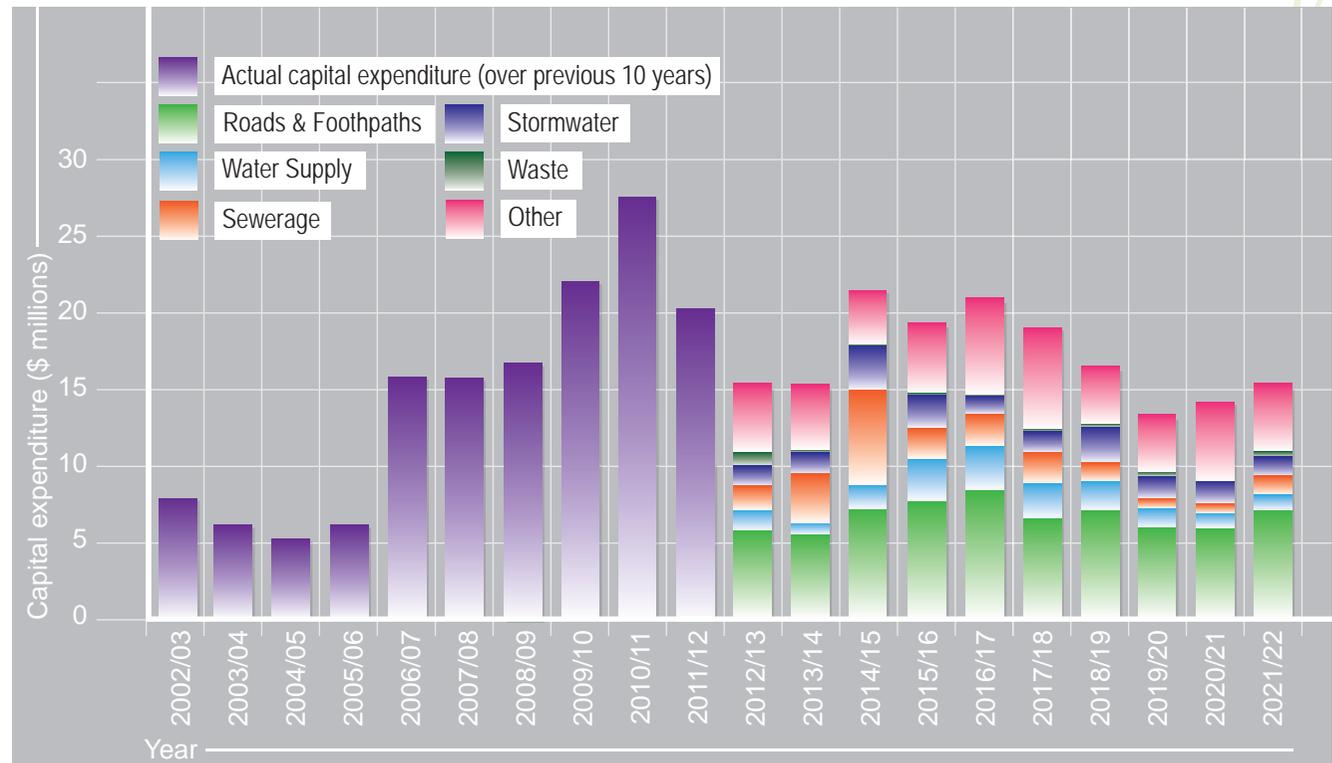
Capital expenditure pays for buying or building new assets, renewing an existing asset or improving an existing one to deliver a better service.

Our capital expenditure budgets in this LTP focus mostly on renewals. This is the replacement of assets or portions of assets that are nearing the end of their lifespan and need to be replaced so we can still enjoy those existing services.

There is little focus on new projects that look to increase the service we deliver, particularly in the first few years of the LTP. This helps us to stay within the borrowing limits set out in this strategy.

Figure 7 shows our actual capital expenditure over the last 10 years and what we are planning for the next 10 years. Going forward it also shows the proportion of this spending each year that is for core services (roads and footpaths, waste, water supply, stormwater and sewerage).

FIGURE 7: CAPITAL EXPENDITURE OVER THE NEXT 10 YEARS



There are three broad drivers for capital expenditure. These are renewals, growth and service improvements.

Our total capital expenditure over the next 10 years is shown in figure 8. This graph breaks down capital expenditure to show what proportion is related to renewals, growth and improvements to our services.

Renewals refers to capital expenditure needed to maintain our existing infrastructure/level of service. This makes up the majority of our capital expenditure over the course of the LTP. Renewals on network infrastructure in particular is a major cost. This includes Roads and Footpaths, Stormwater Drainage, Water Supply, Sewage Treatment and Disposal.

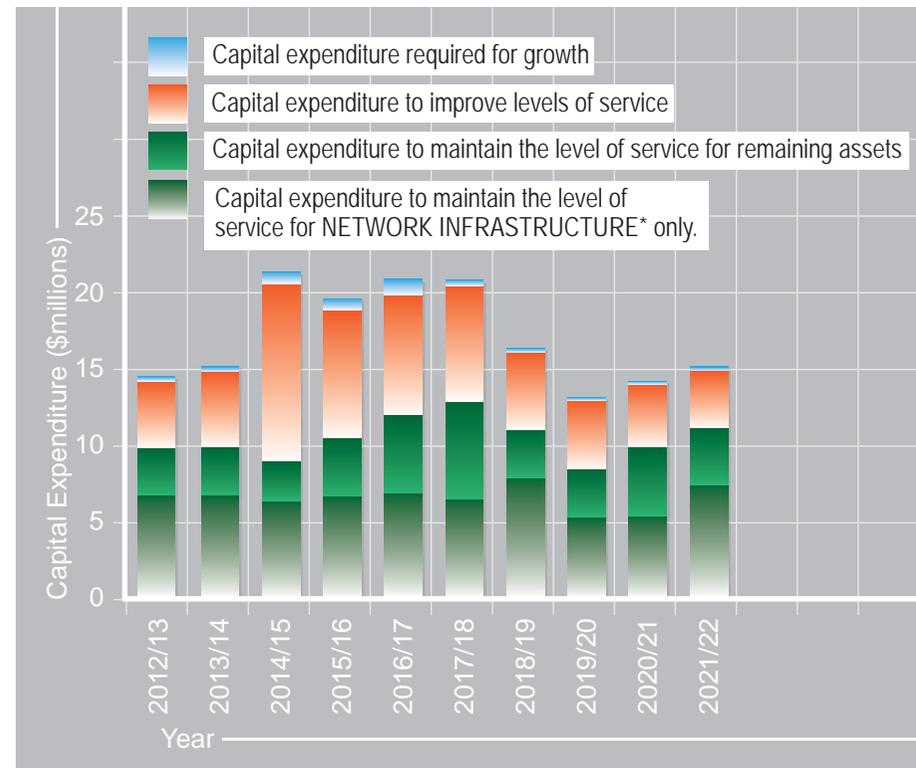
Capital expenditure to cater for growth is minor throughout all years of the LTP. This capital expenditure is funded through contributions that the Council charges to developers. This recognises that developers should contribute towards the costs related to the growth that they are causing (for example water supply networks expanded to reach a new subdivision).

Generally the focus of this LTP is on reducing debt and keeping our services at the current level. However, we are also committing capital expenditure towards improving some of the services we provide. Some notable projects that we are planning to undertake to improve our service level include:

- Solution to sewerage reticulation and treatment in Matatā
- Upgrade of the Ōhope sewage treatment plant
- Improvements to the stormwater systems in Whakatāne and Ōhope

- A number of projects to improve the Plains water supply
- Improvements, realignment and/or widening of Thornton Road, Wainui Road, Landing Road and, Matahi Road

FIGURE 8: MAIN DRIVERS FOR CAPITAL EXPENDITURE



*Note: Network infrastructure includes the following activities: Roads and Footpaths, Stormwater Drainage, Water Supply, Sewerage Treatment and Disposal.

Our current level of external borrowing is consistent with other councils

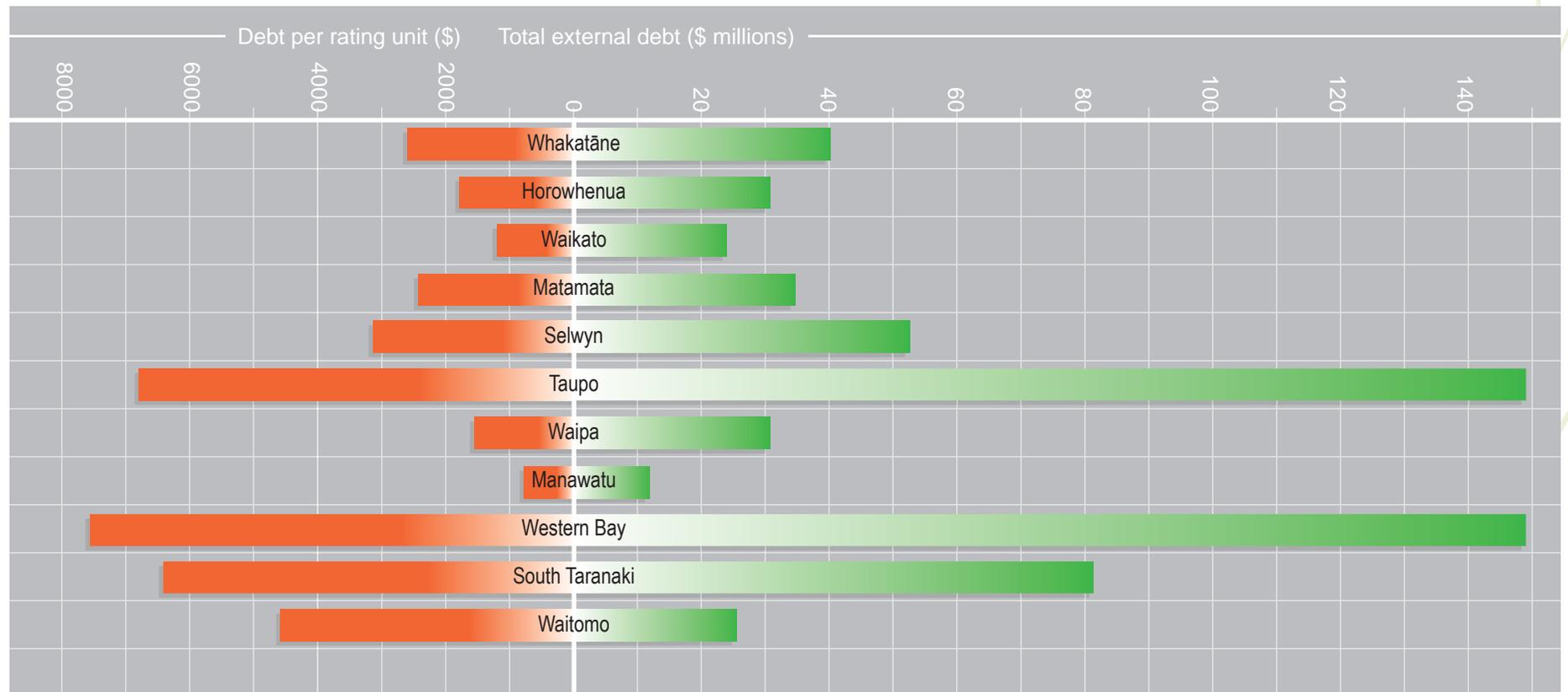
Rates pay for a lot of the things we do day to day but we borrow money to pay for large projects that will provide services to the community over a long period of time.

Borrowing money and repaying it over time (rather than just increasing rates to cover the full cost of a project in any one year) means those who benefit from the service in the future will also contribute. It also evens out the impact on rates, to avoid steep rates increases. This provides greater certainty and fairness for ratepayers.

As at 30 June 2011 our external debt (owed to banks) was \$40.51 million or around \$1,178 per rating unit. This is consistent with or even favourable to many councils around New Zealand. Figure 9 shows our current external debt levels compared to a selection of other rural councils with similar populations.

On top of this external debt, like most other councils, we also borrow from our own reserves. Internal borrowing is mainly drawn from the Harbour Endowment Fund. When we include internal borrowings our total debt as at 30 June 2011 was around \$51.01 million.

FIGURE 9: OUR DEBT LEVELS COMPARED TO OTHER COUNCILS



We are limiting our borrowing to \$75 million and reduce our reliance on banks

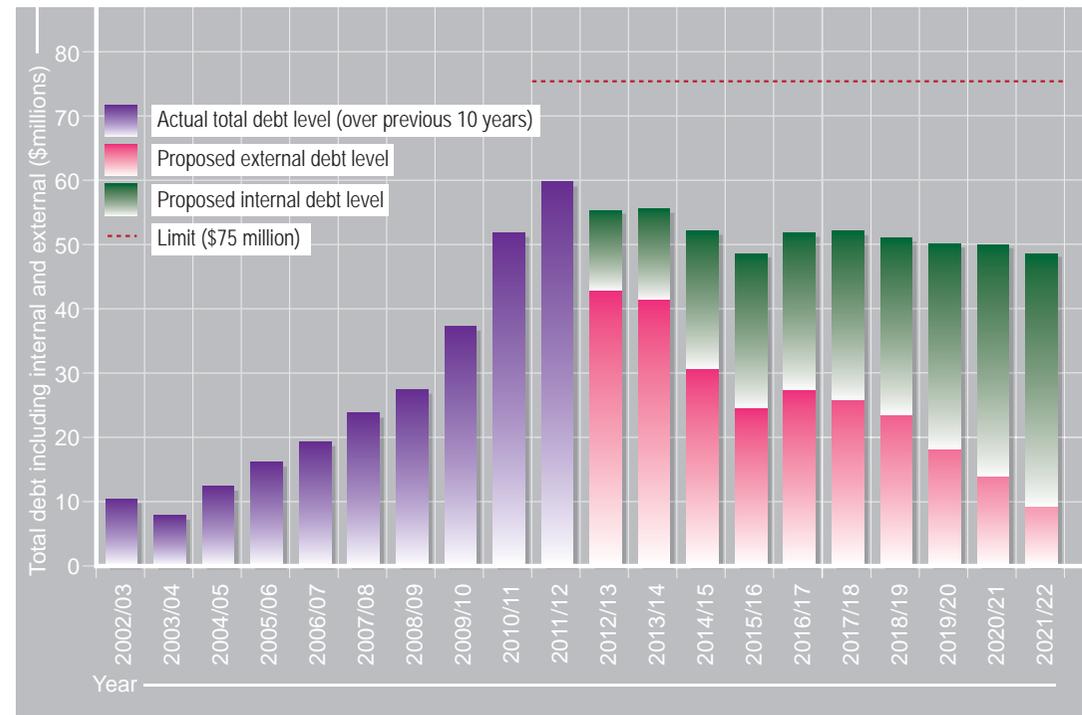
Over the past six years the Council’s level of debt has been increasing. This is because we have borrowed for disaster mitigation projects and for work to renew our assets for the core services of transport networks, waste, water supply, stormwater and sewerage.

Over the course of this LTP we are planning to limit our total debt (including internal and external) to no more than \$75 million. Figure 10 shows our debt profile, including where we have come from and where we predict we will be by the end of this LTP. Within this debt profile we will reduce our external debt level substantially and increase our use of internal borrowing from our own reserves. This will allow us to reduce external debt and strengthen our financial position.

Internal borrowing will be predominantly from the Harbour Fund reserves but also from some limited other reserves such as those held for depreciation. While these reserves are held for specific purposes, internal borrowing allows us to maximise the use of these funds until such time as they are required for their intended purpose. Any borrowing from these reserves is repaid, with interest, in the same way that we borrow from banks. Unlike external borrowing this interest would be paid to our own reserves which will help to build them up. If we require funds from our reserves sooner than we have anticipated, we will be able to transfer internal loans to an external funding agency to make the reserves available.

We do not expect to eliminate external debt completely. Beyond the horizon of this LTP we expect to hold external debt to levels similar to that planned for the 2021/22 year (\$9.26m). However, this is subject to political decisions about projects, budgets and financial planning in the future, notably through each three yearly review of our LTP. For example there are major projects planned beyond the horizon of this LTP or that have not been included because they are still subject to investigations. This includes wharf renewals, harbour access improvements, the multi sport centre, and a second bridge into Whakatāne.

FIGURE 10: OUR LIMITS FOR DEBT



The figures in this graph are adjusted for inflation.

We will limit the amount of rates being used to repay interest

We will give further certainty to ratepayers by also providing limits on the amount of rates being used to repay interest. This is because it is our debt repayments rather than our overall level of borrowing that affects ratepayers from year to year. To do this we are proposing to limit the interest expense on our borrowing to 12% of total rates income. Figure 11 shows what these levels were from 2004 to 2012 and forecasts what this will look like over the course of this LTP. This will give certainty and stability to ratepayers of the impact that debt repayments will have on their rates

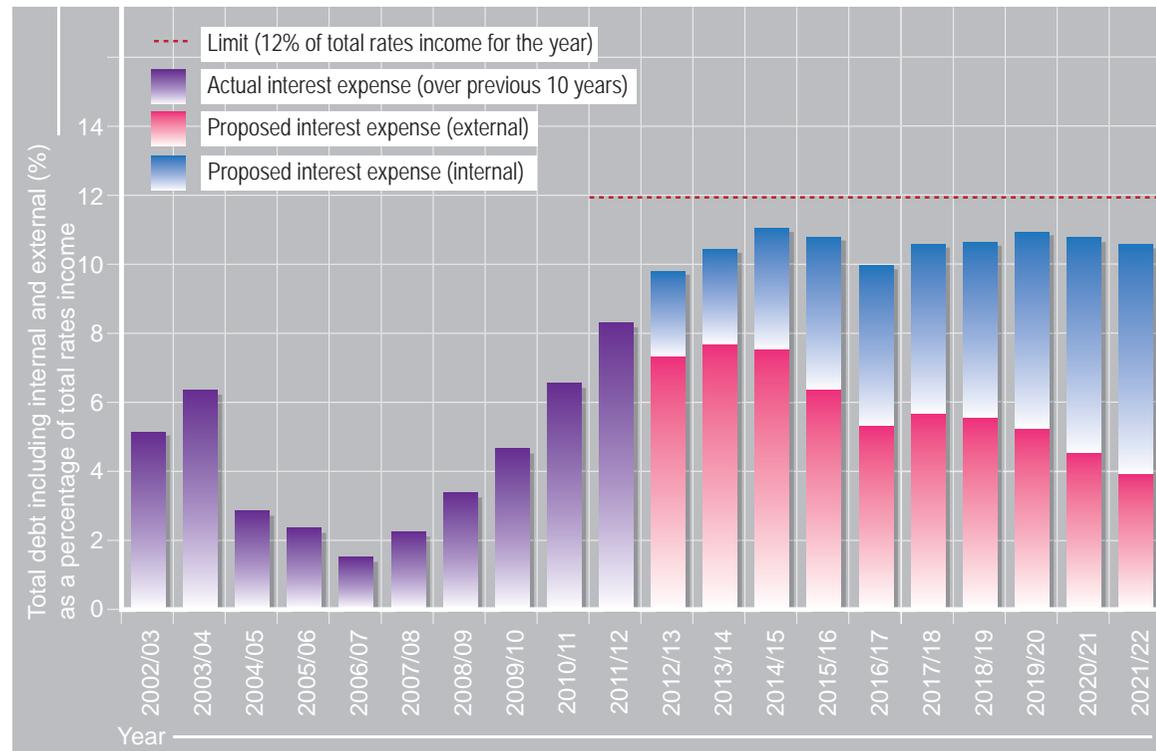
We are planning to enter a more consistent and secure environment for borrowing

The Council will join the Local Government Funding Agency (LGFA). This is a newly formed agency that allows participating local councils to access better interest rates than would otherwise be available. All local authorities are able to borrow from the LGFA but there is different levels of benefit depending on the level of participation. The more we invest into the agency as security, the better our borrowing benefits will be.

We are planning to join the LGFA in August 2012 as a principal shareholder. This will require us to invest \$100,000 when we join but we are expecting to see a return on that investment. As part of the scheme the Council also needs to grant security in the form of a charge over our rates revenue to lenders, but this is not a change to how we previously operated with banks. Changes to our Liability Management Policy and Investment Policy have been made to accommodate the requirements of joining the LGFA.

Joining the LGFA provides a more secure environment for borrowing. That is why, alongside joining the LGFA, the Council will reduce its buffer for term debt and liquidity. Basically, this buffer ensures that we can draw down loans when we need them. A larger buffer provides more security but also costs more money to retain. With a more secure borrowing environment under the LGFA we can confidently reduce this margin and make some cost savings. To ensure we can borrow the amount we need, our policy is to hold a security buffer at 105% of total amount we expect to require over the next six months. This has previously been held at 110% over 12 months.

FIGURE 11: OUR LIMIT ON INTEREST AS A PERCENTAGE OF TOTAL RATES INCOME



DRIVERS AND CHALLENGES

Affordability is a major driver of this Financial Strategy

Affordability is a fundamental driver in this LTP. The Council acknowledges the socio-economic vulnerability of our District, particularly in southern rural areas and in most rural townships. Some parts of the District are better off but we are mindful that wealth can be tied up in property rather than disposable income. We are also conscious the world is still coming to terms with the impacts of the global economic recession. This will continue to affect us on a local level for some time. We understand property owners do not have a choice whether or not to pay rates. That is why we need to make sure rates are affordable.

Rates affordability has been considered in two key ways. The first is through the budgets we have set for each of our activities, because the more we spend, the higher rates will be. Our budgets have been restricted by the limits we have set for rates and borrowing, as identified on the previous pages of this strategy. While these limits do mean good things for the ratepayer's pocket they also mean less money is available to the Council for investing into the community.

The other way the Council has considered affordability is through the review of our rating system. The rating system determines how the Council's costs are to be divided amongst ratepayers. Over the past six years a 'user pays' rating philosophy has been prominent. The review of our rating philosophy resulted in the costs of some Council services being spread over a greater number of ratepayers. The new rating system will also see an increase in the use of capital value based rating compared to fixed charges. This change will mean owners of lower value properties will pay less rates and those of higher value properties pay

more rates relative to the previous rating system. More information about the rates review can be found in the 'All About Rates' section of this LTP.

Maintaining assets is by far our largest cost

The main asset based activities, which are sometimes referred to as core services, typically make up around 60% of our operating expenditure and 70% of capital expenditure. This includes roads and footpaths, waste, water supply, stormwater and sewerage. Recreation and community facilities like halls, parks and public conveniences take these figures to 74% and 79% respectively.

In the past, the level of funds set aside to fund depreciation of our assets was not adequate. Not enough money was put aside from year to year to renew assets when they reached the end of their useful lives. When assets did need renewing, this resulted in sudden cost spikes, which required the Council to take on more borrowing. This meant ratepayers of the past were not paying for the true cost of the assets they were benefiting from. Primarily, this has come about because the Council did not have good asset information to work from. Since 2006, the Council has developed robust asset management plans and these have shown us the true cost of keeping our assets. This has been reflected in increased costs over the past six years for asset maintenance and to fund depreciation for asset renewals.

A 25 year view of asset renewals and depreciation is taken for this LTP. This means the expected costs of renewing assets is calculated and smoothed over a 25 year period. This ensures there are enough reserves available to maintain our assets in the future. Some reserve accounts will reflect a surplus or deficit at the end of the 10 year

period of this LTP but are expected to have a neutral balance over a 25 year period.

Keeping our assets well maintained will continue to be a major driver of costs over the life of this LTP. We have worked hard to strike a balance between these costs and the impact this has on peoples' rates. We have reduced spending on our assets where we can but there is a limit to how much this can be done. This is because we need to make sure essential work continues to keep our assets in good condition so they serve us well into the future.

Planning for the financial impact of natural hazards is challenging

Our District is at risk from a number of natural hazards. The most common events are flooding, but parts of the District have also been affected by debris flows, earthquakes and coastal storm surges. The District is also potentially at risk from other natural hazards, including tsunami and volcanic eruptions.

Natural hazards result in costs to the Council for the initial response effort, the cleanup, and ongoing capital work to rebuild damaged assets. A high level analysis based on the flood events of the last two years suggest that the annual cost of these events added around 1.2% to rates each year. However, planning ahead for the financial impact of these events is difficult because we do not know when they will happen or how major the impact might be. In particular, the occurrence of a larger event such as the Matatā floods of 2005, will have a far greater financial impact than these smaller regular events.

The Council has started to establish a fund for responding to the effect of extreme events on our roading infrastructure.

This involves setting aside \$275,000 each year to pay for damage to our roads from storm events. The New Zealand Transport Agency will also supplement this fund when these extreme events damage our roading infrastructure. We will continue to set aside this funding over the course of this LTP.

Additionally, we will also put aside additional funding starting from the fourth year of the LTP, to help cover general costs of disaster events. This will include an additional \$150,000 per annum for years four and five, \$200,000 per annum for years six to eight and \$300,000 per annum for years nine and 10. These funds will contribute towards the costs of recovery during and straight after an event (like clearing roads and drains) and also for rebuilding damaged assets. We also source external funding to cover some costs of these unforeseen events from government agencies and insurance.

The Council is a member of the Local Authority Protection programme (LAPP) which is a scheme designed to provide some insurance for the underground assets of local authorities. Due to the scale of destruction in Canterbury, as a result of the earthquakes during 2010/11, the LAPP fund was exhausted. A strategy to reinstate the LAPP fund in 5 years, subject to no disasters, saw councils investing more contributions into the fund over the last year. During 2011/12 the Council increased its contributions from \$40,000 to \$169,000. Since the development of the draft LTP the Council has been informed of the premiums required for 2012/13. This has required an increase in the budgets for LAPP funding of \$80,000 for 2012/13.

We acknowledge that the reserve fund that we are setting aside may not cover the full cost of these events depending

on their frequency and magnitude. In determining the amount to commit to this purpose we have had to consider the impact that this would have on rates affordability. This may mean that these events result in unbudgeted spending, which could impact ratepayers in the years following an event. It can also mean some of the things the Council says it is going to do cannot be done because resources are needed for the response, recovery and rebuilding efforts.

Increasing the capacity of our stormwater system is costly

Our District is prone to extreme rainfall events. The Council has assets in place to manage stormwater, including reticulated stormwater systems, overland flow paths and flood mitigation structures. River stop banks are managed by the Bay of Plenty Regional Council. Our stormwater assets are designed to provide a certain level of protection from flooding but there have been a number of extreme weather events recently that have exceeded the capacity of our systems. These events have resulted in damage to Council infrastructure as well as private property.

The Council is looking at options for upgrading our stormwater systems to provide an increased level of protection, but this will come at a cost. Projects planned for this LTP will provide more reliable protection for a one in 10 year rainfall event, with overland flow paths being improved to provide protection to homes from a one in 100 year rainfall event. These projects are predicted to cost \$16.87m in Whakatāne, Ōhope and Edgecumbe. We will need to borrow money to fund a large portion of this work because it would otherwise be unaffordable for ratepayers. Borrowing is a fair way to upgrade our stormwater systems because the assets will have a long lifespan. It means

future ratepayers will also pay their fair share of having a better system in place.

More information about our plans to upgrade our stormwater systems is included in the 'Stormwater Drainage' activity of this LTP.

Population growth at the current expected rate will not be a major cost driver

Changes in population and land-use can be major drivers of expenditure for some councils. This is because as towns and cities expand Council services need to be expanded or new infrastructure created to service new properties and a larger population.

Based on historical growth rates, the population of the Whakatāne District as a whole is stable. Some areas are growing, mainly within the Whakatāne and Ōhope Wards, but also in some rural areas of the Rangitāiki Ward. This is offset by population declines in most smaller rural settlements and urban areas. According to population projections produced by Statistics New Zealand, these existing trends are expected to continue over the course of the LTP. The budgets and financial approach set out in this LTP are based on serving a stable population according to the current trends. Growth will not be a major driver of Council expenditure unless it is actively promoted. This means that this LTP does not include many new assets to cater for growth.

Despite statistical forecasts, the Council does plan to stimulate and encourage growth within the District to increase the prosperity and quality of life of the community. Growth will also have a positive impact on the affordability

of Council services over a longer period of time. While our LTP assumption is for serving a stable population, we will review this approach as and when growth occurs.

We are introducing a number of incentives to try and encourage people, developers and businesses to come to our District. This includes reducing our fees for building and resource consents to make building and renovating more affordable. We have reviewed our Development Contributions Policy to ensure it is not a deterrent for developers. We are looking at re-zoning land through our District Plan review to provide further opportunities for growth and encourage people to develop their land.

More information about how the Council intends to promote growth is included in the 'Big Decisions' section of this LTP.

Selling surplus land holdings will support growth and help us meet our borrowing limits

The Council is planning to sell surplus land holdings. This will help to support growth and to reduce the Council's debt. The main holdings we are planning to sell are the Piripai block adjacent to Coastlands, and land at Port Ōhope. Both of these areas of land are identified as having potential for residential development. The Council will work closely with developers to ensure growth happens in a way that maximises the benefits to our community.

The sale of surplus land assets is expected to return around \$21.97 million over the 10 years of this LTP. This is a modest expectation based on current valuations. Of the return from these assets, \$12.20m would be used to retire debt, which would otherwise need to be funded by ratepayers.

If we do not sell these land assets it will impact on our plans for debt management. We would have to accept a higher level of debt and higher debt repayments, or we would need to rethink any new capital projects that we were planning to take on, such as improving our stormwater systems. If we do not sell Piripai, and do not change our programme of capital works, the debt repayments would add another 2.2% to the rates requirement, in total, over the 10 years of this plan. This includes \$3.88m of principal repayments and \$4.67m of finance costs for the next 10 years, with further costs continuing beyond this plan. The sale of land at Port Ōhope will not be used to repay debt because laws surrounding the use of harbour endowment assets do not allow this. Any proceeds would have to be returned to the Harbour Endowment Fund. See the next page for more information on this Fund.

Funding from Central Government influences what we can and cannot do

External funding is money that the Council receives from other organisations or government bodies. This is a major driver of the services and projects the Council can afford to deliver. External funding in the way of subsidies and grants can make up anywhere between 15-25% of our operating revenue in any given year.

The level of external funding we are able to access influences the projects we are able to undertake and the level of service we deliver to you. In some cases it makes the difference between whether or not we can undertake a project at all. The full cost may otherwise be unaffordable for our ratepayers. External funding also influences when projects happen. This is because we don't want to commit to some projects until funding has been confirmed. There would be too much risk to our ratepayers if we did. An

example of external funding is from the Ministry of Health who are a major funding partner for water related projects. With an 85% subsidy from the Ministry, the Council has been able to install UV water treatment systems for Matatā, Waimana and Tāneatua, improving the quality of drinking water for these communities. These projects could not have happened without the subsidy. The NZ Transport Agency is also a major funding partner. Every year they fund around 45-50% of our transportation programme which is where the Council spends the most money.

Accessing external funding allows us to deliver projects and services that we might otherwise not be able to afford, but it also comes with risks. When our funding partners change their policies or priorities (for example following a change in government) it will influence what we can and cannot do.

We will continue to take advantage of these funding sources as much as we can. At the same time our plans are realistic about the level of funding we think we can access and flexible about the timing of those projects or services.

Local partnerships help to deliver services

The Council has entered into a number of partnerships that help us to deliver our services in a more efficient way. This allows the ratepayer's dollar to go further than it might otherwise. As noted in the previous section, we partner with Central Government where we can. We also have some strong partnerships with neighbouring councils and with local organisations and community groups in our District.

Some examples of past or ongoing partnerships include:

- Environmental improvements at the Karaponga Reserve (Edgecumbe College).
- Developing a walkway and replanting around Matatā

Lagoon (Department of Conservation).

- Constructing a skate bowl in Edgecumbe (Edgecumbe Bluelight).
- Developing and operating of a waste transfer station in Minginui (Ngāti Whare Trust).
- Achieving cost reduction through bulk purchasing on items like insurance and software licenses (BoPLASS).
- Transferring land to Kawerau District to allow for industrial expansion adjacent to existing heavy industry (Kawerau District Council).

We want to keep our partnerships strong and we want to build new ones where we can. This usually requires a financial commitment from the Council but partnerships are also supported by the Council in other ways, like technical support from staff. Where we have entered into committed partnerships to deliver projects and services, these have been reflected in our budgets. Other partnerships may well present themselves in the future. We will look to develop partnerships depending on the value they offer to our community. In this LTP we have included some funding to support partnerships for walking and cycling projects. This funding has been provided in recognition that local walking and cycling projects are no longer a priority of Central Government and local solutions will need to be sought to make these types of projects happen.

The Council also supports the work of some volunteer organisations and community groups. Two examples are the Citizens Advice Bureau and surf life saving services. Contestable funding is made available through the Council and community boards to support the valuable work that groups such as these do.

The Harbour Endowment Fund can only pay for certain types of projects

The Council owns a number of harbour endowment and other harbour owned properties. These were originally vested in the Council in 1976 when it took over the functions of the Whakatāne Harbour Board. The majority of these are commercially zoned land holdings around the Whakatāne CBD but also include a small number of properties in Ōhope. Many of these properties are leased and provide a commercial return to the Council. The income from leases and from the sale of harbour endowment assets is held as the Harbour Endowment Fund.

The Harbour Endowment Fund is of great benefit to the District because it allows the Council to progress certain capital projects at little or no direct cost to the ratepayer. The rules around this fund mean any income derived from leases or the sale of those assets, must be invested back into the maintenance or improvement of the harbour or harbour properties. This provides a dedicated and self sustaining monetary source to maintain and improve our harbour and surrounds.

The Harbour Endowment Fund can not be used for other purposes except with the approval from the Minister of Local Government. In the 2010/11 year approval was given from the Minister to use the harbour fund to help fix roading damage from storms in May and June 2010.

At the time of finalising this LTP, the Council was granted approval from the Minister to use the harbour endowment fund to pay for a greater range of operational costs than it has been used for in the past. We are now able to use the harbour fund to contribute towards the cost of operating and maintaining facilities and services that sit on Harbour Land such as public toilets, playgrounds, lighting, CCTV cameras,

reserves, the Visitor Information Centre and the Exhibition Centre. Using the harbour fund in this way will reduce the amount of rates that would otherwise be required to fund these operational costs. The budgets contained in this LTP are based on Ministerial approval being granted.

The Council does utilise the Harbour Endowment Fund for internal borrowing and intends to increase this practice over the term of this LTP. This is used as an alternative to borrowing from banks and provides more favourable borrowing conditions. It also provides a return to the Harbour Endowment Fund. Internal borrowing is a common practice of councils around New Zealand.

Other influencing factors

Alongside the drivers and challenges that are discussed in this Financial Strategy, we have considered a number of other factors that will influence our long term financial planning. Some examples include inflation, asset revaluations and expected interest rates. These are covered in the 'Assumptions and Data' section of this LTP.

We are also required (under legislation) to disclose our objectives for holding and managing investments and equity securities and any targets that we have for returns on those. Our Council holds very minimal investment holdings and these are not expecting any return of note over the course of this LTP.

ALL ABOUT RATES

THE RATING SYSTEM DETERMINES HOW COUNCIL COSTS ARE DIVIDED AMONGST RATEPAYERS

This section of the LTP provides an overview of how our rating system works and outlines the changes we have made. It also provides examples of what your rates might look like in the future.

The rating statement is included at the end of this section. It sets out the total rating impacts of the plans contained in this LTP.

Your rates are determined by three key factors, as illustrated to the right. This includes how much the Council spends overall, how much funding we can get from sources other than ratepayers and on the rating system.

1. Our budget setting process impacts what your rates will be:

As we develop the LTP we make choices about the projects and services that we will deliver and others that do not make the cut. The amount that we spend has a direct impact on what rates will be. More information about the budgets for the next 10 years can be found in the Financial Strategy of this LTP or for more detail see the “Our Work in Detail” chapter.

2. The amount of funding we are able to get from other sources impacts what your rates will be:

Not all of Council’s spending is paid for by rates. In fact, about 35-45% comes from other sources in any given year. This includes funding from external sources like the Ministry of Health, NZ Transport Agency, the Lotteries Commission and others. We work hard to get as much funding as we can from other places. The amount that we need to source from rates is called our “rates requirement”.

3. Our system of rating impacts what your rates will be:

In our District we have about 15,600 rateable properties. Our “rates requirement” is divided amongst these properties and the amount is different for each one. These differences are based on a balance between the capital value of the property, and on the services those property owners can access or are likely to benefit from. Our rating philosophy and rating system determines what that balance is.

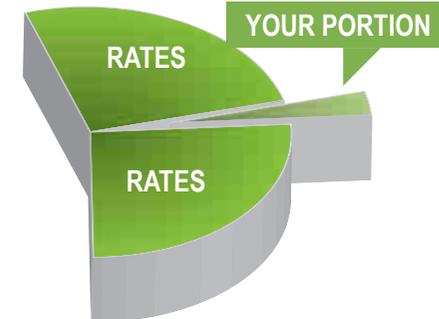


AMOUNT OF FUNDING WE NEED OVERALL



OTHER SOURCES

RATES



RATES

RATES

YOUR PORTION

WHY DO RATES INCREASE?

We are planning conservative rates increases

Over the course of this LTP, rates will continue to change from year to year. The table below shows the average rating increases for the 2012/13 to 2021/22 financial years. This will be different for each property, depending on the services received and on the capital value. Many properties will be higher or lower than the average.

YEAR	PROPOSED RATES INCREASE	PROPOSED LIMIT FOR RATES INCREASE (LGCI + 2%)
2012/13	5.69%	5.79%
2013/14	4.52%	5.46%
2014/15	2.74%	5.17%
2015/16	2.60%	5.27%
2016/17	5.26%	5.42%
2017/18	4.29%	5.26%
2018/19	2.03%	5.38%
2019/20	3.82%	5.69%
2020/21	3.07%	5.89%
2021/22	1.97%	5.90%

Rates go up but they rarely, if ever, come down

As noted in the Financial Strategy the costs to provide our services continues to increase each year with inflation. This means that just to continue providing the same services that we always have, rates need to increase. To reduce rates for everyone would require either substantially less spending or increasing the funding that we get from other sources.

Throughout the budget setting process in this LTP the Council has been conscious to keep costs down. The level that we have set our spending and rates requirements at allows us to continue to deliver the services and facilities that we currently do. It also allows us to maintain our assets at an acceptable level. We do not envisage delivering any new, non-essential services unless we can secure substantial funding from sources, other than rates. Lowering costs further than the budgets would mean reducing or cutting some of the services we deliver. We do not think this is a good idea and we do not think it is what our community wants.

The forecast rates increases are very conservative compared to some of the increases we have seen in the past.

We work hard to secure external funding from sources other than rates. Some important sources more recently have included: the NZ Transport Agency for maintenance and improvement of our transport networks; the Ministry of Health and Ministry for the Environment for water and sewerage related projects. There are limits to the external funding we can access but we will keep working hard to secure what we can.

HOW THE RATING SYSTEM WORKS

We know rates can be complex

This section explains the basic elements of how our rating system works.

Rates help to pay for services that the Council delivers to you. They are the biggest and most stable source of income for the Council making up around 55-65% of our income from year to year. We also obtain income from other sources where we can. Other major sources are grants, subsidies and user fees and charges.

The amount people pay in rates varies from property to property. These differences are based on a balance between the capital value of the property, and on the services those property owners can access or are likely to benefit from.

The basic elements of our rating system are explained below:

General Rates: General rates are charged across the whole District. They are used to raise revenue for activities that are of public good or where recovery from users is not efficient or possible. Parks, Reserves and Libraries are examples of activities funded by general rates. General rates are charged on the basis of both capital value and as a fixed charge. Fixed charges across the whole District are known as the Uniform Annual General Charge or UAGC.

Targeted Rates: As the name suggests, these rates are targeted to a specific group of ratepayers. This is based on the services those property owners can access or are likely to benefit from. For example a rate may be charged to the commercial sector, or to a specific community. Stormwater

and refuse collection (wheelie bins) are examples of activities funded by targeted rates. Targeted rates can be charged on the basis of both capital value or as fixed charge regardless of capital value. Fixed charges targeted to a select group of ratepayers are known as Uniform Annual Charges or UACs.

Capital Value Rates: These rates are based on the value of land plus any improvements, for example a house or other buildings. Charging on the basis of capital value results in owners of lower value properties paying less and those of higher value properties paying relatively more. This is part of the Council's focus on affordability. We acknowledge that the capital value of property is not an exact measure of people's ability to pay, however, it does have a close correlation. The Council cannot charge rates based on people's individual income and does not have this information. Capital value is the most common basis of rating in New Zealand.

Fixed Charges (UAGC and UACs): Our rating system also uses fixed charges. Unlike capital value rating, which is different for each ratepayer based on the value of their property, fixed charges are a flat amount. This means the charge will be the same for everyone, regardless of the value of their property. The UAGC is a fixed charge across the whole District (as part of general rates). UACs are fixed charges targeted to a select group of ratepayers (as part of targeted rates).

Rateable properties in our District

The Council's rating requirement (the amount we need to collect from rates) is divided among the available "rateable properties" in the District. Certain types of properties are

not rateable like schools, churches, recreation reserves and national parks. Our District is made up of about 15,600 rateable properties.

The table below shows the number of rateable properties in our District as at 10 January 2012. Properties are valued every three years by an independent valuer and were last valued in September 2010.

	NUMBER OF RATEABLE RATING UNITS	RATEABLE CAPITAL VALUE
Whakatāne Commercial	506	\$402.53m
Commercial 10m+	14	\$464.40m
Edgecumbe	647	\$146.01m
Matatā	332	\$82.49m
Murupara	776	\$55.46m
Ōhope	1,837	\$1,002.16m
Otarawairere	37	\$28.37m
Rural	5,203	\$3,180.22m
Tāneatua	282	\$34.45m
Te Teko	278	\$37.40m
Whakatāne Urban	5,685	\$1,853.81m
TOTAL	15,597	\$7,287.30m

PSA and rates revaluations

The Council has a process in place that assists any property owners when facing a substantial change in a property's valuation, for example in the case of a fire destroying a house. This process may also be applied to properties whose values are being affected by the kiwifruit disease PSA.

The rates valuation of kiwifruit orchards includes the value of the vines planted. If vines die or have to be removed due to PSA, the capital value of these orchards will decrease. In these circumstances, a new valuation can be arranged by the Council. The rates can then be assessed on the basis of the new valuation, provided that the valuation is made prior to the beginning of the financial year. This will allow any new valuations to take effect before the next general valuation in September 2013.

Rates relief in special circumstances

The Council provides remission and postponement of rates in some special circumstances. Remission of rates is where the amount owed is reduced or waived. Postponement of rates is where payment is delayed for a certain period of time, or until certain events occur. These circumstances are defined in our Rates Remission and Postponement Policies which are available from Council offices or online at www.whakatane.govt.nz.

The Department of Internal Affairs also runs a rates rebate scheme that in some cases allows for a refund or partial discount on rates. The scheme is administered by us and generally applies to those on benefits or very low incomes.

ABOUT THE RATES REVIEW

We have reviewed our funding philosophy and rating system

We have reviewed the rating system and a number of changes have been made. The rates review reflects the three key principles of affordability, sustainability and responsibility that also underpin the whole LTP. These principles aim to balance peoples' ability to pay with the need to maintain assets and deliver services so the community gets the best value for money.

Our funding philosophy will have a stronger emphasis on affordability

Over the past six years the Council's funding philosophy has taken a strong user pays approach. We have made changes to this approach and are implementing what we consider to be a more balanced approach with a stronger emphasis on rates affordability.

Some costs will be spread over a wider number of ratepayers who are likely to benefit from the service.

This will see an increase in the use of general rates and a reduction of targeted rates. It also means that some targeted rates will be amalgamated or spread over a larger group of ratepayers where this is appropriate.

A greater proportion of rates will be based on capital value rather than fixed charges. This means owners of lower value properties pay a smaller proportion of rates and those of higher value properties pay a greater portion, relative to the current system. Increasing the use of rating based on capital value is the most efficient means available to us for addressing affordability through the rates review.

Some costs will continue to be passed on to those who specifically use services where they can be identified; especially where there is no benefit to the wider community of the service, such as the refuse removal (wheelie bin) rate.

We listened to what the community had to say and made some further changes

During the consultation process we received a substantial amount of feedback on the rates review. While the focus on affordability was well received by many, it did mean an increased rating burden for higher value properties. Higher value rural properties were going to be substantially affected, with many facing considerable rates increases. At the same time, many of these properties were also facing considerable rates increases from the Regional Council.

In response to the submissions, the Council further revised the changes to the rating system. The shift towards increased use of the general rate and a greater reliance on capital value rating has been retained but not to the same extent as the original proposal put forward. This means that most lower value properties will continue to be better off relative to the old system and higher value properties will still pick up this extra cost. However the impact of this change has been reduced compared to the original proposal contained in our draft LTP.

The Council also received a number of submissions from the Matakā residents regarding the heavy cost of disaster mitigation works on that community. The Council recognise that these costs place a huge and unaffordable burden onto that community and has increased the portion of these costs to be funded District wide from 68% to 75%.

OUR RATING SYSTEM

As part of this LTP we made some changes to our rating system.

The following table outlines the specific rating categories, what they cover and who will face those costs.

GENERAL RATE

We have reduced the use of targeted rates and increased the application of general rates. This spreads the costs of our activities over a wider number of ratepayers (compared to targeted rates) and also increases incidence of funding on the basis of capital value. This positively impacts lower value properties which reflects our increasing focus on affordability. The general rate will cover the following activities:

- Governance
- Community Support
- Strategy and Policy
- Tradewaste
- Closed Landfills
- Resource Management Consents
- Resource Management Policy
- Licensing
- Environmental Health
- Regulation Monitoring
- Community Development
- Building
- Animal Control
- Exhibition, Research, Storage and Archives
- Halls
- Commercial Property
- Cemeteries and Crematorium
- Public Conveniences
- Visitor Information
- Emergency Management
- Aquatic Centres
- Parks, Reserves, Recreation and Sportsfields
- Libraries
- Waste Disposal (excluding the refuse removal rate - see below)
- A portion of Disaster Mitigation costs for Matatā (see below)

UNIFORM ANNUAL GENERAL CHARGE

We have increased the UAGC. This does not increase the rate take but moderates the amount of rates that are to be collected on the basis of capital value. The total of all fixed charges (this includes the UAGC and UACs) will be set at 28% of our rates requirement. With a significant reduction in the use of UACs, this results in the UAGC being set at \$567.72 (Excl. GST) for the 2012/13 year.

DIFFERENTIAL ON THE GENERAL RATE

We have introduced a stepped differential for properties over \$15m. For properties that are in this category, the portion of the property valued under \$15m will attract the full general rates charges. For the portion of the property valued over \$15m, only a half general rates charge will apply.

WATER RATES

We have amalgamated water supply schemes across the District for rating purposes. This will continue to be charged as a targeted rate to the communities that have access.

While water will still be funded through a targeted rate, we have reorganised how this is charged. Although each water scheme has different costs to maintain and operate, water supply schemes across the District have been amalgamated for rating 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.

The water schemes for Ruatāhuna, Plains and Murupara would not be 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.

WATER CONSERVATION INCENTIVES FOR THOSE WITH METERS

We have removed the peak water charge which increased the price of water over summer months. To continue to encourage water conservation (for those with water meters) we are instead reducing the portion of this activity funded by fixed charges and increasing the portion funded according to the level of consumption. This system will allow us to continue to encourage water conservation but will mean our charges will be consistent over the year. This means that rate payers will not be charged a higher amount for water use in the summer months. However, under the proposed system, if you conserve water over a year, you will save more money than on the current system.

Where there are no water meters in place the consumption charge will continue to be based on the average level of use. Overall you should have a similar annual cost for water as you currently do. For those with water meters, fixed charges and consumption charges will both be charged on your water invoice.

SEWERAGE RATES

We have amalgamated sewerage schemes across the District for rating purposes. This will continue to be charged as a targeted rate to the communities that have access.

While sewerage systems will still be funded through a targeted rate, we have reorganised how this is charged. Although each sewerage scheme has different costs to maintain and operate, sewerage schemes across the District have been amalgamated for rating 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.

STORMWATER

Stormwater will be funded through targeted rates to the community that each scheme serves. Disaster Mitigation has also become part of the stormwater activity and be funded accordingly, however, there are some special circumstances regarding funding of Matatā disaster mitigation (see Disaster Mitigation below).

DISASTER MITIGATION

We have removed the disaster mitigation rate and will fund disaster mitigation works this as part of the stormwater activity. As noted previously this will be funded through targeted rates to the community that each stormwater scheme serves.

Over recent years we have completed a number of disaster mitigation works. While these have been constructed following certain specific natural hazard events, they have the same function as our assets within the stormwater activity. Their purpose is provide a certain level of protection to communities from the impacts of stormwater.

In the case of Matatā, these costs place a huge and unaffordable burden onto that community. The Council's increased focus on affordability includes spreading these costs to ensure that Matatā ratepayers are not overly burdened. Disaster mitigation costs for Matatā will be 75% funded across the district.

PROMOTION & ECONOMIC DEVELOPMENT

The Promotion and Economic Development rate will continue to be charged as a targeted rate across the District including a fixed portion and a portion based on capital value.

Promotion and Economic Development will continue to be funded through a targeted rate on commercial/ industrial properties located in the Whakatāne urban area. This includes a fixed portion and a portion based on capital value.

ROADING RATE

The roading rate will continue to be charged as a targeted rate across the District including a fixed portion and a portion based on capital value. Minor changes have been made to the calculation of the fixed charge portion.

Whereas previously the fixed charge portion has been set annually at a considered dollar value, it will now be set at 10% of the rates requirement for this activity. This will result in the fixed charge portion being set at \$53.55 (Excl. GST) in the 2012/13 year (compared to \$44.44 in 2011/12). The remaining portion required to fund this activity will continue to be based on capital value.

COMMUNITY BOARD

The costs of each community board will be charged as a targeted rate to each ward they represent. While there will be some minor changes to the allocation of overhead costs, the way this activity is funded will, for the most part, remain unchanged.

REFUSE REMOVAL RATE

No changes are proposed to the rating system for refuse removal. This will continue to be charged as a targeted rate to each household using the service. This is a fixed amount per bin.

WASTE DISPOSAL

The costs of waste disposal that are not covered by the Refuse Removal Rate or by fees and charges for using transfer stations will be funded through the general rate. The use of the general rate will spread the cost of this activity over the District and also increases the proportion of this activity funded by capital value rating. This positively impacts lower value properties which reflects our increasing focus on affordability.

AQUATIC CENTRES

We will fund Aquatic Centres through the general rate. The use of general rates spreads the costs of this activity over the District and also increases the proportion of this activity funded by capital value rating. This positively impacts lower value properties which reflects our increasing focus on affordability.

DISTRICT WIDE PARKS

We will fund Parks, Reserves, Recreation and Sportsfields through the general rate. The use of general rates spreads the costs of this activity over the District and also increases the proportion of this activity funded by capital value rating. This positively impacts lower value properties which reflects our increasing focus on affordability.

SEPARATELY USED AND INHABITED PARTS OF A RATING UNIT (SUIPS)

We have removed rating on the basis of SUIPs for commercial properties. We are also no longer considering introducing SUIPs rating for residential or rural properties. Multiple SUIPs are reflected in the capital value of a property. With the proposal to increase the application of rating on the basis of capital value, it is not considered to be fair to continue to charge additional rates on SUIPs.

WHAT YOUR RATES WILL LOOK LIKE IN 2012/13

The “Indicative Rating Table” below, models a number of example properties from around the District to show what your rates look like under the new system.

	WHAKATĀNE URBAN LOW	WHAKATĀNE URBAN AVERAGE	WHAKATĀNE URBAN HIGH	WHAKATĀNE COMMERCIAL (LESS THAN \$10M) LOW	WHAKATĀNE COMMERCIAL (LESS THAN \$10M) AVERAGE	WHAKATĀNE COMMERCIAL (WAS A 5 SUIP)	EDGE CUMBE AVERAGE	MATATĀ AVERAGE	MATATĀ HIGH	MURUPARA URBAN	
Capital Value	134,000	322,000	1,000,000	355,000	695,000	2,475,000	216,000	249,000	425,000	68,000	
General Rate	119.90	288.12	894.76	317.63	621.85	2,214.51	193.27	222.79	380.27	60.84	
Uniform Annual General Charge	567.72	567.72	567.72	567.72	567.72	567.72	567.72	567.72	567.72	567.72	
Roading CV	130.88	314.50	976.72	346.74	678.82	2,417.38	210.97	243.20	415.11	66.42	
Roading UAC	53.55	53.55	53.55	53.55	53.55	53.55	53.55	53.55	53.55	53.55	
Community Boards	13.20	13.20	13.20	13.20	13.20	13.20	11.67	11.67	11.67	32.72	
Stormwater UAC	66.38	66.38	66.38	66.38	66.38	66.38	70.83	126.07	126.07	2.24	
Stormwater CV	57.48	138.11	428.92	334.99	655.82	2,335.48	130.64	368.78	629.45	7.31	
Promotion and Economic Development	-	-	-	557.63	670.62	1,262.13	-	-	-	-	
Refuse Removal	310.23	310.23	310.23	247.11	247.11	247.11	310.23	310.23	310.23	310.23	
Water	418.03	418.03	418.03	418.03	418.03	418.03	418.03	418.03	418.03	212.20	
Waste Water	175.42	175.42	175.42	175.42	175.42	175.42	175.42	-	-	222.58	
Total	1,912.79	2,345.26	3,904.93	3,098.40	4,168.52	9,770.91	2,142.32	2,322.05	2,912.10	1,535.80	
Plus GST at 15%	286.92	351.79	585.74	464.76	625.28	1,465.64	321.35	348.31	436.81	230.37	
2012/13 Total including GST	2,199.71	2,697.05	4,490.67	3,563.16	4,793.80	11,236.55	2,463.67	\$2,670.36	\$3,348.91	1,766.17	
2011/12 Total including GST	2,206.74	2,631.02	4,161.16	3,210.50	\$4,249.72	11,873.42	2,526.94	2,650.99	\$3,134.20	1,625.35	
\$ increase (decrease) compared to the 2011/12 year	(7.03)	66.03	329.51	352.66	544.08	(636.87)	(63.27)	19.37	214.71	140.82	
% increase (decrease) compared to the 2011/12 year	(0.32%)	2.51%	7.92%	10.98%	12.80%	(5.36%)	(2.50%)	0.73%	6.85%	8.66%	

	MURUPARA LIFESTYLE	TE TEKO	OTARAWAIRERE	ŌHOPE LOW	ŌHOPE AVERAGE	ŌHOPE HIGH	TĀNEATUA	RURAL LOW	RURAL AVERAGE	RURAL HIGH	DISTRICT WIDE - COMMERCIAL/ INDUSTRIAL \$10M PLUS	
	200,000	135,000	760,000	407,000	532,000	1,000,000	118,000	69,750	632,500	2,453,750	11,905,000	Capital Value
	178.95	120.80	680.00	364.16	476.00	894.74	105.58	62.40	565.93	2,195.50	10,652.06	General Rate
	567.72	567.72	567.72	567.72	567.72	567.72	567.72	567.72	567.72	567.72	567.72	Uniform Annual General Charge
	195.34	131.86	742.30	397.52	519.61	976.71	115.25	68.13	617.77	2,396.62	11,627.83	Roading CV
	53.55	53.55	53.55	53.55	53.55	53.55	53.55	53.55	53.55	53.55	53.55	Roading UAC
	32.72	11.67	30.43	30.43	30.43	30.43	29.90	11.67	11.67	11.67	13.20	Community Boards
	-	15.66	42.75	42.75	42.75	42.75	5.61	-	-	-	66.38	Stormwater UAC
	-	82.83	175.27	93.86	122.69	230.62	15.56	--	-	-	11,233.88	Stormwater CV
	-	-	-	-	-	-	-	-	-	-	4,395.80	Promotion and Economic Development
	247.11	310.23	312.97	312.97	312.97	312.97	310.23	247.11	247.11	247.11	247.11	Refuse Removal
	-	-	418.03	418.03	418.03	418.03	418.03	120.00	120.00	120.00	418.03	Water
	-	-	175.42	175.42	175.42	175.42	175.42	-	-	-	1,140.25	Waste Water
	1,275.39	1,294.32	3,198.44	2,456.41	2,719.17	3,702.94	1,796.85	1,130.58	2,183.75	5,592.17	40,415.81	Total
	191.31	194.15	479.77	368.46	407.87	555.44	269.53	169.59	327.56	838.83	6,062.37	Plus GST at 15%
	1,466.70	1,488.47	3,678.21	2,824.87	3,127.04	4,258.38	2,066.38	1,300.17	2,511.31	6,431.00	46,478.18	Total including GST
	1,348.60	1,423.52	4,132.46	2,833.76	3,153.24	4,092.68	2,137.10	1,224.88	2,299.16	5,778.28	40,033.67	2011/12 Total including GST
	118.10	64.94	(454.25)	(8.89)	(26.20)	165.71	(70.73)	75.28	212.15	652.72	6,444.51	\$ increase (decrease) compared to the 2011/12 year
	8.76%	4.56%	(10.99%)	(0.31%)	(0.83%)	4.05%	(3.31%)	6.15%	9.23%	11.30%	16.10%	% increase (decrease) compared to the 2011/12 year

WHEN WILL YOUR RATES BE DUE FOR 2012/13

Rates Due Dates

There will be four equal installments for the 2012/13 rates and the due dates are as follows:

INSTALLMENT	DUE DATE
Installment 1	Friday, 24 August 2012
Installment 2	Friday, 23 November 2012
Installment 3	Friday, 22 February 2013
Installment 4	Friday, 24 May 2013

A 10% installment penalty will apply if any of these rates remain outstanding after each of the above installment due dates. A further 10% additional charge will be added on 1 October 2013 to any rates that were set prior to 1 July 2013 and which are unpaid at 1 July 2013 and remain unpaid at 30 September 2013.

RATING STATEMENT

The following pages show how the rating system will look as dollar figures applied across the community. Hopefully this information will help you to understand the financial impact of the 'All about rates' section. You will find that this information is very similar to what appears on the back of your rates invoice.

Water Due Dates

The following are the due dates for the water invoices:

INSTALLMENT	SCHEME	DUE DATE
1st Reading	Plains and Awakeri Extn	Friday, 26 October 2012
2nd Reading	All metered schemes	Friday, 25 January 2013
3rd Reading	Plains and Awakeri Extn	Friday, 26 April 2013
4th Reading	All metered schemes	Friday, 26 July 2013

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

Note: Under our new rating system those on metered water will find both the fixed portion and the consumption charge will both now appear on your water invoice.

RATING STATEMENT

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

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
GENERAL RATES											
Total Amount Required		14,700,277	15,341,190	15,843,618	15,550,571	16,131,766	16,614,005	17,069,529	17,666,160	18,095,757	18,270,268
The Council sets a general rate on the capital value of each applicable rating unit in the District on a stepped differential basis (cents per CV\$).											
District rateable properties capital value less than \$15 million (step 1)	0.00089476 (cents per CV\$)	6,145,443	6,385,828	6,644,828	6,227,062	6,321,760	6,364,558	6,632,313	6,872,476	6,971,125	6,948,617
District rateable properties capital value portion greater than \$15 million (step 2)	0.00044738 (cents per CV\$)	182,702	189,849	197,549	185,129	187,944	189,217	197,177	204,317	207,250	206,581
Uniform Annual General Charge on all rating units in the District	\$567.72	8,372,131	8,765,513	9,001,241	9,138,380	9,622,062	10,060,230	10,240,039	10,589,367	10,917,383	11,115,071
ROADING RATES											
Total Amount Required		7,896,960	8,188,363	8,390,310	8,920,592	9,381,062	9,757,578	9,908,402	10,452,456	10,649,365	10,791,447
The Council sets the roading rate on the capital value of each applicable rating unit in the District (cents per CV\$).											
District rateable properties	0.00097672 (cents per CV\$)	7,107,264	7,369,527	7,551,279	8,028,533	8,442,956	8,781,820	8,917,562	9,407,210	9,584,429	9,712,302
Uniform Annual General Charge on all rating units in the District	\$53.55	789,696	818,836	839,031	892,059	938,106	975,758	990,840	1,045,246	1,064,937	1,079,145
COMMUNITY BOARDS											
Total Amount Required		263,107	280,000	281,391	294,720	316,592	316,568	325,667	349,448	350,060	361,080
The Community Board rate is set to fund the costs of the five Community Boards. The Council sets the targeted rate on rating units within each of the following locations.											
	Rate \$										
Whakatāne	13.20	81,621	85,928	87,163	90,879	96,370	97,487	100,435	106,357	107,793	111,320
Rangitaiki	11.67	46,621	49,808	49,888	52,337	56,480	56,243	57,830	62,345	62,195	64,126
Ōhope	30.43	56,621	60,128	60,538	63,349	67,877	68,027	70,003	74,920	75,223	77,610
Tāneatua	29.90	36,621	39,488	39,238	41,325	45,083	44,459	45,657	49,770	49,167	50,642
Murupara	32.72	41,621	44,648	44,563	46,831	50,782	50,351	51,743	56,057	55,681	57,384

			2012/13 \$	2012/13 \$	2013/14 \$	2014/15 \$	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$
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STORMWATER

				2,312,622	2,340,381	2,420,824	2,626,642	2,694,527	2,743,064	2,852,380	2,987,544	3,150,139	3,263,605
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The Council sets a differential targeted rate for stormwater on rating units and a rate on the capital value differentially as follows.

	DIFFERENTIAL	UAC \$ Per Rateable Unit	CENTS PER CV\$	TOTAL \$ REQUIRED									
Whakatāne Urban	1.0	66.38	0.00042892	1,170,807	1,133,257	1,161,916	1,282,285	1,293,320	1,333,953	1,406,012	1,482,385	1,571,838	1,621,460
Whakatāne Commercial and Industrial	2.2	66.38	0.00094363	457,473	442,802	453,999	501,032	505,344	521,220	549,376	579,218	614,170	633,559
Matatā	1.0	126.07	0.00148106	162,887	199,849	211,578	207,657	198,494	172,144	172,483	175,467	180,631	181,446
Ōhope	1.0	42.75	0.00023062	315,633	341,202	364,811	400,569	458,515	470,525	478,010	499,937	527,057	568,735
Edgecumbe	1.0	70.83	0.00060479	181,045	198,343	203,073	209,255	212,650	218,224	219,551	223,155	228,385	230,340
Tāneatua	1.0	5.61	0.00013185	6,032	6,134	6,212	6,266	6,343	6,477	6,488	6,568	6,673	6,683
Murupara	1.0	2.24	0.00010749	6,596	6,763	6,906	6,896	6,972	7,227	7,121	7,231	7,452	7,376
Te Mahoe Land Drainage	1.0	43.01	0.00154606	4,129	3,819	3,855	3,886	3,929	4,028	4,039	4,100	4,162	4,163
Te Teko Land Drainage	1.0	15.66	0.00061359	8,020	8,212	8,474	8,796	8,960	9,266	9,300	9,483	9,771	9,843

PROMOTION & ECONOMIC DEVELOPMENT RATE

				415,996	434,271	451,150	481,482	506,686	531,112	552,171	574,787	589,561	605,822
The Council sets a targeted rate of a fixed amount per rating unit for all commercial and industrial properties within the District.		\$439.66		265,996	284,271	301,150	331,482	356,686	381,112	402,171	424,787	439,561	455,822
The Council sets a targeted rate on the capital value for all commercial and industrial properties within the Whakatāne urban area.			0.00033231 (cents per CV\$)	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000

REFUSE REMOVAL RATE

				3,883,415	3,656,491	3,779,438	3,890,898	4,325,615	4,443,868	4,550,191	4,686,325	4,847,639	4,978,729
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The Council sets a targeted rate to fund the collection and disposal of the Council approved refuse and recycling bins.

This targeted rate is set as a fixed amount per bin for which the Council is providing a weekly service.

Residential			310.23	2,475,670	2,338,743	2,412,930	2,480,185	2,742,494	2,813,848	2,878,004	2,960,148	3,057,485	3,136,585
Rural/commercial			247.11	867,837	807,576	840,225	869,825	985,267	1,016,670	1,044,905	1,081,056	1,123,894	1,158,706
Ōhope residential			312.97	530,164	501,097	516,846	531,123	586,806	601,953	615,572	633,010	653,673	670,464
Ōhope commercial			249.84	9,744	9,074	9,437	9,766	11,048	11,396	11,710	12,111	12,587	12,974

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

		2012/13 \$	2012/13 \$	2013/14 \$	2014/15 \$	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$	
WATER													
				5,069,524	5,418,871	5,545,661	5,807,060	6,145,450	6,419,540	6,608,976	6,740,558	7,043,539	7,294,979
The Council sets water rates on a differential based on provision of service, land use and location. Connected - any rating unit that is connected directly or indirectly to a Council operated waterworks. Availability - any rating unit that is not connected to a Council operated waterworks but is within 100 metres of such waterworks.													
		Per connection \$	Rate \$	Total \$									
RUATAHUNA													
Connected		88.92		711	739	765	793	823	852	882	916	953	992
Connected - commercial		222.31		445	462	478	496	515	533	551	572	596	620
PLAINS & AWAKERI EXTN													
Plains connected - metered		120.00		163,680									
Plains water by meter			0.27	253,674									
Awakeri connected - metered		175.00		66,325									
Awakeri water by meter			0.38	68,680									
Excess water by meter *			0.90	227,708									
MURUPARA													
Connected - metered		88.39		3,270	3,475	3,603	3,738	3,879	4,030	4,155	4,314	4,498	4,661
Connected - non metered		212.20		146,417	155,592	161,325	167,334	173,663	180,440	186,033	193,131	201,373	208,679
Available - not connected		88.39		8,751	9,299	9,642	10,001	10,379	10,784	11,118	11,542	12,035	12,472
Water by meter			0.56	24,086	25,596	26,539	27,527	28,568	29,683	30,603	31,771	33,127	34,329
ALL OTHER SCHEMES													
Connected - metered		156.34		1,374,976	1,476,742	1,512,762	1,573,551	1,643,784	1,674,701	1,673,596	1,686,721	1,738,568	1,783,741
Connected - non metered		418.03		519,609	558,067	571,679	594,651	621,193	632,876	632,459	637,419	657,012	674,083
Available - not connected		156.34		73,009	78,413	80,325	83,553	87,282	88,924	88,865	89,562	92,315	94,714
Water by meter			1.19	2,138,183	2,296,437	2,352,450	2,446,982	2,556,198	2,604,276	2,602,558	2,622,968	2,703,594	2,773,840
*The council sets an additional targeted rate for any excess water consumed that is over and above the purchased entitlement for each property connection to these water supplies. An overuse targeted rate is set for the excess volume consumed over and above the purchased entitlement.													

			2012/13 \$	2012/13 \$	2013/14 \$	2014/15 \$	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$
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Note: Where properties meet the definition of being contiguous either under legislated or Council Policy, the entitlements for such properties will be aggregated prior to an imposition of the overuse penalty.

SEWERAGE													
				2,133,406	2,675,134	2,673,390	2,832,681	3,023,575	3,529,383	3,389,154	3,527,484	3,700,635	3,816,279

The Council sets sewerage rates on land use and provision of service. Land use is residential or commercial / industrial. Commercial / industrial is classed as any property for which the principal undertaking is any commercial / industrial activity, or is zoned commercial / industrial. Commercial / industrial properties are charged per pan. Rural is defined as all rural zoned land except commercial and industrial properties as defined above.

Connected - any rating unit that is connected directly or indirectly to a public sewerage drain.

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

			Rate \$										
Available - all schemes excluding Murupara			87.71	32,629	41,421	41,414	43,936	46,969	55,281	52,816	54,976	57,526	59,045
Connected - all schemes excluding Murupara			175.42	1,919,823	2,437,162	2,436,764	2,585,112	2,763,597	3,252,685	3,107,596	3,234,728	3,384,736	3,474,158
Available - Murupara			111.29	9,348	10,154	10,085	10,520	11,004	11,439	11,817	12,284	13,348	14,624
Connected - Murupara			222.58	171,606	186,397	185,127	193,114	202,005	209,978	216,925	225,496	245,026	268,452

Rating units are defined as:

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

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

PERCENTAGE OF RATES THAT ARE FIXED CHARGES

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

All figures in this table are GST exclusive

REPORT ON 30% CAP (SECTION 21 LGRA)	2012/13 \$	2013/14 \$	2014/15 \$	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$
Targeted rates that are set on a uniform basis and calculated in accordance with section 18(2) or clause 7 of Schedule 3										
Uniform Annual General Charge	8,372,131	8,765,513	9,001,241	9,138,380	9,622,062	10,060,230	10,240,039	10,589,367	10,917,383	11,115,071
Roading	789,696	818,836	839,031	892,059	938,106	975,758	990,840	1,045,246	1,064,937	1,079,145
Community Boards	263,107	280,000	281,391	294,720	316,592	316,568	325,667	349,448	350,060	361,080
Stormwater	578,156	585,095	605,206	656,661	673,632	685,766	713,095	746,886	787,535	815,901
Promotion	265,996	284,271	301,150	331,482	356,686	381,112	402,171	424,787	439,561	455,822
Total Uniform Rates and Charges	10,269,086	10,733,716	11,028,019	11,313,301	11,907,077	12,419,434	12,671,812	13,155,734	13,559,475	13,827,019
Total Rates	36,675,307	38,334,700	39,385,783	40,404,647	42,525,275	44,355,120	45,256,470	46,984,764	48,426,695	49,382,210
Uniform Rates as a Percentage of Total Rates	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
Targeted rates that are set on a differential uniform basis, not included in the 30% cap										
Refuse Collection	3,883,415	3,656,491	3,779,438	3,890,898	4,325,615	4,443,868	4,550,191	4,686,325	4,847,639	4,978,729

HIGH LEVEL STRATEGIES AND PLANS

The Council has developed a number of strategies and plans that guide the decisions we make. These strategies help define where we are now, where we want to be in the future and how we are going to get there. By taking this approach we can ensure we maximise resources, improve efficiencies and focus on our common vision. This section of the LTP provides a brief summary of our key strategies and plans for your information. Copies of these documents are available on our website or from the Council offices.

POLICY ON DETERMINING SIGNIFICANCE



The purpose of this policy is to provide guidance to the Council when determining the significance of proposals and/or decisions. This helps the Council to direct the appropriate level of attention, consideration, consultation and disclosure to matters, based on their relative importance to the District. Put plainly, the more significant a decision is likely to be, the more rigorous the decision making process needs to be.

The policy includes the procedures, criteria and some thresholds that we will use in assessing which issues, proposals, decisions and other matters are significant. It also identifies our strategic assets and significant activities.

To determine significance, we make judgements about the likely impact of that proposal or decision on:

- The social, economic, environmental and cultural well-being of the District now and in the future.
- The persons who are likely to be particularly affected by, or interested in, the proposal or decision.
- The cost to, or the capacity of, the Council to perform its role and carry out its activities, now and in the future.

The following thresholds will be used as a guide to determine whether the proposal or decision being considered by the Council is significant.

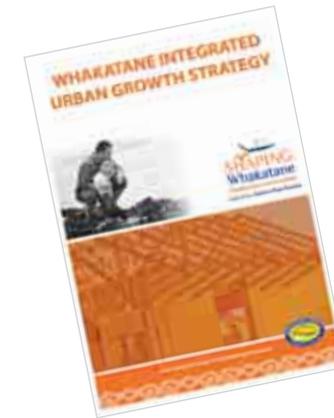
- Unbudgeted capital expenditure proposals or decisions where the total cost would exceed 5% of the Council's total annual capital expenditure for the relevant financial year.
- Unbudgeted operating expenditure proposals or decisions where the total cost would exceed 1% of the Council's total annual operating expenditure for the relevant financial year.
- Any proposal or decision to transfer ownership or control of a strategic asset to or from the Council.

- Any proposal or decision to alter significantly the intended level of service provision for any significant activity.

The following criteria will be used to determine whether the proposal or decision being considered by the Council is significant.

- The proposal or decision adversely affects all or a large portion of the community.
- The impact or consequences of the proposal or decision on the affected persons (being a number of persons) will be substantial.
- The financial implications of the proposal or decision on the Council's overall resources are substantial.
- The proposal or decision will be difficult to reverse once the Council has committed to it.
- The proposal or decision is likely to generate a high degree of controversy in the community.
- The proposal or decision does not flow logically and consequentially from a significant decision already made, or, does flow from a significant decision already made but with substantial variations.

WHAKATĀNE INTEGRATED URBAN GROWTH STRATEGY (2010)



The purpose of this strategy is to provide ways of planning for and managing growth in a proactive and sustainable manner. It provides us with an opportunity to direct how and where growth is provided, and manage the effects and costs of such growth.

Growth creates a demand for appropriately located and zoned land to provide for expansion of residential, commercial and industrial land uses. The expansion of zoned land creates an increase in demand for services such as water, sewerage, roading, reserves, and stormwater, in both existing urban areas and new urban areas.

TOWN VISION



The Town Vision Plan provides a strategic long-term vision for how the Whakatāne town centre might look in the future. It gives a framework that the Council, developers and the wider community can collectively protect and maintain the town centre's character.

The Town Vision Plan aims to restore connections with the river, create a vibrant and active environment, and establish a community/cultural heart within the town centre.

By creating an overall plan for the town centre, we are ensuring future development keeps with community aspirations, protecting aspects of the town centre valued by the community. The Town Vision Plan has themes and principles for the development of the town and suggests a framework to achieve this future development.

DISTRICT PLAN



The District Plan manages the way we use and develop land in the District. It covers areas such as where to house a growing population, where certain activities should take place and which land can be developed and subdivided. The Council has been reviewing its District Plan since July 2009, 'Shaping Whakatāne: Sustainable Future'. Some of the main issues being considered through the District Plan review are growing our District, opportunities for business and a strong rural base.

ASSET MANAGEMENT PLANS

Asset Management Plans (AMPs) are comprehensive strategic planning documents which analyse how we plan to maintain and improve our assets. The AMPs assist the management of Council owned and operated assets such as roads, airports, water mains and buildings. We must design our assets to serve a specific purpose and ensure their size or scale is appropriate for the service they perform. We do this through our AMPs.

They include forecasted population growth, the level of service expected by the community, the condition of the asset, planned maintenance and replacement that ensures a complete and consistent approach to the long term sustainability of assets.

We have reviewed our AMPs alongside the development of this LTP for the following eight asset activities:

- Arts and culture
- Community property
- Parks, reserves, recreation and sportsfields
- Stormwater
- Waste
- Roads and Footpaths
- Sewage treatment and disposal
- Water supply

The AMPs are available on our website.

COMMUNITY STRATEGY (2011-16)



The purpose of the Community Strategy is to:

- Identify key social issues facing the Whakatāne District.
- Recommend actions to improve social well-being in the Whakatāne District.

The strategy provides a framework for decision making and prioritisation of social issues or areas of greatest need within the District. Policies and other Council initiatives will focus more clearly on weaving stronger communities. It sets the direction and capacity for how we will respond to community needs and how it will contribute towards social well-being in Whakatāne.

SUSTAINABILITY STRATEGY (2010-15)



The Council has developed a Sustainability Strategy. The strategy ensures decisions we make, on behalf of the community, provide a balance between the financial costs, environmental impacts, the effect on our community and the cultural implications. We have also developed action plans to improve efficiencies and reduce costs.

BUILDING MĀORI CAPACITY TO CONTRIBUTE TO COUNCIL DECISION MAKING

Introduction

The Local Government Act 2002 states that a council must:

- Provide opportunities for Māori to contribute to Council's decision-making. Consider ways to foster development of Māori capacity to contribute to the Council's decision-making.
- Provide relevant information to Māori for these purposes.

The Iwi Liaison Committee

The Iwi Liaison Committee is a standing committee of the Council first established in 1993. The committee structure and membership is reviewed every three years, coinciding with the local body elections.

Its terms of reference include the following aims:

- To strengthen the relationship between hapū, iwi, Māori and the Council.
- To maintain and improve the capacity of hapū, iwi and Māori to contribute to the Council's decision-making processes.
- To maintain and improve the Council's capacity to engage with hapū, iwi and Māori.
- To provide high quality advice and recommendations that guide the Council in applying the principles of the Treaty of Waitangi. Recognising and providing for hapū and iwi perspectives and ensuring the well-being of Māori generally, in promotion of the social, economic, cultural and environmental well-being of the Whakatāne District.

The terms of reference recognises:

- The Whakatāne District has a significant Māori population.
- The Council has a duty to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes. Hapu, iwi and Māori perspectives and interests can be different. Hapu, iwi and Māori need the opportunity to represent themselves to the Council.

- The iwi and hapū within the Council rohe are unique to the Whakatāne District and their values, traditions and language require protection and fostering.
- Māori in the District are important in shaping the cultural and social fabric of the Whakatāne District, underlining approaches to the environment and setting the economic direction of the District.
- Māori are significant ratepayers as individuals and as owners of multiple-owned land and they are users of the Council's services.
- Māori land ownership structures are complex and different to ownership structures for general land.

For more information about our current Iwi Liaison Committee see the 'Your Council' section of this LTP.

Guidance, advice and recommendations

The Committee is mandated (with appropriate delegations) to provide guidance, advice and recommendations to the Council on:

- Any matters affecting the social, economic, cultural and environmental well-being of whānau, hapū, iwi and Māori in the Whakatāne District.
- Internal Council processes, consultation with whānau, hapū, iwi and Māori and alternative processes for consultation and engagement that may be required from time to time.
- Opportunities to experience, celebrate and share hapū, iwi and Māori cultural events with the wider community.
- Statutory acknowledgements arising from Treaty of Waitangi settlements.



The remote Ohau ki Te Rangi Marae in the Tūhoe rohe

- The promotion and protection of Te Reo Māori me ōna tikanga within the rohe of the Council.
- Other options for developing hapū, iwi and Māori capacity to contribute to the Council's decision-making processes, particularly in respect to the LTP, Annual Plan, District Plan and the development and monitoring of community outcomes.

Review of policies, plans and proposals

The Committee can:

- Make submissions as the Iwi Liaison Committee on the LTP, the Annual Plan and the District Plan, on any matters affecting, or likely to affect, hapū, iwi, or Māori within the rohe of the Council;
- Make submissions as the Iwi Liaison Committee on any matters or proposed to be undertaken by third parties that may affect hapū, iwi or Māori within the rohe of the Council (e.g. government legislation or the actions of government agencies).
- Formally receive iwi/hapū management plans, and oversee processes for the Council to receive, respond to and have due regard to those plans.

Discretionary fund

The Committee is given an annual discretionary fund to support Māori cultural events/initiatives, promote Māori cultural awareness, encourage and support Te Reo Māori, and to celebrate, promote and protect Māori culture and sports.

Groups/organisations and individuals have received funding to:

- Compete in Waka Ama events.
- Attend Māori performing arts and/or kapa haka.

- Participate in the celebration of Matariki.
- Promote Māori Language Week.
- Support Mana Wahine week.
- Compete in the annual Rangatahi (Youth) Debate.

Information Requests

The Committee can request information from the Council on a topic or issue.

The iwi representatives on the Committee report back to their respective iwi and bring issues from their iwi to the Council for consideration. The types of issues raised have included effective consultation and engagement processes, and operational issues such as roading, rates, waste, capital works, asset and resource management.

Tūtohunga

The members of the Committee have signed a Tūtohunga (Memorandum of Understanding) with the Council.

The essence of the Tūtohunga is to formalise the commitment of iwi and the Council to work together in good faith and gain an understanding and respect for one another's needs.

The Tūtohunga is a living document, and will be reviewed after each local body election.

Hui on Marae

The Committee aims to meet on marae four times per year. This enables hapū to raise issues directly with the committee and the Council, and for different hapū to host the committee, councillors and staff. This also brings the Council and staff into contact with different tikanga and kawa and improves knowledge of cultural protocols in the District.



Kaiwero lays down challenge to Council staff visiting Motuhora

Training for iwi representatives

Iwi members are offered training in local government processes and legislation. This enables iwi representatives to understand the framework we are working within. Training is offered in relation to the Local Government Act 2002 and the Resource Management Act 1991.

Cultural protocols

We are committed to increasing awareness and practice of Māori cultural protocols. We have written cultural protocols for powhiri (formal welcome) and mihi whakatau (semi formal welcome), tangihanga (bereavement/lying in state), blessings and whakawaatea (removal of tapu). The protocols are not only used for Council events, they also educate councillors and staff about cultural protocols they will encounter when attending events hosted on marae.

Resource consents

We follow best practice to encourage early consultation with iwi and hapū to determine the effects of proposed projects on Māori and their culture and traditions. While the Resource Management Act 1991 does not require consultation with iwi for resource consent applications, we have an obligation to consider potentially affected parties when a consent application is lodged. In a district with such diverse Māori history, consultation with iwi or hapū is important to clearly identify the impacts on cultural values.

The settlement of Treaty claims is leading to statutory acknowledgements being formalised through settlement acts. We must consider the effects of an application in, adjacent to, or directly affecting a statutory acknowledgment area.

These processes enable Māori to be involved in finalising an application and/or the decision making process as a submitter.

We will continue to work with Māori to identify the types of applications that need iwi or hapū input, and in which locations.

Iwi partners contact list

A comprehensive iwi partners contact list has been developed as part of the processes for consultation under the Resource Management Act 1991 in respect to resource consent applications and District Plan development. If you would like to be added to the contact list, please let us know.

Council policies and projects

We undertake many capital works projects each year and develop strategic plans and policies. We rely on the Iwi Liaison Committee in the first instance, as a sounding board for what their respective iwi may think about a project or an issue and what further consultation is deemed necessary for the projects and policies planned each year.

We are committed to meaningful and ongoing consultation in advance of projects commencing. We will achieve this by providing the planned (capital expenditure) programme to the Iwi Liaison Committee at the start of each financial year. The intention would be for Iwi Liaison Committee members to identify, after consultation, with their iwi and hapū, the projects that require further discussion. We are aware that iwi and hapū have an interest in activities in particular rohe or that involve earthworks, gravel extraction, discharges to land, air or water, or involve works near known waahi tapu sites or within statutory acknowledgement areas.

ASSUMPTIONS AND DATA

In preparing our budgets and planning for our work over the next 10 years, we have to make a number of assumptions about things that may happen over the coming years. While these things may not happen exactly as we predict, we need to plan our costs and activities based on the most likely scenario. The actual events may differ substantially from these assumptions. If this occurs the result may be a significant change in costs and our work plan. The following pages give you a summary of the assumptions we have made when preparing this LTP. It also identifies the risks that may affect the Council. Where this risk is high, the financial effect and how we intend to mitigate the risk has been provided. A more thorough breakdown of these assumptions can be found on our website: www.whakatane.govt.nz.

There are other assumptions which have been made about the expected lives and future replacement of significant assets. Further information on these assumptions can be found in the 'Our Costs in Detail' chapter.

HIGH RISK

Legislative demands on Council

There are changes to legislation which have not been finalised, but will affect our work programme.

We have had to make assumptions around the likely outcome of these changes, where possible.

Risk: That there will be major unexpected changes to the legislation that will cause significant changes

to how we operate, what we do, and who pays for things. Changes could have a significant financial impact on the way we operate.

Mitigating the risk: We have set our work programme to take into account the expected outcome of legislative changes where possible.

Availability of contractors

The assumption is that we will be able to find skilled contractors to undertake the work we require, to the agreed standards, deadlines and cost.

Risk: That there will be a shortage of contractors, or that contractors will not deliver to the agreed standards and specification within the agreed time. If the risk occurs, it could result in an increase in the price of the project and may impact on the completion of projects and therefore levels of service.

Mitigating the risk: We have a procurement manual which ensures we have robust contracts. Our contracts outline what we expect to receive from our contractors. If the work is not completed to the agreed standards and specifications then we have legal rights.

Funding from other sources

There are a number of projects signalled in this LTP as being funded from other organisations. It is assumed that the projects will meet the criteria for the relevant funding scheme.

Risk: That changes to the criteria or level of funding available may change, resulting in less, or no money being available for our projects. If this is the case, the relevant project will not be progressed or will need to be adjusted to meet the Council's ability to pay. This may impact on future levels of service. This risk has been highlighted as a result of the recent events in Christchurch, where it is likely that Government and philanthropic funding will be redirected.

Mitigating the risk: We will continue to seek subsidies for projects where available. However, where funding becomes unavailable, we will reassess the viability of the project before progressing.

Sale of assets

Money from selling assets has been included as a source of funds. This money will be used to pay-off debt as the funds become available.

Risk: That the assets are not sold or that the money from these sales is not as much as hoped. This would result in an increase in rates to cover the cost of debt that is intended to be repayed from asset sales. It may also impact on the Financial Strategy and Treasury Policy limits.

Mitigating the risk: The expected income from the sale of assets is based on a prudent and realistic sale price. More information about this proposal is available in the Financial Strategy.

Natural hazards

Our District is at risk of a range of natural hazards such as earthquakes, flooding, debris flows, slips, tornado, fire and volcanic activity.

Risk: That there will be a disaster event needing emergency works that we cannot afford to fund within our current budget. Some emergency works are covered by the Local Authority Protection Programme Disaster Fund Trust (LAPP), but there is also a risk that the LAPP fund is exhausted and the Council may have to pay for all emergency works. The potential effect of a disaster on the Council's financial position depends on the scale, duration and location of the event.

Mitigating the risk: While we are a member LAPP we have also decided to build up a contingency fund to pay for storm damage to roading. We are putting \$275,000 per year into a special fund (excluding subsidies). We are also putting aside general funds to help cover the costs of disaster events. This will include \$150,000 for years four and five, \$200,000 for years six to eight and \$300,000 for years nine and 10. Where these reserve fund are not likely to cover the full cost of disaster events it may result in unbudgeted spending or reprioritisation of work programmes within the affected activities.

Alongside us, Central Government also has a role in disaster recovery and restoration works after natural disasters happen.

MEDIUM RISK

Growth forecasting

Population growth across our District is expected to reflect the medium population projection by Statistics NZ over the next 10 years. These figures are 34,700 for 2011, 34,600 for 2016, 34,600 for 2021, 33,800 for 2026 and 32,900 for 2031.

Risk: Where actual growth differs substantially from the assumption, growth related projects and work programmes will need to be adjusted.

Potential social changes

We acknowledge there is increasing socio-economic vulnerability, particularly in rural parts of our District.

Risk: Where social change differs substantially from expectations, the projects and work programmes may need to be adjusted.

Potential climate change impacts

Climate change is likely to impact on various activities of the Council.

Risk: Our District may experience effects of climate change in the short term.

Rating base

The number of properties from which we receive rates is expected to increase by approximately 1% annually.

Risk: The rateable properties may not increase as expected.

Borrowing and expected interest rates

We have a number of loans for different projects, which have varying interest rate commitments. We have assumed the interest rate will gradually increase from 5.45% in 2012/13, to 7.52% in 2021/22

Risk: Future interest rates may be higher than forecasted.

Renewability or otherwise of external funding

Our loans are due to mature at different times and we may need to raise more loans for new projects. We have made assumptions that we will be able to negotiate favourable borrowing terms.

Risk: We will be unable to get new loans with reasonable terms to pay for approved projects or to repay old loans that are maturing.

Cost factors

We use best estimates to predict what things will cost in the future, including inflation expectations.

Risk: The actual price of inputs and outputs will not increase at the rate assumed.

Revaluation of assets

From time to time we revalue our assets to understand how much they are worth. Through our planning, we make assumptions about how much we think the assets will be worth when they are revalued.

Risk: There may be a big difference between how much we thought the asset would be worth and how much it is actually revalued at. This may be due to better information about the asset being available.

Project Management

The LTP assumes projects will be within cost, quality and the timeframes specified.

Risk: Projects will be delayed due to things we cannot predict or have cost or quality changes from those planned.

Environmental consent requirements

It is assumed the majority of consent requirements will remain the same.

Risk: Renewed consents could include tougher environmental conditions than expected, or could fail to be granted.

Funding growth related development

Infrastructure needed for growth related development will be paid for by development contributions and financial contributions.

Risk: Development contributions do not cover the cost of growth related infrastructure because there is less growth than expected.

Service delivery options

We will continue to deliver our services to the community in the same way.

Risk: We will not be able to take advantage of more efficient and effective methods of delivering services because we are unable to exit the current method of service delivery.

Preliminary cost estimates

Costs listed for some projects are initial estimates based on information available at the time.

Risk: Costs will be significantly different from those estimated.

NZTA subsidies

We get subsidies from the NZ Transport Agency for the operation and upkeep of the local road network in the District. An assumption is made on the level of financial assistance we will get.

Risk: That the Funding Assistance Rate (FAR) will be adjusted downward or that policy priorities change and affect the availability of some subsidies.

Creation and realisation of investments, reserves and assets

We will continue to own investments and reserves in line with our current practice, unless stated in this LTP. The capital expenditure programme in this LTP represents new assets we are going to create.

Risk: Should we sell any assets to reduce rates, the sale would only have a short term positive impact on rates.

Estimates of commitments and contingencies

To allow for variations between our expected cost of a project, and the actual cost of a project, we allow for a contingency in our budgets. This may range between 10% for fully scoped projects and up to 30% for projects in concept or preliminary design.

Risk: Should any project increase in costs significantly beyond our estimates, it may have an impact on the rates requirement.

Business continuity planning

It is assumed we are able to continue operating to deliver essential services to the community in the event of a disaster.

Risk: If the Council's ability to function is severely disrupted in the event of a disaster affecting the District, we will be unable to provide the essential services.

LOW RISK

Overhead allocations

The way we work out overheads and the costs associated with each Council activity will stay the same during the LTP.

Risk: The way we work out overheads will not stay the same during the time of the LTP, putting extra costs on specific activities. This could have an impact on our funding structure.

Council structure and elections

It is assumed there will be no change in the Council structure, including the Mayor and 10 Councillors.

Risk: There could be an unexpected change in the Council structure during the life of the LTP.