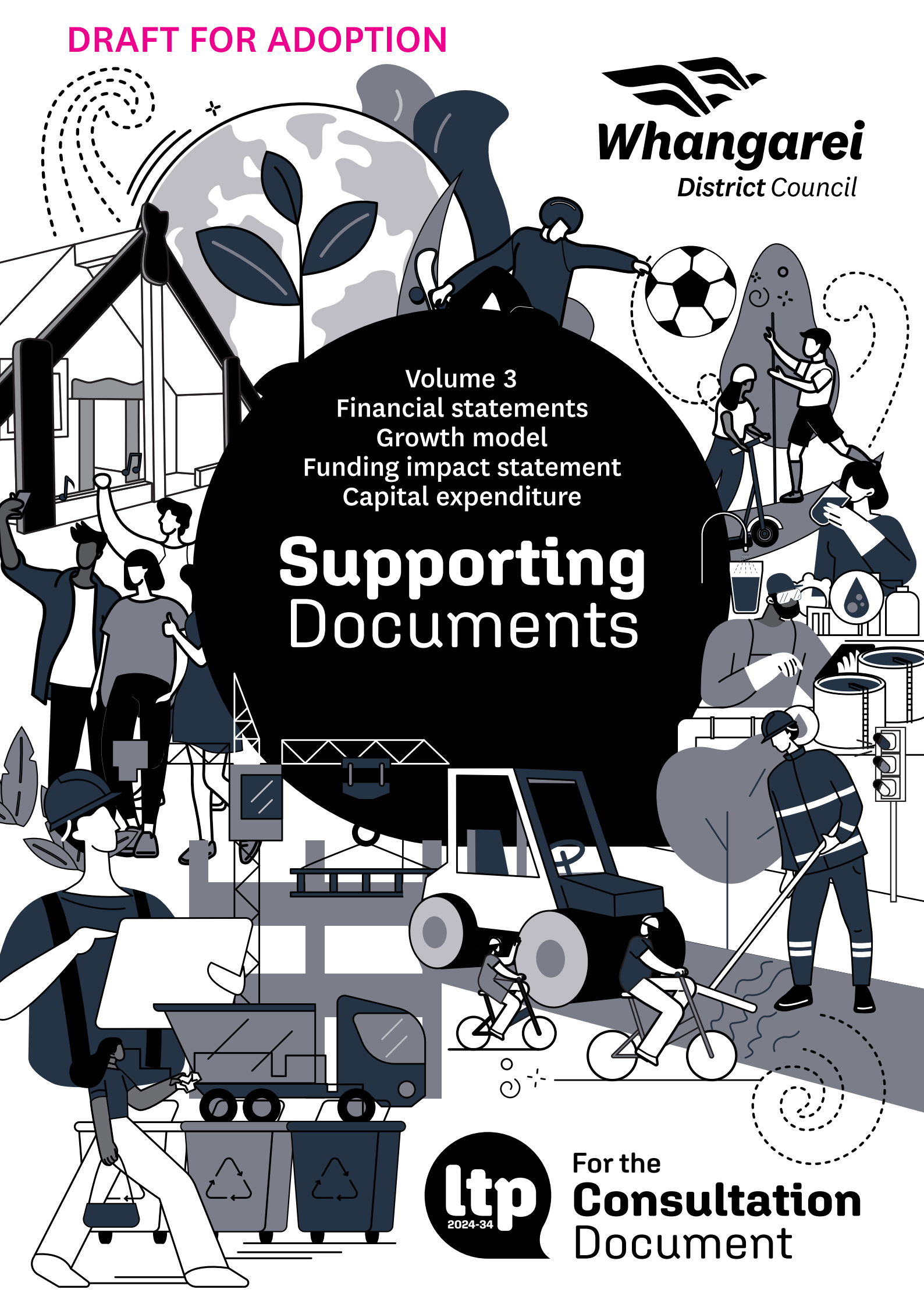DRAFT FOR ADOPTION

Whangarei
District Council

Volume 3
Financial statements
Growth model
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ltp
2024-34

For the
Consultation
Document

Contents

Significant
Forecasting Assumptions

Significant forecasting assumptions	Financial risk
Inflation: the impact of inflation has been factored into producing the prospective financial statements. Business and Economic Research Limited (BERL) constructed the forecast increases for Local Authorities in October 2023. This is a specific Local Government inflator referred to as Local Government Cost Index (LGCI). Council has elected to apply the Legacy LGCI cost adjuster, which incorporates the inflationary impact of water infrastructure and services (see page 360). These adjusters will be updated for each year covered in the current LTP during subsequent Annual Plan and LTP processes using updated, annual BERL data to mitigate any risk. The main financial risk for Council is that operating and capital expenditure items rise faster than revenue items. Due to the recent inflation increases being reported, the inflation risk is considered to be high.	High
Change of Government: the new Government in late 2023 created change and uncertainty around future reforms for Local Government. In February 2024 the Government repealed the previous government's Water Services legislation – refer below assumption for more information. In addition, the Spatial Planning and Natural and Built Environment Act has been repealed and a fast-track consenting regime has been introduced. The outcome of the Future for Local Government review is unknown and until Council gains clarity about what the future will look like, no changes have been made to Council's existing Financial Strategy and the way Council operates.	High

Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumptions with high level of uncertainty
The impact of inflation increases is difficult to budget and carries a high level of uncertainty.	High	If inflation is 1% more/less than the BERL LGCI, operating expenditure (excluding finance and depreciation) would increase/decrease by between $1.4m and $1.7m over each of the 10 years of the LTP and capital expenditure by between $1.0m and $1.7m.
The impact of regulation changes is difficult to budget and carries a high level of uncertainty.	High	Regulation changes introduced may impact Council's Financial Prudence Balanced Budget Benchmark result and could cause an existing balanced budget to become unbalanced unless compensating adjustments are made.

Significant forecasting assumptions	Financial risk
Water reforms: in December 2023 Council received confirmation that Cabinet had agreed to repeal the previous government's water services legislation and that water services will need to be included in the Long Term Plans. In February 2024, the Government repealed the previous government's water services legislation. To achieve the introduction of water services into the LTP, Councils are permitted to have unaudited Long Term Plan consultation documents, as well as deadline extension for the adoption of the LTP. The Government are working on a new plan, Local Water Done Well which has the following key principles: · Introducing greater central government oversight, economic and quality regulation · Fit-for-purpose service delivery models and financing tools, such as improving the current council-controlled organisation model and developing a new class of financially separate council-owned organisation · Setting rules for water services and infrastructure investment · Ensuring water services are financially sustainable. Financial sustainability means revenue sufficiency, balance sheet separation, ring-fencing and funding for growth.	High

Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumptions with high level of uncertainty
As the Water activities have a significant impact on the Financial Strategy, Prospective financial statements, capex programme and debt levels in this LTP, any future Government changes from the Local Water Done Well plan will significantly impact on Council.	High	Regulation changes introduced may impact Council's Financial Prudence Balanced Budget Benchmark result and could cause an existing balanced budget to become unbalanced unless compensating adjustments are made.

Significant forecasting assumptions	Financial risk
Climate change: Substantial progress continues to be made on the implementation of the Corporate Sustainability Strategy adopted in 2018. **Organisational Carbon Footprint** Council's verified carbon inventory for the 2021-22 financial year is the organisational benchmark. The carbon inventory for 2022-23 has also been verified. The Emission Reduction Plan was approved by Council in December 2023. Informed by the 21/22 and 22/23 results, this plan will direct how Council tackles the organisational emissions that are hard to abate. **Regional, District and individual Level Carbon Footprint** WDC along with the Northland Councils have partnered with Auckland Council to deliver FutureFit across the Te Tai Tokerau. FutureFit is a carbon footprint tool, which will enable the community to engage with others on the topic of climate change. It will equip individuals with information to reduce their carbon footprint. A quick, easy survey enables individuals to measure their carbon footprint and be challenged to reduce their footprint by selecting from a range of customised lifestyle choices. WDC along with the Northland Councils have been creating a regional inventory and granulated district-level carbon footprint. Data collation has commenced, with staff providing information from our landfill and wastewater as part of our Districts' emission profile. There have been no issues with obtaining data from any of the Whangārei industries or sites, which shows a willingness to collaborate and work on this together. **Climate Adaptation** Implementation of the Te Taitokerau Climate Change Adaptation Strategy adopted in 2022 is underway. The Council approved an approach and pilot location for adaptation planning in coastal communities. Community adaptation planning is funded in the Long Term Plan, though built adaptation responses are not and will need to go through future LTP processes. Tangata whenua led risk assessments and adaptation planning are also two priority actions from the regionwide strategy. A contestable fund is being established to enable hapu to undertake these actions. As anticipated, climate change impacts are putting people at risk and impacting property, including Council assets. The costs of damage to Council assets is likely to increase as the frequency and severity of adverse weather events increases.	Financial impact currently is High. Large, long term financial risks.

Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumptions with high level of uncertainty
Costs to protect, shift, and future proof infrastructure and assets. Increasing insurance costs and potential inability to insure some areas. Councils ability to borrow money may be impacted if we have inadequate climate related financial risk disclosure. The price point for greenhouse gas emissions will likely increase through the Emissions Trading Scheme (ETS). So NRLLP will need to pay more for carbon emissions generated through the waste operations.	High certainty that impacts are likely. High level of uncertainty around financial impacts depends on the nature, extent and duration of impacts experienced.	Costs to protect, shift, and future proof infrastructure and assets. Increasing insurance costs and potential inability to insure some areas. Councils ability to borrow money may be impacted if we have inadequate climate related financial risk disclosure.

Significant forecasting assumptions	Financial risk
Flood and Storm Damage: Council does not budget for unknown storm events, as referred to in the 2024-2054 Infrastructure Strategy. Lack of funding provision for emergency works may result in reduced renewals as renewal funding gets diverted to fund flood damage repairs.	Medium
Resource Consents: the necessary resource consents required for capital projects will be applied for in due course to align with the planned project timeframes. We assume conditions for resource consents will not alter budgeted project costs significantly.	Medium
Revenue assumptions	
Rates Increase: the following rates increases have been applied. **General rates:** · Year 1: a 14.3% increase, plus growth* plus LGCI · Years 2 and 3: 7.5% increase, plus growth* plus LGCI · Years 4 to 10: 2.5% increase, plus growth* plus LGCI. **Water targeted rates (excluding metered water):** a 2.5% increase, plus growth* plus LGCI in all years except Years 3 and 4 which contain a 20% increase, plus growth* plus LGCI. **Wastewater targeted rates:** LGCI plus growth* **Stormwater targeted rates:** a new targeted rate commencing Year 2. Years 3 to 10 contain a 2.5% increase, plus growth* plus LGCI **Flood Protection targeted rates:** increase by LGCI every year and an additional 2% increase in Year 1 The above rates increases are in line with the Financial Strategy contained in the 2024-34 Long Term Plan *A growth component is factored into the rates revenue budget to reflect the increase in rateable properties in our district. Growth for water and wastewater is set at 80% of the general rates growth as not every new rateable property connects to water and wastewater.	Low
Metered water: increase of 2.5%, plus growth (refer above) plus LGCI in all years except Years 3 and 4 which contain a 20% increase plus growth plus LGCI.	Medium

Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumptions with high level of uncertainty
Not applicable	Medium	Not applicable
Not applicable	Medium	Not applicable
Not applicable	Low	Not applicable
Not applicable	Medium	Not applicable

Significant forecasting assumptions	Financial risk
District growth: the number of residential ratepayers is expected to grow each year as more dwellings are built or properties divided – details of expected areas of growth are outlined in Council's Growth Strategy which can be viewed on Council's website. **Development contributions:** the value of development contributions (DC) collected is dependent on the number of subdivision lots developed and on the level of new service connections taking place. A conservative approach is taken to forecasting DC revenue which may vary from the growth model and actuals.	High
Central government funding: Council regularly applies and is approved for Government funding for various projects and initiatives. Approved projects and funding have been included in the LTP based on Council's best estimate. Recognition of revenue is contingent on the applicable milestones being satisfied under the various funding agreements. Council will continue to apply for any relevant funding and if necessary will adjust the timing of the operational and capital expenditure programme to accommodate any funding conditions.	Medium
Subsidies (excluding Emergency Works): Waka Kotahi New Zealand Transport Agency (NZTA) subsidies have been included based on Central Government contributions to certain capital expenditure and maintenance - subsidies average 53%. All subsidies are disclosed within operating revenue and are contingent on the applicable capital projects and/or maintenance taking place. Council has assumed there are no changes to the subsidy rates in this LTP. The granting of subsidies for specific programmes are contingent on being approved by NZTA. Council will not know whether projects for which they have applied for funding from NZTA are approved until after the LTP is adopted.	High
Vested assets: vested asset income is inconsistent from year to year and as a consequence is difficult to forecast. It has been reflected at a flat rate of $10.7 million plus inflation in the plan. Vested asset income has no cash impact therefore any financial risk is low.	Low
Northern Regional Landfill Limited Partnership (NRLLP): it is assumed that Council will receive annual distributions from NRLLP throughout the 10 years of this plan.	Low

Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumptions with high level of uncertainty
The level of subdivision and development activity is difficult to forecast and carries a high level of uncertainty.	High	Every 1% of Development Contribution revenue not achieved will lead to a reduction in income of approximately $70k to $86k across each of the 10 years, reducing available funding.
Not applicable	High	Funding not received will reduce capital subsidies and grants income, and operating surplus. This would impact Council's Financial Prudence Balanced Budget Benchmark result and could cause an existing balanced budget to become unbalanced unless compensating adjustments are made. The timing of completion of the relevant capital and operational projects may also differ to the plan.
If a planned capital or maintenance project that has a subsidy associated with it is not delivered, Council will not receive the budgeted subsidy income.	High	NZTA subsidies not received will reduce subsidy income, and operating surplus. This would impact Council's Financial Prudence Balanced Budget Benchmark result and could cause an existing balanced budget to become unbalanced unless compensating adjustments are made. The timing of completion of the relevant capital and maintenance projects may also differ to the plan.
Not applicable	Low	Not applicable
Not applicable	Low	Not applicable

Significant forecasting assumptions	Financial risk
Property Transactions: Council have budgeted for no commercial property purchases and sales in this LTP.	Low
User fees: the majority of user fees have increased by LGCI, with some seeing higher increases reflective of increased costs in providing that service. These increases are assumed to be sufficient for funding purposes and will be reviewed annually to ensure compliance with Council's Revenue and Financing Policy.	Medium
Rental Income: Council has assumed rental increases will be based on the anticipated increases, timed to coincide with rental lease renewals.	Low
Expenditure assumptions	
Interest rates: Council uses a forecast annual rate to calculate interest expense. The average rate over the 10 years of the LTP has been assumed to be 4.93% for existing and new debt. This is based on the weighted average cost of capital calculated across the period of the LTP. Projected future interest rates are calculated by using interest and debt forecasting models provided by external Treasury advisers. Council has a comprehensive interest rate hedging program which reduces the risk of interest rate rises through the life of the plan.	Medium
Interest: interest is calculated on average debt and the impact of current and forecasted interest rate hedging.	Low
Staff costs: Budgets have been increased to allow for growth and LGCI.	Medium
Depreciation funding: capital expenditure to replace assets ('renewals') will be funded by rates collected to cover the cost of depreciation. Any surplus depreciation component will be used to repay borrowings. Any shortfall in funding requirements will be met through subsidies, operating surplus or increased debt. Further information can be found in the Revenue and Financing Policy, the Financial Strategy and the Infrastructure Strategy.	Medium
Unfunded depreciation: Council does not fund depreciation on transportation assets to the extent that Waka Kotahi New Zealand Transport Agency (NZTA) funds renewals.	Medium
Depreciation: depreciation rates for each asset group have been calculated using rates included in the Accounting Policies. Depreciation rates on infrastructure assets are based on the 2022 revaluation increase for each activity except for Roading which is based on the 2023 revaluation.	Low

Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumptions with high level of uncertainty
Not applicable	Low	Not applicable
Not applicable	Medium	Not applicable
Not applicable	Low	Not applicable
Not applicable	Medium	Not applicable
Not applicable	Low	Not applicable
Not applicable	Medium	Not applicable
Not applicable	Medium	Not applicable
Not applicable	Medium	Not applicable
Not applicable	Medium	Not applicable

Significant forecasting assumptions	Financial risk
Insurance: Council's insurer, Marsh and staff, provided premium increase assumptions between 5 and 35% for the various insurance components. These assumptions were used in Years 1 to 3 of the 2024-34 LTP. These increases were not used for Years 4 to 10 as they were deemed excessive due to the annual compounding effect. LGCI increases were used to uplift Years 4 to 10 with the exception of Life and Southern Cross insurance which have been increased by 8.5% for each of the 10 years. The insurance strategy will be reviewed over the next few years to find the most viable option concerning Council's insurance cover and levels of self-insurance.	Medium
Asset assumptions	
Capital expenditure: for the purposes of modelling debt, adjustments have been made to allow for estimated projects not completed in a particular financial year and carried forward. Actual results may vary to this estimate.	Medium
Asset revaluations: • Infrastructure assets: an assumption has been made that a revaluation (based on LGCI) of infrastructure assets will occur every three years, with the next revaluation due 30 June 2024. • Roading assets: revaluation (based on LGCI) of roading assets will occur yearly. • Pensioner Housing: the revaluation (based on LGCI) of pensioner housing will remain at five- year intervals. • Investment properties: these are revalued annually however no movement in the value of investment properties has been budgeted given the difficulty of predicting future values. Any valuation change does not impact cash requirements. • Biological assets and derivative financial assets: no movement in the value of biological assets and derivative financial assets has been budgeted given the difficulty of predicting future values. Any movements in these assets would have no cash impact on the plan. • Other financial assets: no movement in the value of shares held in Civic Assurance Limited and the New Zealand Local Government Funding Agency has been assumed in the budget. Budgeted revaluation increases and the resulting depreciation are estimated and may differ from the actual result.	Medium

Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumptions with high level of uncertainty
Not applicable	Medium	Not applicable
Not applicable	Medium	Not applicable
Not applicable	Medium	Not applicable

Significant forecasting assumptions	Financial risk
Useful lives: useful lives for each asset group have been listed in the Accounting Policies.	Low
Funding sources: future replacement of significant assets is assumed to be funded in line with the Revenue and Financing Policy.	Low
Liability assumptions	
Borrowings: it is assumed that Council will have the facilities to secure funding as required.	Low
Derivative Financial Assets/Liabilities: no movement in the value of derivative financial liabilities has been reflected in the plan due to difficulty in forecasting future values. Any movements in these liabilities would have no cash impact on the plan.	Low
Other assumptions	
Strategic assets: Council has not planned for the ownership of any strategic assets to be transferred to another party. However, the creation of a CCO or CCTO to manage development opportunities could result in the transfer of property to the new entity, which may include strategic assets.	Low
Currency Movement: Council does not have any significant exposure to currency movements and consequently has not specifically taken them into account.	Low

Impact for high financial risk assumptions	Level of uncertainty	Financial impact for assumptions with high level of uncertainty
Not applicable	Low	Not applicable
Not applicable	Low	Not Applicable
Not applicable	Low	Not applicable
Not applicable	Low	Not applicable
Not applicable	Low	Not applicable
Not applicable	Low	Not applicable

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Proposed
Forecast Financial Statements

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Whangarei District Council Prospective Statement of Comprehensive Revenue and Expenditure

	Annual Plan 2023-24	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27
Revenue				
Rates	128,449	145,797	165,739	183,859
Development and other contributions	7,078	7,078	6,962	6,962
Subsidies and grants	55,527	50,603	38,738	36,245
Fees and charges	18,085	18,718	19,133	19,594
Interest revenue	1,835	1,748	1,427	1,112
Other revenue	19,680	24,081	24,367	25,182
Total revenue	230,654	248,025	256,365	272,953
Expenses				
Other expenditure	97,751	98,695	103,448	103,003
Depreciation and amortisation	60,437	67,278	70,152	72,911
Finance costs	10,631	11,860	13,115	14,589
Personnel costs	36,029	39,620	41,009	42,489
Total expenses	204,848	217,453	227,724	232,992
Surplus / (deficit) before taxation	25,806	30,573	28,641	39,961
Taxation charge	706	707	670	773
Surplus / (deficit) after taxation	25,100	29,866	27,971	39,188
Other comprehensive revenue and expenses				
Gain / (loss) on infrastructure asset revaluation	50,284	31,012	25,096	116,530
Gain / (loss) on other asset revaluations	-	-	-	7,582
Total comprehensive income	75,384	60,878	53,067	163,299

	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	Year 8 2031-32	Year 9 2032-33	Year 10 2033-34
							$000
	198,220	209,217	220,605	232,442	244,929	257,892	271,564
	7,489	7,489	7,489	8,032	8,032	8,032	8,587
	40,649	49,475	42,169	40,566	42,223	36,891	38,642
	20,070	20,517	20,953	21,379	21,812	22,233	22,662
	1,109	1,108	1,109	1,107	815	759	765
	25,289	27,083	27,159	28,381	28,628	29,332	29,671
	292,827	314,889	319,485	331,907	346,439	355,140	371,892
	101,769	105,579	107,178	107,915	110,547	112,667	114,586
	77,027	79,352	84,160	89,055	93,001	95,026	99,846
	16,860	19,527	20,849	20,749	19,169	16,903	13,595
	44,021	45,566	47,120	48,677	50,283	51,893	53,554
	239,677	250,025	259,307	266,396	273,000	276,490	281,581
	53,150	64,865	60,177	65,511	73,440	78,650	90,312
	677	1,052	952	1,182	1,157	1,237	1,212
	52,473	63,812	59,226	64,329	72,283	77,413	89,100
	28,519	28,723	121,599	28,326	29,417	126,590	30,731
	-	-	-	-	5,666	-	-
	80,992	92,535	180,825	92,655	107,366	204,003	119,831

Whangarei District Council Prospective Statement of Changes in Net Assets / Equity

	Annual Plan 2023-24	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27
Opening balance as at 1 July*	2,141,744	2,204,476	2,265,354	2,318,420
Total comprehensive revenue and expense	75,384	60,878	53,067	163,299
Adjustments and contributions to net assets/ equity	-	-	-	-
Total recognised net assets/equity as at 30 June	2,217,128	2,265,354	2,318,420	2,481,720

* The opening balance for LTP Year 1 is taken from a revised forecast for 2023-24

	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	Year 8 2031-32	Year 9 2032-33	Year 10 2033-34
							$000
	2,481,720	2,562,712	2,655,246	2,836,071	2,928,726	3,036,092	3,240,095
	80,992	92,535	180,825	92,655	107,366	204,003	119,831
	-	-	-	-	-	-	-
	2,562,712	2,655,246	2,836,071	2,928,726	3,036,092	3,240,095	3,359,926

Whangarei District Council Prospective Statement of Financial Position

	Annual Plan 2023-24	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27
Assets				
Current assets				
Cash and cash equivalents	31,011	30,009	29,518	29,324
Debtors and receivables	27,782	34,467	35,766	38,262
Derivative financial instruments	-	179	179	179
Other financial assets	461	382	382	382
Other current assets	1,309	1,777	1,777	1,777
Assets held for sale	-	-	-	-
Total current assets	60,563	66,814	67,622	69,924
Non current assets				
Derivative financial assets	6,011	9,465	9,465	9,465
Other financial assets				
- Investments held in joint ventures and subsidiaries	11,129	16,382	16,857	16,540
- Investments held in other entities	4,303	8,258	8,258	8,258
Other non current assets	7,809	6,631	6,058	5,489
Property plant and equipment	2,320,715	2,369,931	2,455,286	2,649,677
Intangible assets	12,858	9,194	8,766	8,385
Forestry assets	854	854	854	854
Investment properties	100,940	100,274	101,299	101,299
Total non current assets	2,464,619	2,520,990	2,606,843	2,799,967
Total assets	2,525,182	2,587,804	274,465	2,869,891

	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	Year 8 2031-32	Year 9 2032-33	Year 10 2033-34
							$000
	29,288	29,436	29,863	30,020	30,213	31,115	31,553
	41,328	44,473	45,173	46,911	49,172	50,421	52,967
	179	179	179	179	179	179	179
	382	382	382	382	382	382	382
	1,204	1,204	1,204	6,693	1,204	1,204	1,204
	-	-	-	-	-	-	-
	72,381	75,674	76,801	84,185	81,150	83,301	86,285
	9,465	9,465	9,465	9,465	9,465	9,465	9,465
	16,736	16,616	16,424	16,992	17,922	18,590	19,229
	8,258	8,258	8,258	8,258	8,258	8,258	8,258
	5,489	5,489	5,489	-	-	-	-
	2,780,425	2,895,229	3,058,241	3,122,767	3,187,292	3,331,989	3,377,518
	8,439	8,671	8,717	8,747	8,817	8,902	9,003
	854	854	854	854	854	854	854
	101,767	101,767	101,767	101,767	101,767	101,767	101,767
	2,931,433	3,046,350	3,209,215	3,268,849	3,334,375	3,479,825	3,526,094
	3,003,814	3,122,024	3,286,017	3,353,035	3,415,525	3,563,126	3,612,379

	Annual Plan 2023-24	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27
Liabilities				
Current liabilities				
Payables and deferred revenue	40,977	35,096	35,578	36,456
Tax provision	706	707	670	773
Derivative financial instruments	-	-	-	-
Current borrowings	30,000	30,000	28,000	50,000
Employee benefits liabilities	3,957	4,459	4,615	4,781
Provisions	64	50	63	53
Total current liabilities	75,704	70,313	68,927	92,063
Non current liabilities				
Derivative financial instruments	687	-	-	-
Non-current borrowings	230,000	251,000	286,000	295,000
Employee benefits liabilities	576	593	614	636
Provisions	480	437	396	364
Payables and deferred revenue	607	108	108	108
Total non current liabilities	232,350	252,138	287,118	296,108
Total liabilities	308,054	322,450	356,045	388,171
Net assets	2,217,128	2,265,354	2,318,420	2,481,720
Equity				
Retained earnings	1,064,414	1,097,788	1,134,295	1,173,460
Other reserves	92,066	90,830	82,293	82,317
Asset revaluation reserve	1,060,648	1,076,736	1,101,832	1,225,943
Total equity attributable to Council	2,217,128	2,265,354	2,318,420	2,481,720

	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	Year 8 2031-32	Year 9 2032-33	Year 10 2033-34
							$000
	39,322	38,478	35,591	35,580	35,573	34,943	35,234
	677	1,053	952	1,182	1,158	1,237	1,213
	-	-	-	-	-	-	-
	44,000	42,000	39,000	30,000	30,000	30,000	30,000
	4,953	5,127	5,301	5,476	5,657	5,838	6,025
	70	55	67	58	63	60	72
	89,023	86,713	80,911	72,296	72,450	72,078	72,544
	-	-	-	-	-	-	-
	351,000	379,000	368,000	351,000	306,000	250,000	179,000
	659	682	705	728	752	776	801
	314	275	222	176	122	69	-
	108	108	108	108	108	108	108
	352,080	380,064	369,035	352,012	306,983	250,953	179,908
	441,103	466,777	449,945	424,308	379,433	323,031	252,453
	2,562,712	2,655,246	2,836,071	2,928,726	3,036,092	3,240,095	3,359,926
	1,245,234	1,327,174	1,383,098	1,441,510	1,497,499	1,558,190	1,624,823
	63,015	44,888	48,190	54,106	70,400	87,122	109,589
	1,254,462	1,283,184	1,404,783	1,433,110	1,468,193	1,594,783	1,625,514
	2,562,712	2,655,246	2,836,071	2,928,726	3,036,092	3,240,095	3,359,926

Whangarei District Council Prospective Statement of Cash Flows

	Annual Plan 2023-24	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27
Cash flows from operating activities				
Receipts from rate revenue	129,666	143,892	164,899	182,178
Subsidies and grants received	56,053	49,942	38,541	35,914
Other revenue including development contributions	17,097	18,934	19,644	20,646
Fees and charges received	18,256	18,474	19,036	19,415
Interest received	1,853	1,725	1,420	1,102
Dividends received	36	50	50	50
Payments to suppliers and employees	(136,317)	(139,008)	(144,257)	(145,133)
Interest paid	(10,631)	(11,860)	(13,115)	(14,589)
Net cash flow from operating activities	76,013	82,150	86,218	99,582
Cash flows from investing activities				
Proceeds from fixed assets	-	-	-	-
Receipts from investments and loans	1,905	167	-	-
Purchase and development of fixed assets	(108,118)	(119,425)	(119,709)	(130,776)
Purchase of investments and loans provided	(6,094)	(224)	-	-
Net cash flow from investing activities	(112,307)	(119,483)	(119,709)	(130,776)

	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	Year 8 2031-32	Year 9 2032-33	Year 10 2033-34
							$000
	196,144	207,128	220,121	231,225	243,330	256,985	269,706
	40,224	48,981	42,077	40,354	41,948	36,761	38,378
	21,362	22,305	22,758	23,116	23,000	23,535	24,390
	19,860	20,312	20,907	21,267	21,670	22,155	22,507
	1,097	1,097	1,107	1,101	810	756	760
	50	50	50	50	50	50	50
	(144,428)	(152,360)	(156,665)	(157,593)	(161,925)	(165,998)	(169,141)
	(16,860)	(19,527)	(20,849)	(20,749)	(19,169)	(16,903)	(13,595)
	117,449	127,986	129,505	138,770	149,714	157,341	173,055
	-	-	-	-	-	-	-
	-	-	-	-	5,489	-	-
	(167,486)	(153,837)	(115,078)	(112,613)	(110,011)	(100,439)	(101,617)
	-	-	-	-	-	-	-
	(167,486)	(153,837)	(115,078)	(112,613)	(104,522)	(100,439)	(101,617)

	Annual Plan 2023-24	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27
Cash flows from financing activities				
Proceeds from borrowings	29,000	36,000	33,000	31,000
Loan repayments received	-	-	-	-
Repayment of borrowings	-	-	-	-
Loans granted	-	-	-	-
Net cash flow from financing activities	**29,000**	**36,000**	**33,000**	**31,000**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(7,294)	(1,333)	(491)	(194)
Cash, cash equivalents and bank overdrafts at the beginning of the year*	38,305	31,342	30,009	29,518
Cash, cash equivalents and bank overdrafts at the end of the year	31,011	30,009	29,518	29,324

* The amount at the beginning of the LTP Year 1 is taken from a revised forecast for 2023-24

	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	Year 8 2031-32	Year 9 2032-33	Year 10 2033-34
							$000
	50,000	26,000	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	(14,000)	(26,000)	45,000	(56,000)	(71,000)
	-	-	-	-	-	-	-
	50,000	26,000	(14,000)	(26,000)	45,000	(56,000)	(71,000)
	(36)	148	427	157	193	902	438
	29,324	29,288	29,436	29,863	30,020	30,213	31,115
	29,288	29,436	29,863	30,020	30,213	31,115	31,553

Accounting Policies

Reporting entity

Whangarei District Council (Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. Council provides local infrastructure, local public services, and performs regulatory functions to the community.

The relevant legislation governing Council's operations includes the Local Government Act 2002 and the Local Government (Rating) Act 2002.

Council's accounting policies include reference to Council and its controlled entities. The 2024-34 Long Term Plan is prepared only with respect to the parent, Whangarei District Council. Non-exempt Council controlled entities prepare a Statement of Intent which includes a three-year budget. Due to the immateriality of the controlled entities budgets they are not consolidated into Council's Long Term Plan.

For the purposes of complying with generally accepted accounting practice in New Zealand (NZ GAAP), the Council and Group are public benefit entities (PBEs).

Basis Of Preparation

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and in accordance with generally accepted accounting practice (GAAP). For the purposes of complying with GAAP, Council is a Tier 1 Public Benefit Equity.

Presentation currency and rounding

The functional currency of Council, each of its subsidiaries and each of the joint ventures in which Council is a venturer, is New Zealand dollars. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000).

Standards issued and not yet effective that have not been early adopted

2022 Omnibus Amendments to PBE Standards

The 2022 Omnibus Amendments include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards. The revised PBE standards are effective from the year ending 30 June 2024. They are not expected to have any significant impact on the group financial statements.

PBE IFRS 17 Insurance Contracts

PBE IFRS 17 Insurance Contracts for public sectors was issued in June 2023. This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026

with early adoption permitted. The group has not assessed in detail the effect of the new standard.

Budget Figures

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council in preparing these financial statements.

Local Water Done Well (previously Affordable Water Reforms)

The Water Services Acts Repeal Act 2024 repealing the previous Government's Water Services Entities Act 2022 (referred to as Affordable Water Reform (or previously Three Waters)) received Royal assent on the 17 February 2024.

The Act is an omnibus Act that will repeal the key legislation that underpinned the Affordable Water Reform - the Water Services Entities Act 2022, the Water Legislation Act 2023, and the Water Services Economic Efficiency and Consumer Protection Act 2023. This means the end of the 10-entity model which envisaged control of water assets by new statutory water services entities.

Contents of the Act

The Act returns responsibility for water services delivery to local authorities. The Act will also make the following changes:

- Disestablish the Northland and Auckland entity, its establishment board, and its establishment CEO, given this was the only entity out of the 10 planned entities that had been formally established so far.

- Make consequential amendments to the Local Government Act 2002 to enable local authorities to:

  - Include water services provision in their 2024-2034 long term plans (LTPs) (in some cases, without reconsulting). There are also a range of other options available to local authorities, including extending the statutory deadline for adoption of the 2024 LTP and annual reports.

  - Defer reviews of bylaws relating to water services.

- Make technical amendments to the Taumata Arowai – the Water Services Regulator Act 2020 and the Water Services Act 2021 relating to the regulation of water services by Taumata Arowai. A more substantive amendment relates to the definition of "stormwater network", which retains, in substance, the definition under the Affordable Water Reform legislation, by extending the definition to include overland flow paths and relevant green water services infrastructure and watercourses.

Next steps – new legislation

The repeal completes step one of the National Party's Local Water Done Well policy. Two further bills are expected over the next two years to complete delivery of the Local Water Done Well policy:

- The first bill, expected to be passed in mid-2024, will set out provisions relating to council service delivery plans and transitional economic regulation. The Government has indicated that this bill will enable councils to voluntary start shifting the delivery of water services into more financially stable models.

- The second bill, expected to be introduced in December 2024 and passed by mid-2025, will provide for long-term requirements for financial sustainability, a complete economic regulation regime, and new types of structural and financing tools, including a novel financially independent council-controlled organisation structure.

The impact of these reforms is not yet known for Whangarei District Council, as such the 2024-2034 LTP has been prepared with all water assets and activities fully included.

Summary of significant Accounting Policies

Critical accounting estimates and assumptions

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

- the assessed useful life of an item of property, plant and equipment impacts the carrying amount of that item and the amount of depreciation recognised in relation to that item

- assumptions and estimates are applied in determining the fair value of infrastructure assets and pensioner housing

- assumptions and estimates are applied in determining the value of projects included within the capital programme

- assumptions and estimates are applied in determining the expecting timing and recognition of external funding received, included subsidies from Waka Kotahi (NZTA).

- the impairment assessment of non-financial assets requires the use of key assumptions and estimates

- the determination of the landfill aftercare provision requires the use of key assumptions and estimates

- Council relies on the assumptions and estimates made by external valuers when performing the investment property revaluation. Movement in investment property values is not included within this budget.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the budget figures:

- classification of property: Council owns a number of properties held to provide housing to pensioners. The receipt of market based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of Council's

social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property

- revenue from exchange and non-exchange transactions: Council has exercised professional judgement when determining whether the substance of a transaction is that of non-exchange or exchange. Council has reviewed its revenue streams and referred to its Revenue and Financing Policy to identify activities partially funded by rates revenue. When this occurs, the revenue from that activity is treated as non-exchange. Council believes revenue recognition materially complies with the PBE accounting standards

- determine control/joint control: Council has determined in respect to associated entities its control or joint control when deciding inclusion or non-inclusion in Council and the Group's financials. Council considers various factors to determine control including: its capacity to control financing and operating policies, benefits obtained from the activities of the subsidiary, majority voting power on the governing body, trust deeds, as well as external advice.

See Significant Forecasting Assumptions on page XXX for additional assumptions applied to the prospective financial information.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Group.

Revenue may arise from exchange or non-exchange transactions. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Where a non-exchange transaction stipulates that the Group must provide specified services in exchange for revenue, the Group determines whether that stipulation constitutes a restriction or a condition:

- a restriction specifies the services that must be performed, but does not require funds to be returned if they are not spent as stipulated. Revenue from a non-exchange transaction with restrictions is recognised when received, or when the Group becomes entitled to it

- a condition specifies the services that must be performed and requires funds to be returned if they are not spent as stipulated. Non-exchange transactions with conditions are recognised as liabilities when received and revenue is recognised and the associated liability extinguished as the specified services are provided.

Revenue from non-exchange transactions that do not stipulate that the Group must provide specified services in exchange for revenue is recognised on receipt.

Rates

The following policies for rates have been applied:

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

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

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

- Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

- Rates collected on behalf of Northland Regional Council (NRC) are not recognised in the financial statements, as Council is acting as an agent for NRC.

Subsidies and grants

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

Fees and charges

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised when complete.

Sale of goods

Revenue from the sale of goods is recognised which a product is sold to the customer.

Interest revenue and finance costs

Borrowing costs are expensed in the financial year in which they are incurred.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue.

The fair value of vested or donated assets is usually determined by reference to Council's most recent valuation rates and useful lives.

Salaries and wages

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

Superannuation schemes – defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

Grant expendiutre

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

Discretionary grants are those grants that are awarded at the discretion of Council. They are recognised when a grant has been approved by Council and that approval has been communicated to the applicant. Council's grants awarded have no substantive conditions attached.

Operating leases

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

Income tax

Council is not subject to income tax except for revenue derived from Council Controlled Organisations (Northland Regional Landfill Limited Partnership and Whangarei District Airport).

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

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

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

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

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

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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

Cash and cash equivalants

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

Debtors and recievables

Short-term receivables are recorded at the amount due, less an allowance for any expected credit losses.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Rates are written-off:

- When remitted in accordance with Council's rates remission policy; and

- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Maori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Other current assets

Inventories

Water chemicals used for the treatment of water are expensed at the time of purchase. No amount is recognised as inventory at year end.

Other financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through surplus or deficit, loans and receivables, held to maturity financial assets and financial assets at fair value through the statement of comprehensive revenue and expense. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through surplus or deficit

This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of balance date.

The Group's financial assets at fair value through surplus or deficit comprise in the money derivatives (principally interest rate swaps).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are included in non-current assets.

The Group's loans and receivables comprise cash and cash equivalents, trade and other receivables, loans to community organisations and related party loans.

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

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

The Group currently has no financial assets classified as held to maturity.

Financial assets at fair value through the statement of comprehensive revenue and expense

Financial assets at fair value through the statement of comprehensive revenue and expense are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of balance date.

The Group's shares in public companies are included in this category as they are not classified in any other category. These are held for strategic purposes and there is no intention to sell.

Measurement

Purchases and sales of financial assets are recognised on trade date (which is the date on which the Group commits to purchase or sell the asset). Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through

surplus or deficit, in which case they are recognised at fair value and the transaction costs are expensed.

After initial recognition, all financial assets are measured at fair value. Council uses a variety of methods to determine fair value of financial assets. Some of these include quoted market prices and estimated discounted cashflows. Realised and unrealised gains and losses arising from changes in the fair value of financial assets are included in surplus or deficit in the period in which they arise.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment is recognised in surplus or deficit.

De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Non-current assets held for sale

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

Any impairment losses for write-downs are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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

Investment properties

Investment properties are properties which are held either to earn rental revenue or for capital appreciation or for both and generate cash flows largely independent of other assets held by the entity.

An investment property is measured initially at its cost, including transaction costs. After initial recognition, investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in surplus or deficit.

Investment properties do not include property held primarily for strategic purposes or to provide a social service (such as pensioner housing), even though such property may earn rentals or appreciate in value. Such properties are instead classified as items of property, plant and equipment.

When the use of a property changes from investment property to owner occupied property, the property is reclassified as owner occupied property and recorded at its fair value at the date of transfer.

Forestry assets

Standing forestry assets are independently revalued to fair value less estimated costs to sell every three years. Forestry assets were last revalued as at 30 June 2021.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit when incurred.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Property, plant and equipment

Property, plant and equipment is initially recognised at cost.

The cost of an item of property, plant and equipment includes its purchase/construction price and costs directly attributable to bringing it to the location and condition necessary for it to operate as intended. In the case of landfills, post closure costs and restoring the site on which it is located are included.

Where an item of property, plant and equipment is self constructed, its construction cost includes the cost of materials and direct labour and an appropriate proportion of production overheads. Costs are recognised as work in progress and are transferred to the relevant asset class only when construction is complete.

Where an item of property, plant and equipment is donated or received at a subsidised amount, it is initially recognised at fair value. This applies to some infrastructure assets and land which has been vested to the Group and as part of the subdivision consent process:

- the vested reserve land has been recognised at the time of transfer at market value, which is recognised as vested asset revenue and deemed to be it's initial cost
- vested infrastructure assets have been valued on initial recognition based on the actual quantities of infrastructure components vested and the current 'in the ground' cost of providing identical services.

Revaluation

Property, plant and equipment that is carried under the revaluation model is revalued with sufficient regularity to ensure that the carrying amount does not materially differ from fair value. All revalued property, plant and equipment is revalued at least every three years, except for roading which is revalued annually, and pensioner housing, which is revalued every five years. The valuation method employed is optimised depreciated replacement cost, except pensioner housing which is valued at market value.

Revaluations are accounted for on a class of asset basis.

An increase in carrying amount is recognised in an asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset class previously recognised in surplus or deficit, in which case the increment is recognised in surplus or deficit. Decreases that offset previous increases of the same asset class are recognised in the asset revaluation reserve in equity; all other decreases are recognised in surplus or deficit. Any accumulated depreciation as at the revaluation date is eliminated against the gross

carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Additions

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

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are recognised when the recognition criteria above is met. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

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

Disposals

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

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are carried under either the cost model (cost less accumulated depreciation and accumulated impairment) or the revaluation model (fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses).

When the use of a property changes from owner-occupied to investment property, the property is reclassified as an investment property at its carrying value at the date of the transfer, and then revalued annually in line with the investment property accounting policy.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment (excluding land and work in progress), at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Where material parts of an item of property, plant and equipment have different useful lives, or where significant parts of an item of property, plant and equipment are required to be replaced at intervals, they are accounted for as separate items of property, plant and equipment.

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

Class of PP&E	Estimated useful life
Operating assets	
Land	Indefinite
Buildings	10-100
Strategic land	Indefinite
Strategic buildings	35-50
Pensioner housing – land	Indefinite
Pensioner housing - buildings	14-80
Library books	10
Motor vehicles	5
Office furniture and fittings	3-20
Plant and equipment	3-80
Infrastructure assets	
Land for roads*	Indefinite
Roading network	
Bridges	15-100
Carriageways	4-70
Formation	Indefinite
Culverts	35-80
Footpaths	10-55
Kerbs and channels	60

Class of PP&E	Estimated useful life
Street and road signs	15
Traffic services	15-40
Water	
Pipes	50-107
Plant and equipment	5-80
Treatment plant	60
Wastewater	
Pipes	30-101
Pumps and pump stations	20-100
Manholes	80-101
Treatment plant	15-100
Stormwater	
Pipes	11-125
Manholes	11-100
Parks and recreation	
Walkways, reserves and sports fields	10-100
Restricted assets	
Heritage assets**	Indefinite
Parks and reserve land	Indefinite
Marina structures***	40-44

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

*Land under roads was valued based on fair value of adjacent land, effective 30 June 2005. On transition to NZ IFRS Council elected to use the fair value of land under roads as at 30 June 2007 as deemed cost. Land under roads is no longer revalued.

** Valued at the estimated current market value as at 30 June 2002 by the Art Museum Curator. Subsequent additions are recorded at cost or market value. Donated assets do not form part of the cyclical valuation.

*** Historical assets situated at Whangarei Marina and Tutukaka Marina (under the management of the Whangarei Harbour Marina Trust and the Tutukaka Marina Management Trust respectively).

Impairment of property, plant and equipment

Property, plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual review of asset values, which is used as a source of information to assess for any indicators of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's service amount exceeds its recoverable amount, the asset is regarded as impaired and the service amount is written-down to the recoverable amount. Impairment losses for revalued items are recognised in the same manner as revaluation decrements. Impairment losses for items carried at cost are recognised in the surplus or deficit.

Value in use for non-cash-generating assets

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

For non-cash-generating assets, value in use is determined as the present value of the asset's remaining service potential, which is the depreciated replacement cost of the asset.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets is the estimated present value of expected future cashflows.

Intangible assets

Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and prepare the software for use.

Costs directly associated with the development of identifiable and unique software products, where the criteria for capitalisation have been met, are recognised as an asset.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Computer software assets are amortised using the straight line method over their estimated useful lives (3 to 10 years).

Easements

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

Carbon credits

The Group participates in the New Zealand Emission Trading Scheme (ETS). Purchased New Zealand Units (NZU's) are recognised at cost on acquisition, and NZU's which represent carbon credits received from the Government are recognised at fair value as at the date of transfer. NZU's have an indefinite useful life and consequently aren't amortised, but are tested for impairment annually.

After initial acquisition, NZU's are recorded at the NZU spot rate at 30 June. This is considered to be fair value.

Amortisation

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

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

Class of intangible asset	Estimated useful life (years)
Computer software	3-10

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant, and equipment. The same approach applies to the impairment of intangible assets.

Derivative financial instruments

The Group uses derivative financial instruments (principally interest rate swaps) to hedge various risks (principally those associated with borrowing at variable interest rates).

Derivatives are initially recognised at fair value on the date a derivative contract is entered into. Any associated transaction costs are expensed.

Derivatives are subsequently carried at fair value. In the money derivatives are classified as financial assets at fair value through surplus or deficit and out of the money derivatives are classified as financial liabilities at fair value through surplus or deficit.

The method of recognising changes in fair value depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. None of the Group's derivatives is designated as a hedging instrument. All changes in the fair value of the Group's derivatives are recognised in surplus or deficit and fair value is assessed annually.

Payables and deferred revenue

Short-term creditors and other payables are recorded at their face value.

Provisions

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

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

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

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled wholly within twelve months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken at balance date.

Long-term employee entitlements

Employee benefits that are due to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and

- the present value of the estimated future cash flows.

Presentation of employee entitlements

Annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Defined contribution schemes

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

Equity

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

- accumulated funds

- reserves and special funds

- asset revaluation reserve.

Reserves and special funds

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

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

Also included in reserves and special funds are reserves restricted by Council decision. Council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

Asset revaluation reserves

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

Capital commitments and operating leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

The Group as a lessee

The Group is a lessee in operating leases. Lease payments under an operating lease are recognised on a straight-line basis over the term.

The Group as a lessor

The Group is a lessor in operating leases. Receipts from operating leases (net of incentives provided to lessees) are recognised on a straight line basis over the term of the lease.

Capital commitments

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Goods and services tax

Items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

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

The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Cash Flow Statement.

Commitments and contingencies are disclosed exclusive of GST.

Public benefit entity Financial Reporting Standard 42 prospective financial statements (PBE FRS 42)

council has complied with PBE FRS 42 in the preparation of these prospective financial statements. The following information is included to satisfy the requirements of PBE FRS 42:

(i)   Description of the nature of the entity's current operation and its principal activities: Whangarei District Council is a territorial local authority, as defined in the Local Government Act 2002. Council's principal activities are outlined within this Annual Plan.

(ii) Purpose for which the prospective financial statements are prepared: It is a requirement of the Local Government Act 2002 to present prospective financial statements that span ten years and include them in the Long Term Plan. This allows ratepayers and residents the opportunity to review Council's projected financial results and position. Information included in these prospective financial statements may not be appropriate for other purposes. Prospective financial statements are revised every year to reflect updated assumptions and costs.

(iii) Bases for assumptions, risks and uncertainties: The financial information has been prepared based on best estimate assumptions as to the future events which Council expect to take place. Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. See Significant Forecasting Assumptions on page XXX for additional assumptions applied to the prospective financial information.

(iv) Cautionary note: The financial information is prospective. Actual financial results are likely to vary from the information presented and these variations may be material.

(v) Other disclosures: These prospective financial statements were adopted as part of the 2024/34 Long Term Plan for Whangarei District Council on 9 July 2024. Council is responsible for the prospective financial statements presented, including the assumptions underlying the prospective financial statements and all other disclosures. The Long Term Plan is prospective and as such contains no actual operating results.

Price level adjustors

	Source[1]	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27
Capital and general operating	BERL Legacy LGCI	2.9%	2.2%	2.3%
Specific operating				
Growth - General and Stormwater (rateable properties)	Growth model	1.3%	1.3%	1.3%
Growth - Wastewater and Water[2]	80% of Growth model	1.0%	1.0%	1.0%
Additional increase - General rates	Council directive	14.3%	7.5%	7.5%
Additional increase - Wastewater	Council directive	0.0%	0.0%	0.0%
Additional increase - Water	Council directive	2.5%	2.5%	20.0%
Additional increase - Stormwater	Council directive		New[3]	2.5%
Additional increase - Flood protection	Council directive	2.0%	0.0%	0.0%
Total increase - General rates	BERL Legacy LGCI + increase + growth	18.5%	11.0%	11.1%
Total increase - Wastewater	BERL Legacy LGCI + growth	3.9%	3.2%	3.3%
Total increase - Water	BERL Legacy LGCI + increase + growth	6.4%	5.7%	23.3%
Total increase - Stormwater	BERL Legacy LGCI + increase + growth		New[3]	6.1%
Total increase - Flood protection	BERL Legacy LGCI + increase	4.9%	2.2%	2.3%

Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	Year 8 2031-32	Year 9 2032-33	Year 10 2033-34
2.3%	2.2%	2.1%	2.0%	2.0%	1.9%	1.9%
1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
20.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6.1%	6.0%	5.9%	5.8%	5.8%	5.7%	5.7%
3.3%	3.2%	3.1%	3.0%	3.0%	2.9%	2.9%
23.3%	5.7%	5.6%	5.5%	5.5%	5.4%	5.4%
6.1%	6.0%	5.9%	5.8%	5.8%	5.7%	5.7%
2.3%	2.2%	2.1%	2.0%	2.0%	1.9%	1.9%

1 Rates increases are applied to the total revenue from each rate type, not the amount per individual ratepayer.

2 Wastewater and water growth is forecast at 80% of the general rates growth as not every new rateable property connects to wastewater and water.

3 A Stormwater targeted rate is budgeted to commence in Year 2 of the 2024-34 LTP. Council have yet to consult on how this targeted rate will be applied to ratepayers, however if applied to all ratepayers it would equate to approximately a 7% general rates increase.

Sources

Business and Economic Research Ltd (BERL) Cost adjusters 2023 final update, Legacy LGCI

Whangarei District Council Growth Model 2023

Reserves

	Estimated Opening balance 1 July 2024	Transfers in	Transfers out	Estimated Closing balance 30 June 2034
				$000
Asset Revaluation Reserve	1,045,724	579,790	-	1,625,514
Total Asset Revaluation Reserve	1,045,724	579,790	-	1,625,514
Activity				
Trust Funds — Bequests held for specific purposes	30	-	-	30
Parks and Recreation — Community Development Fund 1 - to provide funding for land for reserves or community facilities on Council owned reserve land	4,247	1,210	-	5,457
Community Facilities and services — Community Development Fund 2 - to provide funding for community facilities on non-Council reserve land	7,825	2,367	-	10,191
Community Facilities and services — Community Development Fund 3 - to provide funding for performing arts activities	311	99	-	410
Community Facilities and services — Art Acquisitions - to fund acquisition of artworks	6	-	-	6
Community Facilities and services — Clock Purchases - to fund purchase of clocks for the Claphams Clocks Museum	52	-	-	52

		Estimated Opening balance 1 July 2024	Transfers in	Transfers out	Estimated Closing balance 30 June 2034
					$000
Community Facilities and services	Leonard Library Reserve - bequest for the purchase of library books	215	-	-	215
Parks and Recreation	Rolling Ball Clock - to fund the Rolling Ball Clock maintenance	3	-	-	3
Governance and Strategy	Property Reinvestment Reserve - to fund property purchases for a commercial return	17,868	3,537	2,048	19,356
General reserve	To fund operational grants committed but not paid and capital grants received but not spent	375	-	-	375
Solid Waste	Waste minimisation - to fund spend on waste minimisation	2,088	14,893	-	16,981
Water	To hold any surpluses for future funding of water activities	23,871	-	23,871	-
Flood Protection - Hikurangi	To hold any surpluses for future funding of flood protection activities	281	20	281	20
Stormwater	To hold any surpluses for future funding of Stormwater activities	-	3,628	-	3,628
Wastewater	To hold any surpluses for future funding of Wastewater activities	37,183	57,430	41,750	52,863
Total Reserves and Special Funds		94,355	83,184	67,951	109,589

Long Term Plan disclosure statement

For period commencing 1 July 2024

What is the purpose of this statement?

The purpose of this statement is to disclose Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations (www.legislation.govt.nz) for more information, including definitions of some of the terms used in this statement.

## Rates affordability benchmark

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

Rates (increases) affordability

The following graph compares Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan.

The quantified limit is that the rates increase should not exceed:

- Year 1 - LGCI plus 15% plus 1.3% growth
- Year 2 - LGCI plus 15% plus 1.3% growth (includes new funding for a Stormwater targeted rate)
- Year 3 - LGCI plus 7.5% plus 1.3% growth
- Years 4 to 10 - LGCI plus 2.5% plus 1.3% growth.
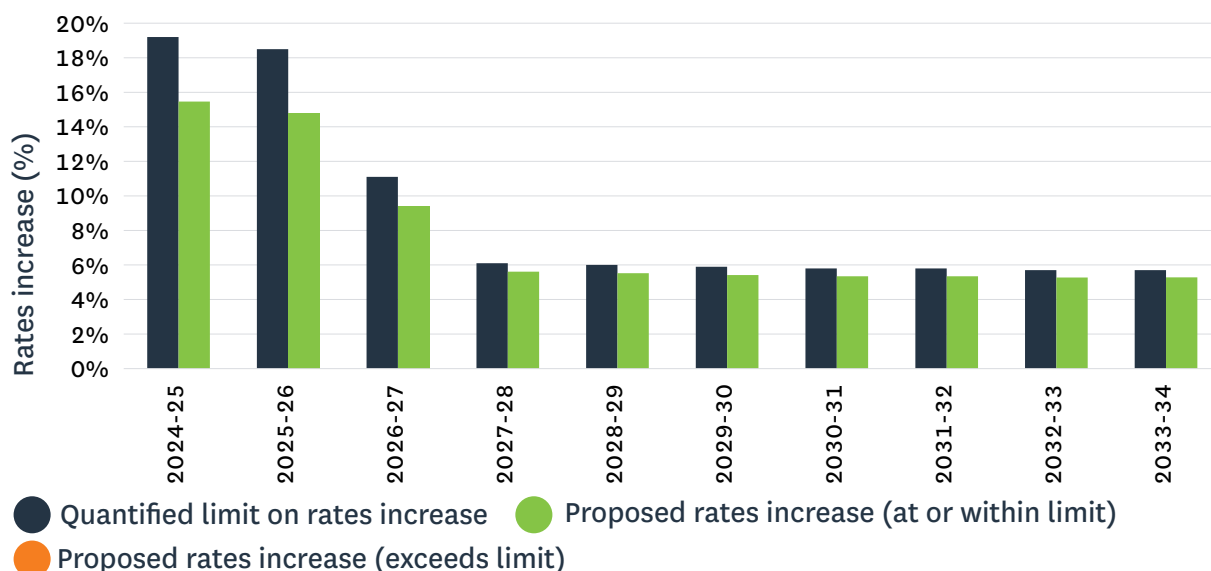
This benchmark is measured using total rates revenue including general rates, UAGC, and targeted rates excluding water.
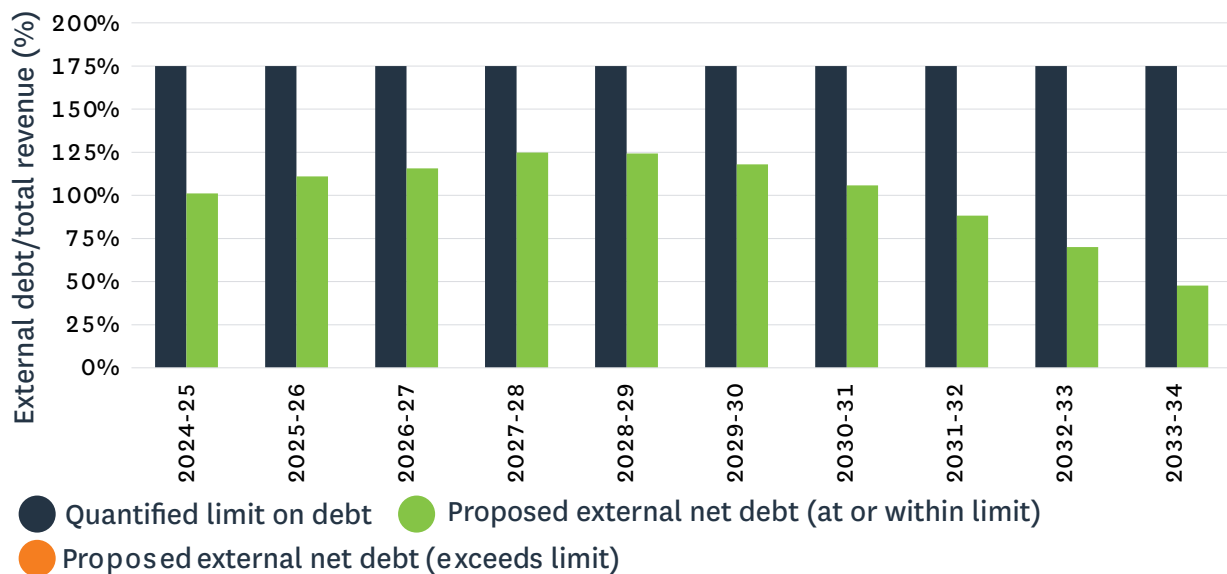
This benchmark includes a 1.3% growth increase. Council's budgeted rates revenue is increased each year to reflect the natural growth in the rating database, i.e. as our population grows.

Debt affordability benchmark

Council meets the debt affordability benchmark if its planned borrowing is within the quantified limit on borrowing.

External debt

The following graph compares Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that net debt be no higher than 175% of total revenue.

Legend:
- Quantified limit on debt
- Proposed external net debt (at or within limit)
- Proposed external net debt (exceeds limit)

Balanced budget benchmark

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

Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.
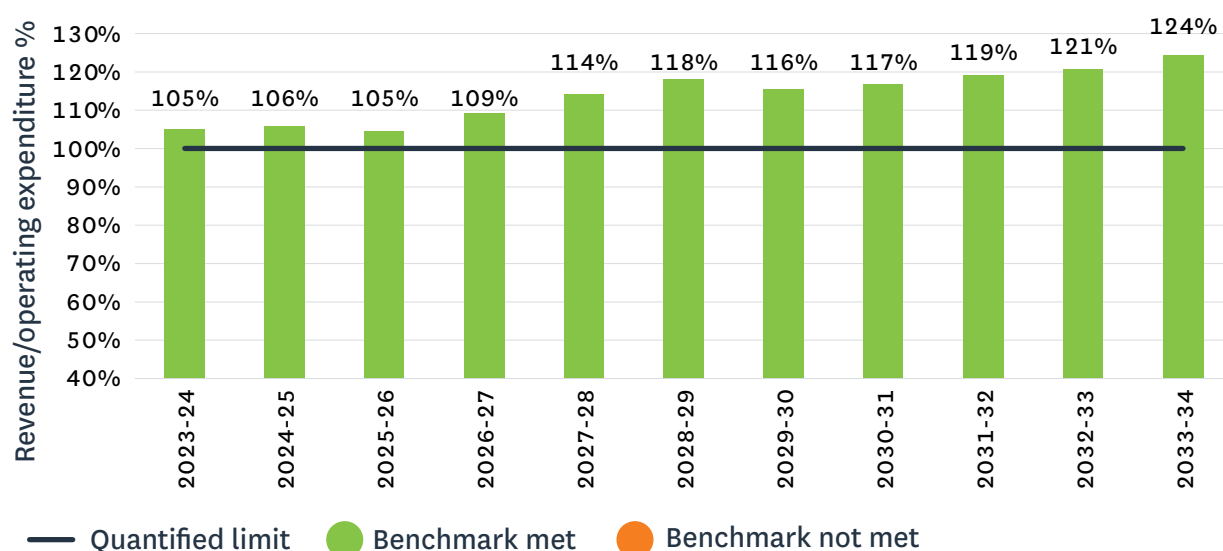
Essential services benchmark

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

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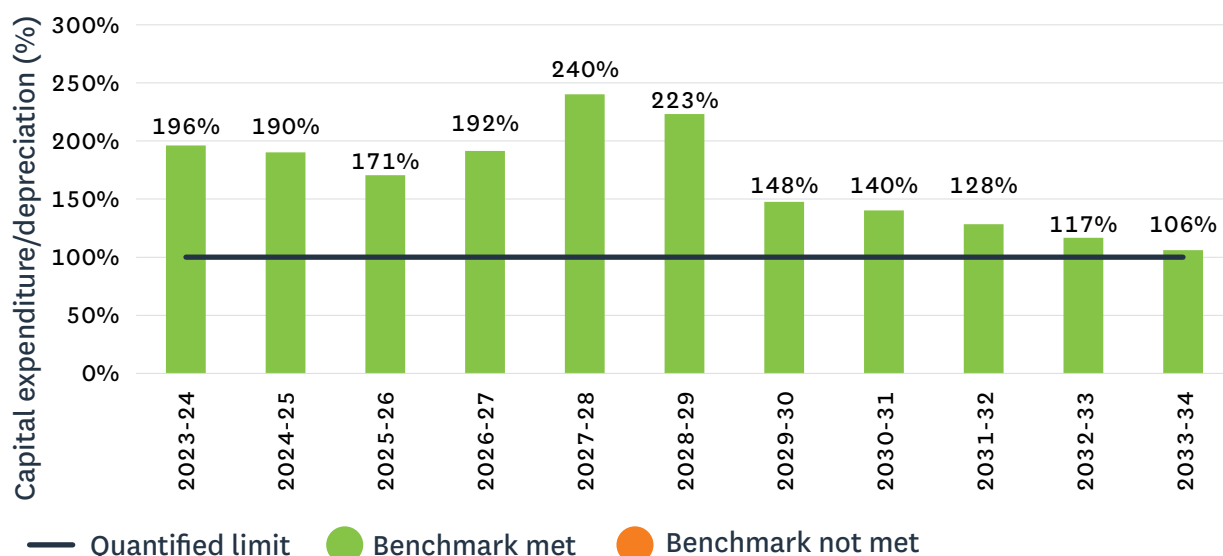
Debt servicing benchmark

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

Because Statistics New Zealand projects Council's population will grow faster than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue.
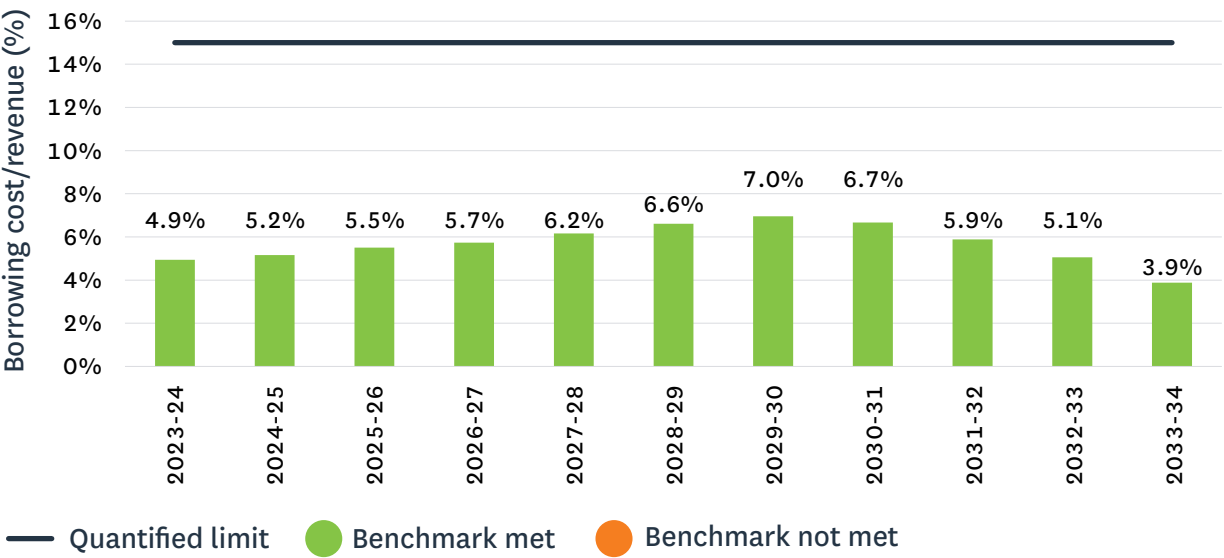
Illustration to go here

Depreciation and amortisation by group of activities

	Annual Plan 2023-24	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27
Transportation	26,082	27,644	29,153	30,811
Water	7,773	9,699	10,084	10,205
Solid Waste	234	292	292	292
Wastewater	9,073	10,018	10,194	10,313
Stormwater	4,042	4,551	4,594	4,657
Flood Protection	377	511	513	516
Parks and Recreation	4,594	5,455	5,504	5,602
Coastal and Flood Management*	-	345	345	347
Community Facilities and Services	4,124	4,230	4,503	5,166
Planning and Regulatory services	72	69	262	262
Governance and Strategy	83	80	80	80
Support Services	3,983	4,384	4,628	4,659
Total depreciation and amortisation	60,437	67,278	70,152	72,911

* Coastal and Flood Management is a new activity in the LTP 2024-34

	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	Year 8 2031-32	Year 9 2032-33	Year 10 2033-34
							$000
	31,986	33,396	35,062	36,670	37,842	39,242	40,892
	11,193	11,464	13,300	14,334	14,491	14,522	15,548
	314	314	314	334	334	334	354
	11,184	11,267	12,058	12,925	15,149	15,151	16,091
	5,090	5,122	5,152	5,549	5,580	5,608	6,014
	647	649	649	768	768	768	884
	6,065	6,248	6,327	6,848	6,908	7,084	7,631
	375	429	575	786	822	831	895
	5,639	6,042	6,058	6,077	6,301	6,638	6,647
	262	262	262	262	262	262	262
	80	80	80	80	80	80	80
	4,193	4,080	4,324	4,421	4,463	4,506	4,549
	77,027	79,352	84,160	89,055	93,001	95,026	99,846

Proposed
Whangārei District Growth Model and Population Projections

Illustration to go here

Whangarei District Council have commissioned Infometrics to produce projections for population, demographic and household change over the next 30 years. The projections estimate overall population growth and age for the district and are used to inform the development of Council's Future Development Strategy and the Long Term Plan Plan, Asset Management Plans, Development Contributions settings and other planning and budgeting processes. The projections ensure Council's infrastructure assets are planned, built, and maintained to meet future demands.

Growth projections are reviewed every three years, using nationally consistent methods. Importantly, the four Northland Council's have applied a consistent approach to producing population projections.

Projections are developed using statistical models, based on 'high', 'medium', and 'low' growth scenarios. On the 27th June 2023, Infometrics and staff presented to Elected Members to understand the risks of over or underestimating population projections, and seek direction on Council's growth scenario preference. In August 2023, Whangarei District Council decided to adopt a high growth scenario for use in Council planning.

The proceeding report now forms part of the source documentation for the 2024-34 Long Term Plan for Whangarei District Council and the Future Development Strategy currently in development.

Authorship

This report has been prepared by Senior Economist Nick Brunsdon and Economist Sabrina Swerdloff

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Executive summary

Introduction

Infometrics has been commissioned by Whangārei District Council (WDC) to produce projections of population and households to support the Long Term Plan and other planning processes. This report explores the projections, which are accompanied by additional data tables and an online dashboard.

Our approach

Our key point of difference for our population projections is that our employment forecasts inform part of projected net migration. First, we forecast employment in each territorial authority, considering local historical trends and national industry forecasts. Then, we project population following a traditional cohort component projection approach, in which the starting population is broken up into age and gender cohorts. Each cohort is analysed and projected separately – considering the probabilities of different life events for each cohort in each five-year period. We compare the employment forecasts with labour force projections, to identify which parts of the country are in greatest need of labour, which informs our net migration projections.

Solid employment growth forecast

Employment in Whangārei district grew from 35,300 in 2010 to 44,200 in 2022. Employment growth in Whangārei has been broad-based over the past decade, led by the construction and health care industries. Whangārei's construction industry expanded as the district's population grew at a high rate, requiring a high rate of construction. Employment in Whangārei is forecast to grow more modestly over the coming decade, up to 49,200 in 2034. Employment growth over the next decade is expected to be driven by a range of industries – manufacturing and professional services, and the public sector dominated industries of health, education and public administration.

From 2022 to 2034, employment in Whangārei is forecast to grow 1.0% per year, exactly the same as the national growth rate. From 2034 to 2054, Whangārei employment is forecast to grow 0.5%pa, again exactly the same as national growth.

International net migration to recovery slowly

International net migration rose to record highs in the 2010s, and a further record high in 2021 as expat New Zealanders rushed home ahead of the COVID-19 border restrictions. This was followed by a sharp fall in net migration while the border was closed. A highly competitive global market for labour is expected to constrain our future net migration gain, meaning a slow recovery back to its long-term level of 30,000 per annum later in this decade.

Distribution of regional net migration shifts

The distribution of net migration within New Zealand has shifted considerably between the 2010s and 2020s, away from cities and into provincial and rural areas. This change was driven by a combination of factors – extremely strong net migration volumes which exceeded housing capacity in the metropolitan centres, rising unaffordability of housing which has pushed commuters further out from cities, and emphasis on regional migration in work visa rules. Improved internet connectivity and greater options for remote working have likely aided this change too. These changes have had a significant effect on Whangārei, amplifying migration out of Auckland in particular.

Drivers of population growth shift over time

Natural increase, the difference between births and deaths, is a key driver of population growth in Whangārei. Natural increase is projected to remain positive throughout the projection period under the high scenario, although it will reduce over time which contributes to a reducing rate of population growth. Under the high scenario, net migration is projected to moderate at a still-high level of 5,000-6,000 every five years over the next 30 years, more than double the average of 2,300 every five years observed between 1998 and 2013.

Population reaches 143,100 in 2054

Whangārei District's population is projected to grow steadily in the high scenario, reaching 117,300 in 2034 and 143,100 in 2054. This amounts to an additional 40,900 residents between 2023 and 2054. Whangārei's strong historical growth, particularly in the past ten years, increased the district's population by 33,800 between 1996 and 2023.

Under the high scenario, Whangārei's population is projected to grow 1.3%pa between 2024 and 2034, and 1.0%pa between 2034 and 2054.

Growth led by the 65+ age group

The 65-years-and-older age group has been Whangārei's fastest growing in the past two decades, growing 3.8%pa on average between 2003 and 2023 (Graph 9). It will continue to be the fastest growing age group throughout the projection period, growing 3.1% per annum between 2023 and 2033, and slowing to 1.5%pa between 2033 and 2053 under the high scenario. The population under the age of 65 is also projected to grow in Whangārei, albeit at a much slower rate than the 65 years and older group

Population becoming more diverse

Whangārei's population is projected to become more diverse over time, with growth across all major ethnic groups and an increase in people identifying with multiple ethnic groups. As of 2018, 77% of Whangārei's population identified with European ethnicity, 30% with Māori, 5.2% with Asian and 4.1% with Pacific. Between 2018 and 2043, the strongest growth is expected in the Asian ethnic group, growing by 171%, and Pacific, growing by 136%.

The Māori population is projected to grow 76% and European by 38%. By 2043, 42% of Whangārei's population is projected to identify as Māori.

Average household size stays around 2.55

Whangārei's average household size has risen over the past 20 years, from 2.50 in 2001 to 2.55 in 2023. Average household size is projected to remain around 2.55 over 2023 to 2034, then rise slightly to 2.59 by 2054 under the high scenario.

Household growth comes off recent highs

Household growth in Whangārei reached a peak of 2.6%pa in 2020, driven by strong population growth. Household growth eased to 1.4%pa in 2022 and is projected to ease further in the coming years as population growth settles to more moderate levels. In the high scenario, households are projected to grow 1.3%pa on average between 2023 and 2034, followed by 0.9%pa to 2054.

Household growth of 540 per year between 2023 and 2033

Whangarei added an average of 680 households per year between 2013 and 2023, reflecting high net migration over 2014-2018 and the effect of COVID-19. Under the high scenario, annual household growth is projected to ease to 540 per year over 2023 to 2033, and 450 per year between 2033 and 2053.

Households total 54,200 in 2054

The number of households in Whangārei District is estimated to have risen from 35,900 in 2018 to 39,500 in 2023. Under the high scenario, households are projected to grow to 45,400 in 2034, and 54,200 in 2054.

Sub-district projections informed by local insights

We have produced projections at a sub-district level, informed by input from Whangārei District Council on how the district's growth is likely to be accommodated in future. Sub-district growth considers the MRCagney's modelling of the district plan, known developments, and recent historical trends in population growth. Projections were developed for 42 SA2 areas as defined by Stats NZ. This report discusses the results for 13 broad sub-district areas which are aggregations of the 42 SA2 areas.

Growth spread throughout urban areas

Population growth is projected to be spread throughout Whangārei's urban areas, reflecting the potential for both greenfield and infill development. The strongest growth is forecast for the Kamo growth area, with an additional 6,800 residents by 2054 under the high scenario, which reflects the area's potential for both greenfield and infill development.

Strong growth involving greenfield and infill development is projected throughout the area to the Northwest of the city centre, including Kennington-Whau-Otangarei (3,800), Tikipunga (4,600), Kamo (6,800) and Whangārei District North (4,200, particularly Kauri). Growth in Whangārei Centre (600) is projected to be modest, reflecting competing land use and limited historical evidence of residential development. Strong growth is projected in Central Southwest (4,600), predominantly greenfield development in Maunu-Horahora, but also infill development around Woodhill. At the Southeast end of the district, strong growth is also projected in Bream Bay (5,400, including Ruakaka and Marsden City) and Waipu (4,500) which reflects a strong growth trend as lifestyle-oriented satellite centres.

Introduction

Infometrics has been commissioned by Whangārei District Council (WDC) to produce projections of population and households to support the Long Term Plan and other planning processes. This report explores these projections – explaining the methodology, analysing historical trends, and detailing the projections at a district and sub-district level.

This report is accompanied by our online Population Projections product which provides a user-friendly interface for exploring the projections, and a pivot table spreadsheet which provides a highly detailed and flexible tool for extracting the projections for further analysis.

Our approach

Consideration of each life stage and cohort

Our population projection approach follows a traditional cohort component projection approach, in which the starting population is broken up into age and gender cohorts. Each cohort is analysed and projected separately – considering the probabilities of different life events for each cohort in each five-year period. The life events include fertility, mortality, migration, household formation, and labour force participation. We also consider how these probabilities have changed over time and how they may change in future – for example, how labour force participation has risen among older age groups as life expectancy has extended over time.

Employment forecasts drive net migration

Our key point of difference for our population projections is that our employment forecasts inform projected net migration. We consider employment growth and labour force participation to assess labour force shortfalls in each region, which indicates how net migration will be distributed within the country. Consequently, these population projections are essentially informed by the economic prospects of the district.

Districtwide first, then sub-district

We project population at a districtwide scale first, in consideration of demographic processes and employment growth. Then, we project population at a Statistical Area 2 (SA2) or sub-district scale taking into account the capacity for household growth in each SA2 area and historical trends.

Our projection approach is described in greater detail in Appendix 1 – our approach in detail.

Economy

Our employment forecasting approach

Our forecasts for employment are driven by a combination of historic trends and our view of the future. This includes assumptions around environmental regulation and of further adoption of automation technology, which will adversely affect employment in industries such as manufacturing. Over time, national environmental regulations for greenhouse gas emissions and freshwater are expected drive a reduction in the extent and intensity of livestock farming, which has a flow through effect on agriculture employment and in turn manufacturing employment as fewer livestock will need processing. In addition, high carbon pricing is encouraging expansion in forestry, which comes at the expense of livestock farming and requires a lower level of employment.

Broad based employment growth in past decade

Employment in Whangārei District stumbled after the global financial crisis in 2008, but grew thereafter, from 35,300 filled jobs in 2010 to 44,200 in 2022 (Graph 1). Employment growth in Whangārei has been broad-based over the past decade, led by the construction and health care industries. Whangārei's construction industry expanded as the district's population grew at a high rate, requiring a high rate of construction.

Graph 1. Whangarei District Employment
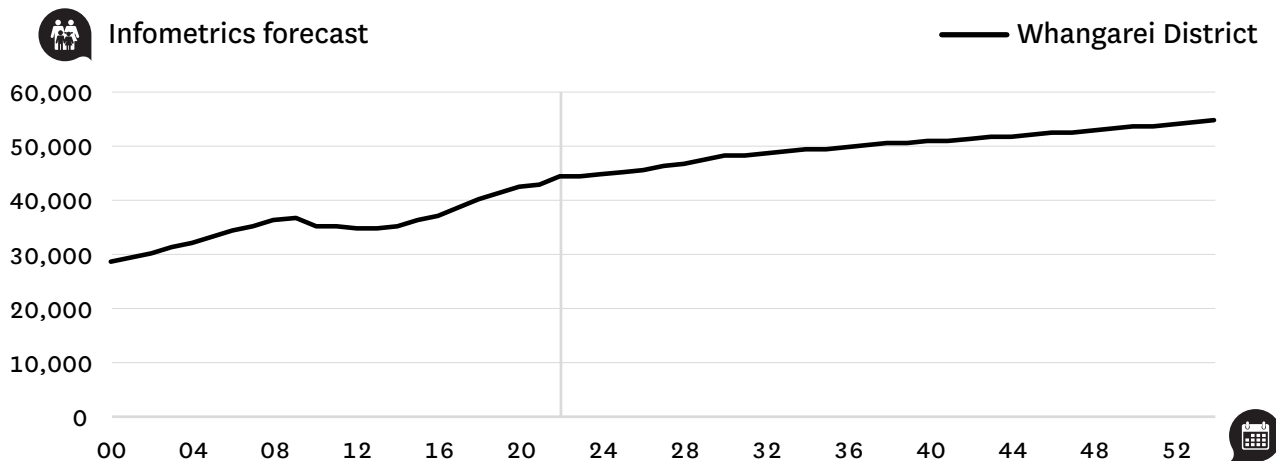
Stronger employment growth in 2020s

Employment in Whangārei is forecast to grow more modestly over the coming decade, up to 49,200 in 2034. The construction industry is expected to shift from strong growth to modest decline. Although it will remain a significant industry for Whangārei, lower population growth means it will need a slightly smaller workforce. Employment growth over the next decade is expected to be driven by a range of industries – manufacturing and professional services, and the public sector dominated industries of health, education and public administration.

Over the 2034-2054 period, professional services and the public sector dominated industries are expected to continue being key drivers of employment growth. From the 2030s onwards, environmental regulations are expected to weigh on the agriculture industry, leading to a modest decline in agriculture employment over the 2034-2054 period and slower growth for manufacturing. Overall employment is forecast to grow modestly to 54,700 in 2054.

Employment growth softens

Employment growth in Whangārei averaged 2.5%pa over 2013-2022, just ahead of the national average of 2.1%pa (Graph 2). From 2022 to 2034, employment in Whangārei is forecast to grow 1.0% per year, exactly the same as the national growth rate. From 2034 to 2054, Whangārei employment is forecast to grow 0.5%pa, again exactly the same as national growth.

Graph 2. Employment growth
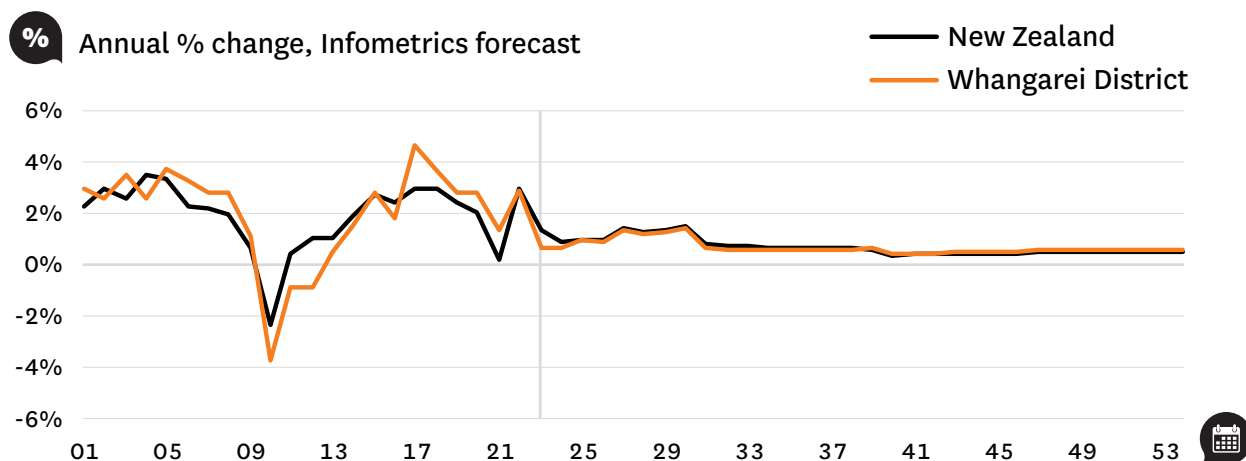
Population

International net migration to recover slowly

International net migration rose to record highs in the 2010s, and a further record high in 2021 as expat New Zealanders rushed home ahead of the COVID-19 border restrictions (Graph 3). This was followed by a sharp fall in net migration while the border was closed.

Despite a progressive loosening of migration settings as New Zealand's international border reopened in 2022, a highly competitive global market for labour is expected to limit migration inflows, at the same time as an elevated number of New Zealanders are leaving. Net migration is forecast to trend back to its long-term level of 30,000 per annum later in this decade.

This net migration projection reflects that under our forecast of steady employment growth and an ageing population, we expect sustained positive net migration over the long term. Although New Zealand does not currently have a long-term immigration strategy, we expect that labour market pressures will persuade future governments to enable sustained, moderate net migration flows through favourable migration settings. However, we do not expect net migration to return to the highs observed in the past decade, given the highly competitive global market for migrants, as many countries face an ageing population.

Graph 3. International net migration to New Zealand

Stats NZ estimates, Infometrics forecast

Historical — High — Medium — Low
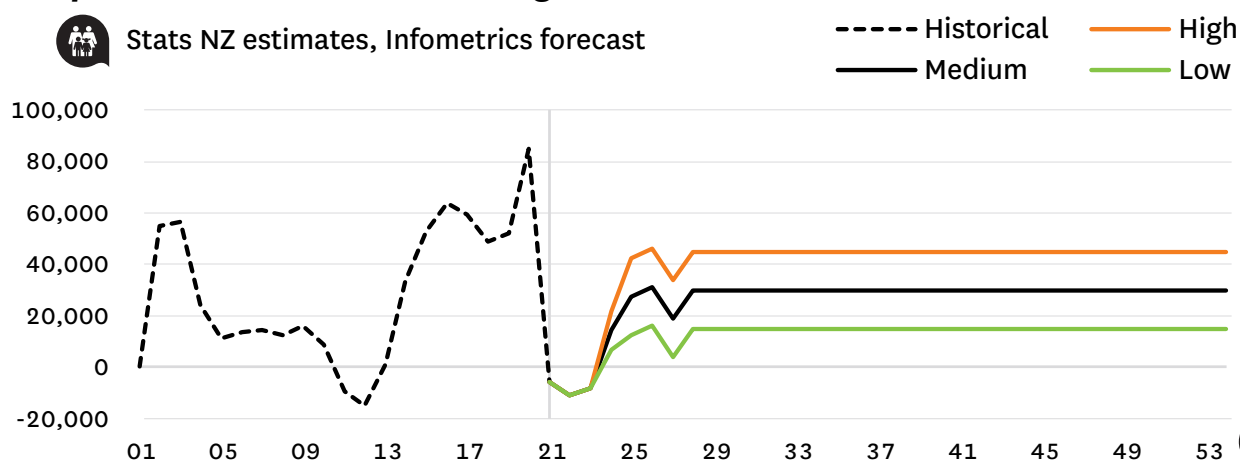
Distribution of regional net migration shifts

Over the 1990s and 2000s, periods of high international net migration largely translated to periods of high net migration into New Zealand's metropolitan centres. For example, when international net migration peaked (at the time) in 2003 at 51,500pa, metro centres took 86% of the country's net migration, and rural areas continued to experience net outflows (Graph 4). However, by the 2010s, the distribution of population across our metropolitan, provincial and rural areas fundamentally changed. Between 2014 and 2020, 57% of net international migration went to the metro centres, allowing provincial and rural areas to make substantial net migration gains and therefore arrest population decline which dated back to the economic reforms of the 1980s. This change was driven by a combination of factors – extremely strong net migration volumes which exceeded housing capacity in the

metropolitan centres, rising unaffordability of housing which has pushed commuters further out from cities, and emphasis on regional migration in work visa rules. Improved internet connectivity and greater options for remote working have likely aided this change too. These changes have had a significant effect on Whangārei, amplifying migration out of Auckland in particular.

Graph 4. Net migration by territorial authority type

Stats NZ, Infometrics   ● Rural ● Metro ● Provincial
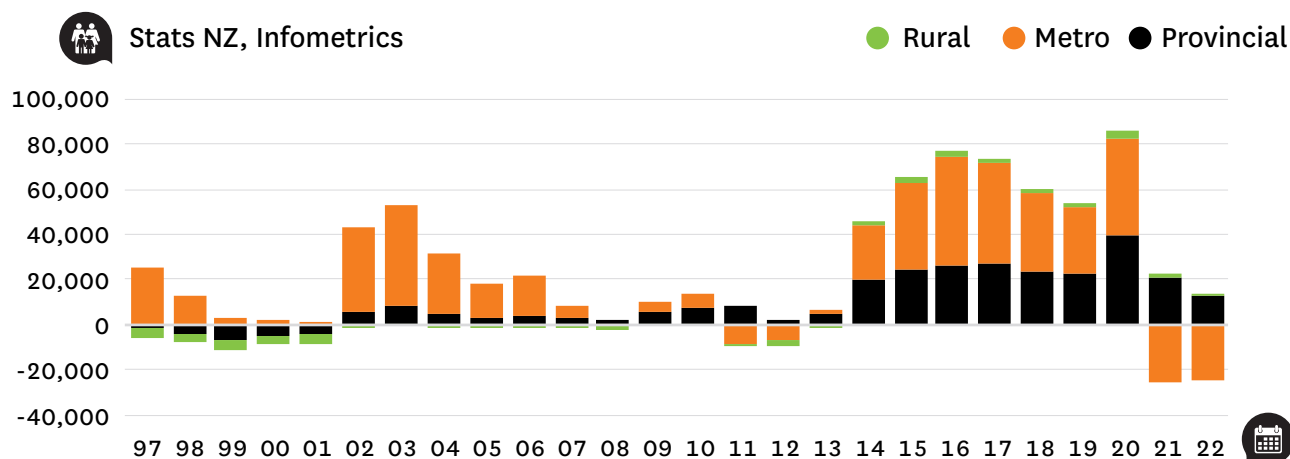
Drivers of population growth shift over time

Shifts in international net migration have been the most noteworthy driver of population growth in the past decade nationally, owing to the relative volatility of migration (Graph 5). However, this belies the long-term ageing of New Zealand's population which is closing the gap between births and deaths, known as natural increase. Births are projected to remain broadly steady in numeric terms, at or above 300,000 per five-year period, with a growing population offsetting a declining fertility rate. Deaths are projected to grow steadily as burgeoning older age groups outpace decreasing mortality rates. As natural population growth decreases, with deaths growing faster than births, population growth will slow and become increasingly dependent on net migration. Nationally, deaths are projected to outnumber births in the 2050s, at which point New Zealand's population will be entirely reliant on net migration to avoid decline.

Graph 5. Drivers of population change in New Zealand

Total 5yrs ending, Infometrics medium projection   — Births — Deaths — Net migration
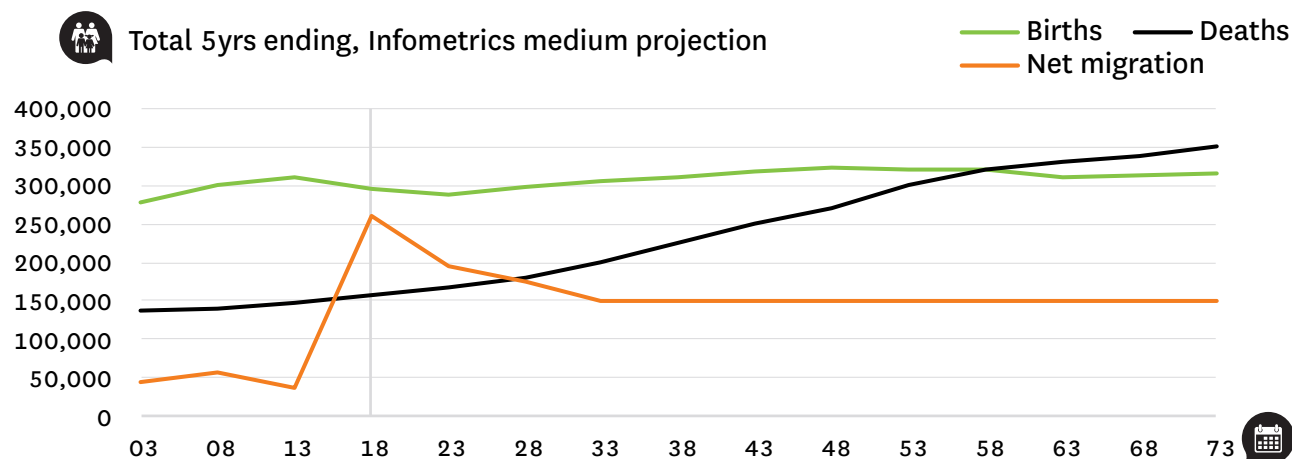
Natural population increase in Whangārei is projected remain positive over the next 30 years under the high scenario, although it does diminish over time (Graph 6). Under the high

scenario, births are projected to increase sufficiently to keep ahead of an increasing number of deaths, supported by strong net migration which boosts the population of childbearing age. Net migration to Whangārei District rose rapidly between 2013 and 2018, driven by remarkable levels of internal and international net migration. Under the high scenario, net migration is projected to moderate at a still-high level of 5,000-6,000 every five years over the next 30 years, more than double the average of 2,300 every five years observed between 1998 and 2013. The net migration projection reflects the economic momentum of the district and need to replace retiring workers, constrained to reflect tight demand for migrants nationally and internationally.

Graph 6. Whangārei District population drivers

Total five years ending, Stats NZ estimate, Infometrics high projection

Births   Deaths   Net migration
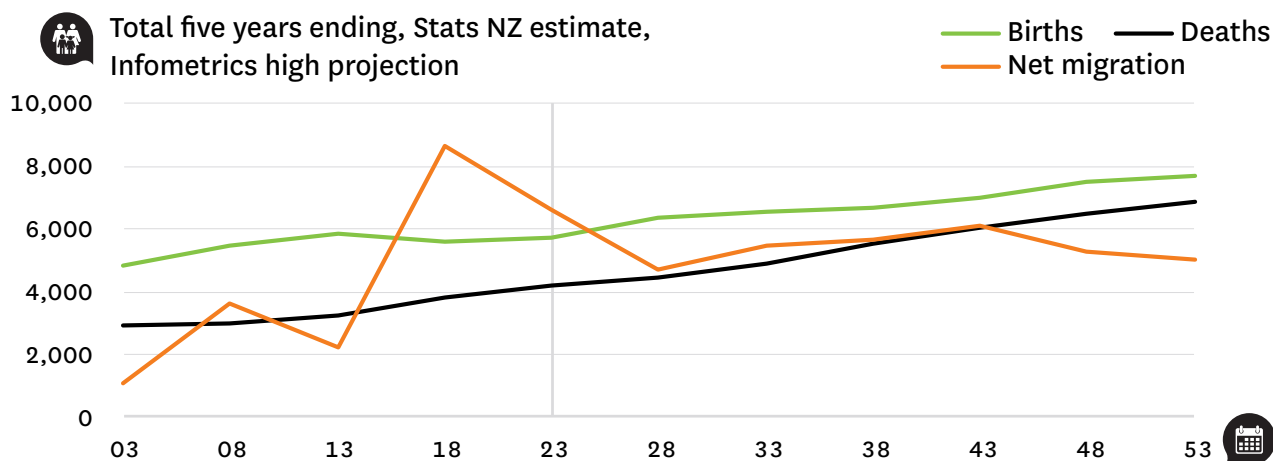
Population growth set to slow

Whangārei's population growth reached a peak of 2.8%pa in the year to June 2017, and spiking again to 2.3%pa in 2020 (Graph 7). The district's exceptionally strong growth in 2020 was driven by expats returning to New Zealand ahead of the COVID-19 border closures. Population growth has since eased to 1.2%pa in 2022.

Whangārei's population is projected to grow 1.7% in the year to June 2023 across all three scenarios. Under the high scenario, Whangārei's population is projected to grow 1.3%pa between 2024 and 2034, and 1.0%pa between 2034 and 2054. This is faster than the medium scenario projection for New Zealand, of 0.9%pa for 2024 to 2034, and 0.6%pa for 2034 to 2054. New Zealand will experience the same characteristic slow-down as Whangārei, which reflects the gradual softening in natural increase over time.

Graph 7. Whangārei District population growth

% Annual % change, Infometrics projection

High — Low —
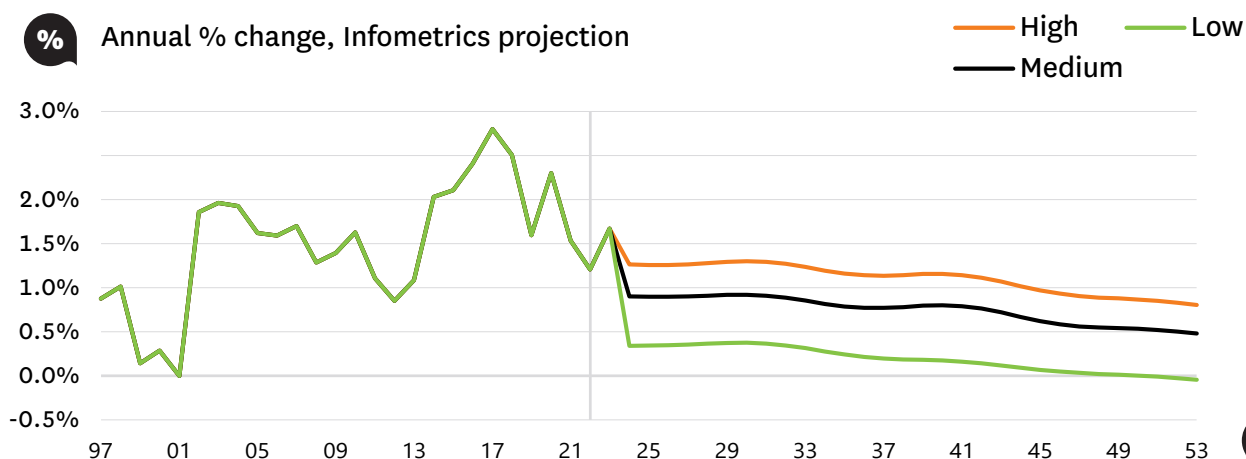
Medium —

The rate of population growth eases over time across all three scenarios, remaining positive throughout the projection period in the high and medium scenario, and dipping negative from 2051 onwards under the low scenario.

Whangārei's population growth is projected to average 0.9%pa over 2024 to 2034 under the medium scenario, and 0.3%pa in the low scenario. Whangārei's population growth is projected to average 0.7%pa over 2034-2054 under the medium scenario, and 0.1%pa under the low scenario.

Population reaches 143,100 in 2054

Whangārei District's population is projected to grow steadily in the high scenario, reaching 117,300 in 2034 and 143,100 in 2054 (Graph 8). This amounts to an additional 40,900 residents between 2023 and 2054. Whangārei's strong historical growth, particularly in the past ten years, increased the district's population by 33,800 between 1996 and 2023.

Under the medium scenario, Whangārei's population grows to 112,700 in 2034 and 128,300 in 2054, for a total increase of 26,100 residents between 2023 and 2054.

Under the low scenario, Whangārei's population peaks at 108,200 in 2050, easing slightly thereafter to arrive at 108,000 in 2054. The low scenario represents an increase of 5,800 residents between 2023 and 2054.

Graph 8. Whangārei District population
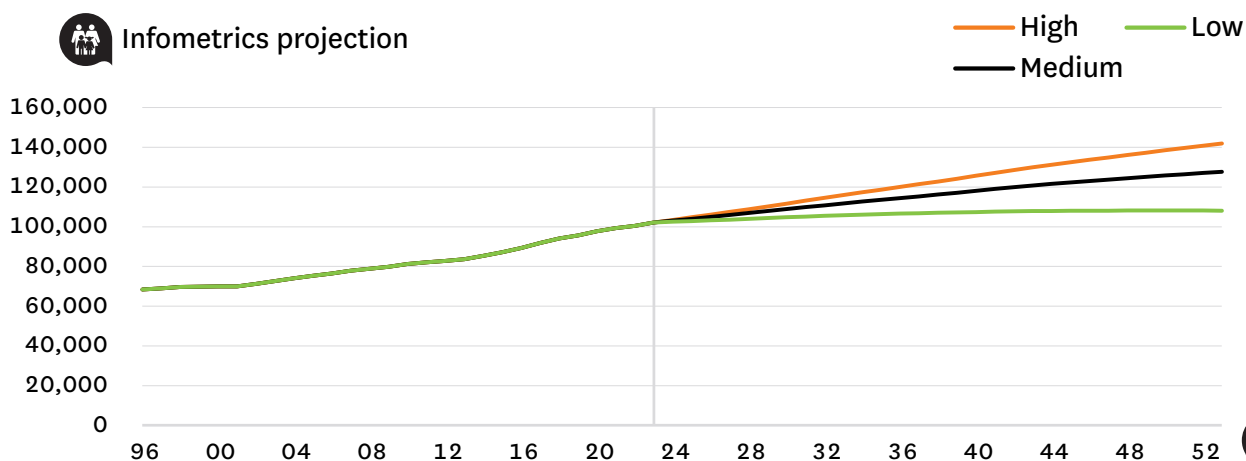
Infometrics projection

High — Low —

Medium —

Growth led by the 65+ age group

The 65-years-and-older age group has been Whangārei's fastest growing in the past two decades, growing 3.8%pa on average between 2003 and 2023 (Graph 9). It will continue to be the fastest growing age group throughout the projection period, growing 3.1% per annum between 2023 and 2033, and slowing to 1.5%pa between 2033 and 2053 under the high scenario. This growth is driven by attracting further migrants aged 65 years and older, and the last of the baby boomer generation transitioning from the 40-64 age group into the 65 years and older age group by 2030.

The population under the age of 65 is also projected to grow in Whangārei, albeit at a much slower rate than the 65 years and older group. The 40-64 year old population is projected to grow 1.0%pa between 2023 and 2053. The population under the age of 40 is projected to grow slightly slower again, with 0.6%pa growth for the 15-39-year-old age group and 0.7%pa growth for the 0-14-year-old age group.
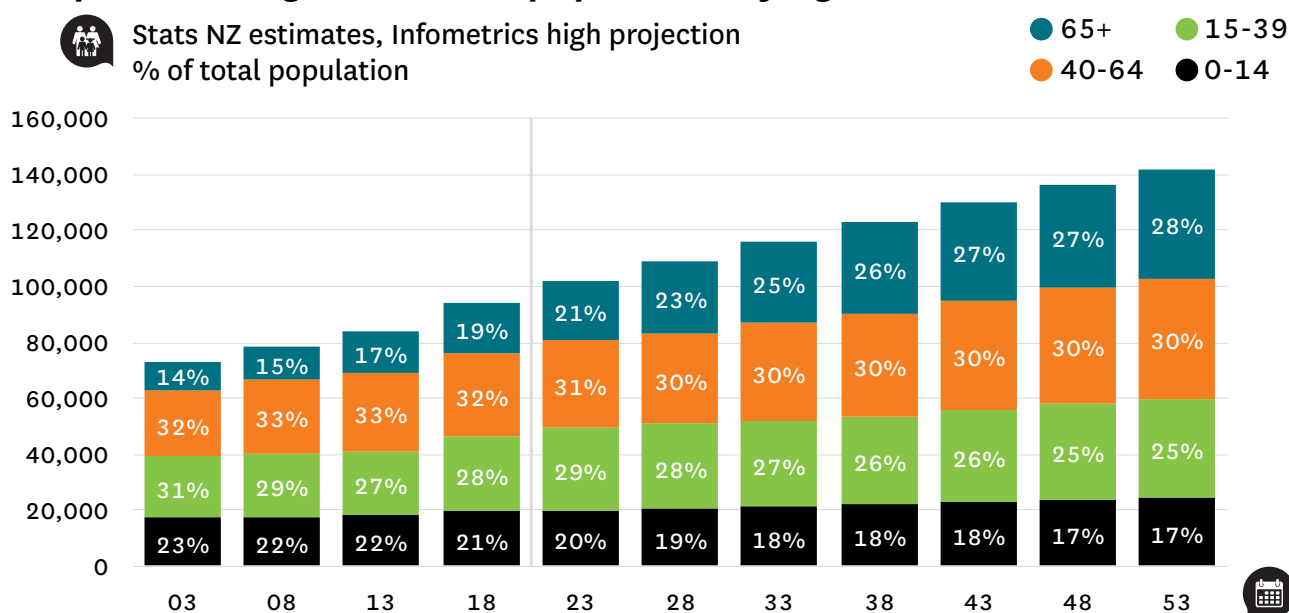
Graph 9. Whangārei District population by age

Stats NZ estimates, Infometrics high projection
% of total population

Legend: 65+ · 15-39 · 40-64 · 0-14

Year	0-14	15-39	40-64	65+
03	23%	31%	32%	14%
08	22%	29%	33%	15%
13	22%	27%	33%	17%
18	21%	28%	32%	19%
23	20%	29%	31%	21%
28	19%	28%	30%	23%
33	18%	27%	30%	25%
38	18%	26%	30%	26%
43	18%	26%	30%	27%
48	17%	25%	30%	27%
53	17%	25%	30%	28%

65+ age group nearly a third of population

The population aged 65 years and older is projected to nearly double in size from 21,400 in 2023 to 39,100 in 2054, taking its share of Whangārei's population from 21% in 2023 to 28% in 2053 (Graph 9). The 40–64-year-old population will grow more modestly, from 31,600 to 42,900, its share easing from 31% to 30%.

The under 40-year-old age groups will decrease as a share of Whangārei's population. The 15-39-year-old population is projected to ease from 29% of the population in 2023 to 25% in 2053, despite growing in number from 29,300 to 35,400, as it grows slower than the population overall. The 0-14-year-old population is projected to ease from 20% to 17% of the population, despite growing from 20,000 to 24,700.

Average age grows in line with New Zealand

Whangārei's average age has risen from 37 years in 2001, one year higher than the national average, to 42 years in 2023, two years higher than the national average (Graph 10). Whangārei's average age is projected to continue rising under the high scenario, to 45 years in 2054, 1.5 years higher than the national average.

Graph 10. Average age
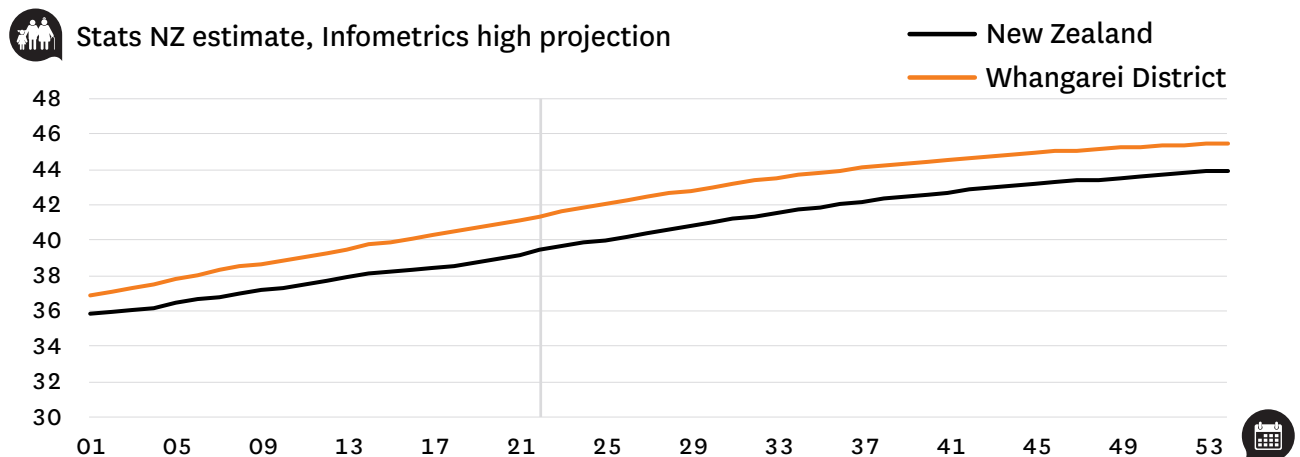
Stats NZ estimate, Infometrics high projection

— New Zealand
— Whangarei District

Population becoming more diverse

Whangārei's population is projected to become more diverse over time, with growth across all major ethnic groups and an increase in people identifying with multiple ethnic groups. As of 2018, 77% of Whangārei's population identified with European ethnicity, 30% with Māori, 5.2% with Asian and 4.1% with Pacific (Graph 11). Between 2018 and 2043, the strongest growth is expected in the Asian ethnic group, growing by 171%, and Pacific, growing by 136%. The Māori population is projected to grow 76% and European by 38%. By 2043, 42% of Whangārei's population is projected to identify as Māori.

Note that as people can identify with more than one ethnicity, the population by ethnic group is greater than the total population, and percentages add up to more than 100%.

Graph 11. Whangārei District population by ethnic group

Infometrics high projection, % of population

● Asian ● Pacific
● Maori ● European
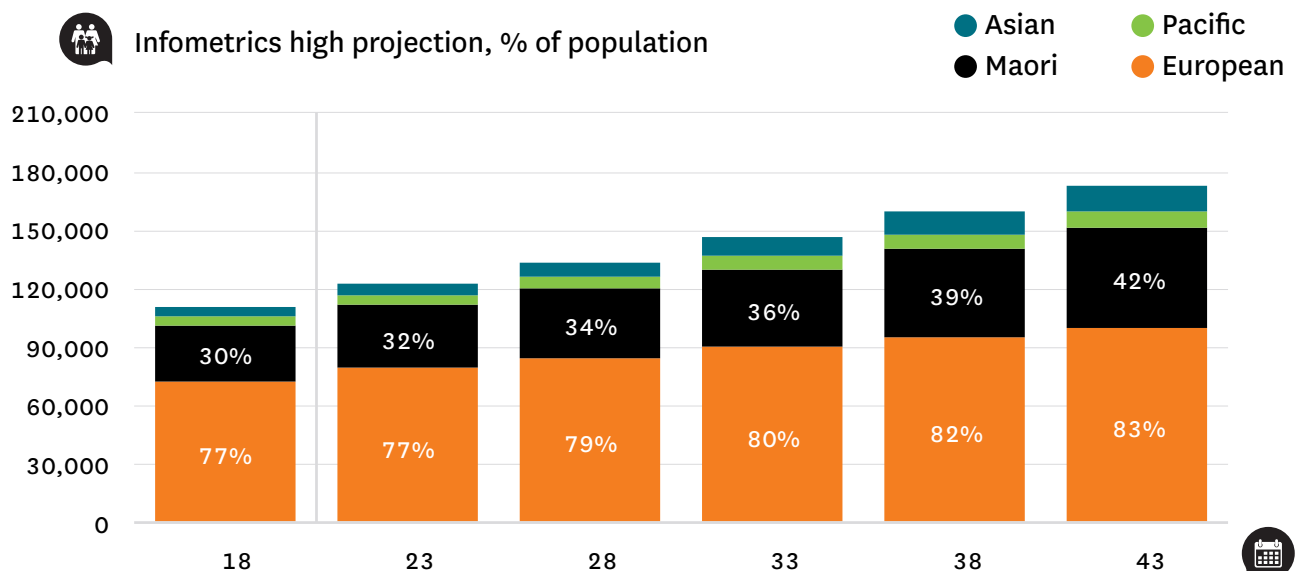
Households

Household projections are theoretical

A household is a grouping of individuals and/or families living in the same dwelling and sharing facilities with each other. The number of households and average household size are estimated based on projected changes in the sex and age structure of the population (such as a growing older-age population) and trends in household formation (such as women deferring childbirth). These trends provide a theoretical estimate of the number of households. However, the actual number of households will depend on a sufficient number of dwellings being available. If fewer dwellings are made available, for example due to lower levels of new dwelling construction, then fewer households will be able to form, and the average household size may be higher. As a practical example, we might expect a couple with one child to form their own single-family household, consisting of three occupants. However, if the couple is unable to obtain suitable dwelling, they may move in with one of their sets of parents, forming a multi-family household with five occupants.

Average household size stays around 2.55

Whangārei's average household size has risen over the past 20 years, from 2.50 in 2001 to 2.55 in 2023 (Graph 12). Average household size rose even further around 2018 which reflected a period of strong migration bringing families into the district.

Average household size is projected to remain around 2.55 over 2023 to 2034, then rise slightly to 2.59 by 2054 under the high scenario. Average household size is projected to track lower in the medium and low scenarios, which reflects lower levels of net migration in those scenarios, as net migration tends to bring a relatively youthful population.

Graph 12. Whangīarei District average household size
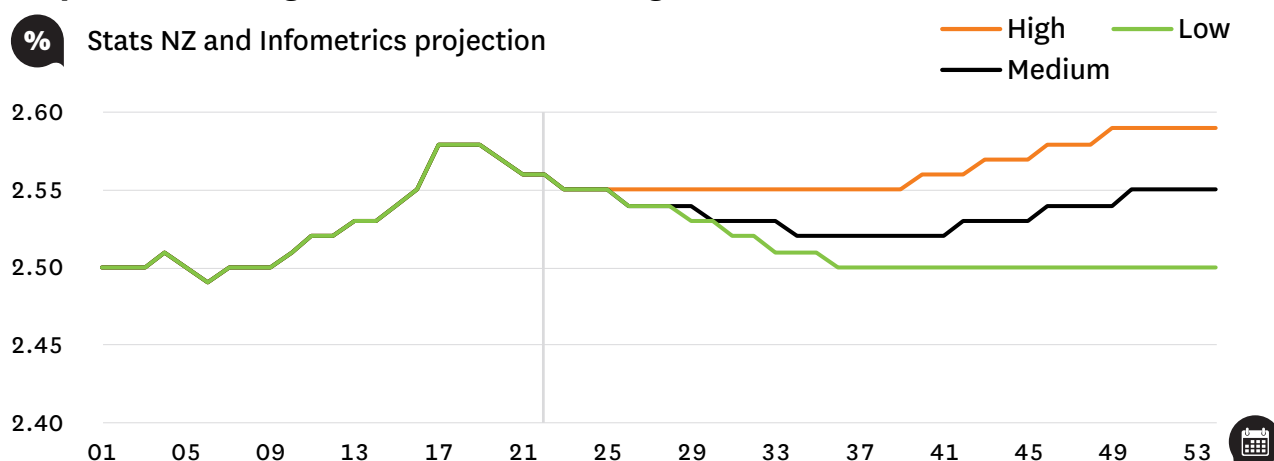
Average household size reflects the age structure of the population, household formation and fertility trends. Older age groups tend to form couple-without-children or one-person households of 1-2 people. Families with children tend to form 2-3 or more person households. Overall, fertility has been trending down over time with women having fewer children than previous generations. This can be mitigated to some extent as the ethnic

composition of the population changes, with higher fertility rates associated with Māori and Pacific populations, both strongly growing ethnic groups in Whangārei.

The declining average household size in the low and medium scenario means that the number of households is projected to grow faster than the population, as the population will be spread across a greater number of households.

Household growth comes off recent highs

Household growth in Whangārei reached a peak of 2.6%pa in 2020, driven by strong population growth (Graph 13). Household growth eased to 1.4%pa in 2022 and is projected to ease further in the coming years as population growth settles to more moderate levels. In the high scenario, households are projected to grow 1.3%pa on average between 2023 and 2034, followed by 0.9%pa to 2054.

Graph 13. Whangārei District household growth

% Annual % change, Infometrics projection — High — Low — Medium
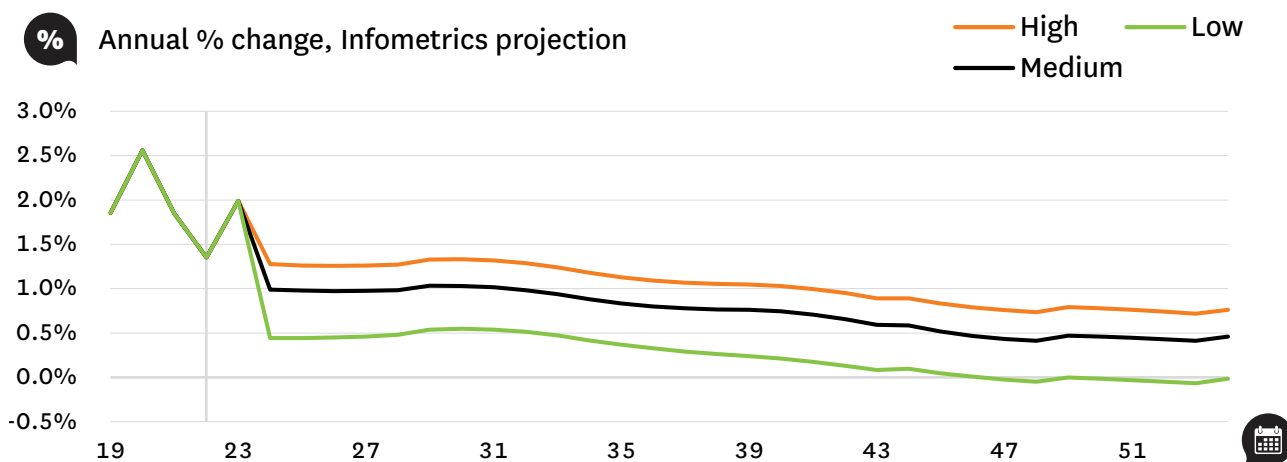
In the medium scenario, households are projected to grow 1.0%pa between 2023 and 2034, followed by 0.6%pa to 2054. In the low scenario, household are projected to grow 0.5%pa between 2023 and 2034, followed by 0.1%pa to 2054.

Household growth of 540 per year between 2023 and 2033

Whangarei added an average of 680 households per year between 2013 and 2023, reflecting high net migration over 2014-2018 and a burst of migration ahead of COVID-19 border restrictions in 2020. Under the high scenario, annual household growth is projected to ease to 540 per year over 2023 to 2033, and 450 per year between 2033 and 2053 (Graph 14). Under the medium scenario, annual household growth eases to 310 per year between 2023 and 2033, and 280 per year between 2033 and 2053. Under the low scenario, annual household growth falls away quickly to an average of 200 per year between 2023 and 2033, followed by an average of 50 per year over 2033 to 2053.

Graph 14. Whangārei District household growth

Annual average, Infometrics projection

Legend: High (orange), Low (green), Medium (black)
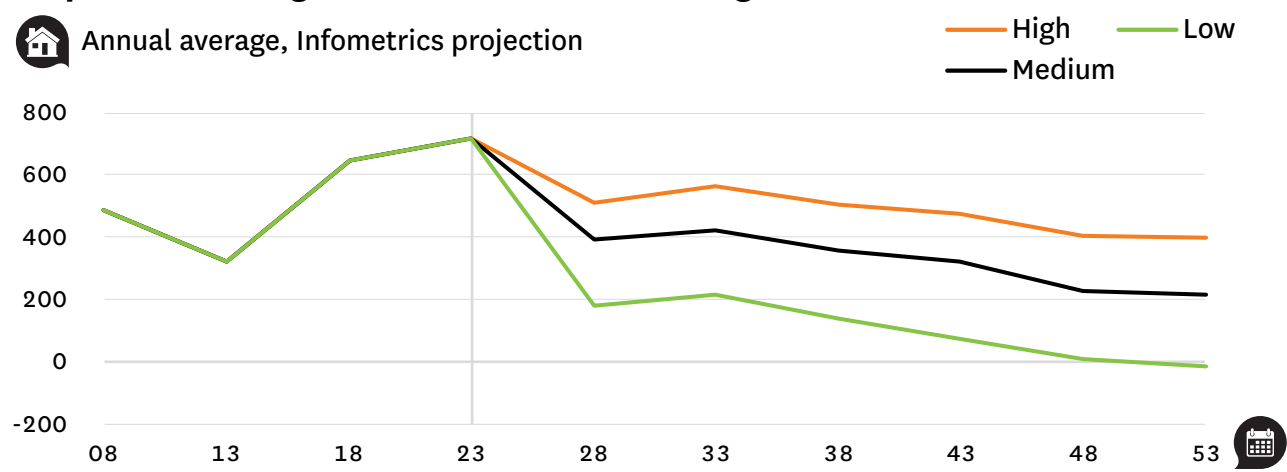
Households total 49,400 in 2054

The number of households in Whangārei District is estimated to have risen from 35,900 in 2018 to 39,500 in 2023. Under the high scenario, households are projected to grow to 45,400 in 2034, and 54,200 in 2054 (Graph 15). Under the medium scenario, households total 44,000 in 2034 and 49,400 in 2054. Under the low scenario, households total 41,600 in 2034 and 42,500 in 2054.

Graph 15. Whangārei District households

Infometrics projection

Legend: High (orange), Low (green), Medium (black)
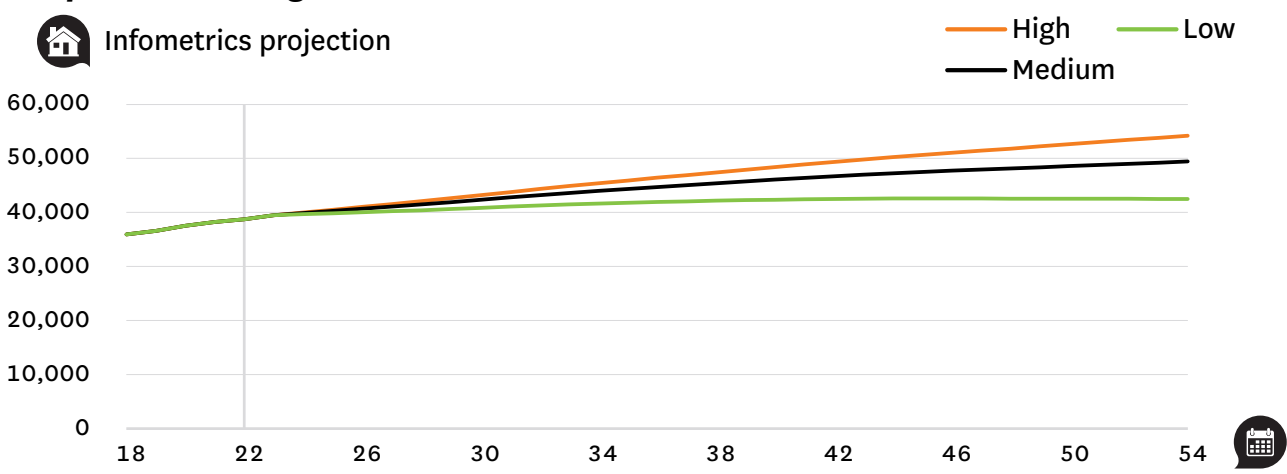
Family households most common

Family households are the most common household type, accounting for 74% of households in Whangārei in 2023, and projected to account for 76% of households in 2053 (Graph 16). Family households include couples living with or without children, and one-parent families. One-person households are the second most common household type, accounting for 25% of Whangārei households in 2023. This type of household often includes older persons living alone, such as widows or widowers. Other multi-person households (colloquially known as flatting), are projected to remain steady in percentage terms over time, accounting for around 4% of Whangārei households.

Graph 16. Whangārei District ouseholds by type

Infometrics high projection, % of total households

- ● Other multiperson household
- ● One-person household
- ● Family households
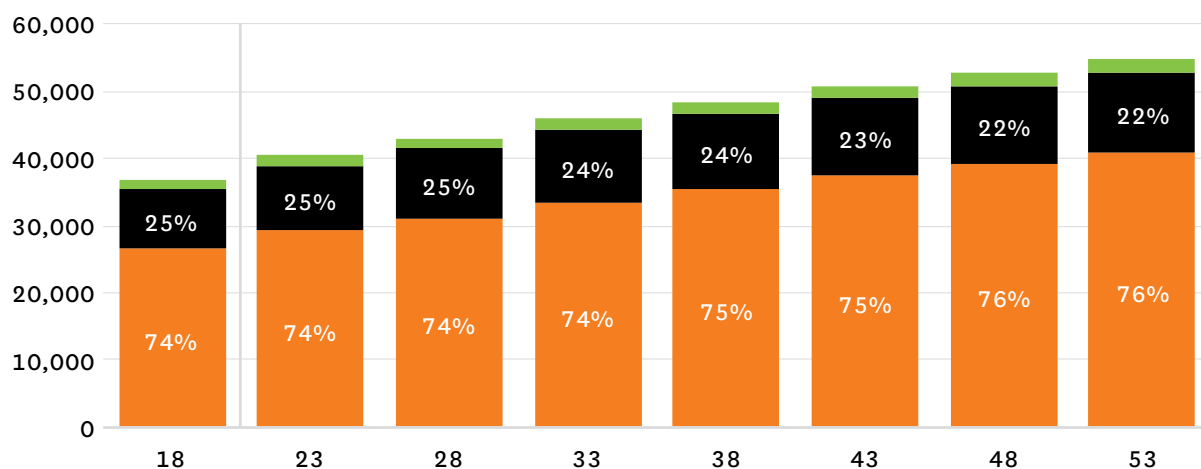
Couples are most common family type

Couples are the most common family household type, including two-parent families and couples without children (Graph 17). Two parent families are projected to be the fastest growing family type, growing 49% between 2023 and 2053.

Graph 17. Whangārei District family households

Infometrics high projection, % of total family households

- ● One parent family
- ● Two parent family
- ● Couple without children family
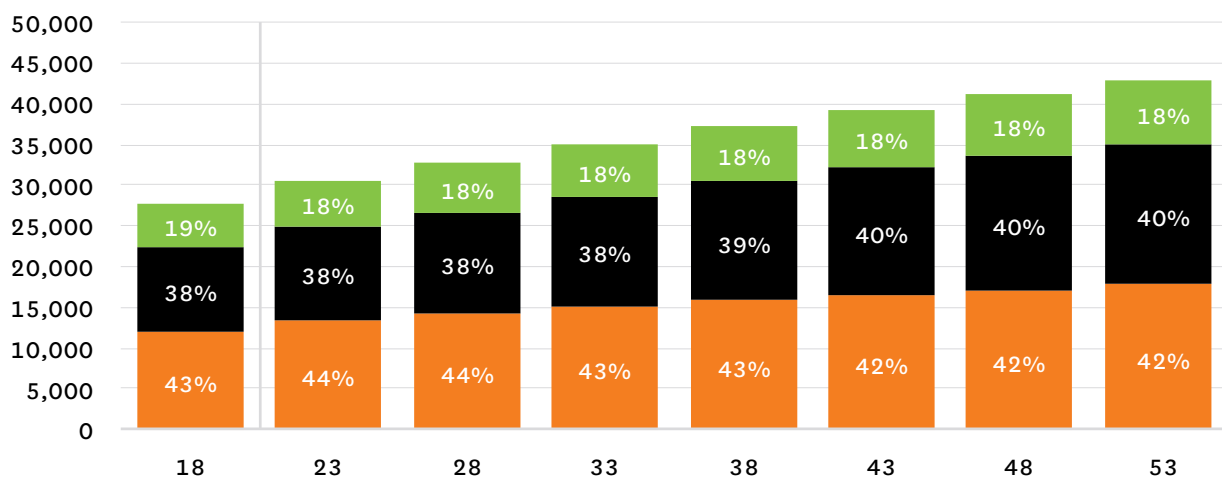
Note that family households referred to above can consist of multiple families, therefore the number of families in Graph 17 is slightly higher than the number of family households in Graph 16. For example, consider a young couple with children that live with their older parents. They form a single household together, but there are two distinct family units within the household.

Sub-district projections

Sub-district projections informed by local insights

We have produced projections at a sub-district level, informed by input from Whangārei District Council on how growth is likely to be accommodated in the district in future. These sub-district projections consider the capacity for growth as indicated by MRCagney's modelling of the district plan, known developments, and recent historical trends in population growth.

The sub-district projections are produced for Statistical Area 2 (SA2) areas. SA2 areas are defined by Stats NZ, with 42 SA2 areas within Whangārei District. In order to produce a user-friendly report, we have grouped the 42 SA2 areas into 13 broad sub-district areas, and focused the discussion on these 13 areas. The full SA2 projections have been provided in spreadsheet form to Whangārei District Council and are available on our online Population Projections. We have also provided limited outputs for water and wastewater scheme service areas.

Our SA2 projections use the same cohort component demographic approach as used for the districtwide projections. This takes into account the age structure of the current population and modelling demographic processes that will affect that population over time. The outputs for SA2 include projections of population by age and households by type.

Growth spread throughout urban areas

Population growth is projected to be spread throughout Whangārei's urban areas, reflecting the potential for both greenfield and infill development. The strongest growth is forecast for the Kamo growth area, with an additional 6,800 residents by 2054 under the high scenario (Graph 18), which reflects the area's potential for both greenfield and infill development. Strong growth involving greenfield and infill development is projected throughout the area to the Northwest of the city centre, including Kennington-Whau-Otangarei (3,800), Tikipunga (4,600), Kamo (6,800) and Whangārei District North (4,200, particularly Kauri). Growth in Whangārei Centre (600) is projected to be modest, reflecting competing land use and limited history of residential development. Strong growth is projected in Central Southwest (4,600), predominantly greenfield development in Maunu-Horahora, but also infill development around Woodhill. At the Southeast end of the district, strong growth is also projected in Bream Bay (5,400, including Ruakaka and Marsden City) and Waipu (4,500) which reflects a strong growth trend as lifestyle-oriented satellite centres.

Graph 18. Whangārei District absolute population growth 2022-54

Infometrics high projection

Sub-district	Growth
Whangārei District North	~4,200
Whangārei District West	~3,100
Whangārei District East	~4,200
Te Kamo	~6,700
Tikipunga	~4,600
Kensington-Whau-Otangarei	~3,800
Whangārei Centre	~600
Onerahi-Riverside	~400
Central Southwest	~4,500
Raumanga-Port Whangārei	~150
Whangārei District South	~400
Bream Bay	~5,300
Waipū	~4,500
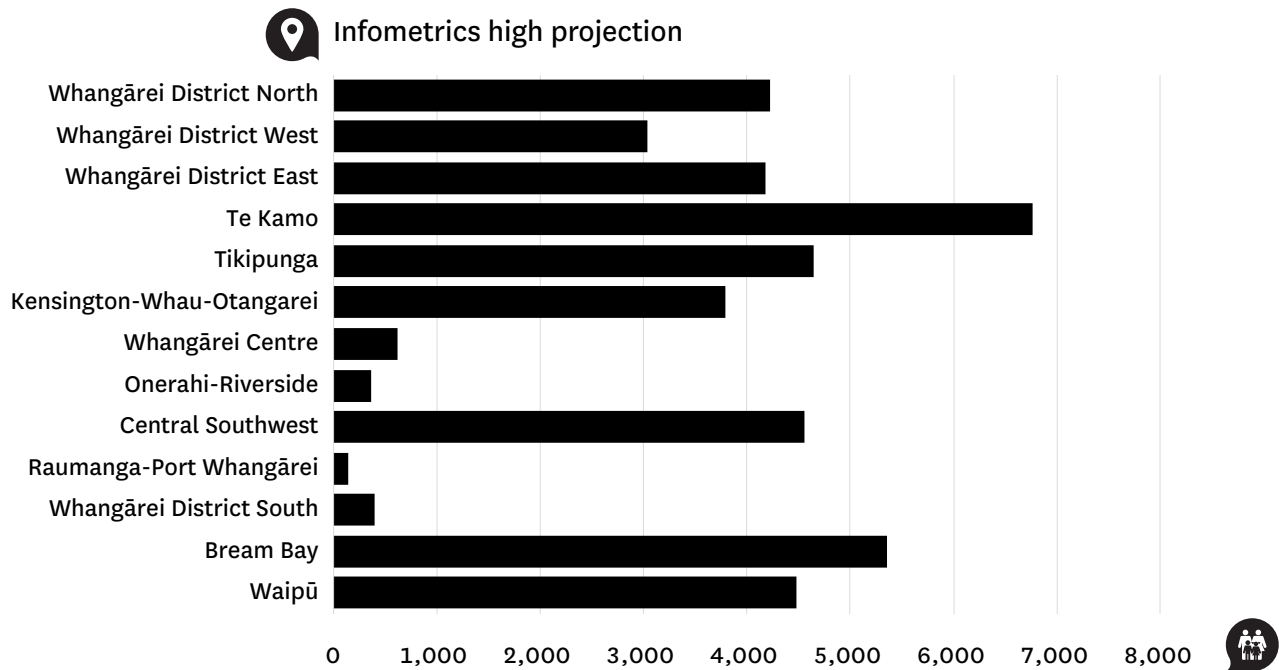
Strongest rates of population growth in Waipu, Whangārei Centre

The strongest rates of population growth over 2022-2034 are projected for Waipu (3.7%pa) and Whangārei Centre (2.3%pa) under the high scenario (Table 1). Both areas are growing off a relatively small population base in 2022, of 3,200 in Waipu and 1,000 in Whangārei Centre.

Table 1. Whangārei sub-district Population

Stats NZ estimates, Infometrics high projection

Sub-district area	Population			Annual growth rate	
	2022	2034	2054	2022-2034	2034-2054
Waipu	3,242	5,016	7,725	3.7%	2.2%
Bream Bay	8,135	10,407	13,485	2.1%	1.3%
Whangarei District South	3,974	4,232	4,368	0.5%	0.2%
Raumanga-Port Whangarei	260	311	408	1.5%	1.4%
Central Southwest	17,454	19,325	22,015	0.9%	0.7%
Onerahi-Riverside	9,098	9,374	9,465	0.2%	0.0%
Whangarei Centre	984	1,294	1,610	2.3%	1.1%

	Population			Annual growth rate	
Sub-district area	2022	2034	2054	2022-2034	2034-2054
Kensington-Whau-Otangarei	11,181	12,778	14,976	1.1%	0.8%
Tikipunga	7,832	9,337	12,475	1.5%	1.5%
Kamo	10,535	12,947	17,295	1.7%	1.5%
Whangarei District East	11,858	13,697	16,041	1.2%	0.8%
Whangarei District West	7,229	8,476	10,269	1.3%	1.0%
Whangarei District North	8,718	10,135	12,944	1.3%	1.2%
Whangārei District	100,500	117,331	143,075	1.3%	1.0%

Bream Bay has a relatively large population base of 8,100, and is projected to grow 2.1%pa to 2034, and 1.3% to 2054. Similarly, Kamo has a population of 10,500, projected to grow 1.7%pa to 2034 and 1.5%pa to 2054. Onerahi-Riverside has a large population base of 9,100 but little scope for development, so modest growth of 0.2%pa to 2034 and 0%pa to 2054 is projected.

Household growth mirrors population growth

Sub-district household growth broadly mirrors sub-district population growth, although there are differences where areas with older populations experience a decreasing household size, which contributes to households growing faster than the population. Table 2 details our household estimates for each sub-district area.

Table 2. Whangārei sub-district households

Stats NZ estimates, Infometrics high projection

	Households			Annual growth rate	
Sub-district area	2022	2034	2054	2022-2034	2034-2054
Waipu	1,401	2,134	3,172	3.6%	2.0%
Bream Bay	3,283	4,259	5,385	2.2%	1.2%
Whangarei District South	1,545	1,653	1,623	0.6%	-0.1%
Raumanga-Port Whangarei	117	131	164	1.0%	1.1%
Central Southwest	6,345	6,974	7,955	0.8%	0.7%

| Sub-district area | 2022 | 2034 | 2054 | Households | Annual growth rate |
				2022-2034	2034-2054
Onerahi-Riverside	3,542	3,539	3,370	0.0%	-0.2%
Whangarei Centre	416	537	657	2.2%	1.0%
Kensington-Whau-Otangarei	4,381	4,880	5,613	0.9%	0.7%
Tikipunga	2,850	3,422	4,577	1.5%	1.5%
Kamo	3,918	4,859	6,548	1.8%	1.5%
Whangarei District East	4,861	5,725	6,321	1.4%	0.5%
Whangarei District West	2,790	3,385	3,966	1.6%	0.8%
Whangarei District North	3,282	3,906	4,870	1.5%	1.1%
Whangārei District	38,731	45,405	54,223	1.3%	0.9%

Water supply scheme population

Across the seven water supply schemes in Whangārei, the strongest rate of population growth is projected for Bream Bay South, with 3.9%pa to 2034 and 2.3%pa to 2054 (Table 3). The largest scheme is Whangārei City, estimated to service a population of 58,200 in 2022, projected to grow 1.1%pa to 2034 and 0.9%pa to 2054.

Table 3. Whangārei water supply scheme population

Stats NZ estimates, Infometrics high projection

| Sub-district area | 2022 | 2034 | 2054 | Population | Annual growth rate |
				2022-2034	2034-2054
Bream Bay North	6,520	8,468	11,082	2.2%	1.4%
Bream Bay South	2,461	3,893	6,126	3.9%	2.3%
Mangapai	110	116	117	0.4%	0.1%
Maungakaramea	250	264	267	0.4%	0.1%
Whangarei City	58,152	66,080	78,738	1.1%	0.9%
Whangarei Heads	2,298	2,643	2,982	1.2%	0.6%

			Population		Annual growth rate	
Sub-district area	2022	2034	2054	2022-2034	2034-2054
Whangarei North	2,162	2,358	2,882	0.7%	1.0%
Whangārei District	100,500	117,331	143,075	1.3%	1.0%

Wastewater scheme population

Across Whangārei District's 12 wastewater schemes, the strongest growth is projected for Waipu, at 4.5%pa to 2034 and 2.6% to 2054. The Whangārei City scheme serves the bulk of the district's population, an estimated 53,471 in 2022, projected to grow 1.0% to 2034 and 0.9% to 2054. Please note that the water and wastewater schemes have slightly different coverage areas and therefore different populations.

Table 4. Whangārei wastewater scheme population

Stats NZ estimates, Infometrics high projection

			Population		Annual growth rate	
Sub-district area	2022	2034	2054	2022-2034	2034-2054
Hikurangi	1,686	1,748	1,869	0.3%	0.3%
Langs	817	1,175	1,672	3.1%	1.8%
Ngunguru	1,163	1,287	1,500	0.8%	0.8%
Oakura	496	567	619	1.1%	0.4%
One Tree Point	2,581	3,428	4,520	2.4%	1.4%
Portland	197	213	227	0.7%	0.3%
Ruakaka	1,673	2,166	2,848	2.2%	1.4%
Tutukaka	152	177	200	1.3%	0.6%
Waiotira	20	21	21	0.4%	0.1%
Waipu	1,259	2,136	3,577	4.5%	2.6%
Whangarei City	53,471	60,502	71,774	1.0%	0.9%
Whangarei Heads	2,649	3,043	3,484	1.2%	0.7%
Whangārei District	100,500	117,331	143,075	1.3%	1.0%

Appendix 1 – our approach in detail

This appendix expands on the brief methodology described earlier in Our approach, explaining our approach to each facet of the projection, including key assumptions that we have made.

Employment forecast

Infometrics forecasts regional employment through a combination of three models. Our macro-economic model provides forecasts of national employment on an annual basis up to 2027. Our general equilibrium model forecasts national employment by industry over the long-term. Finally, our regional forecasting model breaks these forecasts down to industries in each region.

Macro-economic model

Infometrics maintains a macroeconomic forecasting model that underpins our five-year forecasts of activity across the national economy. Our model accounts for the relationships between different sectors of the economy and their responsiveness to one another. These include the labour market, households, businesses, government, the international trade sector, and financial markets.

In times of economic upheaval, we refine the output from the model based on expert input from our forecasting team, their knowledge of rapidly changing trends in the economy, and the insights we gain from our interactions with central government, Councils, Economic Development Agencies, and private sector clients.

Overseeing the forecasting process and model is Gareth Kiernan, who has been forecasting the New Zealand economy for more than 20 years. The framework provides quarterly forecasts of GDP, employment, unemployment, and a range of other macroeconomic indicators up to 2027.

General equilibrium

Infometrics general equilibrium (GE) model enables us to produce long term national forecasts of employment by 55 industries. To obtain projections for a 30-year horizon requires an approach that is based on structural issues such as technological change, industry productivity, demographics, evolving demand for different consumer goods and services, and New Zealand's international competitiveness. The model presents a picture or scenario of the economy for the target years (in our case 2030 and 2050) based on plausible assumptions of economic factors including international commodity prices, population growth, carbon price, automation, changes in energy efficiency, and substitution between four energy types (coal, oil, gas and electricity). Some of the key macro-economic assumptions used in the ESSAM model are shown in Table 5.

Long term forecasts should ideally be presented as scenarios given the uncertainty of the future. In this project we will present a central scenario which is based on a central view of a range of factors that can influence employment outcomes over the long term.

Infometrics GE model is maintained by one of New Zealand's foremost econometricians, Dr Adolf Stroombergen.

Table 5. ESSAM macro-economic assumptions and outputs

Indicator	2025-2030	2030-2050
Growth rates		
Population	1.0%pa	1.0% pa
Labour force	0.7%pa	0.46%pa
GDP	2.9%pa	1.7%pa*
World trade	2.7%pa	2.5%pa
Public investment	3.0%pa	2.5%pa
Government consumption	2.1%pa	1.7%pa
Investment in dwellings	2.0%pa	1.0%pa
Real prices		
Oil price	US$110/bbl in 2030	US$110/bbl in 2050
Carbon price	NZ$100/tonne CO2 in 2030	NZ$200/tonne CO_2 in 2050

* These are model results, not input assumptions.

Regional Forecasting Model

The Regional Forecasting Model (RFM) is an econometric model which breaks national employment forecasts to detailed industry and regional level. It draws on Infometrics 20-year quarterly time series of employment by detailed industry by territorial authority. The model uses a mix of top-down and bottom-up approaches. It simultaneously provides forecasts for all industries in all territorial authorities that are constrained to be consistent with Infometrics macroeconomic forecasts for the national economy in the medium term and the outputs of the GE model in the long term.

A number of sub-models which use a bottom-up approach feed into the Regional Forecasting Model. We build sub-models for industries that we have detailed insights into, and we forecast drivers of employment in those industries. Currently we use four industry sub-models.

Construction sub-model

The construction sub-model provides forecasts of employment in each of the 24 construction sub-industries in each territorial authority. It is an econometric model which is largely driven by Infometrics forecasts of work put in place (WPIP) which are presented to clients via our Regional Construction Outlook product. Our WPIP forecasts are driven by population growth, household formation, and large construction projects which have been

signalled. Employment is assumed to respond in a lagged manner to changes in WPIP. The length and magnitude of those lagged responses differs across industries.

Education sub-model

The education sub-model provides forecasts of employment for the following sub-industries: early childhood education, primary education, secondary education, tertiary and vocational education. The model develops a relationship between age cohorts and demand for services from each sub-industry and draws on our age-specific population forecasts to estimate the demand for services from each sub-industry. For example, the size of the population of 0- to 4-year-olds drives the demand for early childhood education. In some cases, we assume that student to staff ratios will keep falling and these have also been incorporated into our estimates for long-term demand. We then estimate the speed at which employment will converge to long-term demand. The model accounts for trends in international education which are driven by different factors compared to domestic education.

Healthcare sub-model

The healthcare sub-model disaggregates into healthcare industries (hospitals, dental services, etc) and social service industries (aged care, childcare). We use regional population projections to estimate long-term demand for these services. Where relevant, we combine these regional population projections with estimates of demand for healthcare services by age group. For example, demand for hospital workers incorporates data on the number of hospital bed days by age group.

Retail and hospitality sub-model

The retail and hospitality sub-model disaggregates into retail industries and hospitality industries (accommodation and food services). Forecasting is a two-stage process. First, we forecast regional retail and hospitality sales, taking into account the different components of sales: local spending, domestic tourism and international tourism. This allows us to account for the regional variations in the impact of COVID, which include lower international tourism but higher amounts of local spending and domestic tourism. Second, we use econometric models to forecast the impact of retail and hospitality sales on employment.

Other industries

For industries with no sub-model the RFM draws on historic trends, patterns and relationships, and projects these into the future. RFM draws on a 20-year quarterly time series of employment by 500 industries in each territorial authority. It creates multiple forecast models for every territorial authority and industry combination and, using machine learning techniques, selects and applies the model which has proven to have best predictive ability. Using these techniques, it produces forecasts of employment across 500 industries for each territorial authority over the long term.

Population projection

Population base

As a rule, the appropriate population to use for Council Long Term Planning (LTP) purposes is the estimated resident population (ERP). This represents all individuals who permanently reside in an area and could be considered a 'maximum' population because a percentage of these individuals are likely to be away at any given point in time.

Consequently, we use the Stats NZ 2022 Estimated Resident Population (ERP) as the basis for the population projections. This estimate is produced by Stats NZ with the most recent available Census (2018) data, and births, deaths and migration that have been recorded since.

Given that the majority of population projection parameters from Stats NZ are published for five-year intervals, our projection model also operates at five-year intervals, from 2018 to 2058. We then make use of a cubic-spine statistical process to interpolate population to single years. We make adjustments to reflect the fact that with data up to 2021 currently available, we have data for three out of five years in the 2018 to 2023 period. We repeat this process every year to account for Stats NZ's annual publication and revision of subnational population estimates.

Fertility

Stats NZ projects regional, age-specific fertility rates for five-year age groups, which we apply to our estimates of population by age and gender cohorts, in order to estimate the number of births in each five-year period. Throughout the projection period, we adopt Stats NZ's assumed gender ratio of 105.5 males per 100 females born – this is based on the historic average ratio at a national level. This phenomenon is commonly observed around the world, and is understood to be a function of slightly higher miscarriage rates for female babies, rather than of selective abortion.

Mortality

Projected age- and gender-specific mortality rates by region or territorial authority, as calculated by Stats NZ, are applied to accurately project the number of deaths. These rates vary over time to reflect observed trends such as extended life expectancy.

Migration

We build up our projection of net migration in two stages. First, we consider overall volumes of international net migration to New Zealand. This contributes to the total pool of net migrants – international and internal – which we apportion to each territorial authority.

International net migration volumes

The population projections draw on Infometrics' short- and long-term international migration forecasts (Graph 3).

Regional distribution of migration

Migration is apportioned to territorial authorities using a mix of two approaches. Firstly, historical migration trends are applied to forecast the volume of non-employment-driven migration, such as people moving at retirement. Secondly, forecast labour market shortfalls are used to forecast the volume of employment-driven migration, such as people moving to

take up employment opportunities. Employment-driven migration is also adjusted somewhat to account for commuting patterns between districts.

For non-employment-driven migration, we apply the age and gender profile of Stats NZ's subnational net migration projections. For employment-driven migration, we apply a bespoke age and gender profile, based on Stats NZ's projection with adjustment made around older age groups and groups with net negative migration. Analysis of net migration by age reveals that migration flows of persons aged 80 years and older are relatively unresponsive to economic conditions, as this group is generally not involved in the labour market and migration is driven by non-economic factors such as moving closer to family or healthcare. Therefore, we only model employment-driven migration in age groups up to the age of 79 years. We do model migration of children (0-14 years of age) as being responsive to the employment market as this is evident in historic data, which reflects families moving in pursuit of employment opportunities for the parents. For areas which receive additional employment-driven migration, we assume that this is concentrated in age-gender groups with positive migration flows, as we expect a strong labour market would accentuate positive regional labour flows and not extend negative flows.

Labour Market Shortfalls

Labour market shortfalls exist when employers' requirement for labour exceeds the number of workers available at current wage rates. When labour market shortfalls exist in an area, additional labour (and hence population) is attracted to that area.

Infometrics estimates future labour market shortfalls by separately considering the projected supply of labour and the projected demand for labour (as measured by employment) and comparing these two factors.

As the starting point for estimating labour supply, Infometrics makes use of Stats NZ's published population projections by 5-year age group and gender.

Labour force participation rates (LFPRs) by age and gender are projected based on Stats NZ's national labour force projections. In addition, historical LFPRs for each region are analysed to identify their deviation from the national average. This deviation is applied to the national LFPR by age, to project regional LFPR by age. Historical averages for the unemployment rate in each region are analysed and projected forward. Projected LFPR by age is applied to the Stats NZ population projection, and the projected unemployment rate is applied to this, in order to estimate labour supply.

This projection is undertaken for each region or territorial authority, enabling the balance between labour supply and demand (as measured by employment) to be assessed within each area. In periods of insufficient labour supply within a territorial authority or broader regional labour market to meet projected labour demand, the area is projected to receive additional migration.

This additional migration is apportioned to regions or territorial authorities based on their respective share of the national labour market shortfall. At the same time, however, additional migration may be constrained by the Infometrics international net migration forecast, meaning that a particular region may not necessarily receive sufficient inward migration to entirely eliminate its labour market shortfall.

Similarly, the projected LFPR and unemployment rates are applied to the additional migration, reflecting the fact that it is rarely possible to import only workers – instead these workers often come with family members, who may not necessarily be economically active. Examples in this regard might include stay-at-home parents, children and aged dependents. Furthermore, in some instances, migrants may not immediately gain employment following their move.

Sub-district population

We project sub-district population by considering the current population in each SA2 area, historical trends in each SA2, overall growth of the district, and the development capacity in each SA2 area. This process is carried out through a full cohort-component model for each SA2 area. Stats NZ generally designs SA2 areas to have a population of 1,000 to 3,000, with the geographic size varying depending on population density.

### Water and wastewater service areas

Water and wastewater service area population and households are estimated based on each service area's share of the SA2 areas that it covers. We analysed the proportion of address points in each SA2 which are in each water or wastewater service area, and applied these proportions to our projected population and households for the SA2. This provides an indicative estimate of the population and households under each scheme, assuming that the proportion in each SA2 which is serviced remains constant over time.

Household projection

The number of households at SA2 or district level is projected by applying household formation, or Living Arrangement Type Rates (LATR) to the projected population. Stats NZ projects LATR to 2043 from the 2018 Census figures for each territorial authority. These rates reflect localised differences based on local population composition. For example, some non-European ethnic groups exhibit a greater propensity to form multi-generational households, leading to larger household sizes. These projected rates also consider trends such as delayed childbearing, growing numbers of childless couples, decreased rates of single parenting, and improvements in life expectancy which enable older individuals to live independently for longer periods. This means that the LATR used in the projections follow a trend up to 2043, and then remain constant at 2043 rates up to 2073.

Applying LATR to the population provides an estimate of the number of people in each living arrangement type; this is then translated into the number of households based on expected family structures – for example, couple households consisting of two individuals. For other multi-person households, we follow the standard Stats NZ assumptions, and assume 2.6 persons per household. Projected population figures are accordingly divided by the number of households to project average household size.

The projected household size calculated in these projections varies somewhat from the 2018 Census measures. This is because Census counts are randomly rounded to the nearest multiple of 3, or supressed entirely, so as to ensure confidentiality of Census respondents. Census outputs such as average household size are however based on actual data, meaning that it is impossible for third parties to precisely replicate these outputs. Projection outputs can also vary from Census measures due to short-term changes such as increased housing occupancy in response to increasing housing costs.
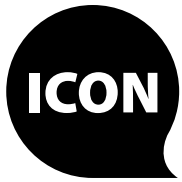
Proposed
Funding Impact Statement

Illustration to go here

Funding impact statement

This statement sets out the information required by clause 15 of Schedule 10 of the Local Government Act 2002 to assist ratepayers in understanding the impact of the Long Term Plan. This statement should be read in conjunction with the Revenue and Financing Policy prepared as part of the Long Term Plan (LTP) process. The amounts stated for 2024-25 are indicative.

Financial disclosures

The Local Government Act requires disclosure of all sources of funding in a prescribed format. The Funding Impact Statement showing the overall sources of funding, the amount of funds expected from each source and how those funds will be applied has been included on page xxx of this document, which are to be read together with and form part of this Funding Impact Statement.

Rates

These rates are based on the funding requirements set out in the Long Term Plan together with the land values, and property numbers included in Council's Rating Information Database.

General rates

General rates are set under Section 13 of the Local Government (Rating) Act 2002. Council proposes to set a general rate for all rateable land in our District.

The general rate will be made up of a uniform annual general charge (UAGC) and a value-based general rate.

Value-based general rates

The value-based general rate will be assessed on the land value of each rateable rating unit in our District.

The general rate will be set on a differential basis based on the category of land use and the activities which are permitted, controlled or discretionary for the area in which the land is situated.

The objective of the differential rate is to achieve the total revenue sought from each category, as set out on page xxx.

Where a property is used for more than one purpose, the Council will consider apportioning the value of the property between the different categories. For properties where the additional use(s) is less than 30% of the rating unit's area and the apportioned land value is less than $30,000, no rating apportionments will be created, and the rating unit will be categorised in the category that reflects the primary use.

Subject to legal rights of objection, it shall be at the sole discretion of Council to determine the use or principal use of any rating unit.

The value-based general rate for a given property will be assessed by multiplying the land value of the rating unit by the rate per dollar that applies to the differential.

These definitions are also used for the sewerage disposal rate.

Differential basis

All rating units in our District are allocated to the most appropriate category. The categories are:

Category 1: Residential

All rating units which are used principally for residential or lifestyle residential purposes including lifestyle retirement villages, flats and apartments, that are not categorised as multi-unit. This category includes all rating units that are unused or used for a purpose other than a commercial and industrial one but that on their own and/or in the context of the surrounding land have been created and/or developed for residential use and/or are zoned for residential use.

Category 2: Multi-unit

All rating units used principally for residential purposes and on which is situated multi-unit type residential accommodation that is used principally for temporary or permanent residential accommodation for commercial purposes, including, but not limited to, hotels, boarding houses, motels, tourist accommodation, residential clubs, hostels, but excluding any properties which are licensed under the Sale and Supply of Alcohol Act 2012.

Category 3: Miscellaneous properties

All rating units not otherwise categorised.

Category 4: Rural

All rating units which are used (solely or with other rating units) principally for agricultural, horticultural, forestry, pastoral or aquaculture purposes, or for the keeping of bees, poultry or other livestock. This does not include rating units which on their own or in the context of the surrounding land have been created and/or developed for commercial and industrial use and/or mixed use but that are being used for one of the rural purposes described in the preceding sentence and/or zoned for commercial and industrial use. Also included in this category are rating units of which the land is unused but is primarily developed for and capable of being used for rural uses.

Category 5: Commercial and industrial

All rating units used principally for commercial, industrial or related purposes. This category includes properties licensed under the Sale and Supply of Alcohol Act 2012, and private hospitals and private medical centres. This category also includes rating units which are not being used but on their own or in the context of the surrounding land have been created and/or developed for commercial and industrial use and/or mixed use and/or are zoned for commercial and industrial use. This category also includes rating units that are being used for rural purposes but on their own or in the context of the surrounding land have been created and/or developed for commercial and industrial use and/or mixed use and/or are zoned for commercial and industrial use.

In the context of these definitions:

- mixed use means the commercial and industrial and residential use
- lifestyle residential purposes means land generally zoned rural, where the predominant use is residential and is normally less than 20 hectares.

Uniform Annual General Charge

The Uniform Annual General Charge (UAGC) is set under Section 15 of the Local Government (Rating) Act 2002. The UAGC will be charged to each separately used or inhabited part (SUIP) of a rating unit. The effect of this is that where a rating unit has more than one use or occupation, a separate charge will apply to each part.

The UAGC is calculated according to the judgement of Council on what is the proper balance between the fixed and variable parts of the general rate and on any consequential impacts on individuals and groups of ratepayers.

A UAGC of $821.00 (including GST) will apply per SUIP for 2024-25. This is estimated to produce $37.863 million (including GST) for 2024-25 and equates to 32 percent of general rates revenue and 22 percent of total rates revenue.

Definition of separately used or inhabited part of a rating unit

A separately used or inhabited part is defined as:

- any part of a property (rating unit) that is separately used or occupied, or is intended to be separately used or occupied (including any vacant unit) by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, license, or other agreement
- any part of a rating unit that is separately used, or occupied, or intended to be separately used or occupied (including any vacant unit) by the ratepayer.

Examples include:

- each separate shop or business activity on a rating unit
- each occupied or intended to be occupied dwelling, flat, or additional rentable unit (attached or not attached) on a rating unit
- individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Māori freehold land on a rating unit

General rates for the 2024-25 financial year

Total general rates required for 2024-25 are $117.828 million GST inclusive. This is made up of the value based general rate and the uniform annual general charge.

The value-based general rate is set on land value and assessed on a differential basis. The differential rate in the dollar for each category of land use is set to achieve the share of the total revenue sought from each category. The percentage share of revenue sought from each category of land use for 2024-25 is:

Sector category	2024-25
Residential	66.9%
Multi-Unit	0.3%
Miscellaneous	0.2%
Rural	8.6%
Commercial and industrial	24.0%
Total	100.0%

The amount required from each category is divided by the total land value for that category to establish the cents in the dollar rate for each category. The relationship or differential between the categories will be the result of these calculations.

Details of the rates and the amount of revenue sought for the 2024-25 year is:

	Value-based general rates		Uniform Annual General Charge		Total general rates
	Basis of assessment: Per $ of land value		Basis of assessment: Per separately used or inhabited part of a rating unit		
Type of rate	Rate 2024-25	Revenue sought 2024-25	Rate 2024-25	Revenue sought 2024-25	Revenue sought 2024-25
Residential category	0.0027338	45,047,000	821.00	33,644,000	78,691,000
Multi-Unit category	0.0054676	196,000	821.00	159,000	355,000
Miscellaneous category	0.0027338	246,000	821.00	36,000	282,000
Rural	0.0039244	8,452,000	821.00	1,730,000	10,182,000
Commercial and Industrial category	0.0147841	26,024,000	821.00	2,294,000	28,318,000
Total		79,965,000		37,863,000	117,828,000

$ (GST inclusive)

Targeted rates for the 2024-25 financial year

Targeted rates are set under Section 16 of the Local Government (Rating) Act 2002. Targeted rates are used where a Council service provides a specific activity or a benefit to a specific group of people and consequently it is these beneficiaries that are charged the cost of providing the service. It may apply to all ratepayers or a specific group of ratepayers.

Sewerage disposal rate

The activity for which the targeted rate is set is the operation and maintenance of the sewerage disposal system. The targeted rate is set on a differential basis. Residential connections will pay an amount per separately used or inhabited part of a rating unit (as defined on page xxx), regardless of the number of toilet pans or urinals. Other premises, i.e. non-residential, will pay a fixed charge per toilet pan or urinal. The rate is only assessed to rating units connected to Council's wastewater system.

Details of rates for and the amount of revenue sought from, targeted rates for sewage disposal are:

			$ (GST inclusive)
Type of rate	Basis of assessment	Rate 2024-25 (GST inclusive)	Revenue sought 2024-25 (GST inclusive)
Total			29,483,000
Residential category as defined in the value-based general rates category 1	Per separately used or inhabited part of a rating unit	928.00	23,557,000
Other-non residential as defined in the value-based general rates categories 2-5	Per toilet pan or urinal	601.00	5,926,000

Water rates

The activity for which the targeted rates is set is for the catchment, storage, treatment and distribution of water throughout various parts of our District. A targeted rate set under section 19 of the Local Government (Rating) Act 2002 will apply for water consumption based on water consumed as recorded by a water meter on a per cubic metre basis. The targeted rate under section 19 will be calculated as a fixed charge per unit (cubic metre) of water consumed ("Volumetric consumption charge").

A fixed targeted rate set under section 16 of the Local Government (Rating) Act 2002 will apply to all connected and metered properties ("Supply charge (metered)"). This is in addition to the volumetric consumption charge.

A fixed targeted rate set under section 16 of the Local Government (Rating) Act 2002 will apply per provision of service per SUIP of a rating unit for those premises where consumption of water is not recorded through a meter, but the property is connected to any of our District's water supply systems ("Uniform charge (unmetered)"). A supply charge is not assessed where the uniform unmetered water charge is assessed.

A fixed targeted rate set under section 16 of the Local Government (Rating) Act 2002 will apply per SUIP of a rating unit for availability of water ("Availability charge") where premises are capable of being connected to the water supply as they are situated within 100 metres of any public water supply reticulation system but are not connected.

Targeted rates for back flow prevention apply to all properties which have a back-flow preventer connected. The revenue will be used for the monitoring and maintenance of the back-flow preventers. The rate will be assessed on the size of the back-flow preventer.

Details of rates for, and the amount of revenue sought from, targeted rates for water are:

| Type of rate | Basis of assessment | $ (GST inclusive) | |
		Rate 2024-25	Revenue sought 2024-25
Volumetric consumption charge	Volume of metered water consumed per cubic metre	3.38	18,897,000
Supply charge (metered)	Provision of service per separately used or inhabited part of a rating unit	40.00	1,135,000
Availability charge	Availability of service per separately used or inhabited part of a rating unit	40.00	6,000
Uniform charge (unmetered)	Provision of service per separately used or inhabited part of a rating unit	555.00	44,000
Backflow preventer charge	Provision of service per connection based on the nature of connection		129,000
	15/20mm connection	94.22	N/A
	25mm connection	95.50	N/A
	32mm connection	112.98	N/A
	40mm connection	115.63	N/A

		$ (GST inclusive)	
Type of rate	Basis of assessment	Rate 2024-25	Revenue sought 2024-25
	50/60mm connection	119.96	N/A
	80/100mm connection	302.13	N/A
	150mm connection	353.69	N/A
	200/250mm connection	585.79	N/A

Flood protection rate

Hikurangi Swamp Rating Districts

A targeted rate applies to properties in the Hikurangi Swamp Special Rating District. The area of land within this special rating district is divided into classes based on location and area of the scheme on a property or part of a property. The activity funded by this targeted rate is to defray the costs of the Hikurangi Swamp Major Scheme set out on page xxx of the Long Term Plan.

The targeted rate is based on a differential graduated scale according to the class of the property and the area of land within the rating unit. Some properties may have areas of land which fall into several classes and the rating differentials are applied accordingly. The targeted rate per hectare for each category (class) of land is set out on the diagram below.

A second targeted rate applies to properties in the Hikurangi Swamp Drainage Rating District. The activity funded by this targeted rate is to defray the costs and charges of the Hikurangi Swamp draining scheme. The targeted rate applies differentially to two categories of land: class A and class F as set out in the Hikurangi Drainage District Diagram below. The targeted rate for each category is based on a differential graduated scale according to the class of the property and the area of land within the rating unit. The targeted rate per hectare for each category (class) of land is set out on the diagram below.

		$ (GST inclusive)
BASIS OF ASSESSMENT	Rate 2024-25 (GST inclusive)	Revenue sought 2024-25(GST inclusive)
Total		1,469,000
Per hectare of land in the Hikurangi Swamp Special Rating area		1,309,000
Class A approx 2,485ha	234.12	581,000

BASIS OF ASSESSMENT	Rate 2024-25 (GST inclusive)	$ (GST inclusive) Revenue sought 2024-25(GST inclusive)
Class B approx 1,425ha	210.70	300,000
Class C approx 1,342ha	163.87	220,000
Class D approx 1,970ha	23.40	46,000
Class E approx 1,106ha	11.71	13,000
Class F approx 32,354ha	4.68	149,000
Per hectare of land in the Hikurangi Swamp Drainage Rating District		160,000
Class A approx 5,592ha	23.69	132,000
Class F approx 12,076ha	2.37	28,000

Hikurangi Drainage District

CLASS

- 🔴 A
- 🟡 F

TAPUHI

PUHIPUHI

KAIMAMAKU

OPUAWHANGA

HUKERENUI   WAIOTU

WHAKAPARA

OTONGA

MARUA

WILSONVILLE   WARO

TANEKAHA

HIKURANGI

OTAKAIRANGI

APOTU

KAURI

MATARAU

NGARARATUNUA
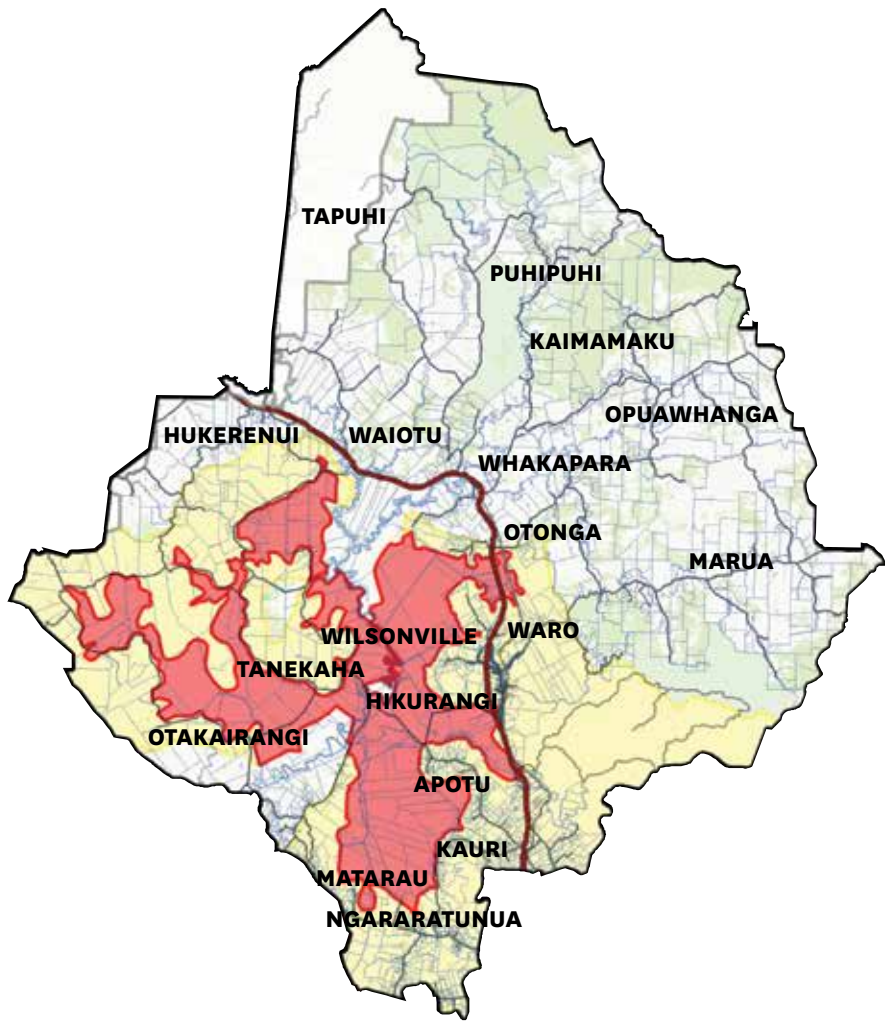
Hikurangi Major Scheme

CLASS

- 🔴 A
- 🟣 B
- 🔵 C
- 🟢 D
- 🟠 E
- 🟡 F

TAPUHI

PUHIPUHI

KAIMAMAKU

OPUAWHANGA

HUKERENUI   WAIOTU

WHAKAPARA

OTONGA

MARUA

WILSONVILLE   WARO

TANEKAHA

HIKURANGI

OTAKAIRANGI

APOTU

KAURI

MATARAU

NGARARATUNUA
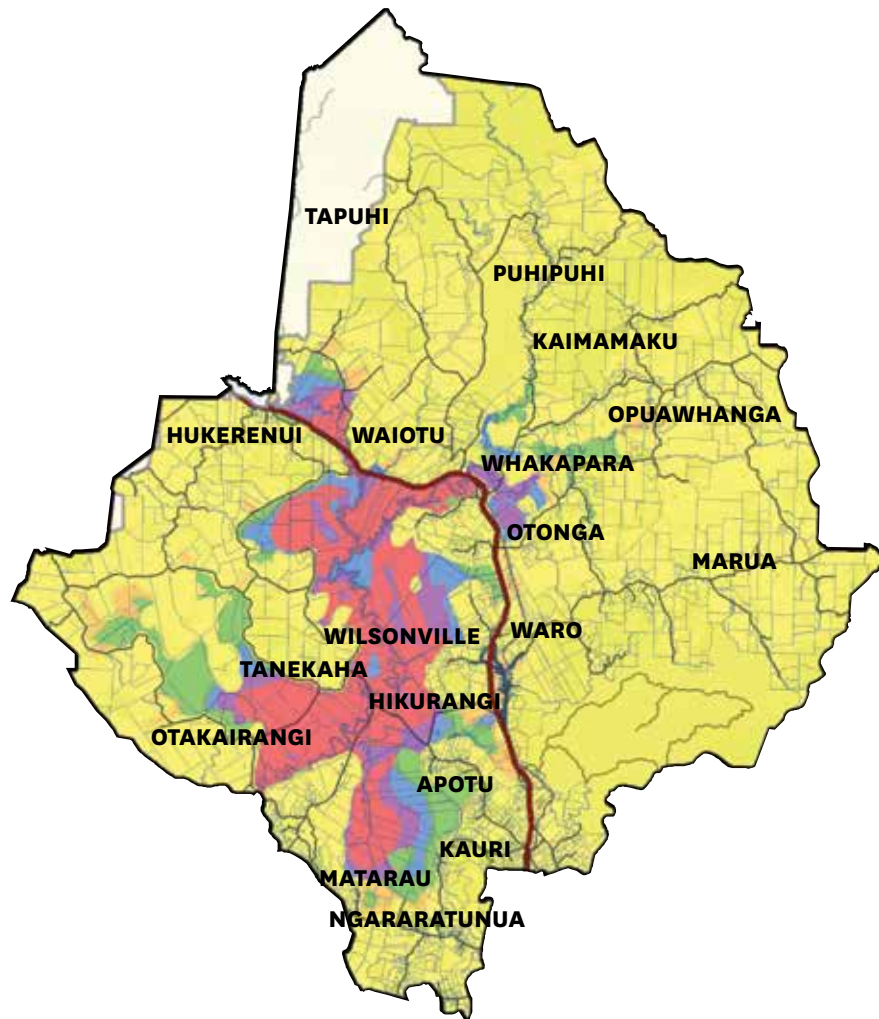
Roading seal extension rates

Council has a programme of roading seal extensions which are partially funded by ratepayers' contributions.

2021-22 was the first year of the roading seal extension programme, and rates are assessed for the rating units in the area of benefit for Attwood Road, Brooks Road, Massey Road, Nook Road and Tahunatapu Road. The ratepayer contribution is $4,600 GST inclusive per rating unit in the specified location/area of benefit. The ratepayer(s) may choose to pay the contribution in full or pay over five years. If the ratepayer chooses to pay over 5 years, the amount each year is $920 GST inclusive per rating unit. The ratepayer(s) may have choosen to pay the contribution in full by 1 June 2021 or pay over five years from 1 July 2021 to 30 June 2026.

2022-23 was the second year of the roading seal extension programme, and rates are assessed for the rating units in the area of benefit for Waiotoi Road. The ratepayer contribution is $4,600 GST inclusive per rating unit in the specified location/area of benefit. The ratepayer(s) may choose to pay the contribution in full or pay over five years. If the ratepayer chooses to pay over 5 years, the amount each year is $920 GST inclusive per rating

unit. The ratepayer(s) may have choosen to pay the contribution in full by 1 June 2022 or pay over five years from 1 July 2022 to 30 June 2027.

2023-24 is the third year of the roading seal extension programme, and rates are assessed for the rating units in the area of benefit for Glenmohr Road. The ratepayer contribution is $5,750 GST inclusive per rating unit in the specified location/area of benefit. The ratepayer(s) may choose to pay the contribution in full or pay over five years. If the ratepayer chooses to pay over 5 years, the amount each year is $1,150 GST inclusive per rating unit. The ratepayer(s) may have choosen to pay the contribution in full by 1 June 2023 or pay over five years from 1 July 2023 to 30 June 2028.

2024-25 is the fourth year of the roading seal extension programme, and rates are assessed for the rating units in the area of benefit for Knight Road, Mountain View Road and Tudehope Road. The ratepayer contribution is $5,750 GST inclusive per rating unit in the specified location/area of benefit. The ratepayer(s) may choose to pay the contribution in full or pay over five years. If the ratepayer chooses to pay over 5 years, the amount each year is $1,150 GST inclusive per rating unit. The ratepayer(s) may have choosen to pay the contribution in full by 1 June 2024 or pay over five years from 1 July 2024 to 30 June 2029.

The seal extension programme and rates are:

Road	Area of benefit	Basis of assessment	Rate 2024-25	Revenue sought 2024-25
			\$ (GST inclusive)	
Attwood Road	Refer map A	Per rating unit	920.00	14,000
Brooks Road	Refer map B	Per rating unit	920.00	15,000
Glenmohr Road	Refer map C	Per rating unit	1150.00	13,000
Knight Road	Refer map D	Per rating unit	1150.00	7,000
Massey Road	Refer map E	Per rating unit	920.00	15,000
Mountain View Road	Refer map F	Per rating unit	1150.00	15,000
Nook Road	Refer map G	Per rating unit	920.00	7,000
Tahunatapu Road	Refer map H	Per rating unit	920.00	13,000
Tudehope Road	Refer map I	Per rating unit	1150.00	28,000
Waiotoi Road	Refer map J	Per rating unit	920.00	10,000

Map A: Attwood Road

ATTWOOD RD

Map B: Brooks Road

ATTWOOD RD
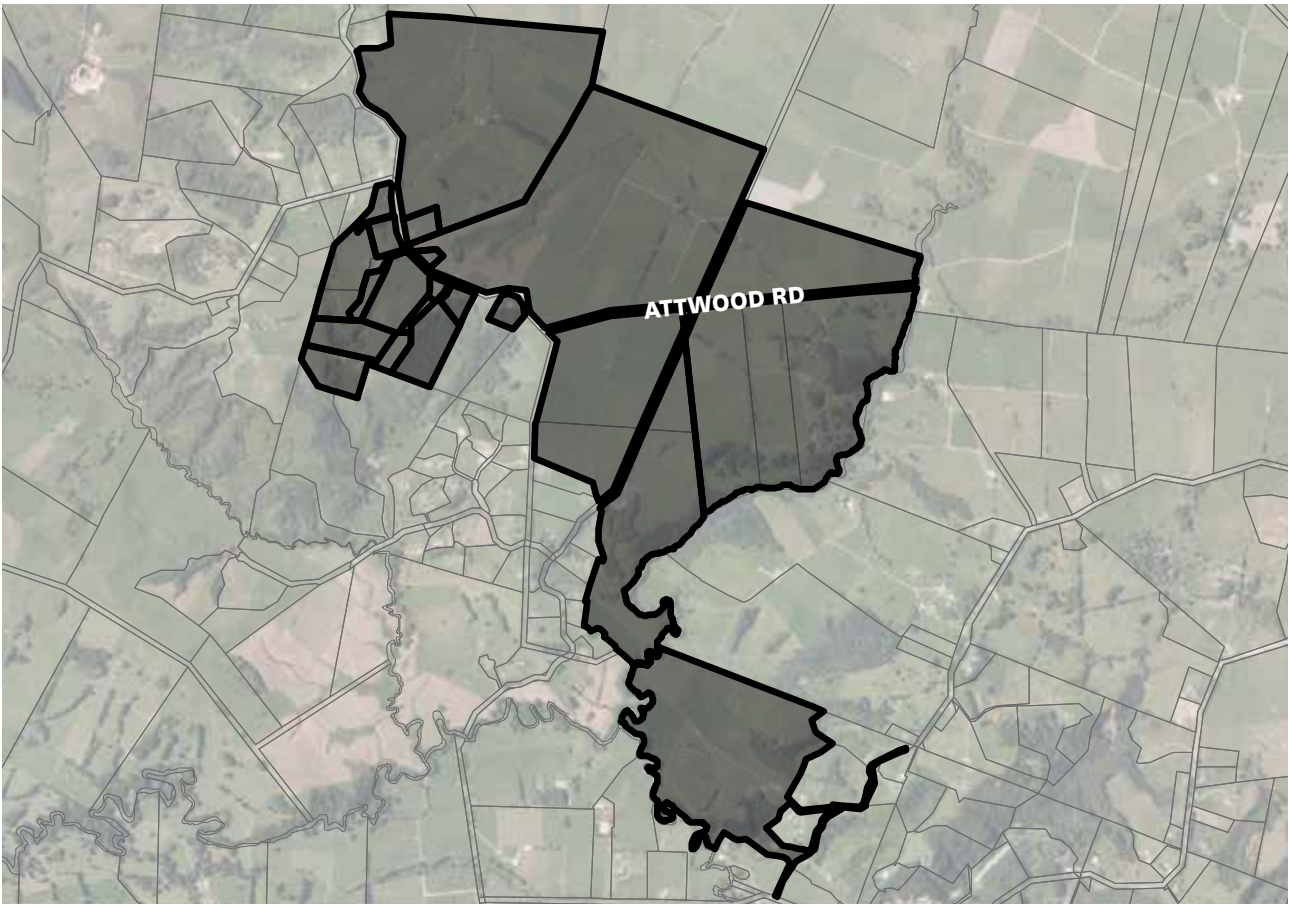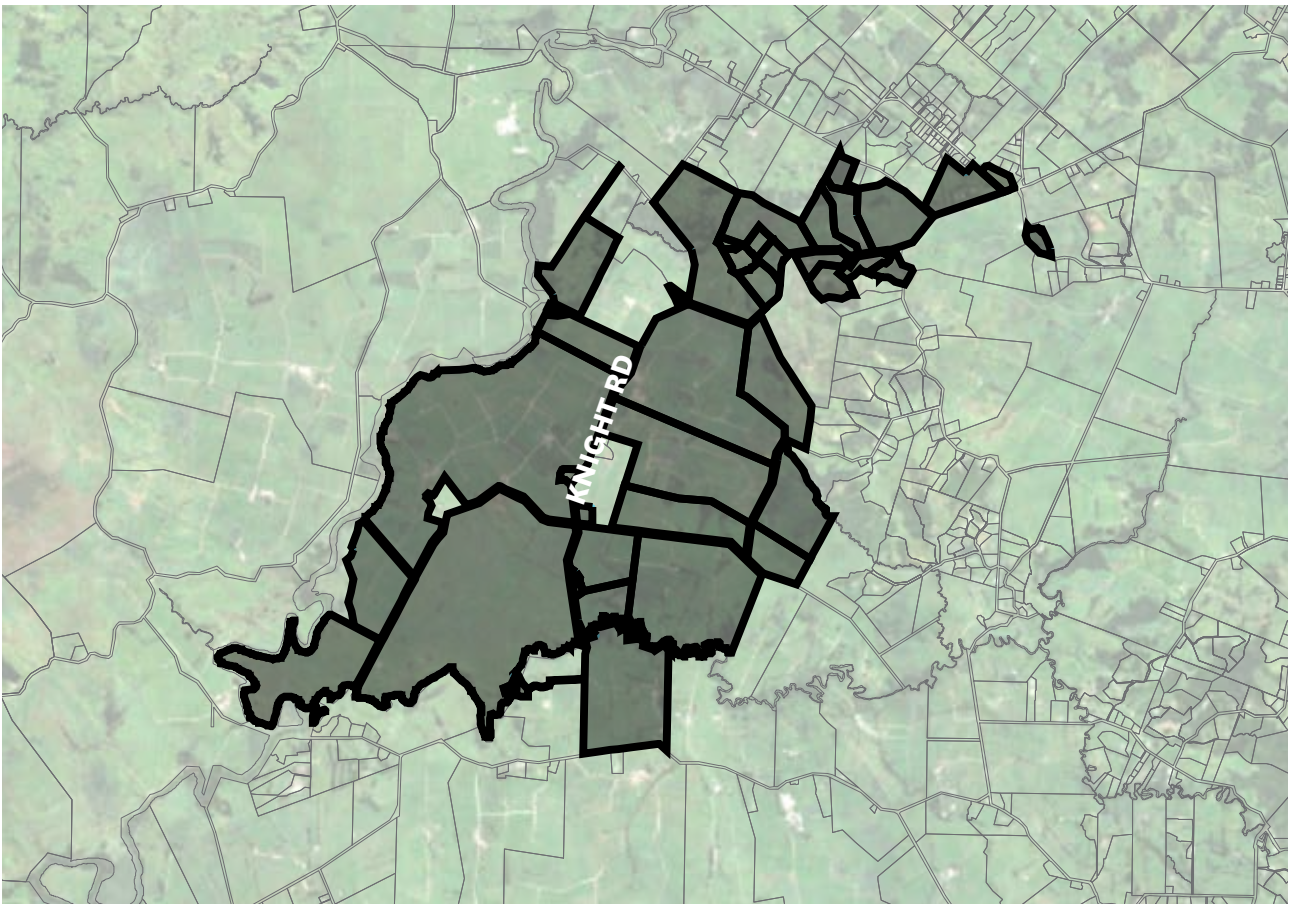
BROOKS RD

Map C: Glenmohr Road
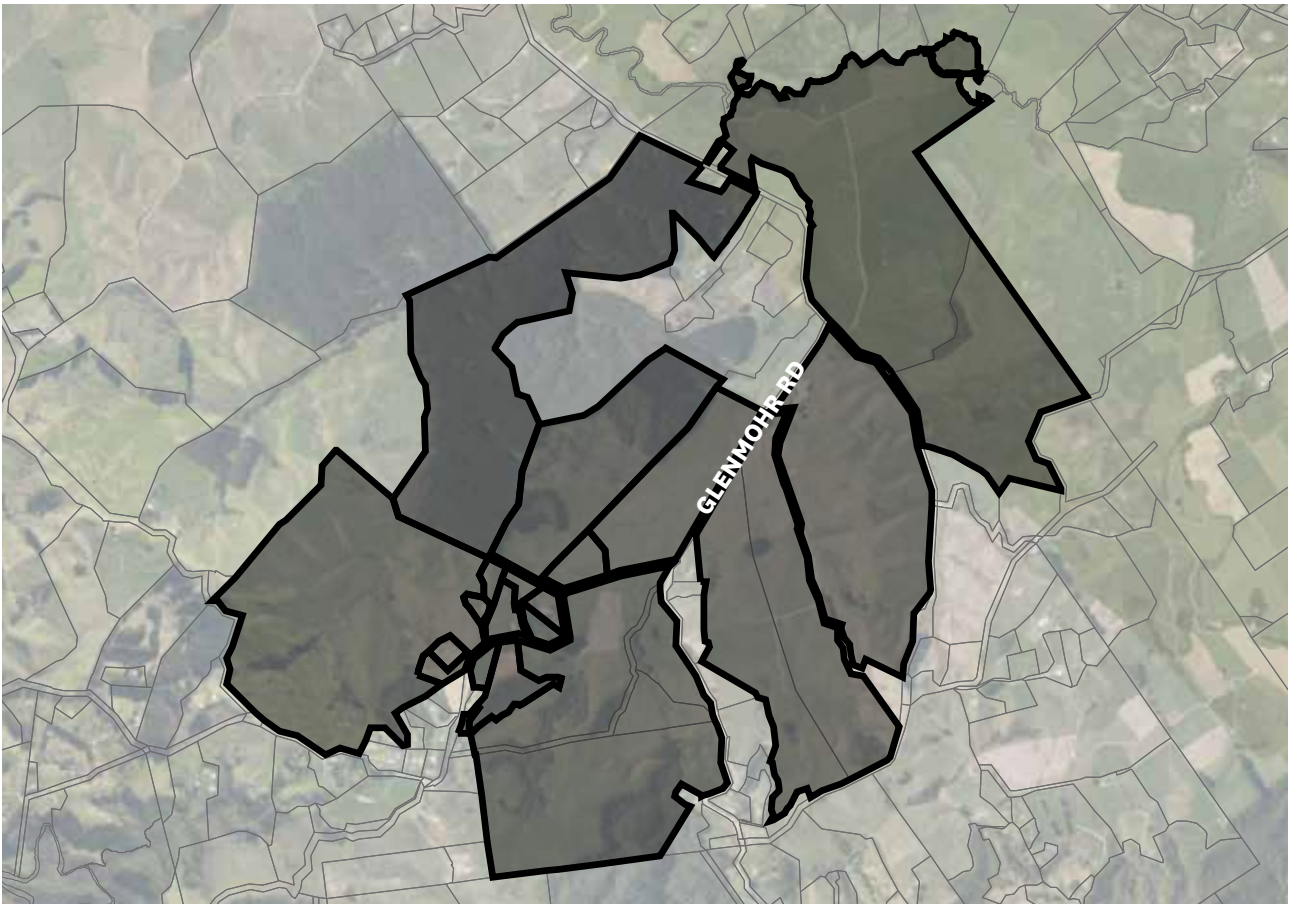
Map D: Knight Road

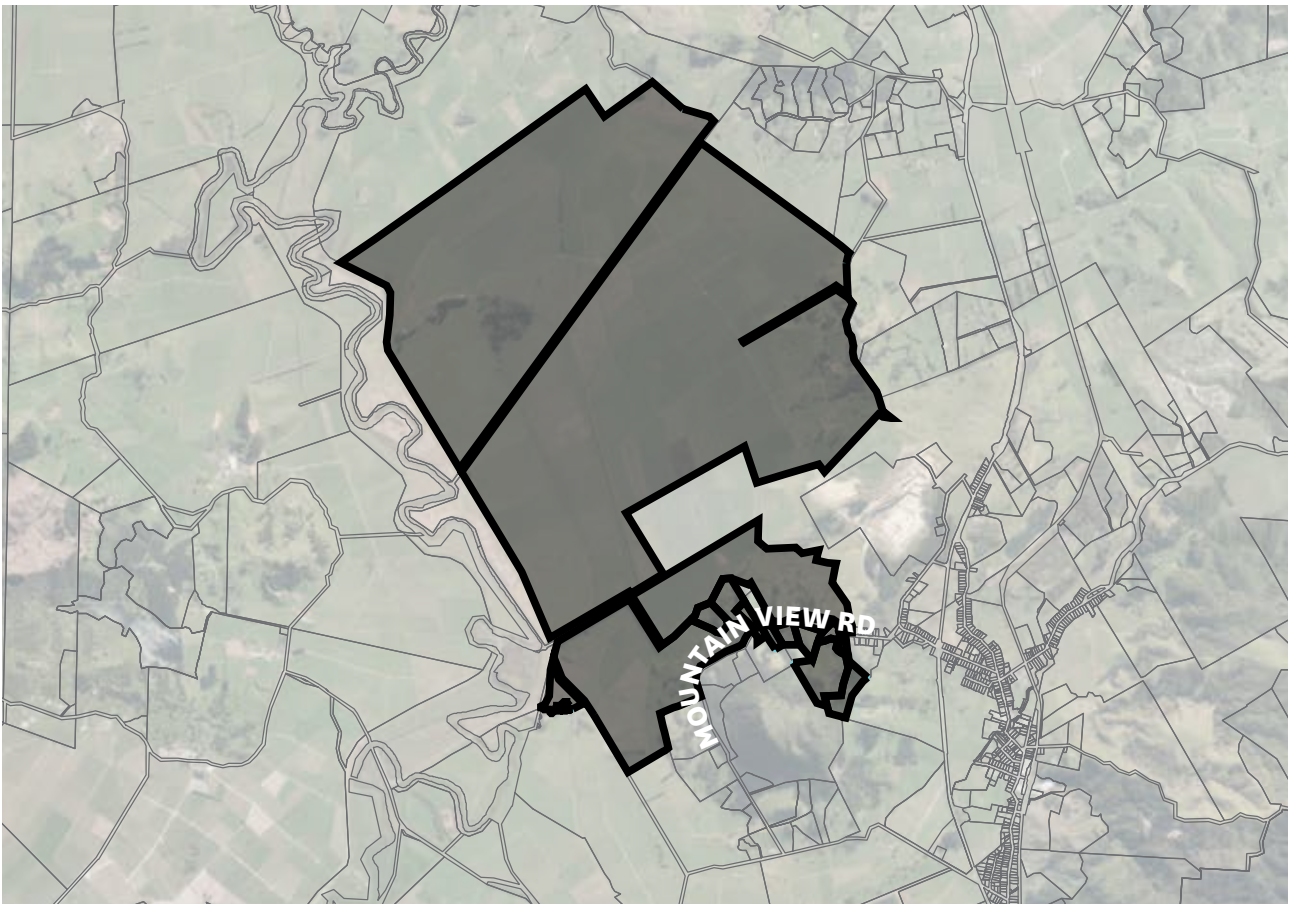## Map E: Massey Road

Map F: Mountain View Road

Map G: Nook Road

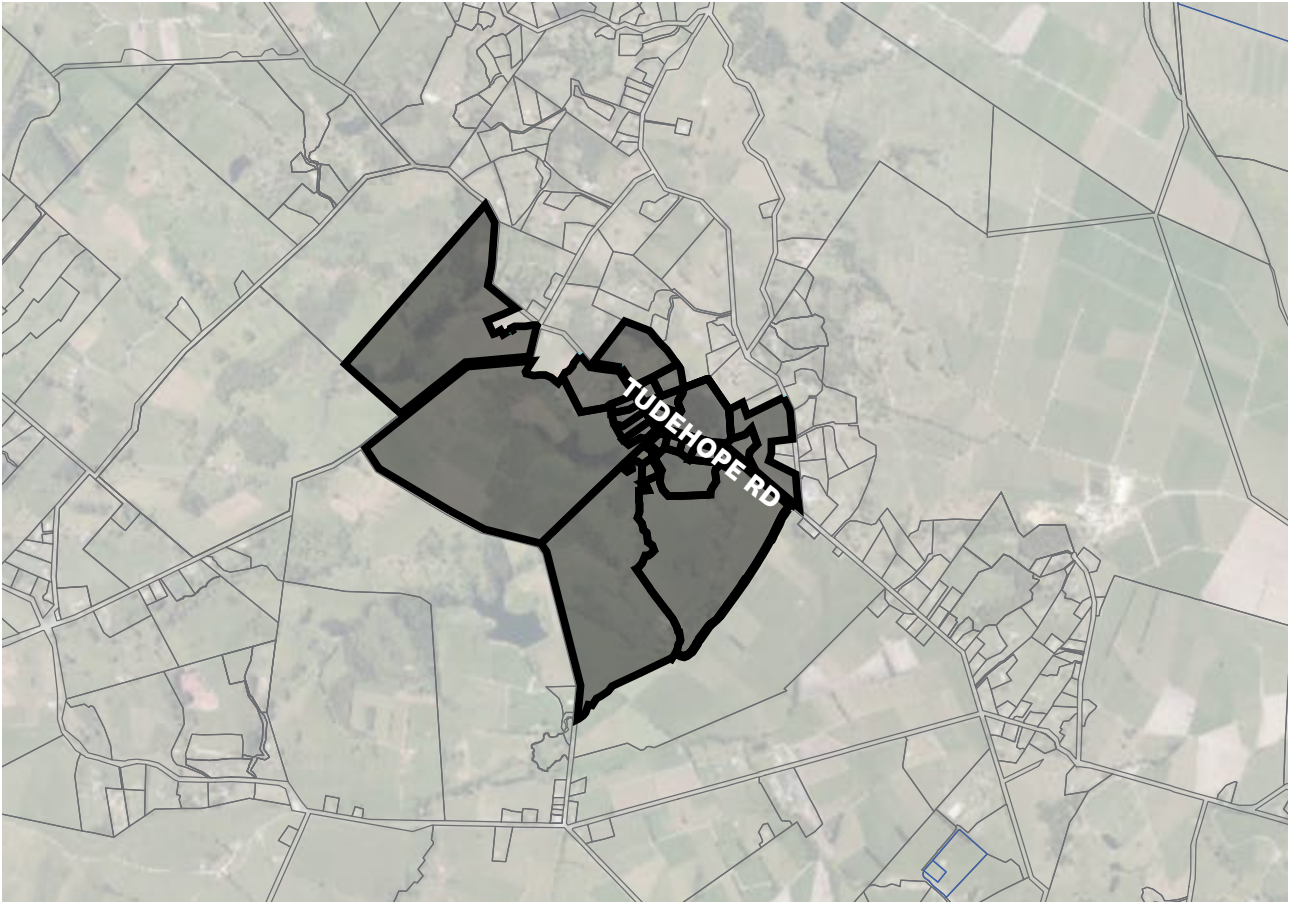## Map H: Tahunatapu Road

Map I: Tudehope Road

Map J: Waiotoi Road
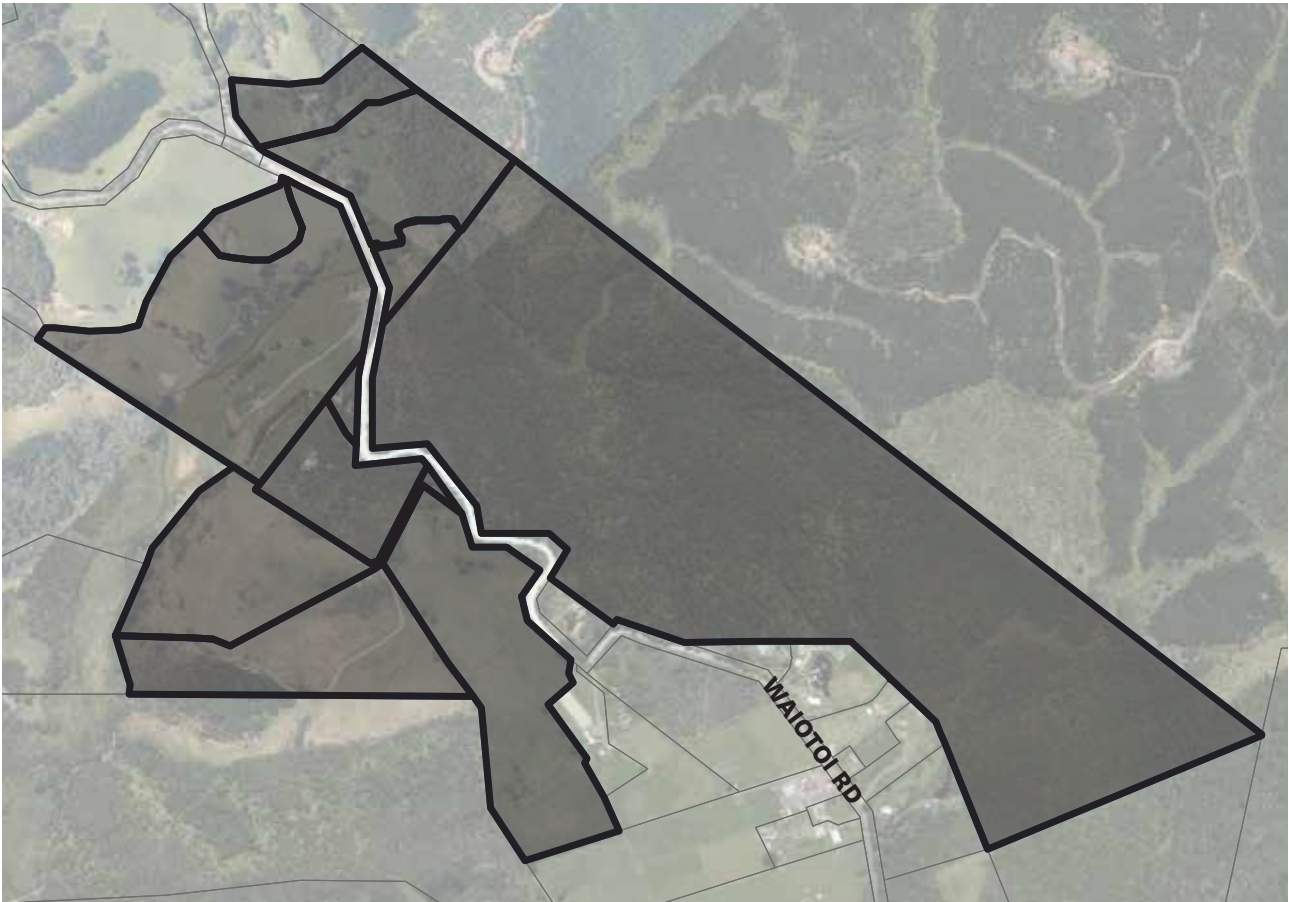
Lump sum contributions

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

Discount for full payment of annual rates

No discount will be allowed for any rates.

Due dates for rates

Due dates and penalty dates for rates other than metered water (volumetric, supply and backflow preventer charges) rates paid by instalments

Rates other than the volumetric, supply and backflow preventer charges for water will be invoiced in four equal instalments.

A 10% penalty will be added to the amount of each instalment which remains unpaid after the due date for payment as shown in the following table:

	Due date	Late payment penalty	Date penalty applied
Instalment one	20 August 2024	Penalty 10%	22 August 2024
Instalment two	20 November 2024	Penalty 10%	23 November 2024
Instalment three	20 February 2025	Penalty 10%	24 February 2025
Instalment four	20 May 2025	Penalty 10%	22 May 2025

Due dates and penalty dates for metered water (volumetric, supply and backflow preventer charges) rates

Water accounts are processed monthly, two-monthly or six-monthly. The supply and backflow preventer charges are invoiced in equal instalments, based on the frequency with which the water account is processed. Council agrees that the due dates of these accounts will be relative to the consumer's cyclic billing period and will show on the water rates invoice in accordance with the table that follows. A penalty of 10% will be applied to amounts unpaid after the due date, in accordance with the following table:

Month water rates invoice issued	Due date for payment	Date penalty will be added
July	20 August 2024	22 August 2024
August	20 September 2024	24 September 2024

Month water rates invoice issued	Due date for payment	Date penalty will be added
September	20 October 2024	23 October 2024
October	20 November 2024	22 November 2024
November	20 December 2024	23 December 2024
December	20 January 2025	22 January 2025
January	20 February 2025	24 February 2025
February	20 March 2025	24 March 2025
March	20 April 2025	23 April 2025
April	20 May 2025	22 May 2025
May	20 June 2025	24 June 2025
June	20 July 2025	23 July 2025

Payment options

Payments for rates can be made:

- by direct debit weekly, fortnightly, monthly, quarterly or annually – our preferred method
- online at www.wdc.govt.nz/Payit with a debit or credit card (please note additional charges may apply)
- internet banking
- by cash, EFTPOS or credit card at our offices: Te Iwitahi, Rust Avenue, Whangārei or 8 Takutai Place, Ruakaka.

All payments will be credited first to the oldest amount due.

Additional charges

Additional penalty on arrears of rates

All rates (land and water) from the previous rating years that remain unpaid as at 16 July 2024 will have a further 10% penalty added. This penalty will be added on 16 September 2024.

Remission and postponement policies

Remission and postponement policies are applied where Council has adopted a policy to alter the amount of rates payable in specific circumstances. These policies may be obtained from our website or on request in person or by phone.

Sample of properties showing rates for 2024-25

Randomly selected sample of properties from each category.

The rates are based on values assigned as at 1 July 2021. Please note – Northland Regional Council rates are not included. Please refer to their Long Term Plan for the impact of their rates on your property.

Road seal extension rates, water rates and flood protection rates are not included.

	$	
	2023-24	**2024-25**
Residential property in urban area with a land value of $200,000		
General rate - land value	466.52	546.76
Uniform Annual General Charge	701.00	821.00
Sewerage disposal rate	902.00	928.00
Total	2,069.52	2,295.76
Residential property in urban area with a land value of $400,000		
General rate - land value	933.04	1,093.52
Uniform Annual General Charge	701.00	821.00
Sewerage disposal rate	902.00	928.00
Total	2,536.04	2,842.52
Residential (lifestyle) property with a land value of $620,000		
General rate - land value	1,446.21	1,694.96
Uniform Annual General Charge	701.00	821.00
Total	2,147.21	2,515.96
High value residential (lifestyle) property with a land value of $3,100,000		
General rate - land value	5,248.35	6,151.05
Uniform Annual General Charge	701.00	821.00
Total	5,949.35	6,972.05

	$	
	2023-24	**2024-25**
Rural property with a land value of $950,000		
General rate - land value	3,181.08	3,728.18
Uniform Annual General Charge	701.00	821.00
Total	3,882.08	4,549.18
Rural property with a land value of $3,250,000		
General rate - land value	10,882.63	12,754.30
Uniform Annual General Charge	701.00	821.00
Total	11,583.63	13,575.30
Commercial property with a land value of $780,000		
General rate - land value	9,839.23	11,531.60
Uniform Annual General Charge	701.00	821.00
Sewerage disposal rate (1 pan)	584.00	601.00
Total	11,124.23	12,953.60
Industrial property with a land value of $3,750,000		
General rate - land value	47,304.00	55,440.38
Uniform Annual General Charge	701.00	821.00
Sewerage disposal rate (5 pans)	2,920.00	3,005.00
Total	50,925.00	59,266.38

Proposed
Capital Expenditure

Illustration to go here

LTP Programme	Carry forwards from 2023-24
Transportation	
City Centre Strategy	1,673
Local Road Improvements	-
Local Road Renewals	-
Northern Growth Area	-
Public Transport Services	-
Transport Choices	6,496
Transportation Investment Management	-
Transportation Non- subsidised programme	1,764
Walking and Cycling Improvements	-
Transportation Total	9,933
Parks and Recreation	
Active Recreation and Sport	442
Arts Culture and Heritage Strategy	-
Better Off Funding	-
Blue/Green Network Strategy	216
Cemetery Strategy	68
Community Placemaking	-
Indoor and Outdoor Courts Strategy	-
Marine Strategy	-
Open Space Strategy	-
Pohe Island Masterplan	-
Public Conveniences	-
Parks and Recreation Total	727

	Yr 1 2024-25	Yr 2 2025-26	Yr 3 2026-27	Yrs 4-6 2027-30	Yrs 7-10 2030-34
					000's
	-	-	-	-	-
	7,504	9,412	10,527	64,014	48,089
	27,564	27,535	28,840	90,436	129,318
	10,479	8,413	-	-	-
	51	-	-	-	4,824
	-	-	-	-	-
	175	21	11	228	84
	2,928	2,913	1,393	17,399	38,715
	2,396	2,764	3,729	15,938	14,749
	51,097	51,058	44,499	188,016	235,780
	1,022	3,561	9,574	12,384	18,583
	-	100	102	320	458
	381	-	-	-	-
	-	-	-	-	-
	84	268	342	1,175	3,030
	-	-	-	-	362
	-	189	592	-	-
	-	-	-	-	25
	1,200	1,173	1,208	5,556	5,708
	103	526	-	115	1,265
	-	-	-	-	896
	2,790	5,818	11,819	19,550	30,327

LTP Programme	Carry forwards from 2023-24
Water Services	
Asset Lifecycle Management	-
Network Expansion	556
Water Quality	195
Water Services Total	752
Wastewater	
Air Quality	-
Asset Lifecycle Management	-
Catchment Management	-
Network Expansion	-
Sustainability	-
Water Quality	-
Wastewater Total	-
Stormwater	
Asset Lifecycle Management	-
Better Off Funding	10
Catchment Management	-
City Centre Strategy	-
Northern Growth Area	-
Water Quality	275
Stormwater Total	285

	Yr 1 2024-25	Yr 2 2025-26	Yr 3 2026-27	Yrs 4-6 2027-30	Yrs 7-10 2030-34
					000's
	8,901	6,312	7,909	31,256	50,171
	3,766	210	538	6,258	4,939
	4,346	12,703	26,954	33,929	4,696
	17,013	**19,225**	**35,401**	**71,442**	**59,805**
	5,166	1,404	22	67	96
	7,862	9,922	6,691	21,325	36,259
	617	1,998	3,260	6,353	7,727
	-	-	-	3,362	1,757
	412	526	1,076	-	-
	1,852	5,216	12,167	79,775	9,464
	15,908	**19,066**	**23,216**	**110,882**	**55,305**
	1,646	2,208	2,259	7,084	9,510
	-	-	-	-	-
	3,838	505	516	1,282	920
	-	-	-	-	605
	309	1,683	2,690	1,687	2,412
	206	315	323	1,346	1,688
	5,999	**4,711**	**5,788**	**11,399**	**15,135**

LTP Programme	Carry forwards from 2023-24
Coastal Systems and Flood Management	
Better Off Funding	105
Blue/Green Network Strategy	13
Marine Strategy	-
Coastal Systems and Flood Management Total	118
Flood Protection	
Asset Lifecycle Management	-
Environmental Restoration	-
Flood Protection Total	-
Solid Waste	
Waste Minimisation Strategy	-
Solid Waste Total	-
Community Facilities and Services	
Active Recreation and Sport	1,112
Asset Lifecycle Management	3,703
Better Off Funding	13
Civil Defence and Emergency Management	-
Community Placemaking	302
Housing Strategy	285
Network Expansion	-
Theatre	-
Venues and Events Strategy	-
Community Facilities and Services Total	5,415

	Yr 1 2024-25	Yr 2 2025-26	Yr 3 2026-27	Yrs 4-6 2027-30	Yrs 7-10 2030-34
					000's
	257	263	269	-	-
	-	-	134	8,386	4,850
	589	510	1,519	1,974	2,917
	846	**773**	**1,923**	**10,360**	**7,767**
	636	841	645	1,156	2,154
	206	-	269	1,499	176
	842	**841**	**914**	**2,654**	**2,329**
	28	100	34	65	455
	28	**100**	**34**	**65**	**455**
	103	10,516	-	-	-
	1,139	1,301	1,348	4,117	5,360
	1,106	1,130	1,076	-	-
	359	40	32	50	112
	212	105	143	299	39
	2,573	2,629	605	1,898	2,714
	123	-	-	-	-
	-	-	-	3,352	3,906
	772	5,258	5,379	5,503	-
	6,387	**20,980**	**8,584**	**15,220**	**12,132**

LTP Programme	Carry forwards from 2023-24
Planning and Regulatory Services	
Asset Lifecycle Management	1,088
Planning and Regulatory Services Total	1,088
Governance and Strategy	
Commercial Property Investment	2,156
Governance and Strategy Total	2,156
Support Services	
Asset Lifecycle Management	-
Better Off Funding	47
Digital Council	-
Support Services Total	47
Grand Total	20,520

Notes:

Programme narrations are subject to change following consultation.

Carry forwards from 2023-24 reflects projects not completed during the current financial year that will be carried forward and included within the Long Term Plan (LTP). The total value of the carry forwards will be updated for the final LTP.

	Yr 1 2024-25	Yr 2 2025-26	Yr 3 2026-27	Yrs 4-6 2027-30	Yrs 7-10 2030-34
					000's
	-	-	-	-	-
	-	-	-	-	-
	515	1,761	538	6,974	609
	515	1,761	538	6,974	609
	309	316	323	1,087	1,555
	180	184	188	-	-
	1,646	2,051	2,098	5,685	8,263
	2,135	2,550	2,609	6,772	9,818
	103,560	126,884	135,324	443,335	429,461

Whangarei
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