



CHAPTER FOUR

Policies and statements

CHAPTER FOUR

Overall revenue and financing policy	179
Specific rates policies	183
Significant accounting policies	196
Activity funding impact statements	208

OVERALL REVENUE AND FINANCING POLICY

INTRODUCTION

Our Revenue and Financing Policy for each group of activities can be found in Chapter Five from page 435 in our Long Term Plan 2015-2025.

This policy deals with the revenue and financing decisions taken at a “whole of Council” level. It documents our high level rating philosophy and summarises the rationale for the rating decisions taken. We have considered the distribution and timing of benefits, rating efficiency and transparency, community preferences and the overall impact on the economic, cultural, social and environmental well-being of our District. In particular, we have considered the impacts of our rating proposals on a range of representative properties; these are shown in Chapter Three on pages 127 - 133 of this Plan.

When read in conjunction with the Funding Impact Statement, in Chapter Three on pages 105 - 126, this policy provides the link between the funding decisions taken at the activity level, with the eventual rates assessment that each ratepayer will receive.

COUNCIL'S FUNDING PHILOSOPHY

Ratepayers have told us that fairness and equity in rating is very important to them. We try wherever practical, to maintain a close relationship between the benefits received by groups of ratepayers and the rates they pay for those services, especially where communities within our District have differing levels of service. Where levels of service are more uniform or where it is impractical to identify groups of ratepayers that principally benefit, we use General Rates which are essentially a tax. In theory taxation is not related to benefit received but is charged according to an assessment of ability to pay – in the case of council rates this is assessed by property value.

In principle, we seek to recover the maximum amount possible from the direct users of a service (the ‘user-pays’ principle) or from those that create the need for a service (the ‘exacerbator-pays’ principle). The primary tools we use to achieve these principles are fees and targeted rates. We also seek to ensure that people pay for services at the time they consume them, (the ‘inter-generational equity’ principle). Costs of service include capital costs, direct operational costs, depreciation, interest and loan repayments. The tools we use to achieve inter-generational equity include loans, financial contributions and increases in the rating base resulting from growth.

FEES

These are funding tools which are used where the users of services can be individually identified, for example building consents.

TARGETED RATES

Targeted rates tend to be used where categories of ratepayers can be identified as a group, rather than individually as primarily benefiting from a service or contributing to the requirement for a Council service, for example stormwater.

FINANCIAL CONTRIBUTIONS

Our policy for recovering the costs of infrastructure built to accommodate growth is to use financial contributions. Our Financial Contributions Policy is set through our District Plan under the Resource Management Act 1991.

The detail of the policy is published as part of the District Plan and is available on our website www.westernbay.govt.nz and at our offices and libraries.

DEBT FINANCING

As we have no significant reserves, we rely on loans to finance infrastructure development, for example wastewater schemes. The portion of interest and loan repayments relating to growth is generally funded through financial contributions however in periods of low growth may be funded from rates. This is detailed in our Financial Strategy. [Chapter Two](#) on page 55 to 56 in the Long Term Plan 2015-2025. The remainder is funded by annual rates or charges. We acknowledge that the interest on loans increases the overall cost of services but we believe that this is offset by a more equitable allocation of cost between existing and future ratepayers. As our rating base increases with new development there are more ratepayers to meet the cost of interest and loan repayments.

For transportation infrastructure, however, we have traditionally used less financing. For this activity, where the capital development programme is more evenly spread over time and the users of the service are less easy to identify individually, we have primarily used rates to finance capital expenditure with loans and financial contributions used to a lesser degree.

The overall use of debt financing is limited by the extent of our indebtedness and the principles of prudent financial management. Our Financial Strategy in [Chapter Two](#), page 48 - 61 in the Long Term Plan 2015-2015 proposes a limit on debt and our Treasury Policy, [Chapter Five](#) page 485 in the Long Term Plan 2015-2015 contains limits on debt and interest payments in relation to our assets and revenue. The term of our debt is related to the useful life of the asset financed but do not generally exceed 30 years, as the financing costs exceed the value of the asset and ensures the costs of future

renewals are taken into consideration. This ensures that the people benefiting from the asset repay the loan before the asset's life is over.

For several activities we operate a current account funding programme to smooth rates increases over time and to ensure renewals are adequately provided for. The level of rates in year one of the Long Term Plan is set such that once inflation is added to each of the ten years of the Plan, the projected current account balance in years 10 and 30 is adequate to meet the balanced budget test. The current account balance reflects all revenue and expenditure (including operating and capital costs) and all funding requirements (including loans, financial contributions and other revenue).

Our District Plan provides that waivers and reductions to financial contributions levied under the Resource Management Act 1991 are agreed through our Annual Plan process. The Long Term Plan 2015-2025 was our Annual Plan for 2015/2016.

DEPRECIATION FUNDING AND CURRENT ACCOUNT DEFICIT FUNDING

Prudent financial management requires organisations to plan for the replacement or renewal of their assets when they reach the end of their useful lives to maintain the service they provide. The inter-generational equity principle suggests that, ideally, today's ratepayers should pay for the 'asset-life' they are consuming and likewise future generations should pay for their share of the asset's life. There are three principal ways this can be achieved:

1. Pay as you go

- Capital funded annually by rating existing ratepayers to cover the expenses incurred in that year.

Suitable when capital expenditure is evenly spread over the years so there is less risk that today's ratepayers are not paying their fair share when compared to future ratepayers.

2. Saving for asset replacement

(charge rates over the life of the asset – spend later)

- Ratepayers are rated annually to fund depreciation which builds up in a reserve account to fund future replacements of assets.

Unsuitable if ratepayers are already servicing debt incurred to acquire the existing asset. If debt were incurred today's ratepayers would be paying twice for the asset, once through debt repayments and interest and again through financing the depreciation.

3. Borrowing to fund asset replacement

(spend now – charge rates over the life of the asset)

- Ratepayers are rated annually to fund interest and capital repayments on loans matched to the life of the asset. In the future, replacement of the asset would be financed in the same way.

Suitable if our overall level of debt can accommodate the required borrowing.

There is no legal requirement for councils to accumulate dedicated depreciation reserves, however the Local Government Act 2002 (LGA) requires that councils have a balanced budget, which means that revenue must be greater than operating expenditure (which includes depreciation). As the balanced budget test is conducted at the local authority level it is considered acceptable and within the bounds of prudence to run an operating deficit on one activity and a surplus on another. This means that we are not required to retain revenue on an annual basis in dedicated depreciation reserves if we can show through our financial strategy that future rates revenue is adequate to fund infrastructure renewals when they are needed.

When setting rates we consider the impact they have on the affordability to the various sectors of the community. Where there is a clear need to balance the principles set out above some redistribution of rates may be required. This is done through the development of the financial strategy.

RATING POLICY

1. Rating unit

Under the relevant legislation, we have the ability to set our unit of rating as a dwelling (or separately used inhabited part of a property) as opposed to a property. We have chosen to retain our rating unit as a property consistent with our policy in previous years.

2. Rating basis

The Local Government (Rating) Act 2002 allows us to choose from three rating systems - the land value rating system, the capital value rating system and the annual value rating system. There is no legislation prescribing the best type of rating system for each council.

We will assess the General Rate and all other property value-based rates (except the roading rate) on capital value. The roading rate will be assessed on land value.

We show a land value and an improvement value on our property valuations. The improvement value reflects the added value given to the land by buildings or other structures, including fruit trees, vines and landscaping. Capital value includes both the land value and the value of improvements. The improvement value excludes chattels, stock, crops, machinery or trees other than fruit or nut trees, vines, berry-fruit bushes and live hedges.

Regardless of the rating basis we use, the total amount of rates collected remains the same but the incidence of rating shifts. To illustrate the differences between the land and capital value rating systems for example, consider two identically valued pieces of land, one with a substantial dwelling on it and the other with no improvements. Under the land value rating system the two properties would pay the same rates. Under the capital value rating system the property with the substantial improvement would pay more than the property that was undeveloped.

3. General rates

General Rates consist of a rate in the dollar charged on capital value and a Uniform Annual General Charge (UAGC) which is a flat amount levied on each rating unit. The size of the UAGC is set each year by Council and is used as a levelling tool in the collection of General Rates. If the Uniform Annual General Charge (UAGC) were set at zero the effect would be to increase the amount of General Rates assessed on capital value which would increase the share levied on properties with higher capital values and decrease the share levied on lower capital values.

In setting the level of the UAGC, we consider the following issues:

- The impact of a high UAGC on those with low incomes and relatively low property values/
- The impact of a low UAGC on the relative share of rates levied on large rural properties
- Fairness and equity and the social consequences of an unfair distribution of rates
- The collective effect of other flat charges (e.g. environmental protection rate, targeted rate for libraries) on affordability for low income households.

4. Differential general rate

Our policy is to have the same system for charging General Rates across the whole District.

Our current differential rates policy is:

- | | |
|-------------------------------------|-----|
| • Residential zoned areas | 1.0 |
| • Rural zoned areas | 1.0 |
| • Commercial/industrial zoned areas | 1.0 |
| • Post-harvest zoned areas | 1.0 |

These differentials apply only to the General Rate.

5. Multiple dwelling differentials

There are no multiple dwelling differentials for any rates assessed on capital value.

6. Environmental protection rate

The Environmental Protection Rate is a fixed charge on each rateable unit. It funds a number of activities that are seen to benefit the District as a whole.

7. Rooding rates

There are three rooding rates:

- Rooding rate on land value
- Rooding charge (fixed amount on every property in our district)
- Rural works charge (fixed amount on every rural zoned property).

We use the rural works charge and the rooding Uniform Annual Charge (UAC) to reduce the share of rooding rates levied on higher value properties. If these fixed charges were not included large pastoral farms, for example, would be liable for an unfairly large share of the revenue required for rooding.

We are unable to collect direct user charges; only central government can charge road user fees and levy petrol tax.

The rooding rate on land value is calculated using the following differentials:

- | | |
|-------------------------------------|-----|
| • Residential zoned areas | 1.0 |
| • Rural zoned areas | 1.0 |
| • Commercial/industrial zoned areas | 2.0 |
| • Post-harvest zoned areas | 2.0 |

8. Targeted rates

We use targeted rates (as defined in the Local Government (Rating) Act 2002) to collect funds over areas of benefit. This rating tool is chosen where the services provided are specific to a particular community or area within our District and it is not considered fair to charge all ratepayers, e.g. charges for town centre promotion and community halls. Details of these rates are shown in the Funding Impact Statement, Chapter Three page [105 - 126](#). These rates may be collected on a uniform (fixed) basis per property or on the capital value of each property.

9. Water

Water rates are charged using a metered or unmetered Uniform Annual Charge.

Our policy on water meters is that all properties 0.5 ha (1.23 acres) and larger, which are connected to Council's water supply and all properties likely to use more water than the usual household amount will be metered. We are in the process of introducing metering to all other properties in a staged process over the term of this ten year plan due for completion in 2018. In establishing the criteria for water metering we have recognised the environmental benefits that would result from water conservation if all users were metered and balanced that against the cost of installing meters on all properties and the affordability of such a strategy.

Where meters are in use charges are as follows:

- Each property will be charged the metered Uniform Annual Water Charge for the first meter; and
- An additional Uniform Annual Charge will be charged for every additional meter on the property. This covers the costs of reading, billing, maintenance and future meter replacement
- Connections larger than 20mm will be charged additional UACs in proportion to the capacity of the connection
- A charge based on water consumption per m³ is also levied

Where unmetered connections are in place a single annual charge is levied. This charge is higher than the metered water annual charge to take into account water usage.

10. Wastewater

Our policy on wastewater charges is:

10.1 Uniform Annual Charge

All properties connected or available to be connected (within 30 metres of a public wastewater drain) will be charged a Uniform Annual Wastewater Charge.

10.2 Multiple connection charges

We have a policy for charging properties with more than one toilet. It applies to all wastewater schemes.

- Each residential household will pay one standard connection charge to the wastewater scheme regardless of the number of toilets in the dwelling. This charge covers fixed and variable costs
- For non-residential properties with more than one toilet in Katikati, Omokoroa, Te Puke and Waihi Beach, each property will pay the standard connection charge for the first toilet. For each additional toilet, the charge will be:
 - 25% of the variable cost component of the standard connection charge, plus
 - 100% the full fixed cost component of the standard connection charge.

- For non-residential properties with more than one toilet in Maketu, each property will pay the standard connection charge for the first toilet. For each additional toilet, the charge will be:

- 100% of the variable cost component of the standard connection charge, plus
- 100% the full fixed cost component of the standard connection charge.

Our intention is to achieve a fair allocation of the costs of the wastewater scheme based on the usage of capacity in the system. We acknowledge that in some instances additional toilets may be installed in non-residential properties for convenience which may not result in an increase in total usage.

We reviewed our multiple pan remission policy in 2015 to address instances where organisations would be charged unduly high amounts by the application of this policy. See Chapter Four [page 193](#) for further detail.

11. Schools

Although the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act 2001 was repealed, schools are charged for sewage disposal on the same basis as that envisaged by the Act but as a targeted rate for each individual school in our District. This is because schools by and large, have accepted the levies charged.

SPECIFIC RATES POLICIES

	Page
Discount for early payment of rates in current financial year	184
Rates remission on covenanted land	184
Remission of rates penalties	185
Rates relief on Māori freehold land	186
Rates postponement for financial hardship	189
Rate postponement for homeowners aged over 65 years	190
Rates remission on re-zoned land	192
Rates remission for contiguous land	192
Rates remission for land used for sport and games	193
Rates remission of wastewater charges	193
Rates remissions for natural disasters and emergencies	195

SPECIFIC RATES POLICIES

In addition to Council's overall rating policies, specific policies have also been established over time to accommodate individual ratepayer circumstances that have been identified as requiring a specific approach. By having these specific policies available Council considers it provides a more equitable and fair rating system.

Discount for early payment of rates in current financial year

1. POLICY OBJECTIVE

To encourage early payment of rates by offering a discount to ratepayers who pay their total rates early.

2. GENERAL APPROACH

Council has Treasury risks arising from debt raising, investments and associated interest rate management activity.

Council recognises the cash flow advantage and reduced processing cost which result from early payment of rates, and offers a discount to encourage this outcome. This discount is to be set each year in the Annual Plan.

3. ELIGIBILITY CRITERIA

To be eligible to receive the discount:

- All prior year rates must have been paid and no arrears are owing; and
- Total current year rates must be paid by the discount date specified in the rates assessment resolution of Council.

4. POLICY PROCEDURES

- The discount amount and date by which the payment must be made will be included on the rates assessment.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

Rates remission for covenanted land

1. POLICY OBJECTIVE

To encourage the conservation of natural environments by way of a rates remission on land covenanted for environmental protection.

2. ELIGIBILITY CRITERIA

Ratepayers who own rating units may receive remission of rates on that portion of their property covenanted or designated as a protection lot, being either:

- Rating Units with a Queen Elizabeth II Trust Covenant; or
- Rating Units with Protection Lots created through subdivision processes under the Council's District Plan.

3. POLICY PROCEDURES

- **Queen Elizabeth II Trust Covenant:** Ratepayers may apply upon establishment of a covenant with the Queen Elizabeth II Trust and thereafter remission will be automatic. The area of the property used for the purposes of the Queen Elizabeth II Trust covenant is defined as that portion of the property set aside and protected. This area excludes any curtilage and any area not used for environmental protection purposes..
- **Rating Units with Protection Lots:** will automatically receive rate remission on the protected lot.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

Remission of rates penalties

1. POLICY OBJECTIVE

To enable Council to act fairly and reasonably in its consideration of penalties for overdue rates, due to circumstances outside the ratepayer's control or where there is limited financial impact on Council.

2. ELIGIBILITY CRITERIA

Where there are circumstances outside the ratepayer's control:

Remission of one penalty will be considered in any one rating year where payment has been late due to significant disruption to the ratepayer's circumstances. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.

Remission will be considered in the case of death, illness or accident of a family member, within 60 days of the due date for payment of rates.

Council shall have regard to:

- Excellent payment history, with no penalties incurred within the previous five years; and/or
- Whether the ratepayer can provide evidence that their payment has gone astray in the past or the late payment has otherwise resulted from matters outside their control.

Where there is limited financial impact:

At its sole discretion and without application by the ratepayer, Council may suppress penalties:

- Where trivial amounts are owing due to incorrect payment being made; or
- Where demonstrable progress is being made to pay both current rates and arrears (e.g. a fortnightly direct for a regular sum and period of time has been agreed with Council).

3. POLICY PROCEDURES

Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

Rates relief on Māori freehold land

1. INTERPRETATION

Māori Freehold Land means:

- a) Land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court (as defined in Local Government (Rating) Act 2002); or
- b) At Council's discretion, former Māori freehold land whose status was changed to general land by the 1967 Status Declaration legislation.

2. GENERAL APPROACH

This policy aims to:

- a) Contribute to the fair and equitable collection of rates from all sectors of the community, whilst recognising that certain Māori lands have particular conditions, features, ownership structures or other circumstances that make it appropriate to provide relief from rates;
- b) Identify Māori freehold land that qualifies for longer term remission due to limited productive use or the presence of special features; and
- c) Implement rates remissions on Māori freehold land and write off of rate arrears and penalties, subject to the conditions and criteria set out in this policy.

3. OBJECTIVES

- a) To recognise situations where there is no trust, person or owner gaining an economic or financial benefit from the land;
- b) To recognise and take into account the importance of the land for community goals relating to:
 - The preservation of the natural character of the coastal environment;
 - The protection of natural features;
 - The protection of significant indigenous vegetation and significant habitats of indigenous fauna;
- c) To recognise and take account of the presence of waahi tapu that may affect the use of the land for other purposes;
- d) To recognise matters related to the physical accessibility of the land;
- e) To avoid further alienation of Māori freehold land;
- f) To recognise and support the relationship with Māori and their culture and traditions with their ancestral land;

- g) Where part only of a block is occupied, to grant remission for the portion of the land not occupied;
- h) To facilitate and encourage economic development on Māori freehold land in order to increase the productive capacity of underutilised land, thereby generating economic or financial benefit for land owners.

4. POSTPONEMENT OF RATES

Council's policy does not provide for the postponement of rates on Māori freehold land, as security cannot be taken against Māori freehold land for postponed rates. Council will remit rates where it considers rates relief is appropriate, as set out in Parts One to Four of this policy.

5. PART ONE: REMISSIONS FOR LIMITED PRODUCTIVE USE

Council will consider placing Māori freehold land on the Annual Remissions List where it meets the following conditions and criteria:

Idle and unoccupied lots

Council will place unoccupied land on the Annual Remissions List where it considers that the land:

- a) Is idle and is not being used for any productive purpose, or may be too small to be productive;
- b) Does not generate any economic or financial benefit for any person; and
- c) Has no immediate possibility of development.

Unique features

Council will place wholly or partially unoccupied Māori freehold land on the Annual Remissions List where it considers that the land:

- a) Contains indigenous forest of high ecological value;
- b) Provides traditional and important food source for tangata whenua;
- c) Provides a traditional and important source for cultural, medicinal and spiritual needs of tangata whenua;
- d) Has demonstrable strong spiritual and symbolic significance to iwi/hapu/whanau, above and beyond that of other Māori land;
- e) Includes important tribal landmarks significant to tangata whenua; and/or
- f) Is an important water catchment system to tangata whenua for sustaining physical and spiritual values.

Council will also have regard to whether the land:

- a) Has road access and/or access to other services;
- b) Is contiguous with forest reserves;
- c) Is complementary to Marae Reserve Areas (as determined by the Māori Land Court);
- d) Is high land or dispersed blocks of bush land;
- e) Offers protection of low land development and investment in roads;
- f) Complements water catchment areas; or
- g) Enhances wildlife areas.

6. PART TWO: REMISSIONS FOR ECONOMIC DEVELOPMENT

Council will consider remission of rates on Māori freehold land as set out below, for a maximum period of 5 years:

The maximum rates to be written off are:

Year 1	Not more than 80% written off in year one
Year 2	Not more than 60% written off in year two
Year 3	Not more than 40% written off in year three
Year 4	Not more than 20% written off in year four
Year 5	Full rates payable in year five

In considering any application for remission under Part Two, Council will need to be satisfied that:

- a) The projected cash flow shows an increase in the annual cash surplus over the period;
- b) The projected cash flow is realistic and can be achieved;
- c) The economic development proposal is likely to generate sufficient cash surplus so as to cover full rates following the period of remission;
- d) The proposal is viable under the District Plan and any other bylaws or regulations that may apply to the proposal; and
- e) There are no outstanding rates arrears due on the land (Note: Council may waive this requirement at its sole discretion).

Where rates have been remitted for economic development, Council will require an Annual Report to be provided by the applicant by no later than 1 June in each year, in order for the remissions to continue in the following rating year. The Annual Report must include to Council's satisfaction:

- a) Annual accounts, prepared by a suitably qualified person;
- b) Project cash flow for the remaining rating years for which the remission applies; and
- c) A brief description on progress and milestones achieved in implementing the economic development proposal for which remission has been granted.

7. PART THREE: APPORTIONMENTS FOR MULTIPLE DWELLINGS

Council will consider creating apportionments on land where there is more than one dwelling.

This means the rates payable will be divided pro rata, based on the area occupied by each dwelling on the land. Each apportionment will be no less than 666m².

Where part of the land is unutilised, a separate apportionment shall be created for this residue amount. The residue shall be placed on the Annual Remission List until such a time as the land becomes utilised.

8. PART FOUR: ARREARS AND PENALTIES

At Council's sole discretion, it may write off arrears and penalties for land that has limited productive use, having regard to:

- a) Any targeted rates applicable to the land; and
- b) Whether the rates are likely to accumulate to the point where they are not recoverable in a court of law after a period of six years in accordance with the Limitation Act 2010.

Residues created through apportionments may have the portion of arrears and penalties that relate to the residue written off at Council's sole discretion, having regard to (a) and (b) above.

Where Māori freehold land is not otherwise eligible for a remission under any other section of this policy, Council will negotiate with the land owner to write off all arrears and penalties if current rates are met over a period of 5 years.

9. APPLICATIONS FOR REMISSION

Applications should be made no later than 1 June prior to the rating year. Applications made after the commencement of the rating year may be accepted at the discretion of Council.

All applications made for remission under Parts One to Four of this policy must be in writing and include to Council's satisfaction:

- a) Confirmation that the land is Māori freehold land, as defined in this policy;
- b) Identification of each title for which the application for remission applies. This is expected to include photographs, valuation data and any relevant legal documentation associated with the land's title or status. Council reserves the right to require a site inspection by Council officers for any new applications for remission.
- c) Confirmation that the applicant:
 - Is identified owner for entering on rating records pursuant to Section 92 Local Government (Rating) Act 2002; and
 - Has agreement from the landowners or Trust for the application to be made.

Remission applications made for economic development (Part Two) must also include to Council's satisfaction:

- a) A description of the economic development proposal that the landowner(s) intend to undertake;
- b) Demonstration that the proposal is viable under the District Plan and any other bylaws or regulations that may apply to the proposal;
- c) Annual accounts and cash flow statements for the previous 3 years prepared by suitably qualified persons; and
- d) A projected cash flow prepared by a suitably qualified person, covering the period of remission the application seeks (to a maximum of 5 years).

10. POLICY PROCEDURE

Council staff will support Māori freehold land owners in preparing applications for remission. Applications for remission that contain all relevant information as set out in this policy will be processed within 20 working days of receipt.

Unsuccessful applicants will be advised of the reason(s) why the application was declined, and will be given the opportunity to resubmit the application.

Annual Remission Lists shall be submitted to Council for information at the end of each rating year.

Any Māori freehold land that is granted a remission under Part One, due to containing indigenous forest of high ecological value, will be entered on to Council's Bush Lots Register.

The Bush Lots Register shall be checked every four years to verify the use of land on the register has remained the same. Where the land has been developed, Council will establish status of the land in question, and determine any rates that will apply as a result.

Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

Rates postponement for financial hardship

1. OBJECTIVE

To provide relief to ratepayers experiencing hardship from extreme financial circumstances affecting their ability to pay rates.

2. GENERAL APPROACH

Only rating units defined as residential and used solely for residential purposes (as defined by Council) will be eligible for consideration of rates postponement under the conditions and criteria of this policy.

3. ELIGIBILITY CRITERIA

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant.

Application can only be made by the person entered on Council's rating information database as the "ratepayer" or their authorised agent.

The applicant must provide a complete application, including:

- Information on the ratepayers age, any physical or mental disability, injury, illness and family circumstances;
- Confirmation that the ratepayer is the current owner of the rating unit (which is the subject of the application), and that they have owned it for not less than two years;
- Confirmation that the ratepayer uses the rating unit as their residence;
- Confirmation that the ratepayer does not own any other rating units or investment properties (whether in the Western Bay of Plenty District or in another district); and
- Verification from the ratepayer's bank as to the level of equity the ratepayer holds in the property.

Council may consider further information to support the ratepayer's case for postponement, including:

- The likely period before the ratepayer's position could be expected to improve;
- The potential for the ratepayer's situation to deteriorate further;
- The views of any other party with a registered interest in the rating unit;
- Whether there are previous arrears owing on the property;
- Whether the applicant has sought and/or obtained financial assistance through any other means;
- Whether the ratepayer is unable to meet minimum living expenses;

- Whether the ratepayer is unable to meet mortgage repayments on the property, resulting in their mortgage provider enforcing the mortgage on their property;
- Whether the ratepayer is paying for medical treatment if the applicant or dependent family member:
 - Has an injury;
 - Requires palliative care; or
 - Is suffering from a serious illness.

At its discretion, Council may request a report from a budget advisor, in order to gain independent assessment about the ratepayer's financial situation.

Conditions of postponement

The applicant must have sufficient equity in the property to protect Council's projected rating interest in that property. The postponement of rates (when combined with any other money owing on the property) must not exceed 80 percent of the rateable value of the property.

Any postponed rates will be postponed until:

- a) The death of the ratepayer(s); or
- b) Until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- c) Until the ratepayer(s) ceases to use the property as his/her residence; or
- d) Until a date specified by Council.

Consideration will also be given to postponing additional rate penalties for a period of up to 5 years to enable the ratepayer to clear rating debt, at the discretion of Council.

Council may charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

Even if rates are postponed, as a general rule the ratepayer will be required to pay the first \$500 of the rate account.

The policy will apply from the beginning of the rating year in which the application is made, although Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates may be registered as a statutory land charge on the rating unit title. This means Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

4 POLICY PROCEDURES

- Applications must be on the required form.
- Council will consider, on a case by case basis, all applications received that meet the eligibility criteria of this policy.
- Before approving an application Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

Rates postponement for homeowners aged over 65 years

1. OBJECTIVE

To give ratepayers over the age of 65 years a choice between paying rates now or later.

2. GENERAL APPROACH

Only rating units defined as residential and used for personal residential purposes by the applicant(s) will be eligible for consideration of rates postponement under the criteria and conditions of this policy.

Current and all future rates may be postponed indefinitely if at least one ratepayer (or, if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older. In other cases, current and all future rates may be postponed to a date not more than 15 years from 30 June in the rating year in which application is made.

Owners of units in retirement villages will be eligible provided that Council is satisfied payment of postponed rates can be adequately secured.

Council will add to the postponed rates all financial and administrative costs to ensure neutrality. Therefore, the ratepayer meets the full cost of postponement.

Council will establish a reserve fund out of which any shortfall will be met between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure that neither the ratepayer(s) nor the ratepayer(s) estate will be liable for any shortfall.

3. ELIGIBILITY CRITERIA

- Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes (which includes, in the case of a family trust owned property, use by a named individual or couple).
- Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, an actuary has been engaged to develop a model that will forecast expected equity when repayment falls due.
- The property must be insured for its full value and evidence of this produced annually.

4. CONDITIONS OF POSTPONEMENT

Any postponed rates (under this policy) will be postponed until:

- a) The death of the ratepayer(s) or named individual or couple; or
- b) Until the ratepayer(s) ceases to be the owner or occupier of the rating unit (if the ratepayer sells the property in order to purchase another within the Council's district, Council will consider transferring the outstanding balance, or as much as is needed, to facilitate the purchase, provided it is satisfied that there is adequate security in the new property for eventual repayment); or
- c) Until a date specified by Council.

Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

To protect Council against any suggestion of undue influence, applicants will be required to obtain advice from an appropriately qualified and trained counsellor. A counsellor's certificate will be required before postponement is granted, confirming that the applicant understands how the rates postponement scheme works. Applicants may also wish to obtain independent financial advice as to whether postponement is the right option for their individual circumstances.

If postponement is granted, the cost to the applicant is the interest Council will incur at the rate of Council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include Council's own in-house costs, a 1% p.a. levy on outstanding balances to cover external management and promotion costs and reserve fund levy of 0.25% p.a. and a contribution to cover the cost of the required counselling).

Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in Council's rating information database.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

The policy will apply from the beginning of the rating year in which the application is made although Council may consider backdating past the rating year in which the application is made, depending on the circumstances.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that council will have first call to the proceeds of any revenue from the sale or lease of the rating unit.

5. REVIEW OR SUSPENSION OF POLICY

The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

Any resulting modifications will not change the entitlement of people already in the scheme, or rates already postponed under this policy, until the agreed repayment date set under this policy.

However, there may be a requirement to pay future rates in the event that the policy is revoked in future.

6. POLICY PROCEDURES

- Applications must be on the required form which will be available from any Council office.
- Council notes that recipients may also benefit from other schemes.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

Rates remission on re-zoned land

1. OBJECTIVE

To ensure that owners of rating units that Council has rezoned can maintain their existing rating category of Residential, Rural, Commercial or Industrial until the property in question is on-sold or otherwise alienated.

2. ELIGIBILITY CRITERIA

To qualify for remission under this part of the policy the rating unit must be situated within an area of land that has been rezoned at the instance of Council for a use that would require the owner of the property to pay more rates.

The applicant must:

- Have been the property owner prior to the zone change being initiated;
- Not have actively sought rezoning; and
- Use the property for the same purpose as prior to the zone change being initiated.

Note: For the purpose of this policy, a zone change is considered to be initiated on the date that the plan change is formally notified.

3. POLICY PROCEDURES

- The remission will take the form of a special rateable value, based on the actual usage of the property, as opposed to its zoned usage.
- Applications to Council must be made on the required form and prior to the commencement of the rating year. Applications received during a rating year will be applicable for the commencement of the following rating year, and will not be backdated.
- If an application is approved the Council will direct its valuation service provider to inspect the rating unit and prepare a special rating valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the District. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal for valuations done in this way.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

Rates remission for contiguous land

1. OBJECTIVE

To provide remissions for contiguous land in common ownership.

2. GENERAL APPROACH

Rating units that meet the criteria under this policy may qualify for a remission of Uniform Annual General Charges and any targeted rate set on the basis of a fixed dollar charge per rating unit.

3. ELIGIBILITY CRITERIA

To qualify for remission under this policy:

- Units must be on land which is contiguous as defined in the Local Government (Rating) Act 2002:
 - Owned by the same person or persons; and
 - Used jointly as a single unit; and
 - Contiguous or separated only by a road, railway, drain, water race, river or stream.
- The rating units must be owned, or leased (a registered lease for a term of not less than 10 years) by the same ratepayer.
- No remission will be granted on targeted rates for water supply, sewage disposal or refuse collection.
- Both lessee and owner of contiguous properties need to confirm that the lessee will be paying the rates for the term of the lease.
- Developers owning subdivided property are specifically excluded from receiving remissions under this policy. At its sole discretion, Council may reject an application on this basis.

4. CONDITIONS OF REMISSION

- The ratepayer will remain liable for at least one set of each type of uniform charge.
- The rates database will be amended to reflect the lease situation in the rating year following the application for contiguity.
- Remission may cease (at Council's sole discretion) where it has grounds to suspect that contiguous rating units have been created for development purposes.

5. POLICY PROCEDURES

- Applications must be made in writing.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

Rates remission for land used for sport and games

1. OBJECTIVE

To allow sports clubs (and other similar organisations) the ability to claim a 50% discount on rates payable (excludes any targeted rates for wastewater or water supply).

2. GENERAL APPROACH

Council recognises that sports clubs provide social and health benefits to their community and is therefore prepared to assist them with payment of rates.

3. ELIGIBILITY CRITERIA

The applicant must provide information so that Council is satisfied that:

- The land is owned and used by a society or association of persons (whether incorporated or not):
 - For games or sport; or
 - For the purpose of any branch of the arts;
- The land is not used for galloping races, harness races or greyhound races; and
- The land does not provide any private pecuniary benefit for any members of the society or association of persons that own and use the land.

The applicant will also need to provide information about any club licenses held under the Sale and Supply of Alcohol Act 2012. Where a club license is in force, Council will be entitled to separately value that portion of the property and charge full rates on it.

4. POLICY PROCEDURES

The above requested information will be required to be provided on first application.

- Council will confirm in writing whether the applicant qualifies for the remission.
- The ratepayer must notify Council in writing of any changes to its status prior to the commencement of the rating year.
- Council reserves the right to cease the remission in the event that the land no longer meets the eligibility criteria of this policy.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

Rates remission of wastewater charges

1. POLICY OBJECTIVE

- 1.1** To provide fair and reasonable relief to properties who have wastewater charges greater than a domestic household due to multiple pans.
- 1.2** To provide certainty regarding the conditions which must be satisfied before Council will accept an application for the remission of multiple pan wastewater charges.

2. GENERAL APPROACH

- 2.1** Council has resolved to assist customers with a wastewater remission if they believe that their wastewater charges, based on multiple pans, are not a true reflection of their actual use of the Council wastewater treatment capacity.
- 2.2** Council recognises that certain types of activities on properties with multiple pans offer social, community, recreational, economic and health benefits to the community and is therefore prepared to assess their wastewater charges based on the assumption that 85% of their water supply consumption equates to their wastewater discharge. This is to determine if these customers would pay less under this charging regime rather than being assessed on a multiple pan charge basis.
- 2.3** Council will annually, prior to the initial rates demand being sent, write to all property owners eligible for a multiple pan wastewater remission advising them of the policy and requesting that they advise Council of whether they wish to apply for a remission.

3. POLICY CRITERIA AND CONDITIONS

- 3.1** Rest homes, retirement villages, pension housing and schools are **excluded** from this policy.
- 3.2** To be a qualifying property for a remission under this policy the rating unit must:
 - Be connected to one of the Western Bay of Plenty District Council wastewater reticulated schemes
 - Be connected to a Council water supply via a properly fitted and functioning Council water meter.
- 3.3** The application must be made in writing and signed by the property owner(s).
- 3.4** The application for wastewater remission must be made prior to the issuing of the first (July / December) rates installment for a full remission. Applications will not be backdated.
- 3.5** Applications received after the issuing of the first (July / December) rates installment will only be eligible for a 50% remission.
- 3.6** Applications will not be back dated.

4. POLICY PROCEDURES

- 4.1** The remission will take the form of a rebate of the difference between the standard UAC and multiple pan wastewater charge for the coming rating year and the estimated wastewater charge. This is based on the assumption that wastewater equals 85% of water supply consumption measured for the previous four billing periods. (See worked example below).
- 4.2** The water consumption for the previous four billing periods was been verified by water meter readings undertaken by Council staff.
- 4.3** Only one remission will be granted annually per qualifying property.
- 4.4** Each remission will be assessed on a case by case basis.
- 4.5** Council will delegate authority to consider and approve applications to Council officers.

Worked Example

District-wide	
Average daily water use per household	= 0.6m ³
Average daily wastewater discharge (85% or 0.85 of water use)	= 0.5m ³
Te Puke	
Wastewater Uniform Annual Charge	= \$666.00
Multiple pan charge	= \$440.00

Te Puke property with 30 pans is currently charged on the following basis	
Current wastewater charge	One UAC + 29 multiple pan charges (1 x \$666) + (29 x \$440) = (\$666) + (\$12,760)
Total wastewater charge	\$13,426

Wastewater assessment of the property using wastewater remissions policy	
Actual metered average daily water consumption	= 5.81 m ³ /day
Estimated average daily wastewater discharge	= 5.81 x 0.85 = 4.94 m ³ /day

Wastewater assessment of the property using wastewater remissions policy	
Actual metered average daily water consumption	= 5.81 m ³ /day
Estimated average daily wastewater discharge	= 5.81 x 0.85 = 4.94 m ³ /day

Wastewater charge under the new policy

Proposed charge

$$1 \text{ UAC} + [(\text{Estimated wastewater discharge} - \text{average daily wastewater discharge}) \times 1 \text{ UAC}]$$

$$\text{Average daily wastewater discharge}$$

$$= \$666 + [(4.94 - 0.5)/0.5 \times \$666]$$

$$= \$666 + \$5,914.08$$

$$= \mathbf{\$6,580.08}$$

$$\text{Wastewater rebate available} = \$13,426 - \$6,580.08 = \$6,845.92$$

5. ASSOCIATED POLICIES

- 5.1** Various rates remissions policies.

Rates remission for natural disasters and emergencies

1. POLICY OBJECTIVE

To provide remissions on land that has been subject to a natural disaster or emergency that renders the dwelling uninhabitable for an extended period of time, or has significant long term effect on the productive use of land.

2. GENERAL APPROACH

This policy is to provide for the possibility of rates remission where a form of natural or other type of disaster or emergency affects one or more rating units' capacity to be inhabited, used or otherwise occupied for an extended period of time.

3. POLICY CRITERIA AND CONDITIONS

The Council may, on written application from the ratepayer of rating units affected by a natural disaster or emergency, remit up to 100% of annual rates levied where:

- A dwelling is rendered uninhabitable by a natural disaster or event; and/or
- There is a significant long term effect on the productive use of Rural, Commercial or Industrial zoned land.

At its sole discretion, Council will determine on a case by case basis whether a specific event constitutes a 'natural disaster or emergency' for the purposes of applying this policy.

Each application will be considered on its merits and remission up to 100% may be granted where it is considered just and equitable to do so.

Applications may be declined if there is evidence to suggest the applicant's actions or inactions contributed to the circumstances under which the application is being made.

At Council's sole discretion, it may consider voiding the need for an application and grant remission for any rating unit or group of rating units collectively affected by a natural disaster or emergency.

Dwellings

Remissions will generally be granted for a period of 90 days in relation to uninhabitable dwellings. Council may extend the period of remission if the applicant can demonstrate that the dwelling remains uninhabitable, such as classification under section 124 of the Building Act 2004.

Productive land

Where the applicant perceives that there has been a significant long term effect on the productive use of Rural, Commercial or Industrial zoned land as a direct consequence of a natural disaster or emergency, they may apply to Council for remission. The application will need to include sufficient information to quantify the grounds for remission.

If Council is satisfied that there has been a significant long term effect as a result of a natural disaster or emergency, then a special valuation will be obtained and the property rated on that basis going forward, for time period determined at Council's sole discretion.

4. POLICY PROCEDURES

•Applications must be made in writing by 30 June each year to be considered for remission for the following year's rates.

•Where an application for a dwelling is approved by Council, the rating unit concerned will become non-rateable for the specific rating year, or a time period determined at Council's sole discretion.

•Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

SIGNIFICANT ACCOUNTING POLICIES

Prospective Statement of Comprehensive Revenue and Expense	197
Prospective Statement of changes of Equity	197
Prospective Statement of Finance Position	197
Prospective Statement of Cash Flows	197
Prospective Statement of Accounting Policies	197
Prospective Funding Impact Statements	197
Reporting entity	198
Basis of preparation	198
Statement of compliance	198
Measurement base	198
Functional and Presentation Currency	198
Judgement and Estimations	198
Cautionary Note	198
Standards issued and not yet effective and not yet adopted	198
Changes in accounting policies	198
Assumptions Underlying Prospective Financial Information	199
Significant accounting policies	199
Associate entities	199
Revenue	199
Rates revenue	199
Financial contributions	199
NZ Transport Agency roading subsidies	199
Other grants received	199
Building and resource consent revenue	199
Entrance fees	199
Sales of goods	199
Infringement fees and fines	200
Vested or donated physical assets	200

Donated and bequeathed financial assets	200
Interest and dividends	200
Construction contracts	200
Borrowing Costs	200
Grant Expenditure	200
Foreign Currency Transactions	200
Income Tax	200
Leases	200
Finance leases	200
Operating leases	201
Assets	201
Cash and cash equivalents	201
Receivables	201
Derivative financial instruments and hedge accounting	201
Other financing assets	201
Financial assets at fair value through surplus or deficit	201
Loans and receivables	202
Held-to-maturity investments	202
Fair value	202
Fair value through other comprehensive revenue and expense	202
Impairment of financial assets	202
Loans and receivables, and held-to-maturity investments	202
Financial assets at fair value through other comprehensive revenue and expense	202
Non-current assets held for sale	202
Property, Plant, and Equipment	203
- Operational assets	203
- Restricted assets	203
- Infrastructure assets	203

Revaluation	203
Additions	203
Disposals	203
Depreciation	204
Intangible assets	204
Impairment of property, plant, and equipment and intangible assets	204
Forestry assets	205
Investment property	205
Payables	205
Borrowings	205
Employee entitlements	205
Short-term employee entitlements	205
Long-term employee entitlements	205
Presentation of employee entitlements	205
Provisions	205
Landfill post-closure provision	206
Financial guarantee contracts	206
Equity	206
Restricted reserves	206
Property revaluation reserve	206
Fair value through other comprehensive revenue and expense reserve	206
Council created reserves	206
Goods and Services Tax (GST)	206
Cost allocation	207
Cost of service statement policies	207

This section includes financial statements and information. The Local Government Act 2002 requires Council to include forecast financial statements for the local authority within the Annual Plan. The main purpose of providing prospective financial statements is to enable stakeholders (residents and ratepayers, other local authorities, business community groups and government regulatory bodies etc.) to make decisions regarding Council and how it conducts its business. This prospective financial information includes the Prospective Statement of Comprehensive Revenue and Expense, the Prospective Statement of Financial Position, the Prospective Statement of Changes in Equity, the Prospective Statement of Cash Flows, and the accompanying Prospective Statement of Accounting Policies and Notes to the Financial Statements. This information must be prepared according to generally accepted accounting practice (GAAP) and recognised accounting standards.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The Prospective Statement of Comprehensive Revenue and Expense shows all of Council's prospective revenue earned and expenses incurred for the year ended 30 June 2017. Revenue includes revenue received from rates and other revenue such as investment revenue, rent and fees while expenses paid includes costs such as operating costs, interest payments and depreciation.

This Prospective Statement shows how total comprehensive revenue and expense is arrived at. Total comprehensive revenue and expense is then added or subtracted from Council's equity as shown in the Prospective Statement of Changes in Equity.

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

This Prospective Statement provides information about the nature of changes in Council's equity during the year ended 30 June 2017.

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

The Prospective Statement of Financial Position shows the assets and liabilities of the Council as at 30 June 2017.

Assets include cash, accounts receivable (money owed to Council but not yet received), investments, land, buildings, operational and infrastructural assets. Current assets are amounts owed to Council that are expected to be received within the next 12 months while current liabilities are Council's debts that are due to be paid within the next 12 months. Investments are Council funds held in revenue earning securities while property, plant and equipment are of a permanent nature and are held for the benefit of the community.

Non-current liabilities represent money owed by Council that does not have to be paid within the next 12 months.

PROSPECTIVE STATEMENT OF CASH FLOWS

This Prospective Statement covers all the inflows and outflows of cash during the year covered by the Prospective Statement of Comprehensive Revenue and Expense. The Prospective Statement of Cash Flows identifies the sources and application of cash in respect of Council's operating, investing and financing activities.

PROSPECTIVE STATEMENT OF ACCOUNTING POLICIES

These explain the basis upon which the prospective financial Prospective Statements are prepared. They explain the methods adopted by Council used to measure the transactions incorporated into the financial Prospective Statements above.

PROSPECTIVE FUNDING IMPACT STATEMENTS

The Prospective Funding Impact Statements ("PFIS") have been prepared in accordance with the Local Government (Financial Reporting) Regulations 2011, which came into effect 11 July 2011. This is a reporting requirement unique to local government and the disclosures contained within and the presentation of these statements is not prepared in accordance with generally accepted accounting practices

The purpose of these statements is to report the net cost of services for significant groups of activities ("GOA") of Council, and are represented by the revenue that can be attributed to these activities less the costs of providing the service. They contain all the funding sources for these activities and all the applications of this funding by these activities. The GOA PFIS includes internal transactions between activities such as internal overheads and charges applied and or recovered and internal borrowings.

The PFIS is also prepared at the whole of Council level summarising the transactions contained within the GOA PFIS, eliminating internal transactions, and adding in other transactions not reported in the GOA statements. These items include but are not limited to gain and/or losses on revaluation and vested assets.

They also depart from GAAP as funding sources are disclosed within the PFIS as being either for operational or capital purposes. Revenue such as subsidies received for capital projects, development contributions and proceeds from the sale of assets are recorded as capital funding sources. Under GAAP these are treated as revenue in the Prospective Statement of Comprehensive Revenue and Expense.

STATEMENT OF ACCOUNTING POLICIES FOR PROSPECTIVE FINANCIAL STATEMENTS

REPORTING ENTITY

Western Bay of Plenty District Council (Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself as a tier one public benefit entity (PBE) for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (IPSAS).

The financial information contained within the supporting documentation to the Consultation Document may not be appropriate for purposes other than those described.

BASIS OF PREPARATION

These set of prospective financial statements have been prepared in accordance with NZ generally accepted accounting practice (GAAP) and opening balances for the year ended 30 June 2015. Estimates have been restated accordingly if required. No actual financial results have been incorporated within the prospective financial statements

Council and management of Western Bay of Plenty District Council accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and other required disclosures.

Council, who are authorised to do so, believe the assumptions underlying the Prospective Financial Statements are appropriate and as such, have adopted the Consultation Document and have approved it for distribution on 10 March 2016.

STATEMENT OF COMPLIANCE

The prospective financial statements of Western Bay Council have been prepared in accordance with the requirements of the Local Government Act 2002 (LGA), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These prospective financial statements comply with PBE Standards.

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Western Bay Council applied these standards in preparing the 30 June 2015 financial statements.

MEASUREMENT BASE

The prospective financial statements have been prepared on an historical cost basis, except where modified by the revaluation of land and buildings, certain infrastructural assets, investment property, forestry assets and certain financial instruments (including derivative instruments).

FUNCTIONAL AND PRESENTATION CURRENCY

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Council is in New Zealand dollars.

JUDGEMENT AND ESTIMATIONS

In preparing these prospective financial statements, Council has made estimates and assumptions concerning the future, these are outlined in Chapter One from [page 16](#). These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

CAUTIONARY NOTE

The information in the prospective financial statements is uncertain and the preparation requires the exercise of judgement. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material. Events and circumstances may not occur as expected or may not have been predicted or Council may subsequently take actions that differ from the proposed courses of action on which the prospective financial statements are based.

The information contained within these prospective financial statements may not be suitable for use in another capacity.

STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT YET ADOPTED

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Western Bay Council will apply these updated standards in preparing its 30 June 2017 financial statements. The Western Bay Council expects that there will be minimal or no change in applying these updated accounting standards.

CHANGES IN ACCOUNTING POLICIES

Revenue from rates (excluding water by meter) is now recognised once the rates are struck in accordance with PBE IPSAS 23 Non-exchange Revenue. Previously revenue from rates was recognised when instalment invoices were issued. As rates are invoiced for the period 1 July to 30 June each year it is not expected that this change will have any impact on the prospective rates revenue,

There have been no other changes in accounting policy.

ASSUMPTIONS UNDERLYING PROSPECTIVE FINANCIAL INFORMATION

The financial information contained within these policies and documents is prospective financial information in terms of PBE IPSAS 42 Prospective Financial Statements. The purpose for which it has been prepared is to enable the public to participate in the decision making processes as to the services to be provided by the Council over the financial year from 1 July 2016 to 30 June 2017, and to provide a broad accountability mechanism of the Council to the Community.

SIGNIFICANT ACCOUNTING POLICIES

ASSOCIATE ENTITIES

Western Bay Council's entities associate investment is accounted for in the financial statements using the equity method. An associate is an entity over which Western Bay Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. Western Bay Council has a 9.7% share in Bay of Plenty Local Authority Shared Services Limited (BOPLASS). The Council also has a 50% ownership in Western Bay of Plenty Tourism and Visitors' Trust.

The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that Western Bay Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

REVENUE

Revenue is measured at fair value.

Rates revenue

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. Western Bay 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 Western Bay Council has received an application that satisfies its rates remission policy
- Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements, as Western Bay Council is acting as an agent for the BOPRC.

Financial contributions

The Resource Management Act 1991 is the governing legislation regarding the charging of financial contributions.

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

New Zealand Transport Agency roading subsidies

Western Bay Council receives funding assistance from the New Zealand 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.

Other grants received

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

Building and resource consent revenue

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

Entrance fees

Entrance fees are fees charged to users of Western Bay Council's local pools. Revenue from entrance fees is recognised upon entry to such facilities.

Sales of goods

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

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when Western Bay Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), Western Bay Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Western Bay Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

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

Interest and dividends

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

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

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to the balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with Council's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the statement of comprehensive revenue and expense.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

BORROWING COSTS

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

GRANT EXPENDITURE

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

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

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

INCOME TAX

Western Bay Council does not pay income tax as Section CW39 of the Income Tax Act 2007 specifically exempts income derived by a local authority from income tax, unless that income is derived from a Council Controlled Organisation, a port related commercial undertaking or as a trustee.

LEASES

Finance leases

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

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

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

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

Western Bay Council does not currently have any finance 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.

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.

ASSETS

Cash and cash equivalents

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

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

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Derivative financial instruments and hedge accounting

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

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

Western Bay Council has elected not to hedge account.

The associated gains or losses on derivatives that are not hedge accounted are recognised in the surplus or deficit.

OTHER FINANCIAL ASSETS

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

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

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

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

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

Financial assets at fair value through surplus or deficit

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

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

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

Loans and receivables

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

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

Held-to-maturity investments

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

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

FAIR VALUE

Fair value through other comprehensive revenue and expense

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

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

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

IMPAIRMENT OF FINANCIAL ASSETS

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

Loans and receivables, and held-to-maturity investments

Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

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

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Non-current assets held for sale

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the 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 (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of:

(a) Operational assets

These include land, buildings, landfill post-closure, library books, plant and equipment, and motor vehicles.

(b) Restricted assets

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

(c) Infrastructure assets

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

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

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

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

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Transportation assets including roads, bridges and footpaths were revalued at depreciated replacement cost at 1 July 2014 and certified by Opus International Consultants Limited.

Water, wastewater and stormwater assets including reticulation, treatment plants, reservoirs and bores were revalued at depreciated replacement cost at 1 July 2014 and certified by Aecom New Zealand Limited.

Land and buildings, including land under roads, were revalued at fair value at 1 July 2014 by Landmass Technology Limited. Library books were revalued at fair value by Aecom at 1 July 2014 and Marine assets were revalued at fair value by Tonkin and Taylor at 1 July 2014.

All other asset classes are carried at depreciated historical cost.

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 Western Bay Council and the cost of the item can be measured reliably.

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

In most instances, an item of property, plant, and equipment is 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.

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.

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

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

Depreciation

Depreciation is provided on a straight-line basis on all buildings, bridges, reticulation assets and other structures, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Diminishing value is used for motor vehicles, office equipment and furnishings, library books and computer systems. Land and drains are non-depreciable. The useful lives and associated depreciation rates of major classes of assets have been estimated as provided below.

BUILDINGS		
• Concrete	100 years	Straight line
• Wooden	40 years	Straight line
• Improvements	10 years	Straight line
Land		Not depreciated
Other plant and equipment	10 years	Diminishing value
Office equipment and furnishings	10 years	Diminishing value
Computer systems	5 years	Diminishing value
Motor vehicles	5 years	Diminishing value
Library books	10-15 years	Straight line
Infrastructural assets		
Roading network		
• Pavements (base course)	25 to 75 years	Straight line
• Seal	12 years	Straight line
• Unsealed	3 to 5 years	Straight line
• Other	5 to 70 years	Straight line
• Formation (not depreciated)		
BRIDGES		
• Concrete	100 years	Straight line
• Steel	50 years	Straight line
RETICULATION		
• Water	20 to 60 years	Straight line
• Sewerage	60 to 100 years	Straight line
• Stormwater	80 to 120 years	Straight line
• Treatment plant and equipment	25 to 50 years	Straight line
OTHER STRUCTURES		
• Wooden reservoirs	80 years	Straight line
• Concrete reservoirs	100 years	Straight line
• Dams	100 years	Straight line
• Bores	100 years	Straight line

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

Intangible assets

Software acquisition and development

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

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

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

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

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 period is recognised in the surplus or deficit.

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

Computer software	3 to 5 years	20% to 33.3%
-------------------	--------------	--------------

Impairment of property, plant, and equipment and intangible assets

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

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Forestry assets

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

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

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

Investment property

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

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

After initial recognition, all 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 the surplus or deficit.

Payables

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

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 the Council or 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 expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retirement gratuity and long-service leave expected to be settled within 12 months and sick leave.

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

A liability and an expense are recognised for bonuses where the Western Bay Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

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

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

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. 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.

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".

Landfill post-closure provision

Western Bay Council as operator of the Te Puke and Athenree landfills, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfills post-closure.

FINANCIAL GUARANTEE CONTRACTS

A financial guarantee contract is a contract that requires the Western Bay Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that Western Bay Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- the present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee, and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

EQUITY

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

- Accumulated funds
- Restricted reserves
- Property revaluation reserve
- Fair value through other comprehensive revenue and expense reserve, and
- Council created reserves.

Restricted reserves

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

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

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

Property revaluation reserve

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

Fair value through other comprehensive revenue and expense reserve

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

Council created reserves

These reserves are made up general reserves and form a component of equity. They include Asset replacement reserves, disaster contingency reserves and general reserves.

GOODS AND SERVICES TAX (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

COST ALLOCATION

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

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

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

COST OF SERVICE STATEMENT POLICIES

Council has derived the cost of service for each significant activity of the Western Bay of Plenty District Council using the cost allocation system set out below:

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

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

ACTIVITY FUNDING IMPACT STATEMENTS

	PAGE
Summary	209
Representation	210
Planning for the future	211
Communities	212
Recreation and leisure	213
Regulatory services	214
Transportation	215
Water supply	216
Stormwater	217
Natural environment	218
Wastewater	219
Solid waste	220
Economic	221
Support services	222

FUNDING IMPACT STATEMENT

Western Bay of Plenty District Council

FOR THE YEAR ENDED 30 JUNE	ACTUAL	ANNUAL PLAN	LTP FORECAST	ANNUAL PLAN
	\$'000	\$'000	\$'000	\$'000
	2016	2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties	21,138	21,261	22,427	22,066
Targeted rates (other than a targeted rate for water supply)	37,278	37,712	38,657	38,691
Subsidies and grants for operating purposes	5,055	3,779	8,676	4,038
Fees, charges and targeted rates for water supply	8,882	8,515	7,921	9,353
Interest and dividends from investments	249	-	-	100
Local authority fuel tax, fines, infringement fees and other receipts	5,147	3,706	3,718	3,895
Total operating funding (A)	77,748	74,973	81,399	78,143
Applications of operating funding				
Payments to staff and suppliers	49,343	50,034	50,121	54,346
Finance costs	8,709	7,890	8,820	7,800
Other operating funding applications	29	183	2	32
Total applications of operating funding (B)	58,081	58,107	58,943	62,178
Operating funding - surplus/(deficit) (A-B)	19,668	16,865	22,456	15,965
Sources of capital funding				
Subsidies and grants for capital expenditure	2,080	6,259	476	8,780
Financial contributions	7,862	7,051	7,136	10,020
Increase/(decrease) in debt	(8,847)	9,363	431	2,066
Gross proceeds from sale of assets	157	85	89	85
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total Sources of capital funding (C)	1,252	22,758	8,132	20,951
Applications of capital funding				
Capital Expenditure				
• to meet additional demand	4,276	14,608	6,913	12,048
• to improve the level of service	6741	14,275	9,767	13,605
• to replace existing assets	6,129	12,396	13,013	14,064
Increase/(decrease) in reserves	3,773	(1,656)	896	(2,802)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	20,919	39,624	30,589	36,916
Capital Funding - surplus/(deficit) (C-D)	(19,668)	(16,865)	(22,456)	(15,965)
Funding balance ((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Representation

FOR THE YEAR ENDED 30 JUNE	ACTUAL \$'000	ANNUAL PLAN \$'000	LTP FORECAST \$'000	ANNUAL PLAN \$'000
	2016	2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties	2,885	3,002	3,123	3,031
Targeted rates (other than a targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges and targeted rates for water supply	-	-	-	-
Internal charges and overhead costs recovered	554	539	614	543
Local authority fuel tax, fines, infringement fees and other receipts	6	75	-	-
Total operating funding (A)	3,444	3,616	3,738	3,574
Applications of operating funding				
Payments to staff and suppliers	1,372	1,535	1,552	1,628
Finance costs	(55)	(25)	(4)	-
Internal charges and overhead costs applied	2,065	1,947	2,177	1,905
Other operating funding applications	(1)	183	2	32
Total applications of operating funding (B)	3,379	3,640	3,728	3,565
Operating funding - surplus/(deficit) (A-B)	65	(24)	10	10
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	-	-	-	-
Increase/(decrease) in debt	-	85	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	-	85	-	-
Applications of capital funding				
Capital expenditure				
• to meet additional demand	-	-	-	-
• to improve the level of service	-	-	-	-
• to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	65	61	10	10
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	65	61	10	10
Capital funding - surplus/(deficit) (C-D)	(65)	24	(10)	(10)
Funding balance ((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Planning for the future

FOR THE YEAR ENDED 30 JUNE	ACTUAL \$'000	ANNUAL PLAN \$'000	LTP FORECAST \$'000	ANNUAL PLAN \$'000
	2016	2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties	1,937	2,103	2,328	2,247
Targeted rates (other than a targeted rate for water supply)	13	13	-	13
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges and targeted rates for water supply	-	-	-	-
Internal charges and overhead costs recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-
Total operating funding (A)	1,950	2,115	2,328	2,259
Applications of operating funding				
Payments to staff and suppliers	1,201	1,381	1,511	1,468
Finance costs	(27)	(169)	(186)	(186)
Internal charges and overhead costs applied	728	714	804	775
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,902	1,926	2,129	2,057
Operating funding - surplus/(deficit) (A-B)	47	189	199	203
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	-	-	-	-
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	-	-	-	-
Applications of capital funding				
Capital expenditure				
• to meet additional demand	-	-	-	-
• to improve the level of service	-	-	-	-
• to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	47	189	199	203
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	47	189	199	203
Capital funding - surplus/(deficit) (C-D)	(47)	(189)	(199)	(203)
Funding balance ((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Communities

FOR THE YEARS ENDED 30 JUNE	ACTUAL \$'000	ANNUAL PLAN \$'000	LTP FORECAST \$'000	ANNUAL PLAN \$'000
	2016	2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties	3,288	3,175	3,338	3,712
Targeted rates (other than a targeted rate for water supply)	1,846	2,005	2,052	1,876
Subsidies and grants for operating purposes	37	634	-	473
Fees and charges and targeted rates for water supply	75	75	79	75
Internal charges and overhead costs recovered	828	804	855	830
Local authority fuel tax, fines, infringement fees and other receipts	522	526	490	590
Total operating funding (A)	6,597	7,218	6,813	7,556
Applications of operating funding				
Payments to staff and suppliers	3,732	4,174	3,820	4,396
Finance costs	(73)	(48)	18	(22)
Internal charges and overhead costs applied	2,261	2,087	2,291	2,439
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	5,920	6,212	6,129	6,813
Operating funding - surplus/(deficit) (A-B)	676	1,006	684	743
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	-	-	-	-
Increase/(decrease) in debt	(66)	2,026	72	2,728
Gross proceeds from sale of assets	64	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(2)	2,026	72	2,728
Applications of capital funding				
Capital expenditure				
• to meet additional demand	67	3,586	60	4,341
• to improve the level of service	-	30	-	-
• to replace existing assets	275	812	370	891
Increase/(decrease) in reserves	332	(1,396)	326	(1,761)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	674	3,033	756	3,471
Capital funding - surplus/(deficit) (C-D)	(676)	(1,006)	(684)	(743)
Funding balance ((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Recreation and leisure

FOR THE YEARS ENDED 30 JUNE	ACTUAL	ANNUAL PLAN	LTP FORECAST	ANNUAL PLAN
	\$'000	\$'000	\$'000	\$'000
	2016	2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties	4,329	4,899	5,631	4,993
Targeted rates (other than a targeted rate for water supply)	-	198	203	26
Subsidies and grants for operating purposes	124	476	-	10
Fees and charges and targeted rates for water supply	28	-	-	-
Internal charges and overhead costs recovered	999	964	1,063	1,152
Local authority fuel tax, fines, infringement fees and other receipts	750	675	693	693
Total operating funding (A)	6,230	7,213	7,591	6,874
Applications of operating funding				
Payments to staff and suppliers	3,329	3,665	3,730	3,714
Finance costs	9	120	77	33
Internal charges and overhead costs applied	1,930	1,929	2,000	2,073
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	5,268	5,714	5,808	5,821
Operating funding - surplus/(deficit) (A-B)	962	1,499	1,783	1,053
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	1,788	1,690	1,662	1,583
Increase/(decrease) in debt	(16)	380	462	693
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	1,773	2,070	2,124	2,277
Applications of capital funding				
Capital expenditure				
• to meet additional demand	965	1,752	1,472	1,399
• to improve the level of service	605	383	283	383
• to replace existing assets	409	1,378	1,533	1,279
Increase/(decrease) in reserves	755	56	619	269
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	2,734	3,569	3,907	3,330
Capital funding - surplus/(deficit) (C-D)	(962)	(1,499)	(1,783)	(1,053)
Funding balance ((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Regulatory services

FOR THE YEARS ENDED 30 JUNE	ACTUAL \$'000	ANNUAL PLAN \$'000	LTP FORECAST \$'000	ANNUAL PLAN \$'000
	2016	2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties	1,938	1,936	1,288	1,914
Targeted rates (other than a targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges and targeted rates for water supply	5,350	4,861	3,908	5,234
Internal charges and overhead costs recovered	28	22	30	29
Local authority fuel tax, fines, infringement fees and other receipts	72	49	38	72
Total operating funding (A)	7,387	6,868	5,264	7,248
Applications of operating funding				
Payments to staff and suppliers	4,894	4,352	3,398	4,883
Finance costs	(8)	(10)	(13)	(19)
Internal charges and overhead costs applied	1,775	1,676	1,766	2,561
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	6,662	6,018	5,151	7,425
Operating funding - surplus/(deficit) (A-B)	726	850	113	(177)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	-	-	-	-
Increase/(decrease) in debt	-	(170)	(21)	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	-	(170)	(21)	-
Applications of capital funding				
Capital expenditure				
• to meet additional demand	-	-	-	-
• to improve the level of service	-	-	-	-
• to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	726	680	93	(177)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	726	680	93	(177)
Capital funding - surplus/(deficit) (C-D)	(726)	(850)	(113)	177
Funding balance ((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Transportation

FOR THE YEARS ENDED 30 JUNE	ACTUAL \$'000	ANNUAL PLAN \$'000	LTP FORECAST \$'000	ANNUAL PLAN \$'000
	2016	2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	13,584	13,703	14,090	13,756
Subsidies and grants for operating purposes	4,684	3,285	8,538	3,747
Fees and charges and targeted rates for water supply	36	-	-	10
Internal charges and overhead costs recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	1,440	261	271	261
Total operating funding (A)	19,743	17,248	22,898	17,775
Applications of operating funding				
Payments to staff and suppliers	9,677	8,741	9,197	9,377
Finance costs	1,075	988	1,325	1,295
Internal charges and overhead costs applied	1,203	1,267	1,391	1,244
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	11,955	10,995	11,913	11,917
Operating funding - surplus/(deficit) (A-B)	7,788	6,253	10,985	5,857
Sources of capital funding				
Subsidies and grants for capital expenditure	2,080	3,490	-	6,011
Financial contributions	2,542	2,260	2,284	2,216
Increase/(decrease) in debt	(2,834)	6,118	(438)	1,635
Gross proceeds from sale of assets	4	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	1,792	11,868	1,846	9,862
Applications of capital funding				
Capital expenditure				
• to meet additional demand	1,965	5,129	2,429	3,768
• to improve the level of service	4,476	9,203	6,225	7,823
• to replace existing assets	198	3,622	4,178	4,107
Increase/(decrease) in reserves	2,942	166	-	22
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	9,580	18,120	12,831	15,719
Capital funding - surplus/(deficit) (C-D)	(7,788)	(6,253)	(10,985)	(5,857)
Funding balance ((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Water supply

FOR THE YEAR ENDED 30 JUNE	ACTUAL \$'000	ANNUAL PLAN \$'000	LTP FORECAST \$'000	ANNUAL PLAN \$'000
	2016	2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	6,414	6,271	5,925	6,642
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges and targeted rates for water supply	3,281	3,508	3,858	3,950
Internal charges and overhead costs recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	51	-	-	-
Total operating funding (A)	9,746	9,779	9,782	10,591
Applications of operating funding				
Payments to staff and suppliers	4,380	4,601	4,795	4,928
Finance costs	1,476	1,555	1,954	1,606
Internal charges and overhead costs applied	1,398	1,494	1,541	1,566
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	7,255	7,649	8,290	8,100
Operating funding - surplus/(deficit) (A-B)	2,491	2,130	1,492	2,491
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	1,277	898	804	1,339
Increase/(decrease) in debt	374	1,679	2,970	1,629
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	1,651	2,577	3,775	2,968
Applications of capital funding				
Capital expenditure				
• to meet additional demand	181	712	1,283	1,321
• to improve the level of service	690	1,251	1,413	1,448
• to replace existing assets	3,271	2,744	2,571	2,690
Increase/(decrease) in reserves	-	-	-	-
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	4,142	4,707	5,267	5,459
Capital funding - surplus/(deficit) (C-D)	(2,491)	(2,130)	(1,492)	(2,491)
Funding balance ((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Stormwater

FOR THE YEAR ENDED 30 JUNE	ACTUAL \$'000	ANNUAL PLAN \$'000	LTP FORECAST \$'000	ANNUAL PLAN \$'000
	2016	2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties	1,274	1,577	1,703	1,598
Targeted rates (other than a targeted rate for water supply)	3,541	3,714	3,918	3,888
Subsidies and grants for operating purposes	-	113	-	-
Fees and charges and targeted rates for water supply	1	-	-	-
Internal charges and overhead costs recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	2	-	-	-
Total operating funding (A)	4,818	5,404	5,621	5,486
Applications of operating funding				
Payments to staff and suppliers	643	803	783	814
Finance costs	1,669	1,573	1,587	1,453
Internal charges and overhead costs applied	530	583	619	469
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	2,842	2,960	2,989	2,737
Operating funding - surplus/(deficit) (A-B)	1,977	2,444	2,631	2,749
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	551	704	751	1,255
Increase/(decrease) in debt	(2,311)	(1,236)	292	(2,824)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(1,760)	(531)	1,043	(1,569)
Applications of capital funding				
Capital expenditure				
• to meet additional demand	-	509	406	-
• to improve the level of service	96	375	396	110
• to replace existing assets	121	1,029	2,873	1,070
Increase/(decrease) in reserves	-	-	-	-
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	217	1,913	3,676	1,180
Capital funding - surplus/(deficit) (C-D)	(1,977)	(2,444)	(2,631)	(2,749)
Funding balance ((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Natural environment

FOR THE YEARS ENDED 30 JUNE	ACTUAL \$'000	ANNUAL PLAN \$'000	LTP FORECAST \$'000	ANNUAL PLAN \$'000
	2016	2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties	190	164	178	192
Targeted rates (other than a targeted rate for water supply)	316	328	329	349
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges and targeted rates for water supply	-	-	-	-
Internal charges and overhead costs recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-
Total operating funding (A)	506	491	507	541
Applications of operating funding				
Payments to staff and suppliers	648	695	710	765
Finance costs	(2)	(40)	(43)	(45)
Internal charges and overhead costs applied	42	40	51	67
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	688	695	718	787
Operating funding - surplus/(deficit) (A-B)	(182)	(204)	(211)	(246)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	158	180	194	185
Increase/(decrease) in debt	(45)	7	3	1
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	113	187	197	186
Applications of capital funding				
Capital expenditure				
• to meet additional demand	-	-	-	-
• to improve the level of service	-	-	-	-
• to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	(69)	(17)	(14)	(60)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	(69)	(17)	(14)	(60)
Capital funding - surplus/(deficit) (C-D)	182	204	211	246
Funding balance ((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Wastewater

FOR THE YEARS ENDED 30 JUNE		ACTUAL \$'000	ANNUAL PLAN \$'000	LTP FORECAST \$'000	ANNUAL PLAN \$'000
		2016	2017	2018	2018
Sources of operating funding					
General rates, uniform annual charges, rates penalties		1,394	1,952	1,932	1,912
Targeted rates (other than a targeted rate for water supply)		9,323	9,297	9,876	9,892
Subsidies and grants for operating purposes		-	(878)	-	(322)
Fees and charges and targeted rates for water supply		5	2	2	2
Internal charges and overhead costs recovered		-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts		29	-	-	-
Total operating funding	(A)	10,751	10,373	11,810	11,484
Applications of operating funding					
Payments to staff and suppliers		3,766	4,146	4,339	4,392
Finance costs		3,539	3,425	3,560	3,377
Internal charges and overhead costs applied		1,509	1,541	1,594	1,730
Other operating funding applications		-	-	-	-
Total applications of operating funding	(B)	8,813	9,112	9,493	9,498
Operating funding - surplus/(deficit)	(A-B)	1,938	1,262	2,317	1,986
Sources of capital funding					
Subsidies and grants for capital expenditure		-	2,769	476	2,769
Financial contributions		1,545	1,319	1,440	3,441
Increase/(decrease) in debt		(2,031)	(696)	(1,807)	(1,801)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding	(C)	(485)	3,393	109	4,409
Applications of capital funding					
Capital expenditure					
• to meet additional demand		7	450	909	645
• to improve the level of service		121	2,794	636	3,741
• to replace existing assets		1,308	1,410	881	2,009
Increase/(decrease) in reserves		17	-	-	-
Increase/(decrease) in investments		-	-	-	-
Total applications of capital funding	(D)	1,452	4,654	2,426	6,395
Capital funding - surplus/(deficit)	(C-D)	(1,938)	(1,262)	(2,317)	(1,986)
Funding balance	((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Solid waste

FOR THE YEAR ENDED 30 JUNE		ACTUAL \$'000	ANNUAL PLAN \$'000	LTP FORECAST \$'000	ANNUAL PLAN \$'000
		2016	2017	2018	2018
Sources of operating funding					
General rates, uniform annual charges, rates penalties		272	556	658	632
Targeted rates (other than a targeted rate for water supply)		1,069	1,000	1,024	1,024
Subsidies and grants for operating purposes		168	150	139	130
Fees and charges and targeted rates for water supply		93	68	74	82
Internal charges and overhead costs recovered		-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts		119	10	11	80
Total operating funding	(A)	1,721	1,785	1,905	1,948
Applications of operating funding					
Payments to staff and suppliers		789	1,299	1,362	1,479
Finance costs		22	18	27	6
Internal charges and overhead costs applied		463	508	519	521
Other operating funding applications		-	-	-	-
Total applications of operating funding	(B)	1,274	1,825	1,908	2,006
Operating funding - surplus/(deficit)	(A-B)	447	(40)	(3)	(58)
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	-
Financial contributions		-	-	-	-
Increase/(decrease) in debt		(330)	40	4	59
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding	(C)	(330)	40	4	59
Applications of capital funding					
Capital expenditure					
• to meet additional demand		-	-	-	-
• to improve the level of service		-	-	-	-
• to replace existing assets		118	-	-	-
Increase/(decrease) in reserves		-	-	1	2
Increase/(decrease) in investments		-	-	-	-
Total applications of capital funding	(D)	118	-	1	2
Capital funding - surplus/(deficit)	(C-D)	(447)	40	w3	58
Funding balance	((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Economic

FOR THE YEAR ENDED 30 JUNE		ACTUAL \$'000	ANNUAL PLAN \$'000	LTP FORECAST \$'000	ANNUAL PLAN \$'000
		2016	2017	2018	2018
Sources of operating funding					
General rates, uniform annual charges, rates penalties		675	675	757	696
Targeted rates (other than a targeted rate for water supply)		259	271	282	295
Subsidies and grants for operating purposes		43	-	-	-
Fees and charges and targeted rates for water supply		-	-	-	-
Internal charges and overhead costs recovered		-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts		3	2	2	2
Total operating funding	(A)	980	948	1,041	993
Applications of operating funding					
Payments to staff and suppliers		826	606	623	635
Finance costs		(85)	(85)	(89)	(90)
Internal charges and overhead costs applied		101	102	136	102
Other operating funding applications		-	-	-	-
Total applications of operating funding	(B)	842	624	671	648
Operating funding - surplus/(deficit)	(A-B)	138	324	371	345
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	-
Financial contributions		-	-	-	-
Increase/(decrease) in debt		35	-	(25)	(14)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total sources of capital funding	(C)	35	-	(25)	(14)
Applications of capital funding					
Capital expenditure					
• to meet additional demand		(339)	267	282	268
• to improve the level of service		73	-	-	-
• to replace existing assets		-	-	-	-
Increase/(decrease) in reserves		439	57	63	63
Increase/(decrease) in investments		-	-	-	-
Total applications of capital funding	(D)	173	324	345	332
Capital funding - surplus/(deficit)	(C-D)	(138)	(324)	(371)	(345)
Funding balance	((A-B) + (C-D))	-	-	-	-

FUNDING IMPACT STATEMENT

Support services

FOR THE YEAR ENDED 30 JUNE	ACTUAL	ANNUAL PLAN	LTP FORECAST	ANNUAL PLAN
	\$'000	\$'000	\$'000	\$'000
	2016	2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties	2,956	1,221	1,491	1,139
Targeted rates (other than a targeted rate for water supply)	914	914	959	932
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges and targeted rates for water supply	14	-	-	-
Internal charges and overhead costs recovered	13,398	13,272	14,598	15,012
Local authority fuel tax, fines, infringement fees and other receipts	2,400	2,109	2,213	2,297
Total operating funding (A)	19,682	17,516	19,262	19,380
Applications of operating funding				
Payments to staff and suppliers	14,085	14,038	14,301	15,867
Finance costs	1,169	589	607	391
Internal charges and overhead costs applied	1,802	1,712	2,272	2,113
Other operating funding applications	31	-	-	-
Total applications of operating funding (B)	17,087	16,340	17,180	18,371
Operating funding - surplus/(deficit) (A-B)	2,595	1,176	2,082	1,008
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	-	-	-	-
Increase/(decrease) in debt	(1,624)	1,129	(1,082)	(41)
Gross proceeds from sale of assets	89	85	89	85
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(1,535)	1,214	(993)	44
Applications of capital funding				
Capital expenditure				
• to meet additional demand	1,432	2,203	72	306
• to improve the level of service	680	240	813	100
• to replace existing assets	429	1,400	604	2,018
Increase/(decrease) in reserves	(1,481)	(1,453)	(400)	(1,372)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	1,060	2,390	1,089	1,052
Capital funding - surplus/(deficit) (C-D)	(2,595)	(1,176)	(2,082)	(1,008)
Funding balance ((A-B) + (C-D))	-	-	-	-