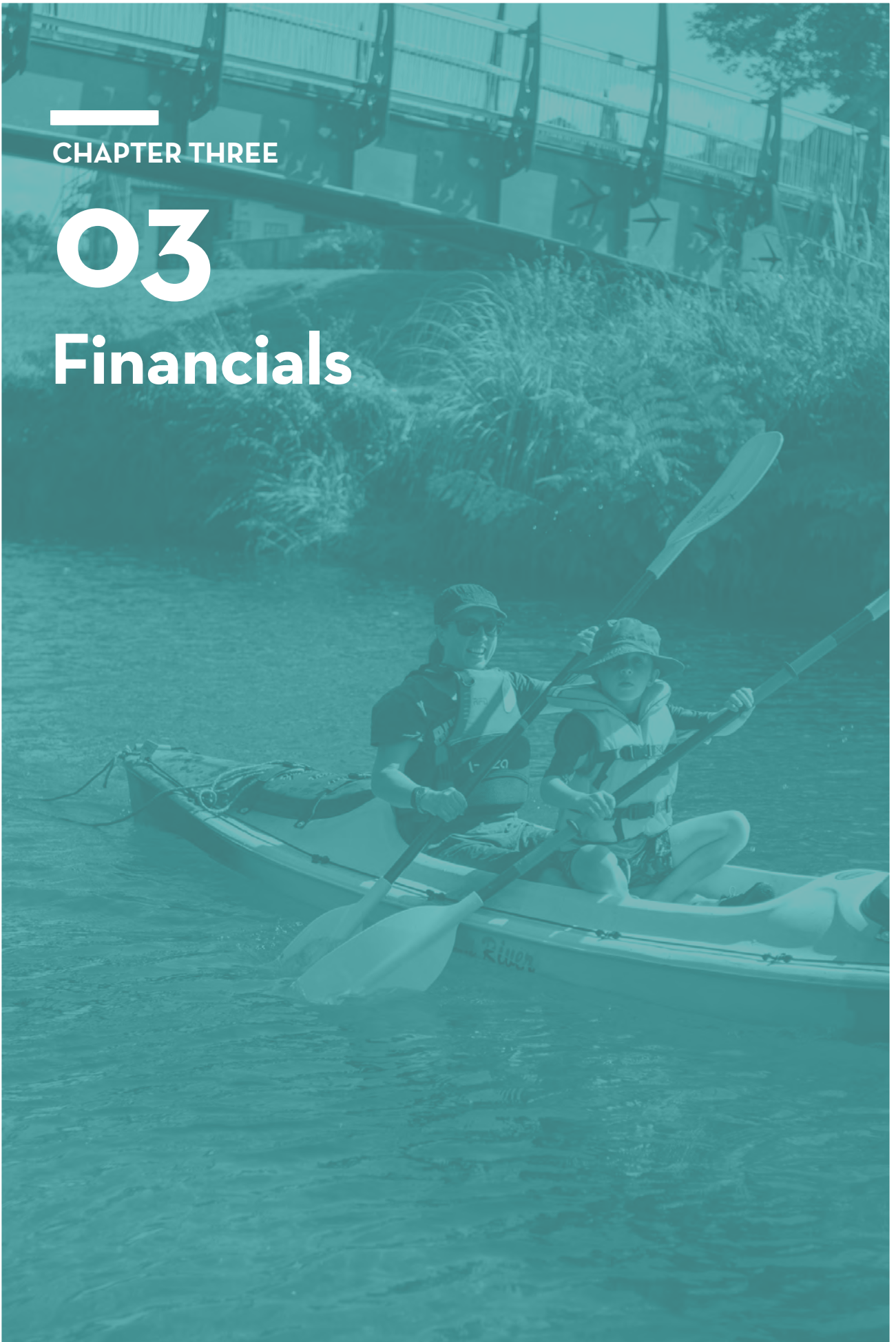

CHAPTER THREE

03

Financials



CHAPTER THREE

Statement of comprehensive revenue and expense for year ended 30 June 2019	127
Statement of financial position as at 30 June 2019	128
Statement of changes in equity for year ended 30 June 2019	129
Statement of cash flows for year ended 30 June 2019	130
Notes to the financial statements	131
<i>Other legislative disclosures</i>	
Summary funding impact statements	194

WESTERN BAY OF PLENTY DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR YEAR ENDED 30 JUNE 2019

FOR THE YEAR ENDED 30 JUNE		ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	NOTE	2019	2019	2018
Revenue from non-exchange transactions				
Fees and charges from activities	4	8,878	6,170	9,131
Rate revenue	5, 6 & 7	69,284	67,998	65,044
Fines		200	253	177
Vested assets	9	15,891	2,240	10,965
Financial contributions	11	18,605	8,786	9,506
Subsidies and grants	10	12,423	9,487	15,994
Other revenue	11	547	360	503
Fair value movement in derivative financial instruments	16	-	-	794
Gains	21	2,963	-	33,055
Revenue from non-exchange transactions total		128,792	95,294	145,169
Revenue from exchange transactions				
Finance revenue	8	1,507	779	1,468
Dividends		146	-	132
Rental Revenue		1,048	858	1,001
Other exchange revenue	11	2,268	1,058	1,227
Total revenue	2	133,762	97,990	148,997
Expenditure				
Other expenses	12	40,807	38,162	36,290
Personnel costs	13	20,720	20,662	18,588
Depreciation	21	20,484	20,375	18,678
Amortisation	22	887	432	916
Unrealised hedging movement	16	2,808	-	-
Finance costs	8	6,874	8,000	7,920
Expenditure total	3	92,580	87,630	82,392
Share of associate surplus/(deficit)		5		(16)
Net surplus / (deficit)		41,186	10,359	66,589
Other comprehensive revenue and expenses				
Gains/(Losses) on asset revaluations	21	25,595	30,319	65,960
Reversal of impairment		2	-	-
Other assets at fair value through other comprehensive revenue and expense	28	45	-	78
Total other comprehensive revenue and expense for the year		25,642	30,319	66,040
Total comprehensive revenue and expense for the year		66,828	40,679	132,629

Explanations of major variances against budget are detailed in note 46 from page 192.

The accompanying notes form part of these financial statements.

WESTERN BAY OF PLENTY DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

FOR THE YEAR ENDED 30 JUNE		ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	NOTE	2019	2019	2018
Equity				
Retained earnings	28	889,720	814,328	849,971
Restricted reserves	29	276	266	271
Council created reserves	30	31,913	26,603	30,434
Asset revaluation reserves	31	432,835	396,492	407,239
Equity total		1,354,744	1,237,689	1,287,915
Assets				
Current assets				
Cash and cash equivalents	14	29,622	1,720	11,750
Receivables	15	11,069	8,894	13,843
Non-current assets held for sale	17	800	-	445
Prepayments	15	681	1,978	731
Other current financial assets	18	-	-	14,983
Current assets total		42,172	12,592	41,753
Non-current assets				
Other non-current financial assets	18	11,274	11,507	10,644
Investment in associates	19	211	222	207
Investments in CCO and other similar entities	20	3,366	3,843	3,603
Intangible assets	22	2,585	2,377	3,265
Forestry assets	23	10,857	6,843	8,539
Property, plant and equipment	21	1,427,988	1,347,642	1,374,476
Non-current assets total		1,456,281	1,372,434	1,400,733
Assets total		1,498,454	1,385,026	1,442,486
Liabilities				
Current liabilities				
Creditors and other payables	24	18,623	14,295	17,580
Current employee entitlements	26	2,780	2,575	2,479
Borrowings and other financial liabilities	25	-	-	25,000
Derivative financial instruments	16 & 44	1,148	9,655	465
Current portion provisions	27	313	312	313
Current liabilities total		22,864	26,837	45,837
Non-current liabilities				
Non current employee entitlements	26	17	150	15
Non current provisions	27	308	350	322
Non current borrowings and other financial liabilities	25	110,000	120,000	100,000
Derivative financial instruments	16 & 44	10,521	-	8,397
Non-current liabilities total		120,846	120,500	108,734
Liabilities total		143,710	147,337	154,571
Net assets		1,354,744	1,237,689	1,287,915

The accompanying notes form part of these financial statements.



Miriam Taris
Chief Executive Officer
Western Bay of Plenty District Council

WESTERN BAY OF PLENTY DISTRICT COUNCIL

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2019

	NOTE	RETAINED EARNINGS ACTUAL \$'000	ASSET REVALUATION RESERVE ACTUAL \$'000	COUNCIL RESERVES ACTUAL \$'000	TOTAL EQUITY ACTUAL \$'000
Balance at 1 July 2017		784,184	341,279	29,822	1,155,285
Total comprehensive income for the year		65,787	65,960	883	132,629
Balance at 30 June 2018	28	849,971	407,239	30,705	1,287,915
Total comprehensive income for the year		39,749	25,595	1,484	66,828
Balance at 30 June 2019	28	889,720	432,835	32,189	1,354,744

The accompanying notes form part of these financial statements.



WESTERN BAY OF PLENTY DISTRICT COUNCIL

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2019

FOR THE YEAR ENDED 30 JUNE		ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	NOTE	2019	2019	2018
Cash flows from operating activities				
Receipts from rates revenue		69,435	63,906	65,544
Regional Council rates		7,926	6,538	5,865
Interest received		919	413	1,824
Dividends received		146	-	132
Receipts from other revenue		48,107	31,175	32,812
Payments to suppliers and employees		(61,519)	(58,143)	(52,193)
Interest paid		(6,874)	(8,000)	(7,920)
Regional Council rates		(7,926)	(6,538)	(5,865)
Goods and services tax (net)		408	-	(1,136)
Net cash from operating activities	33	50,621	29,351	39,063
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		9,616	85	1,654
Purchase of property, plant and equipment		(42,378)	(39,301)	(38,232)
Purchase of intangible assets		(207)	-	(531)
Purchase of investments		-	80	-
Sale of Investments		15,220	-	20,017
Net cash from investing activities		(17,749)	(39,136)	(17,092)
Cash flows from financing activities				
Proceeds from borrowings		10,000	20,000	-
Repayment of borrowings		(25,000)	(25,000)	(25,000)
Net cash from financing activities		(15,000)	(5,000)	(25,000)
Net (decrease)/increase in cash held		17,872	(14,785)	(3,029)
Cash, cash equivalents and bank overdrafts at the beginning of the year		11,750	16,505	14,779
Cash, cash equivalents and bank overdrafts at the end of the year	14	29,622	1,720	11,750

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

Refer to Note 33 for reconciliation from net surplus to cash flows from operating activities.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019

Reporting entity

Western Bay of Plenty District Council (Western Bay Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing Western Bay Council's operations includes the LGA and the Local Government (Rating) Act 2002.

Western Bay Council provides local infrastructure, local public services, and performs regulatory functions to the community. Western Bay Council does not operate to make a financial return.

Western Bay Council has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes. The financial statements of Western Bay Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 19 September 2019.

Basis of preparation

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

Statement of compliance

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

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

These 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 has applied these standards in preparing the 30 June 2019 financial statements.

Standards issued and not yet effective and not early adopted

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

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34-38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6-8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council do not expect the impact of this standard to have a material effect on the financial forecasts.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.

- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council do not expect the impact of this standard to have a material effect on the financial forecasts.

Employee benefits

In May 2017, the XRB issued PBE IPSAS 39 Employee Benefits. PBE IPSAS 39 replaces PBE IPSAS 25 Employee benefits. PBE IPSAS 39 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The Council plans to apply the new standard in preparing the 30 June 2020 financial statements. The Council do not expect the impact of this standard to have a material effect on the financial forecasts.

Service Performance Reporting

In November 2017, the XRB issued PBE FRS 48 Service Performance Reporting. PBE IPSAS 48 is effective for annual periods beginning on or after 1 January 2021, with early adoption permitted. The Council plans to apply the new standard in preparing the 30 June 2022 financial statements. The Council do not expect the impact of this standard to have a material effect on the financial forecasts.

Cash Flow Statements

Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 *Statement of Cash Flows* to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The IPSASB subsequently amended IPSAS 2 *Cash Flow Statements in Improvements to IPSAS, 2018* and the NZASB amended PBE IPSAS 2 in *2018 Omnibus Amendments to PBE Standards*. The Council plans to apply the new standard in preparing the 30 June 2022 financial statements. The Council do not expect the impact of this standard to have a material effect on the financial forecasts.

Changes in Accounting Policies

There have been no other changes in accounting policies.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Statement of Significant Accounting Policies

Basis of consolidation

Associate

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), and 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.

The specific accounting policies for significant revenue items are explained below:

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.

Sale 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 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 the group's construction activities in general.

An expected loss on construction contracts is recognised immediately and an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated,

contract costs are recognised as an expense as incurred. When 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 surpluses less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus surpluses less losses, the net amounts are presented as a liability.

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.

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 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:

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

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.

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

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) 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 (except 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 2018 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 2017 and certified by Aecom New Zealand Limited.

Land and buildings (except land under roads) were revalued at fair value at 1 July 2017 by Opteon Group Holdings Limited. Library books were revalued at fair value by Aecon New Zealand at 1 July 2017 and Marine assets were revalued at fair value by Tonkin and Taylor Limited at 1 July 2017.

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
Infrastructure		
Roading network		
Pavement (base course)	25 to 75 years	Straight line
Seal	5 to 60 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
Coastal structures	22 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%
Resource consents	life of the asset	5%
Property subdivision right	19 years	5.3%

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, or
- 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. 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

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.

Budget figures

The budget figures are those approved by the Council in its Long Term Plan 2018-2028. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Cost allocation

The cost of service for each significant activity of the Western Bay 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 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.

Critical accounting estimates and assumptions

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

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example Western Bay could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example, stormwater, wastewater and water supply pipes which are underground. This risk is minimised by Council performing a combination of physical inspections and condition modeling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.
- Estimates being made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the assets, then Western Bay could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk Western Bay's infrastructural assets useful lives have been determined with reference to the New Zealand Infrastructural

Asset Valuation and Depreciation Guidelines, published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modeling are also carried out regularly as part of the Western Bay Council's asset management planning activities, which gives Western Bay Council further assurance over its useful life estimates.

Experienced independent valuers perform the Western Bay Council's infrastructural asset revaluations.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2019:

Treatment of airport land

The airport land consists of some 225Ha of land of which some 86ha is jointly owned by Tauranga City Council (TCC) and Western Bay of Plenty District Council. TCC are the legal owners of the land and Western Bay Council are the beneficial or equitable owners of the jointly owned land. Western Bay Council own 14.45% of the jointly owned land. The jointly acquired land is held by TCC on trust for itself and Western Bay Council. As the legal owner TCC must exercise its rights of ownership in terms of the trust and for the benefit of the trustees.

The terms of the trust are that TCC may use the jointly acquired land rent free provided the land is used as an airport. In the event that the jointly owned airport land is sold and the principal use of the land is no longer an airport then a liability to Western Bay Council is created for the sale price of the jointly owned land at that point.

Classification of property

Western Bay Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

Accounting for donated or vested land and buildings with use or return conditions

Western Bay Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received. The Council considers an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

SUMMARY OF COST OF SERVICES

2. TOTAL OPERATING REVENUE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2019	2019	2018
Significant activities			
Representation	3,358	3,774	2,704
Planning for the future	2,860	2,656	2,309
Communities	7,404	7,096	8,989
Recreation and leisure	14,162	9,427	27,138
Regulatory services	9,737	8,682	8,027
Transportation	31,274	25,094	38,687
Water supply	18,474	11,893	14,209
Stormwater	15,344	6,579	10,805
Natural environment	1,047	851	812
Wastewater	21,989	14,607	18,741
Solid waste	1,949	2,117	2,113
Economic	1,082	1,080	967
Council services	5,083	4,135	13,496
Total operating revenue by activity	133,762	97,990	148,997
Council services	133,762	97,990	148,997

3. TOTAL OPERATING EXPENDITURE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2019	2019	2018
Significant activities			
Representation	2,942	3,773	2,635
Planning for the future	2,632	2,479	2,239
Communities	7,770	7,297	6,145
Recreation and leisure	7,443	7,179	6,788
Regulatory services	9,750	8,719	8,048
Transportation	18,687	19,365	19,853
Water supply	14,230	12,416	11,131
Stormwater	4,230	4,358	4,072
Natural environment	702	900	717
Wastewater	12,976	12,998	12,899
Solid waste	1,357	1,919	1,889
Economic	727	708	626
Council services	9,134	5,528	5,350
Total operating expenditure by activity	92,580	87,630	82,392
Council services	92,580	87,630	82,392

4. FEES AND CHARGES FROM ACTIVITIES

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2019	2019	2018
Significant activities			
Representation	3	-	3
Planning for the future	-	-	-
Communities	154	124	242
Recreation and leisure	300	20	236
Regulatory services	5,359	5,520	4,636
Transportation	1,194	272	3,599
Water supply	141	-	89
Stormwater	4	-	9
Natural environment	-	-	-
Wastewater	1,335	2	57
Solid waste	140	90	98
Economic	1	-	-
Council services	247	142	161
Total revenue from significant activities	8,878	6,170	9,131

GENERAL RATE INCOME

5. GENERAL RATE INCOME

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2019	2019	2018
Representation	3,350	3,772	2,267
Planning for the future	2,847	2,641	2,296
Communities	4,783	4,704	3,589
Recreation and leisure	6,183	6,159	5,423
Regulatory services	3,533	2,698	2,529
Transportation	13,250	12,943	13,926
Stormwater	1,021	995	1,489
Natural environment	242	224	246
Wastewater	11,446	11,649	1,912
Solid waste	480	785	415
Economic	758	754	675
Council services	1,171	1,634	726
Total general rates	49,063	48,958	35,493

6. TARGETED RATES ATTRIBUTABLE TO ACTIVITIES

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2019	2019	2018
General rates	49,063	48,958	35,493
Targeted rates attributable to activities			
Representation	-	-	433
Planning for the future	13	13	13
Communities	1,938	1,911	1,929
Recreation and leisure	-	-	-
Regulatory services	-	-	-
Transportation	-	-	-
Water supply	6,305	6,302	6,445
Stormwater	4,025	4,104	4,066
Natural environment	447	435	346
Wastewater	256	-	9,964
Solid waste	1,048	1,033	1,053
Economic	323	322	290
Council services	710	718	926
Total targeted rates	15,065	14,837	25,465

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage and water. Non-rateable land does not constitute a remission.

Rates remissions

Rates revenue is shown net of rates remissions of \$46,676 (2018: \$40,232). Western Bay Council's rates remission policy allows Western Bay Council to remit rates on condition of a ratepayer's extreme financial hardship, land used for sport and land protected for historical or cultural purposes.

7. TARGETED RATES FOR WATER SUPPLY

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2019	2019	2018
Metered water charges	5,156	4,203	4,086
Total rates revenue	69,284	67,998	65,044

8. FINANCE INCOME AND FINANCE COSTS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2019	2019	2018
Finance income			
Interest income	1,498	767	1,460
Rates postponement scheme	9	13	8
Total finance income	1,507	779	1,468
Finance costs:			
- interest on bank borrowings	3,906	8,000	4,260
- interest rate swap expense	2,968	-	3,660
Total finance costs	6,874	8,000	7,920
Net finance income / (costs)	(5,368)	(7,221)	(6,452)

9. VESTED ASSETS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2019	2019	2018
Significant activities			
Recreation and leisure	-	-	166
Transportation	123	1,400	2,947
Water supply	3,951	200	1,339
Stormwater	8,277	300	4,245
Wastewater	3,540	340	2,268
Total significant activities	15,891	2,240	10,965

10. SUBSIDIES AND GRANTS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2019	2019	2018
Ministry for the Environment - territorial authority levy for trade waste	189	130	180
Bay of Plenty Regional	729	604	1,045
NZ Lotteries	-	-	350
Lion Foundation	-	-	50
Land Transport NZ subsidy	11,505	8,252	14,266
TECT	-	501	103
First Sovereign	-	-	-
Creative NZ	-	-	-
Glass Packaging Forum Scheme	-	-	-
Other	-	-	-
Total subsidies and grants	12,423	9,487	15,994

There are no unfulfilled conditions or other contingencies attached to subsidies recognised (2018: nil).

11. OTHER REVENUE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2019	2019	2018
Petrol tax	511	360	466
Sale of goods and services	2,233	1,013	1,184
Cost recoveries	72	45	79
Total other revenue	2,816	1,418	1,729
Made up of:			
Exchange	2,268	1,058	1,227
Non exchange	547	360	503
Financial contributions			
Recreation and leisure	3,679	2,130	2,313
Transportation	5,197	2,113	2,659
Water supply	2,684	1,203	1,534
Stormwater	2,016	1,140	622
Natural environment	358	191	219
Wastewater	4,673	2,010	2,160
Total revenue from financial contributions	18,605	8,786	9,506

12. OTHER EXPENSES

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Audit fees for financial statement audit		
- audit fees for financial statement audit	137	135
- audit fees for long term plan audit	20	101
- audit fees for debenture trust deed audit	8	8
- audit fees for grant funding assurance audit	-	5
Insurance premiums	517	371
Consultant and legal fees	2,675	1,890
Impairment of receivables	1,837	1,938
Loss on sale of property, plant and equipment	1,268	125
Minimum lease payments under operating leases	101	86
Other operating expenses	34,249	31,653
Asset revaluation	-	(22)
Total other expenses	40,807	36,290

13. PERSONNEL COSTS

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Salaries and wages	20,473	18,399
Employer contributions to health insurance scheme	248	189
Total personnel costs	20,720	18,588

Council's total Kiwisaver contributions to 30 June 2019 were \$545 (2018: \$431k).

14. CASH AND CASH EQUIVALENTS

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Cash at bank and on hand	6,527	3,732
Petty cash	2	2
Term deposits with maturities less than 3 months	23,093	8,016
Total cash and cash equivalents	29,622	11,750

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

Interest rates

The weighted average effective interest rates on investments (current and non-current) and associated repricing maturities were:

	2019	2018
Short-term deposits	2.10%	3.12%

15. DEBTORS AND OTHER RECEIVABLES

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Rates debtors	6,062	5,971
Metered water debtors	1,669	1,501
Other trade debtors	4,269	2,449
Sundry debtors	1,855	6,169
GST Receivables	783	1,191
Debtors and other receivables prior to impairment	14,638	17,281
Less provision for impairment of receivables	3,569	3,438
	11,069	13,843
Prepayments	681	731
	11,750	14,574
¹ Receivables from non-exchange transactions	11,313	14,033
Receivables from exchange transactions	437	541
	11,750	14,574

¹This includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates.

Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

Western Bay of Plenty District Council (Western Bay Council) does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future payments if the impact of discounting is material.

These powers allow Western Bay Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Western Bay Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2018: \$nil). Western Bay Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The status of receivables as at 30 June 2019 and 2018 are detailed below:

	2019			2018		
	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not past due	10,757	569	10,188	13,372	721	12,571
Past due 90 days - 2 years	1,055	653	402	1,105	484	621
Past due 2-3 years	878	683	195	873	645	228
Past due > 3 years	1,947	1,665	282	1,931	1,588	343
Total	14,638	3,569	11,069	17,281	3,438	13,843

Receivables greater than 90 days are considered past due.

The impairment provision has been calculated based on expected losses for Western Bay Council's pool of debtors. Expected losses have been determined based on an analysis of Western Bay Council's losses in previous periods and a review of specific debtors as detailed below:

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Individual impairment	1,665	1,588
Collective impairment	1,904	1,850
As at 30 June	3,569	3,438

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Past due 30-59 days	-	-
Past due 60-89 days	-	-
Past due > 90 days	1,665	1,588
As at 30 June	1,665	1,588

Movement in the provision for impairment of receivables is as follows:

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
As at 1 July	3,438	3,808
Additional provisions made during the year	1,969	1,568
Provisions reversed during the year	-	-
Receivables written off during the year	(1,837)	(1,938)
As at 30 June	3,569	3,438

16. DERIVATIVE FINANCIAL INSTRUMENTS

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Current portion	(1,148)	(465)
Interest rate swaps - not hedge accounted	(10,521)	(8,397)
Total derivative financial instruments	(11,669)	(8,862)

Fair value

Interest rate swaps

The fair values of interest rate swaps have been determined using a discounted cash flows valuation technique based on quoted market prices. This valuation has been performed by ETOS Limited, independent valuers.

The notional principal amounts of the current outstanding interest rate swap contracts for the Western Bay Council were \$146m (2018: \$184m). At 30 June 2019, the fixed interest rates of cash flow hedge interest rate swaps vary from 3.04% to 5.98% (2018: 3.04% to 5.99%).

17. NON-CURRENT ASSETS HELD FOR SALE

Western Bay Council owns one residential section (2018: two). This property is located at Katikati. This property have been identified as being surplus to requirements and have been approved for sale. This property is expected to be sold within the next twelve months. There is no accumulated property revaluation reserve on this property.

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Non-current assets held for sale are:		
- land	800	445
Total non-current asset held for sale	800	445

18. OTHER FINANCIAL ASSETS

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Current portion		
Investments	-	-
Term deposits maturing within 12 months of balance date	-	14,983
Total investments	-	14,983
Total current other financial assets	-	14,983
Non-current portion		
Non-current assets available for sale are:		
Zespri Group Limited		
17,660 shares (no change from 2017) with a market value as at 30 June 2019 of \$8.20 (\$8.75 in 2018) per share.	217	155
Seeka Kiwifruit Industries Limited		
11,247 shares (2018: 11,247) with a market value as at 30 June 2019 of \$6.70 (\$6.70 in 2018) per share.	55	75
Total non-current assets available for sale	272	230
Loans and receivables		
Te Tumu investment (note 42)	11,003	10,414
Total loans and receivables	11,003	10,414
Total non-current other financial assets	11,274	10,644
Total other financial assets	11,274	25,627

Quoted shares

The fair values of listed shares are determined by reference to published current bid price quotations in an active market.

19. INVESTMENTS IN ASSOCIATES

	ACTUAL \$'000	ACTUAL \$'000
Share in associates	2019	2018
Western Bay of Plenty Tourism and Visitors' Trust (50%)	211	207
Total share in associates	211	207

20. INVESTMENT IN COUNCIL CONTROLLED ORGANISATIONS (CCO'S) AND OTHER SIMILAR ENTITIES

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Bay of Plenty Local Authority Shared Services Limited	14	14
BOPLASS Limited 9.7% share (2018: 9.7%)		
New Zealand Civic Financial Services	46	43
28,142 shares (2018: no change) with a market value as at 30 June 2019 of \$1.63 per share (2018: \$1.54)		
New Zealand Local Government Funding Agency Limited	1,866	1,866
3,731,958 shares (2018: no change) at \$1 per share \$0.50 share paid up capital (2018: no change)		
New Zealand Local Government Funding Agency Borrower Notes	1,440	1,680
Total Investment in Council Controlled Organisations (CCO's) and other similar entities	3,366	3,603

	ACTUAL \$'000	ACTUAL \$'000
Bay of Plenty Local Authority Shared Services (BOPLASS)	2019	2018
Assets	1,239	1,192
Liabilities	1,194	1,152
Revenues	1,360	1,445
Surplus / (deficit)	5	11
Western Bay's % interest	9.7%	9.7%

Balance date of all Council Controlled Organisations is 30 June.

21. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment notes

- There were no assets impaired, lost or given up during the year.
- Council has not pledged any property plant or equipment as security for liabilities.
- Land and buildings in the "Restricted Asset" category are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for which the assets can be used).

Reconciliation of property, plant and equipment to statement of financial position

- In respect of the roading component of infrastructural assets:

Western Bay Council has formerly recorded a decision to maintain the network in a defined and appropriate operating capacity by a programme of restoration to ensure that its life will be indefinitely prolonged.
- An appropriate Asset Management Plan has been adopted by Council.

The Plan provides:

 - the level of service required
 - the current physical extent, condition and capacity of the network
 - the timing, extent and cost of work required to maintain and restore the network's defined operating capacity in future years.

21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Depreciation and Amortisation Expense		
Representation	11	9
Planning for the future	3	4
Communities	387	367
Recreation and leisure	1,614	1,525
Regulatory services	85	71
Transportation	9,242	8,167
Water supply	3,697	3,396
Stormwater	1,417	1,353
Natural environment	2	3
Wastewater	3,251	3,158
Solid waste	20	20
Economic	-	-
Total depreciation and amortisation by activity	19,732	18,074
Depreciation and amortisation related to support services	1,639	1,521
Total depreciation and amortisation expense	21,371	19,594
Made up of:		
Depreciation	20,484	18,678
Amortisation	887	916
	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Revaluation gains		
Representation	6	-
Communities	-	-
Transportation	27,587	12,822
Water supply	18	18,320
Wastewater	(1,963)	(3,735)
Stormwater	(29)	14,837
Support services	-	-
Land	572	43,854
Buildings	-	8,063
Coastal marine structures	(15)	1,304
Library books	-	187
Improvements	-	686
Property plant and equipment gains	26,176	96,338
Intangibles (Emission Trading Scheme NZ Units)	65	137
Forestry	2,318	1,695
Total gains	28,559	98,170

The 2019 property, plant and equipment gains of \$25.6m relates to the revaluation movement of Transportation assets with \$26.1m reflected in Other Comprehensive Income. An external revaluation occurs annually. This movement reflects the increase in values between 1 July 2017 and 1 July 2018.

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Work in progress		
Communities	199	5,081
Recreation and leisure	1,688	718
Transportation	7,288	11,203
Water supply	3,646	5,010
Stormwater	7,262	4,088
Wastewater	7,952	4,927
Economic	117	-
Support services	(880)	2,090
Total work in progress	27,273	33,117

21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuations

Operational and restricted land and buildings

At fair value as determined from market based evidence by an independent valuer. The most recent valuation performed by Landmass Technology and the valuation was effective as at 1 July 2017. Once the ownership structure has been determined a revaluation movement will be taken up to reflect the correct value of Western Bay Council's share. Management are satisfied that the carrying value approximates fair value.

Coastal and Marine Structures

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Tonkin and Taylor Limited along with Council's Reserves and Facilities Projects and Assets Manager, and the valuation is effective as at 1 July 2017.

Infrastructural asset classes

Land

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Opteon Group Holdings and the valuation is effective as at 1 July 2017.

Sewerage and Wastewater

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Aecom Limited along with Council's Project and Design Engineer Team Leader, and the valuation is effective as at 1 July 2017.

Stormwater

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Aecom Limited along with Council's Project and Design Engineer Team Leader, and the valuation is effective as at 1 July 2017.

Water

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Aecom Limited along with Council's Project and Design Engineer Team Leader and the valuation is effective as at 1 July 2017.

Roading

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Opus International Consultants Limited and the valuation is effective as at 1 July 2018.

Land under roads

Land under roads was valued based on average land values of the comparable surrounding land within wards by Landmass Technology Limited, effective 1 July 2014. On transition to NZ IFRS Western Bay Council elected to use the fair value of land under roads as at 1 July 2017 as deemed cost. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

Vested infrastructural assets

Valued based on the actual quantities of infrastructural components vested and the current in-ground cost of providing identical services. Assets vested to Western Bay Council are recognised in the statement of comprehensive income as revenue and in the statement of financial position as property, plant and equipment.

Library collections

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of New Zealand in May 2002. Library stock has been valued effective 1 July 2017 by independent registered valuers, Aecom New Zealand Limited.

Airport land

The airport land consists of some 225Ha of land of which some 86ha is jointly owned by Tauranga City Council (TCC) and Western Bay of Council. TCC are the legal owners of the land and Western Bay Council are the beneficial or equitable owners of the jointly owned land. Western Bay Council own 14.45% of the jointly owned land. The jointly acquired land is held by TCC on trust for itself and Western Bay Council. As the legal owner TCC must exercise its rights of ownership in terms of the trust and for the benefit of the trustees.

The terms of the trust are that TCC may use the jointly acquired land rent free provided the land is used as an airport. In the event that the jointly owned airport land is sold and the principal use of the land is no longer an airport then a liability to Western Bay Council is created for the sale price of the jointly owned land at that point.

Total fair value of property, plant and equipment valued by each valuer:

	ACTUAL \$'000	ACTUAL \$'000
Fair value	2019	2018
Aecom New Zealand Limited and Council's Project and Design Engineer Team Leader	-	296,132
Opus International Consultants Limited	593,790	563,383
Opteon Group Holdings Limited	-	174,714
Tonkin and Taylor Limited and Council's Reserves and Facilities Project and Asset Manager	-	8,691
Interpine Forestry Limited	10,857	8,538
Total fair value	604,647	1,051,458

Insurance disclosure as required under the Local Government Act 2002

21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	CARRY AMOUNT \$'000	INSURED AMOUNTS \$'000
	30 JUNE 2019	30 JUNE 2019
Category A Insurance Contracts		
Water	102,405	197,637
Wastewater	114,380	167,287
Stormwater	103,601	115,591
Mobile Plant & Vehicles	1,252	1,345
Forestry	10,857	8,539
	332,495	490,399
Material Damage cover	-	47,770
Buildings	47,831	-
Coastal Marine	8,218	-
Libraries	1,186	-
Office Equipment	2,216	-
Plant & Equipment	112	-
	59,562	47,770
Category A Total	392,057	538,169
Category B Financial Risk Sharing Arrangements assets		
Nil	-	-
Category B Total	-	-
Category C Self Insured Assets		
Disaster Contingency Reserve	-	-
Land under roads	261,734	-
Roading - Other	64,669	-
Roading - Surfaces	542,337	-
Land	150,779	-
Category B Total	1,019,519	-
Total	1,411,576	538,169

Work in progress

The total amount of property, plant and equipment in the course of construction is \$27.3m (2018: \$33.1m).

Impairment

There were no impairment losses in the year 30 June 2019 (2018: \$nil).

Core infrastructure asset disclosures

Included within the Council infrastructure assets above are the following core Council assets:

Core infrastructure assets	CLOSING BOOK VALUE	ADDITIONS: CONSTRUCTED BY COUNCIL	ADDITIONS: TRANSFERRED TO COUNCIL	MOST RECENT REPLACEMENT COST ESTIMATE FOR REVALUED ASSETS
	\$'000	\$'000	\$'000	\$'000
Water				
- treatment plants and facilities	2,022	-	-	3,110
- other assets (such as reticulation systems)	100,383	4,241	2,691	167,741
Stormwater drainage	103,601	95	8,262	118,806
Wastewater				
- treatment plants and facilities	10,290	-	-	24,987
- other assets (such as reticulation systems)	104,090	267	3,540	149,710
Flood protection and control works	-	-	-	-
Roads and footpaths	607,006	22,303	121	787,908
Total core infrastructure assets	927,392	26,905	14,613	1,252,261



2019	Cost /	Accumulated	Carrying	Current	Current	Current	Current year	Transfers	Current year	Revaluation	Revaluation	Cost /	Accumulated	Carrying
	Valuation	depreciation	amount	year	year vested	year	disposal		depreciation		depreciation	Valuation	depreciation	amount
		and impairment		additions	assets	disposals	depreciation						and impairment	
	30 June 2018	30 June 2018	30 June 2018										charges	
	\$'000	\$'000	\$'000										charges	
Council 2018														
Operational assets														
Land	43,527	-	43,527	4,987	-	-	-	(355)	-	-	-	48,158	-	48,158
Buildings	16,625	(324)	16,302	5,397	-	-	-	-	(369)	-	-	22,022	(692)	21,330
Coastal Marine	9,020	(388)	8,632	-	-	-	-	-	(415)	-	-	9,020	(802)	8,218
Libraries	1,367	(234)	1,133	300	-	-	-	-	(247)	-	-	1,667	(480)	1,186
Office equipment	7,122	(5,469)	1,653	899	-	-	-	-	(336)	-	-	8,021	(5,805)	2,216
Plant and equipment	236	(166)	70	57	-	-	-	-	(16)	-	-	293	(182)	112
Vehicles	2,233	(1,240)	993	757	-	(334)	199	-	(364)	-	-	2,657	(1,405)	1,252
Work in progress	71,721	-	7,172	-	-	(7,852)	-	-	-	-	-	(681)	-	(681)
Total operational assets	87,301	(7,820)	79,481	12,398	-	(8,186)	199	(355)	(1,746)	-	-	91,158	(9,367)	81,791
Infrastructural assets														
Land	21,004	-	21,004	-	2	-	-	(1,012)	-	-	-	19,994	-	19,994
Buildings	1,012	(34)	978	-	-	-	-	-	(18)	-	-	1,012	(52)	960
Water - treatment	2,272	(123)	2,149	-	-	-	-	-	(127)	-	-	2,272	(250)	2,022
Water - other	101,188	(3,264)	97,924	4,241	2,691	(1,168)	53	-	(3,188)	(169)	-	106,782	(6,399)	100,383
Stormwater	98,043	(1,378)	96,665	95	8,262	(11)	-	-	(1,381)	(29)	-	106,360	(2,759)	103,601
Wastewater - treatment	11,486	(590)	10,896	-	-	-	-	-	(606)	-	-	11,486	(1,196)	10,290
Wastewater - other	107,467	(2,549)	104,918	267	3,540	(51)	2	-	(2,622)	(1,963)	-	109,260	(5,169)	104,090
Land under roads	261,910	-	261,910	-	-	(176)	-	-	-	-	-	261,734	-	261,734
Roading other	53,759	(1,728)	52,031	4,559	121	-	-	-	(2,159)	10,117	1,728	66,828	(2,159)	64,669
Roading surface	520,594	(6,419)	514,175	17,743	-	-	-	-	(7,048)	17,467	6,419	549,386	(7,048)	542,337
Work in progress	25,227	-	25,227	1,039	-	-	-	-	-	-	-	26,266	-	26,266
Total infrastructural assets	1,203,961	(16,085)	1,187,876	27,944	14,615	(1,407)	55	(1,012)	(17,150)	25,423	8,146	1,261,379	(25,033)	1,236,345
Restricted assets														
Land	80,435	-	80,435	247	1,261	(328)	-	1,012	-	-	-	82,627	-	82,627
Buildings	22,465	(3,854)	18,611	689	-	(12)	1	-	(1,012)	-	-	23,142	(4,865)	18,277
Improvements	7,366	(197)	7,169	-	365	(82)	13	-	(201)	-	-	7,649	(385)	7,264
Work in progress	718	-	718	971	-	-	-	-	-	-	-	1,688	-	1,688
Total restricted assets	110,984	(4,051)	106,933	1,906	1,626	(422)	14	1,012	(1,213)	-	-	115,106	(5,250)	109,856
Total Council	1,402,246	(27,956)	1,374,290	42,248	16,241	(10,015)	269	(355)	(20,110)	25,423	8,146	1,467,643	(39,650)	1,427,988

N.B. Revaluation depreciation has been disclosed in addition to total revaluation and does not form part of the calculation for total carrying amount as at 30 June 2019.

2018	Cost /	Accumulated	Carrying	Current	Current	Current	Current year	Transfers	Current year	Revaluation	Revaluation	Cost /	Accumulated	Carrying
	Valuation	depreciation	amount	year	year vested	year	disposal		depreciation		depreciation	Valuation	depreciation	amount
	1 July 2017	and impairment	1 July 2017	additions	assets	disposals	depreciation					30 June 2018	and impairment	30 June 2018
	\$'000	charges	\$'000									\$'000	charges	\$'000
Council 2018														
Operational assets														
Land	28,702	-	28,702	800	-	(1,340)	-	10	-	15,354	-	43,527	-	43,527
Buildings	14,896	(886)	14,010	43	-	(233)	8	(216)	(227)	2,135	781	16,625	(324)	16,302
Coastal Marine	7,843	(1,192)	6,651	634	-	-	-	448	(405)	95	1,209	9,020	(388)	8,632
Libraries	1,912	(1,027)	885	278	-	-	-	-	(217)	(823)	1,010	1,367	(234)	1,133
Office equipment	6,721	(5,096)	1,625	401	-	-	-	-	(373)	-	-	7,122	(5,469)	1,653
Plant and equipment	207	(155)	52	10	-	-	-	19	(11)	-	-	236	(166)	70
Vehicles	2,177	(1,037)	1,140	255	-	(199)	111	-	(315)	-	-	2,233	(1,240)	993
Work in progress	2,619	-	2,619	4,552	-	-	-	-	-	-	-	71,721	-	71,721
Total operational assets	65,076	(9,392)	55,684	6,973	-	(1,772)	118	262	(1,547)	16,762	3,001	87,301	(7,820)	79,481
Infrastructural assets														
Land	11,839	-	11,839	13	22	-	-	(19)	-	9,149	-	21,004	-	21,004
Buildings	1,084	(170)	914	5	-	-	-	(57)	3	(20)	133	1,012	(34)	978
Water - treatment	2,703	(483)	2,220	2	-	-	-	-	(123)	(434)	484	2,272	(123)	2,149
Water - other	86,830	(7,815)	79,015	2,521	1,339	(32)	6	94	(3,289)	10,435	7,835	101,188	(3,264)	97,924
Stormwater	81,349	(3,425)	77,924	193	4,245	(11)	2	874	(1,399)	11,393	3,444	98,043	(1,378)	96,665
Wastewater - treatment	14,616	(2,447)	12,169	-	-	-	-	-	(565)	(3,130)	2,423	11,486	(590)	10,896
Wastewater - other	113,182	(8,227)	104,955	2,851	2,268	-	-	491	(2,620)	(11,325)	8,297	107,467	(2,549)	104,918
Land under roads	261,523	-	261,523	-	387	-	-	-	-	-	-	261,910	-	261,910
Roading other	57,596	(5,308)	52,288	2,022	988	-	-	-	(1,728)	(6,847)	5,308	53,759	(1,728)	52,031
Roading surface	517,319	(20,298)	497,021	7,660	1,551	-	-	-	(6,419)	(5,937)	20,298	520,594	(6,419)	514,175
Work in progress	9,690	-	9,690	15,537	-	-	-	-	-	-	-	25,227	-	25,227
Total infrastructural assets	1,157,733	(48,174)	1,109,559	30,804	10,799	(43)	8	1,383	(16,139)	3,284	48,222	1,203,961	(16,085)	1,187,876
Restricted assets														
Land	61,252	-	61,252	70	166	(660)	-	257	-	19,351	-	80,435	-	80,435
Buildings	19,328	(3,275)	16,054	1,188	-	(15)	5	(2,920)	(734)	4,884	150	22,465	(3,854)	18,611
Improvements	5,528	(248)	5,279	194	-	-	-	1,266	(257)	378	308	7,366	(197)	7,169
Work in progress	1,095	-	1,095	(377)	-	-	-	-	-	-	-	718	-	718
Total restricted assets	87,202	(3,523)	86,680	1,075	166	(675)	5	(1,397)	(991)	24,613	458	110,984	(4,051)	106,933
Total Council	1,310,012	(61,089)	1,248,923	38,852	10,965	(2,490)	131	248	(18,678)	44,658	51,680	1,402,246	(27,956)	1,374,290

22. INTANGIBLE ASSETS

There are no restrictions over the title of Western Bay's intangible assets, nor are any intangible assets pledged as security for liabilities. Property subdivision rights – refer to Note 42.

	COMPUTER SOFTWARE		RESOURCE CONSENTS		EMISSIONS TRADING SCHEME NZ UNITS		PROPERTY SUBDIVISION RIGHTS		TOTAL	
	\$'000		\$'000		\$'000		\$'000		\$'000	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Balance at 1 July 2017										
Cost	4,863	4,636	793	600	356	219	2,834	2,627	8,846	8,082
Accumulated amortisation and impairment	(3,733)	(3,432)	(202)	(184)	359	359	(2,004)	(1,383)	(5,580)	(4,639)
	1,130	1,204	591	416	715	578	829	1,244	3,265	3,443
Work in progress	-	-	-	-	-	-	-	-	-	-
Opening carrying amount	1,130	1,204	591	416	715	578	829	1,244	3,265	3,443
Year ended 30 June 2018										
Additions	194	227	-	193	-	-	-	-	194	420
Transfer		-						207	-	207
Amortisation & impairment charge	(247)	(276)	(18)	(18)	-	-	(674)	(622)	(939)	(916)
Gains	-	(25)	-	-	65	137	-	-	65	112
Disposals	-	-	-	-	-	-	-	-	-	-
Closing carrying amount	1,077	1,130	574	591	779	715	155	829	2,584	3,265
Balance as 30 June 2019										
Cost	5,057	4,863	794	793	356	356	2,834	2,834	9,041	8,847
Accumulated amortisation and impairment	(3,980)	(3,733)	(220)	(202)	424	359	(2,678)	(2,004)	(6,454)	(5,580)
	1,077	1,130	574	591	779	715	156	829	2,585	3,265
Work in progress	-	-	-	-	-	-	-	-	-	-
Closing carrying amount	1,077	1,130	574	591	779	715	156	829	2,585	3,265

Carbon credits

Carbon credits were vested by the Council in 2011. Fair value initial recognition was \$578k. Council currently holds no credits that were purchased since 2011.

The Council considers that there is no impairment of carbon credits held, as they are expected to be fully utilised in satisfying carbon obligations from its forestry operations.

Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.

*Per statement of comprehensive income this amount is included in Gains.

23. FORESTRY ASSETS

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Balance at 1 July	8,539	6,843
Gains/(losses) arising from changes attributable to physical changes	1,116	645
Gains/(losses) arising from changes attributable to price changes	1,806	1,051
Decrease due to harvest	(604)	-
Balance at 30 June	10,857	8,539

TECT All Terrain Park Forest

The TECT All Terrain Park owns 432.27 hectares of Pinus Radiata forest, 29.24 hectares of Douglas Fir, 51.03 other minor species of mixed varieties which are at varying stages of maturity ranging from 2 to 39 years. The total value of the forestry stand is \$10.97 million of which Council owns 50%.

Waihi Beach Forest

Council owns 30.9 hectares of Pinus Radiata forest which are at varying stages on maturity ranging from 23 to 24 years with an average age of 22.9 years. The total value of this forestry stand is \$1,075,849.

Matakana Island Forest

Council owns 126.4 hectares of Pinus Radiata forest which are at varying stages on maturity ranging from 8 to 35 years with an average age of 20.5 years. The total value of the forestry stand is \$4.14 million.

Lund Road Forest

Council owns 58.25 hectares of Pinus Radiata forest which are at varying stages on maturity ranging from 4 to 6 years with an average age of 4 years. The total value of the forestry stand is \$158,679.

Valuation assumptions

Independent registered valuer, Interpine Forestry Limited, valued Western Bay Council's forestry assets as at 30 June 2019. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A discount rate of 8.7 % (2018: 8.7%) has been used in discounting the present value of expected cash flows.
- Notional land rental costs have been included for freehold land.
- The forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis.
- No allowance for inflation has been provided.
- Costs are current average costs for established stands. Immature stands cost are compounded at 3.5% (2018: 3.5%).
- No allowance has been made for cost improvements in future operations.
- Log prices are based on a twelve quarter rolling average to March 2019, and there are no restrictions on title. No significant movement as expected for the period March 2019 to June 2019.

Financial risk management strategies

Western Bay Council is exposed to financial risks arising from changes in timber prices. Western Bay Council and group is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future.

Therefore, no measures have been taken to manage the risks of a decline in timber prices. Western Bay Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Securities

There are no restrictions over the title of Western Bay Council's forestry assets, nor are any forestry assets pledged as security for liabilities.

24. PAYABLES AND DEFERRED REVENUE

CURRENT PORTION

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	11,017	11,518
Other income in advance	362	248
Sundry payables	290	381
Total payables and deferred revenue under exchange transactions	11,670	12,147
<i>Payables and deferred revenue under non-exchange transactions</i>		
Rates in advance	4,089	3,679
Bonds and deposits	2,578	1,389
GST payables	-	-
Environment Bay of Plenty Regional Council rates	286	365
Total payables and deferred revenue under non-exchange transactions	6,953	5,433
Total current portion	18,623	17,580

Trade payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade payables approximates their fair value.

25. BORROWINGS

CURRENT

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Secured loans fixed	-	-
Secured loans floating	-	25,000
Total current secured loans	-	25,000
Total current borrowings	-	25,000

25. BORROWINGS (CONTINUED)

NON-CURRENT

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Secured loans fixed	20,000	20,000
Secured loans floating	90,000	80,000

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Total non-current secured loans	110,000	100,000
Total non-current borrowings	110,000	100,000
Total public debt	110,000	125,000

Western Bay Council's secured debt of \$90.000m (2018: \$105.000m) is issued at floating rates of interest. This is converted to fixed rates through the use of interest rate swaps in line with Western Bay Council's adopted treasury policy.

Western Bay Council's secured floating debt of \$nil (2018: \$25.000m) is issued at a margin of nil bps (2018: 62bps) above bank wholesale rates BKBM.

Council loans are secured over either separate or General Rates of the District.

SECURITY

Western Bay Council loans are secured over either separate or general rates of the District. The following is a maturity analysis of total public debt:

REPAYMENT TERMS

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Payable no later than one year	-	25,000
<i>Weighted average interest rate</i>	0.00%	2.62%
Later than one, not later than five years	60,000	45,000
<i>Weighted average interest rate</i>	3.53%	3.31%
Later than five years	50,000	55,000
<i>Weighted average interest rate</i>	2.56%	3.27%
	110,000	125,000

FAIR VALUES OF NON-CURRENT BORROWINGS

	CARRYING AMOUNTS \$'000	CARRYING AMOUNTS \$'000	FAIR VALUES \$'000	FAIR VALUES \$'000
	2019	2018	2019	2018
Secured loans	110,000	100,000	111,042	99,007
Total	110,000	100,000	111,042	99,007

The fair values are based on cash flows discounted using a rate based on the borrowing rates.

The carrying amounts of borrowings repayable within one year approximate their fair value, as the impact of discounting is not significant.

The weighted average effective interest rates on borrowings (current and non-current) were:

INTEREST RATES

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Secured loans and debentures	3.09%	3.16%

VARIATIONS FROM / CHANGES TO THE BORROWING MANAGEMENT POLICY

Western Bay Council has elected not to hedge account for its derivative financial investments.

Western Bay Council manages its borrowings in accordance with its funding and financial policies, which includes a Borrowings Management Policy. These policies have been adopted as part of the Long Term Plan 2018-2028.

As at 30 June 2019 Western Bay Council had \$30.0 million of undrawn cash facilities available (2018: \$30.0 million).

Debentures

Western Bay Council's secured debt of \$110.0 million (2018: \$125.0 million) is mostly issued at floating rates of interest. This is converted to fixed rates through the use of interest rate swaps in line with Western Bay Council's adopted treasury policy.

For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a 0.42% to 0.66% margin for credit risk.

Security

The overdraft facility is secured as identified in note 25. The maximum amount that can be drawn down against the overdraft facility is \$600,000 (2018: \$600,000). There are no restrictions on the use of this facility.

26. EMPLOYEE ENTITLEMENTS

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Accrued pay	618	554
Accrued leave and accrued entitlements	2,089	1,868
Sick pay	73	57
Retirement gratuities	17	15
	2,797	2,494
Represented by:		
Current	2,780	2,479
Non-current	17	15
Total employee entitlements	2,797	2,494

27. PROVISIONS

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Current portion		
Landfill aftercare provision	12	12
Weatheright Homes Resolution Service	301	301
Total current portion	313	313
Non-current portion		
Landfill aftercare provision	308	322
Total non-current portion	308	322
Total provisions	621	635

Movements for each class of provision are noted overleaf:

27. PROVISIONS (CONTINUED)

	LANDFILL \$'000	WEATHERTIGHT HOMES \$'000	TOTAL \$'000
Balance at 1 July 2017	346	301	647
Additional provisions	-	-	-
Amounts used	(12)	-	(12)
Balance at 30 June 2018	334	301	635
2018			
Balance at 1 July 2018	333	301	634
Additional provisions	-	-	-
Amounts used	(12)	-	(12)
Balance at 30 June 2019	321	301	621

Landfill aftercare costs

Western Bay Council gained resource consents to operate the Te Puke and Athenree landfills. Western Bay Council has a responsibility under the resource consents for closure of the landfills and to provide ongoing maintenance and monitoring of the landfills after the sites are closed. The Te Puke landfill was closed in 1999 and the Athenree landfill in 2003.

Western Bay Council's responsibilities include:

- closure costs
- final cover application and investigation
- incremental drainage control features
- facilities for leachate collection and monitoring
- facilities for water quality monitoring.

Post closure costs include:

- treatment and monitoring of leachate
- groundwater surface monitoring
- implementation of remedial measures as needed for cover and control systems
- on-going life maintenance of drainage systems, final cover and vegetation.

The estimated remaining liability for closure and post-closure of Athenree is \$0.30 (2018: \$0.32 million) and for post-closure of Te Puke of \$0.22 million (2018: \$0.24 million) over the remaining life (Athenree 16 years, Te Puke 13 years) of the resource consents. This liability has been discounted back to a current value of \$0.32m (2018: \$0.33 million) using a discount rate of 7% (2018: 7%).

Weathertight Homes Resolution Services

Note 35 page 171 provides additional information regarding this provision.

EQUITY

28. RETAINED EARNINGS

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Opening balance	849,971	784,184
Surplus / (deficit)	41,186	66,589
Other surplus /(deficit) through comprehensive income	45	78
Reclassification from prior year	-	-
Reclassification of reserves to equity	-	-
	891,202	850,851
Transfers to:		
Restricted reserves	(14)	(16)
Council created reserves	(20,598)	(23,201)
	(20,611)	(23,217)
Transfers from:		
Restricted reserves	9	11
Council created reserves	19,121	22,326
Asset revaluation reserve	-	-
	19,130	22,337
Closing balance	889,720	849,971

29. RESTRICTED RESERVES

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Opening balance	271	266
Transfers to:		
Accumulated funds	(9)	(11)
Transfers from:		
Accumulated funds	14	16
Closing balance	276	271

30. COUNCIL-CREATED RESERVES

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Opening balance	30,434	29,556
Transfers to:		
Accumulated funds	(19,121)	(22,323)
Transfers from:		
Accumulated funds	20,598	23,201
Closing balance	31,913	30,434

For a breakdown of Council created reserves see note 32 on page 162.

31. GENERAL ASSET REVALUATION RESERVE

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Opening balance	407,239	341,279
Change in asset value	25,595	65,960
Transfer to retained earnings on disposal of property	-	-
Reclassification of reserves to equity	-	-
Closing balance	432,835	407,239
Comprising:		
Land	13,438	13,439
Buildings	7,843	7,858
Water supply	46,468	46,450
Roading	255,177	227,593
Wastewater	45,365	47,328
Stormwater	56,890	56,918
Coastal marine structures	5,476	5,476
Library books	997	997
Improvements	1,181	1,180
Total asset revaluation reserve	432,835	407,239

Asset revaluation reserves

This covers all assets that are revalued except for investment properties.

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Infrastructural:		
Water supply	46,468	46,450
Road Reserves	167,782	68,500
Road Surface	68,500	150,314
Other Roding	18,896	8,779
Wastewater	45,365	47,328
Stormwater	56,890	56,918
Operational assets:		
Land	13,438	13,439
Buildings	7,843	7,858
Coastal marine structures	5,476	5,476
Library books	997	997
Improvements	1,181	1,180
Total general asset revaluation reserve	432,835	407,239

32. RESERVE FUNDS

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2018	DEPOSITS TO FUND TO 30 JUNE 2019	WITHDRAWALS FROM FUND TO 30 JUNE 2019	CLOSING BALANCE 30 JUNE 2019
<i>Restricted Reserves</i>	<i>Restricted reserves have been established from public bequests and are only able to be spent in the manner specified by the donor.</i>					
Hunter Estate	Established from bequest made in the late 1980s. The funds can only be spent on capital expenditure in Katikati as detailed in our Reserve Management Plans.	Recreation and Leisure	37,391	2,056	-	39,447
l'Anson Park Trust	The accumulated interest is available for both operational and capital expenditure undertaken in the Te Puna area.	Recreation and Leisure	9,510	-	-	9,510
Hastie Bequest	The principle settlement amount of \$100,000 is maintained and the interest can be used for Te Puke area library purchases.	Communities	207,745	11,426	(8,666)	210,505
CE Miller Estate	The interest on the capital of \$9,763 is available for the beautification of Katikati.	Recreation and Leisure	16,008	880	-	16,888
Total Restricted Reserves			270,654	14,362	(8,666)	276,350
Asset Replacement Reserves						
Asset Replacement Reserves - general approach	Depreciation charged is transferred to the specified reserves detailed below and accumulated so that the interest earned on the reserves capital is available for asset replacement/renewals. The replacement/renewals programme is based on the renewals planned in our asset management plans. The reserves are not held as cash reserves.					
Asset Replacement - computers		Support Services	695,620	477,568	(1,177,099)	(3,910)
District Reserves		Support Services	2,672,730	401,696	(238,675)	2,835,750
Huharua Sub Regional Park		Recreation and Leisure	178,173	22,991	-	201,164
TECT All Terrain Park		Recreation and Leisure	775,194	119,086	-	894,280
Asset Replacement - office buildings		Recreation and Leisure	1,182,350	453,983	(809,046)	827,287
Asset Replacement - vehicles		Support Services	(93,711)	359,734	(677,232)	(411,209)
Asset Replacement - civil defence vehicle		Communities	131,507	8,450	(2,972)	136,986
Asset Replacement - telemetry		Communities	81,667	4,492	-	86,159
Asset Replacement - swimming pool		Recreation and Leisure	251,632	77,882	-	329,514
Asset Replacement - library books		Communities	2,290,325	249,285	(281,677)	2,257,933
Asset Replacement - library computers		Communities	1,566	-	(1,566)	-
Asset Replacement - Cemetery		Communities	226,426	26,667	-	253,094
Asset Replacement - coast marine		Recreation and Leisure	(348,670)	271,461	(188,175)	(265,384)
Total Asset Replacement Reserves			8,044,809	2,473,295	(3,376,442)	7,141,664

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2017	DEPOSITS TO FUND TO 30 JUNE 2018	WITHDRAWALS FROM FUND TO 30 JUNE 2018	CLOSING BALANCE 30 JUNE 2018
<i>Restricted Reserves</i>	<i>Restricted reserves have been established from public bequests and are only able to be spent in the manner specified by the donor.</i>					
Hunter Estate	Established from bequest made in the late 1980s. The funds can only be spent on capital expenditure in Katikati as detailed in our Reserve Management Plans.	Recreation and Leisure	35,275	2,116	-	37,391
I'Anson Park Trust	The accumulated interest is available for both operational and capital expenditure undertaken in the Te Puna area.	Recreation and Leisure	8,972	538	-	9,510
Hastie Bequest	The principle settlement amount of \$100,000 is maintained and the interest can be used for Te Puke area library purchases.	Communities	206,451	12,387	(11,093)	207,745
CE Miller Estate	The interest on the capital of \$9,763 is available for the beautification of Katikati.	Recreation and Leisure	15,102	906	-	16,008
Total Restricted Reserves			265,800	15,947	(11,093)	270,654
Asset Replacement Reserves						
Asset Replacement Reserves - general approach	Depreciation charged is transferred to the specified reserves detailed below and accumulated so that the interest earned on the reserves capital is available for asset replacement/renewals. The replacement/renewals programme is based on the renewals planned in our asset management plans. The reserves are not held as cash reserves.					
Asset Replacement - computers		Support Services	685,130	571,531	(561,041)	695,620
District Reserves		Support Services	2,509,843	372,637	(209,750)	2,672,730
Huharua Sub Regional Park		Recreation and Leisure	155,662	22,511	-	178,173
TECT All Terrain Park		Recreation and Leisure	661,707	113,487	-	775,194
Asset Replacement - office buildings		Recreation and Leisure	1,386,860	302,081	(506,591)	1,182,350
Asset Replacement - vehicles		Support Services	(6,018)	312,470	(400,164)	(93,711)
Asset Replacement - civil defence vehicle		Communities	156,507	-	(25,000)	131,507
Asset Replacement - telemetry		Communities	77,044	4,623	-	81,667
Asset Replacement - swimming pool		Recreation and Leisure	176,972	74,660	-	251,632
Asset Replacement - library books		Communities	2,321,014	248,013	(278,702)	2,290,325
Asset Replacement - library computers		Communities	1,566	-	-	1,566
Asset Replacement - Cemetery		Communities	200,472	25,954	-	226,426
Asset Replacement - coast marine		Recreation and Leisure	27,060	259,834	(635,564)	(348,670)
Total Asset Replacement Reserves			8,353,819	2,307,801	(2,616,812)	8,044,809

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2018	DEPOSITS TO FUND TO 30 JUNE 2019	WITHDRAWALS FROM FUND TO 30 JUNE 2019	CLOSING BALANCE 30 JUNE 2019
Community Board Reserves						
Community Boards - general approach	We have five community boards but not all of our District is covered by these boards. The Community Board rate is a fixed charge for their community board area of benefit. The level of rating is determined based on the expected expenditure of the Board and may vary between Boards. Any unspent money at year end is transferred to the respective community board reserve account. Reserve funds can only be used for capital, one-off, or non-recurring expenditure items or grants.					
Waihi Beach Community Board		Communities	278,331	3,291	-	281,622
Katikati Community Board		Communities	126,207	13,827	(78,872)	61,162
Omokoroa Community Board		Communities	246,441	16,820	(17,320)	245,941
Te Puke Community Board		Communities	118,612	23,113	(16,636)	125,088
Maketu Community Board		Communities	158,857	7,651	(6,848)	159,659
Total Community Board Reserves			928,448	64,702	(119,676)	873,472
Other Community Reserves						
Other community reserves – general approach	These reserves have been established to accumulate sufficient funds to allow for planned expenditure (per the Long Term Plan) in particular areas, often for town centre development. The funding is provided by way of targeted rates.					
Katikati Development Fund	Set up several years ago in anticipation of the Katikati By-pass impacts on the town and to provide funding for main street improvements as well as encourage business development in Katikati.	Planning for the future	14,092	775	-	14,867
Waihi Beach Town Centre Development	For town centre development.	Economic	436,212	24,881	-	461,093
Katikati Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	256,644	102,395	(45,341)	313,698
Omokoroa Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	216,033	231,878	-	447,911
Te Puke Town Centre Development	The development of Te Puke's town centre is currently underway and is planned to be completed in 2013.	Economic	709,109	5,818	(617,585)	97,342
Pukehina Beach Development		Planning for the future	-	277,370	-	277,370
Pukehina Development Reserve	Pukehina ratepayers are paying an annual rate of \$20 as a contribution towards a future sewerage scheme for the area.	Planning for the future	665,101	49,220	(294,671)	419,650
Total Other Community Reserves			2,297,191	692,337	(957,597)	2,031,931
Total Community Board and Other Reserves			3,225,639	757,039	(1,077,273)	2,905,403

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2017	DEPOSITS TO FUND TO 30 JUNE 2018	WITHDRAWALS FROM FUND TO 30 JUNE 2018	CLOSING BALANCE 30 JUNE 2018
Community Board Reserves						
Community Boards - general approach	We have five community boards but not all of our District is covered by these boards. The Community Board rate is a fixed charge for their community board area of benefit. The level of rating is determined based on the expected expenditure of the Board and may vary between Boards. Any unspent money at year end is transferred to the respective community board reserve account. Reserve funds can only be used for capital, one-off, or non-recurring expenditure items or grants.					
Waihi Beach Community Board		Communities	276,225	37,107	(35,000)	278,331
Katikati Community Board		Communities	117,329	15,339	(6,461)	126,207
Omokoroa Community Board		Communities	297,964	40,334	(91,857)	246,441
Te Puke Community Board		Communities	124,192	21,154	(26,734)	118,612
Maketu Community Board		Communities	149,410	29,447	(20,000)	158,857
Total Community Board Reserves			965,120	143,381	(180,052)	928,448
Other Community Reserves						
Other community reserves - general approach	These reserves have been established to accumulate sufficient funds to allow for planned expenditure (per the Long Term Plan) in particular areas, often for town centre development. The funding is provided by way of targeted rates.					
Katikati Development Fund	Set up several years ago in anticipation of the Katikati By-pass impacts on the town and to provide funding for main street improvements as well as encourage business development in Katikati.	Planning for the future	13,295	798	-	14,092
Waihi Beach Town Centre Development	For town centre development.	Economic	(13,150)	816,281	(366,919)	436,212
Katikati Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	317,691	106,182	(167,229)	256,644
Omokoroa Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	33,993	182,040	-	216,033
Te Puke Town Centre Development	The development of Te Puke's town centre is currently underway and is planned to be completed in 2013.	Economic	672,228	36,881	-	709,109
Pukehina Development	Pukehina ratepayers are paying an annual rate of \$20 as a contribution towards a future sewerage scheme for the area.	Planning for the future	601,108	63,992	-	665,101
Total Other Community Reserves			1,625,165	1,206,174	(534,148)	2,297,191
Total Community Board and Other Reserves			2,590,285	1,349,555	(714,200)	3,225,639

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2018	DEPOSITS TO FUND TO 30 JUNE 2019	WITHDRAWALS FROM FUND TO 30 JUNE 2019	CLOSING BALANCE 30 JUNE 2019
Financial Contributions Reserves						
Financial contributions reserves - general	These are specific reserves that must be applied for a particular purpose and under specific criteria or qualifying conditions. These reserves are not cash reserves.					
Ecological financial contributions - capital	Financial contributions split into capital and operational components that are to be spent based on Council's annually approved ecological education programme. Capital expenditure must be by Council resolution and satisfy criteria for privately owned land. Operational expenditure is based on the prior year's closing operations balance available.	Natural Environment	306,176	-	-	306,176
Ecological financial contributions - operational	As above	Natural Environment	386,479	378,780	(161,970)	603,289
Parks and Community financial contributions	To provide for teaching and public education/awareness raising purposes.	Recreation and Leisure	656,368	3,679,060	(1,123,207)	3,212,221
Parking space financial contributions	Provided from financial contributions from developers in the urban areas where they cannot provide public car parks themselves.	Regulatory	49,974	-	-	49,974
Lynley Park wastewater remedial	Established from money received from Durham Properties Limited, to be used to fund any infrastructure failures in the Lynley Park Development.	Wastewater	348,467	19,166	-	367,633
Total Financial Contribution Reserves			1,747,464	4,077,006	(1,285,177)	4,539,293
General Reserves	Established reserves for specific purposes					
Community Discretionary	For any under spent expenditure at year end.	Communities	14,386	-	-	14,386
General Rate	For the accumulation of any net surplus arising from accounts that are general rate funded each year. Deficits are not permitted in this reserve.	All	4,666,514	1,361,421	(2,190,008)	3,837,928
Environmental Protection Rate	For the accumulation of any net surplus arising from the Environmental Protection Rate account Deficits are not permitted in this reserve.	All	2,073,418	196,260	(411,515)	1,858,163
Traffic and parking general	Holds the percentage balance of Council-issued infringement notice fines that were not payable to the Government as part of the legislation during the 1980s. Correspondence has not resolved whether the balance is still payable to the Government. No cash is held.	Regulatory	186,095	-	-	186,095
Total General Reserves			6,940,413	1,557,681	(2,601,523)	5,896,572

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2017	DEPOSITS TO FUND TO 30 JUNE 2018	WITHDRAWALS FROM FUND TO 30 JUNE 2018	CLOSING BALANCE 30 JUNE 2018
Financial Contributions Reserves						
Financial contributions reserves - general	These are specific reserves that must be applied for a particular purpose and under specific criteria or qualifying conditions. These reserves are not cash reserves.					
Ecological financial contributions - capital	Financial contributions split into capital and operational components that are to be spent based on Council's annually approved ecological education programme. Capital expenditure must be by Council resolution and satisfy criteria for privately owned land. Operational expenditure is based on the prior year's closing operations balance available.	Natural Environment	321,239	-	(15,063)	306,176
Ecological financial contributions - operational	As above	Natural Environment	79,286	463,017	(155,824)	386,479
Parks and Community financial contributions	To provide for teaching and public education/awareness raising purposes.	Recreation and Leisure	(342,222)	2,104,618	(1,106,028)	656,368
Parking space financial contributions	Provided from financial contributions from developers in the urban areas where they cannot provide public car parks themselves.	Regulatory	50,105	-	(131)	49,974
Lynley Park wastewater remedial	Established from money received from Durham Properties Limited, to be used to fund any infrastructure failures in the Lynley Park Development.	Wastewater	348,467		-	348,467
Total Financial Contribution Reserves			456,875	2,567,635	(1,277,046)	1,747,464
General Reserves	Established reserves for specific purposes					
Community Discretionary	For any under spent expenditure at year end.	Communities	14,386	-	-	14,386
General Rate	For the accumulation of any net surplus arising from accounts that are general rate funded each year. Deficits are not permitted in this reserve.	All	5,155,984	94,782	(543,171)	4,707,594
Environmental Protection Rate	For the accumulation of any net surplus arising from the Environmental Protection Rate account Deficits are not permitted in this reserve.	All	2,191,442	62,353	(180,377)	2,073,418
Traffic and parking general	Holds the percentage balance of Council-issued infringement notice fines that were not payable to the Government as part of the legislation during the 1980s. Correspondence has not resolved whether the balance is still payable to the Government. No cash is held.	Regulatory	175,561	10,534	-	186,095
Total General Reserves			7,537,373	167,669	(723,548)	6,981,493

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2018	DEPOSITS TO FUND TO 30 JUNE 2019	WITHDRAWALS FROM FUND TO 30 JUNE 2019	CLOSING BALANCE 30 JUNE 2019
Special Reserves						
Disaster Contingency	Council's infrastructure self-insurance fund provided from the sale of power company shares in the 1990s. Council's policy is to self insure based on the premise that commercial infrastructure insurance is not available. Assumes New Zealand Transport Agency (NZTA) would provide 93% of the funds for roading replacement and the Government would provide 50% on the failure of any other infrastructural assets. Major infrastructure, apart from district roading is geographically dispersed throughout our District (primarily stand-alone sewerage and water schemes) and the likelihood of failure of this entire infrastructure at once is assessed as very low.	Communities	8,778,882	482,839	-	9,261,721
Re-budgeted Reserve		Support services	-	671,821	(345,301)	326,520
Matakana Island Trust	Reserves accumulated several years ago from the appeal against the Katikati Reserve extension across to Matakana Island. The funds are available to be used for improvements to the Matakana Island community.	Planning for the future	258,803	-	-	258,803
Corporate Property and Assets	For any surplus arising from the corporate property/land purchase account.	Support services	743,224	304,303	(99,557)	943,470
Weathertight Homes		Regulatory	212,000	11,660	-	223,660
Panepane Point Development Reserve		Reserves	442,033	-	(26,604)	415,429
Total Special Reserves			10,434,942	1,470,623	(471,462)	11,429,603
Total Council Created Reserves			30,434,347	10,335,644	(8,811,877)	31,912,535
Total All Council Reserves			30,705,001	10,350,006	(8,820,543)	32,188,885

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2017	DEPOSITS TO FUND TO 30 JUNE 2018	WITHDRAWALS FROM FUND TO 30 JUNE 2018	CLOSING BALANCE 30 JUNE 2018
Special Reserves						
Disaster Contingency	Council's infrastructure self-insurance fund provided from the sale of power company shares in the 1990s. Council's policy is to self insure based on the premise that commercial infrastructure insurance is not available. Assumes New Zealand Transport Agency (NZTA) would provide 93% of the funds for roading replacement and the Government would provide 50% on the failure of any other infrastructural assets. Major infrastructure, apart from district roading is geographically dispersed throughout our District (primarily stand-alone sewerage and water schemes) and the likelihood of failure of this entire infrastructure at once is assessed as very low.	Communities	8,281,964	496,918	-	8,778,882
Matakana Island Trust	Reserves accumulated several years ago from the appeal against the Katikati Reserve extension across to Matakana Island. The funds are available to be used for improvements to the Matakana Island community.	Planning for the future	258,803	-	-	258,803
Corporate Property and Assets	For any surplus arising from the corporate property/land purchase account.	Support Services	1,455,945	8,235	(720,956)	743,224
Weathertight Homes		Regulatory	200,000	12,000	-	212,000
Panepane Point Development Reserve		Reserves	421,418	20,615	-	442,033
Total Special Reserves			10,618,130	537,768	(720,956)	10,434,942
Total Council Created Reserves			29,556,482	6,930,428	(6,052,562)	30,434,347
Total All Council Reserves			29,822,282	6,946,375	(6,063,655)	30,705,001

33. RECONCILIATION OF NET SURPLUS / (DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Net surplus / (deficit)	41,186	66,589
Add/(less) non-cash items		
Depreciation	20,484	18,678
Amortisation	887	916
Vested assets	(15,891)	(10,965)
Fair value movement in derivative financial instruments	2,808	(794)
Gains	(2,964)	(33,055)
Share of associate surplus/deficit	(5)	(16)
Unrealised interest on other financial assets at fair value through profit and loss	(782)	-
Provision for impairment of doubtful debts	(131)	-
Add/(less) movements in working capital items:		
Movement in prepayments	50	(106)
Movement in non-current assets held for sale	(355)	430
Movement in accounts receivable	2,774	(5,752)
Movement in accounts payable	1,043	2,939
Movement in provisions	(14)	65
Movement in employee entitlements	305	110
Add/(less) items classified as investing activities		
Loss on sale of assets	1,268	103
Revaluation of shares	(42)	(78)
Net cash inflow (outflow) from operating activities	50,621	39,063

34. CAPITAL COMMITMENTS AND OPERATING LEASES

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

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Operational		
Land	-	-
Building	124	170
Coastal Marine	145	219
Infrastructure		
Water	972	190
Wastewater	835	1,712
Stormwater	300	349
Roading	14,855	16,056
Restricted		
Building	-	-
Total capital commitments	17,232	18,696

Operating leases as lessee

Western Bay Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as noted overleaf:

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Not later than one year	131	106
Later than one year and not later than two years	66	89
Later than two years and not later than five years	124	72
Later than five years	1447	905
Total non-cancellable operating leases	1,767	1,172

Leases can be renewed at Western Bay Council's option, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on Western Bay Council by any of the leasing arrangements.

No contingent rents have been recognised in the statement of comprehensive income during the period.

Other Commitments - roading network and utilities maintenance contracts

In November 2014, Western Bay Council entered into a seven year One Network Maintenance Contract with Opus International Consultants Limited to provide capital and maintenance work to the District's roading network. The value of the contract is \$75.99 million and as at 30 June 2019 \$31.20 million remained committed on this contract for the remaining 40 months, including estimated escalations in the contract.

In July 2015, Western Bay Council entered into a four year contract with Veolia Water Services (ANZ) PTY Ltd for the provision of maintenance and professional services to the utilities network. The value of the contract as of 1 July 2015 is \$17.24 million and as at 30 June 2019 \$3.559 million remained committed on this contract for the remaining 12 months, including estimated escalations in the contract.

As part of these contracts there is ongoing performance and condition monitoring to ensure compliance with the key deliverables and performance of the contract. Failure to meet the deliverables and performance required can lead to termination of the contract.

35. CONTINGENCIES

Contingent liabilities

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Building Act claims	50	50
Weathertight Homes Resolution Service (WHRS)	400	400
Local Authority Protection Programme Disaster Fund (LAPP)	-	-
Total contingent liabilities	450	450

Other legal proceedings

Building Act Claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done. At the date of this report, there were no matters under the Act indicating potential liabilities (2018: \$Nil). The \$50,000 disclosed relates to the expected cost to Western Bay District Council. The balance is expected to be covered through insurance.

Unquantified Claims

There were no additional claims lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2019 (2018: NIL). These claims relate to weather-tightness issues of homes in the Western Bay of Plenty District area and name Western Bay of Plenty District Council as well as other parties. Two of these claims have been closed. There are a total of 5 claims that are still open as at balance date (2018: 7).

It is not yet certain whether these claims are valid and whom will be liable for the building defects, therefore, Western Bay is unable to assess its exposure to the claims lodged with the WHRS.

The costs of any successful claims against Western Bay with a claim date of 30 June 2009 or earlier are expected to be substantially covered under Western Bay's insurance policies, subject to an excess of \$50,000 per claim.

Any costs associated with a successful claim received after 1 July 2009 will be entirely met by Western Bay. As a result \$400,000 has been recognised as a contingent liability.

Other outstanding legal claims are not yet able to be quantified as at 30 June 2019.

Carter Holt Harvey Limited

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Western Bay of Plenty District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 16 of which are located within the Western Bay of Plenty District. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

During the year, a group of homeowners initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywoof cladding sheets manufactured and distributed by CHH. CHH has joined 19 Councils as co-defendants in this claim. At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

New Zealand Local Government Funding Agency (LGFA)

Western Bay of Plenty District Council is a shareholder of The New Zealand Local Government Funding Agency Limited. This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. Standard and Poors have given the entity a credit rating of AA+ which is equal top New Zealand Government sovereign rating.

As at 30 June 2019 there were 31 (2018: 31) shareholders made up of 30 local authorities and the Crown.

All 30 local authority shareholders have uncalled capital equal to their individual shareholding and totalling \$20 million in aggregate which can be called on in the event that an imminent default is identified. The shareholders are also guarantors of the LGFA balance sheet and the borrowings of all other local authorities which totalled \$9,840m (2018: \$8,715m) at 30 June.

New Zealand Financial International Reporting Standards require Western Bay of Plenty Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that;

- We are not aware of any local authority debt default in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Share of associates' contingent liability

There are no shared contingent liabilities associated with any associates of Council.

36. PRIOR YEAR ADJUSTMENTS

There were no prior year adjustments.

37. RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Western Bay Council would have adopted in dealing with the party at arm's length in the same circumstances.

Transactions with Councillors and key management personnel compensation

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Councillors		
Full-time equivalent members	17	17
Salaries and other short term employee benefits	579	519
Senior Management Team, including the Chief Executive		
Full-time equivalent members	5	5
Salaries and other short term employee benefits	1,347	1,283
Total senior management remuneration	1,948	1,802

Key management personnel include the Chief Executive Officer and other senior management personnel.

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 38.

Council controlled organisation

Bay of Plenty Local Authority Shared Services Limited (BOPLASS Limited)

The Council controlled organisation was formally established in January 2008. The company was set up by the eight local authorities in the Bay of Plenty region to foster collaboration between councils in the delivery of services particularly back office or support services. Gisborne District Council joined BOPLASS Limited during the 2009/10 financial year.

As a Council Controlled Organisation, Bay of Plenty Local Authority Shared Services Limited (BOPLASS Limited) is a separate legal entity from Council and is responsible for delivery of services in accordance with an agreed Statement of Intent. The company is governed by a Board of Directors being the Chief Executives of the constituent local authorities.

Financial performance for the year ended 30 June 2019

ACTUAL \$'000		ACTUAL \$'000
2017/18		2018/19
1,445	Revenue	1,360
(1,455)	Expenditure	(1,355)
(1)	Surplus / (deficit)	5
(1)	Net surplus / (deficit) year	5
1,192	Total assets	1,239
1,152	Total liabilities	1,194

Statement of intent and performance

The company has complied with Section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2019-2022 and associated budget formally adopted by the directors at the meeting held on 28 June 2019.

From page 173 - 181 is a report of performance against targets set in the Statement of Intent for 2018/19.

PERFORMANCE TARGETS FOR 2018/19		
OUTCOMES	MEASURE	RESULT
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils	<p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating.</p>	<p>Joint procurement initiatives undertaken for:</p> <p>Infrastructure Insurance - BOPLASS represented a collective group of councils in negotiations for placement of councils' infrastructure insurance into the London markets.</p> <p>Eagle Training - Eagle Technology was engaged by BOPLASS to provide collaborative training on migrating ArcMap to ArcGIS Pro for BOPLASS councils GIS staff. This collective approach provided significant cost savings and improved inter-council information sharing.</p> <p>Aerial Imagery and LiDAR 2018/19 - The tender for BOPLASS councils' specific areas and requirements within the BOPLASS regional flying calendar were awarded to AAM NZ Ltd. An additional financial saving of approximately \$100,000 was achieved (beyond the benefits of a collective tender) through a unique flying and capture process being utilised.</p> <p>Provincial Growth Fund Application for LiDAR Capture - BOPLASS successfully managed a coordinated regional approach to a Provincial Growth Fund application for co-funding for LiDAR capture for the entire Bay of Plenty region.</p> <p>Antenno - Is a local government communications app that allows councils to push notifications to their communities. It also provides facilities for people to lodge service requests with their council directly through the app. BOPLASS negotiated a discount rate with Datacom for all BOPLASS councils.</p> <p>Lone Worker Field Solutions - The BOPLASS Health and Safety group have engaged with vendors to review communication and technology solutions to assist with protecting and connecting with lone or remote workers. Still under action.</p>

PERFORMANCE TARGETS FOR 2018/19

OUTCOMES	MEASURE	RESULT
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils. Continued.</p>		<p>Robotic Process Automation – RPA provides an opportunity for the automation of repeatable processes that can run without intervention. BOPLASS has facilitated workshops with vendors and also with Auckland Council as they have developed a mature process for developing solutions based upon various business units’ requirements. This project is ongoing.</p> <p>Accounts Payable Automation Software - BOPLASS led a project to identify collaborative opportunities for the automation of accounts payable processes through niche software or collective development of a shared solution. Negotiations are underway with a shortlisted provider. Still under action.</p> <p>Insurance Valuations – International underwriters for BOPLASS councils’ insurances had requested we demonstrate a common standard of asset reporting aligned to a consistent standard for valuations reporting. Having this consistent data would assist them in better understanding the risk they are writing and, ultimately, would be reflected in their pricing. BOPLASS negotiated an agreement with Aon to review councils’ valuation processes and establish consistent standards for valuation of assets. Discounted pricing and savings for all councils was achieved through a collective agreement.</p> <p>Contractor online inductions – The BOPLASS Health and Safety advisory group have investigated and shortlisted suppliers to deliver a collective solution for online inductions of contractors for all BOPLASS councils. Still under action.</p> <p>Health and Safety Management Software – A BOPLASS preferred supplier agreement has been established with Vault with preferential pricing applied to all participating Waikato and BOPLASS councils. The agreement provided significant savings for all councils and migration to the latest Vault version at no cost to participating councils</p>
<p>Provide support to BOPLASS councils that are managing or investigating Shared Services projects.</p>	<p>BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.</p> <p>Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.</p>	<p>0.45 FTE provided through BOPLASS staff engagement committed directly to support of council shared service projects or individual council support – measured by fortnightly timesheets.</p> <p>Support provided to councils in development of the following services:</p> <p>Radio Telephony (RT) strategy – Push Wireless have been appointed as preferred supplier to coordinate region-wide Radio Telephone services and technologies. Standardisation of services and networks also provides the potential for further alignment in civil defence strategies.</p> <p>Bulk loading As Built Data questionnaire – Investigated aligning BOPLASS councils to common As Built data standards. Survey circulated to all GIS teams to benchmark current standards. Still under action.</p> <p>Solid Waste Management – Scoping for two of the three solid waste services that are being coordinated by BOPLASS has been completed, with significant opportunities for cross-regional collaboration identified:</p> <ul style="list-style-type: none"> • A regional or cross-regional approach to licensing and data collection for waste operators. • Diverting putrescible wastes from landfill. <p>The Regional Facilities Strategy project is awaiting commitment from Waikato councils before completing the initial scoping.</p> <p>Insurance Forum – BOPLASS hosted an insurance forum covering Waikato and BOP councils. BOPLASS arranged sponsorship and the forum was provided at no cost to the councils. Qualified speakers covered a number of critical insurance and risk topics. Councils benefitted from access to this important information through this forum.</p>

PERFORMANCE TARGETS FOR 2018/19

OUTCOMES	MEASURE	RESULT
<p>Provide support to BOPLASS councils that are managing or investigating Shared Services projects. Continued.</p>		<p>Health and Safety Inter-Council Audits – A framework has been developed to enable BOPLASS councils to request a peer review from other councils in the BOPLASS group with the objective of sharing knowledge and improving areas within Health and Safety.</p> <p>Asbestos protocol – Researched and shared best practice and protocols across councils and within BOPLASS Health and Safety Advisory group. Organised WorkSafe presentation. Ongoing sharing of information between councils.</p> <p>Sustainable Public Procurement – BOPLASS supported Toi-Ohomai Institute of Technology in a research report on Sustainable Public Procurement in the Bay of Plenty. BOPLASS has worked with CoBOP and The Sustainable Business Network to progress the opportunities identified in the report. BOPLASS councils’ procurement managers have undertaken a project to collaborate in the development of sustainability procurement practices and policies.</p> <p>Health and Safety Benchmarking – The BOPLASS and Waikato LASS Health and Safety groups have established measures and systems for implementing a shared local authority health and safety benchmarking system.</p> <p>Support of Video Conferencing services for councils – Ongoing support for councils’ in-house and external video conferencing services. Central management of virtual meeting rooms and directories. Investigation of updated services. Added Zoom services to councils’ video conferencing services.</p> <p>Opotiki District Council Library and cloud services – BOPLASS IT Manager assisted in reconfiguration of network and led project to investigate options to move Opotiki District Council into the Cloud.</p> <p>Inter-Council Network (ICN) review, redesign and renegotiation of suppliers and services – The ICN is a shared service high capacity fibre network connecting the majority of BOPLASS councils. ICN design was reviewed and an evaluation of ICN contracts undertaken to deliver further cost reductions.</p> <p>Debt Collections – After investigating options for establishing a local shared service, BOPLASS engaged with MWLASS to develop an opportunity for BOPLASS councils to participate in the MWLASS debt management service – Debt Management Central (DMC) – as a shared service. An interLASS agreement has been agreed, with BOPLASS councils entering into individual contracts with DMC.</p> <p>Capital Construction and Civil Works Projects – A regional-wide marketing approach to civil projects is being reviewed. The focus of this approach is to market the project plans of the region as a whole to the construction sector and to help avoid the complex issue of regional versus local prioritisation for delivery of projects. The anticipated benefit of this approach is to attract a better response from contractors for councils across the region. Ongoing.</p> <p>Inter-LASS collaboration – BOPLASS continues to encourage collaboration between all LASSes and has established quarterly meetings for LASS leaders to share information and identify opportunities for collective partnering.</p> <p>Collaborative Training – Cross-council training has continued to be arranged across a number of areas of council business, providing for discounted rates, reduced staff travel (as trainers are prepared to travel to region for a larger group), opportunity to network with peers from other councils, and development of tailored material.</p> <p>BOPLASS Reviews – Undertaken during all advisory group meetings – at least quarterly</p>

PERFORMANCE TARGETS FOR 2018/19

OUTCOMES	MEASURE	RESULT
<p>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.</p>	<p>Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access. Proactively market the benefits to councils.</p> <p>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the LASS groups with a minimum of ten additional councils or local government related organisations having utilised the portal.</p>	<p>Project completed relaunching the Collaboration Portal with a more user friendly platform under Microsoft Teams to enable and encourage a higher level of sharing from councils and the Local Government community. User survey feedback implemented along with a review of best practice methodologies.</p> <p>Ongoing promotion and profiling of the Collaboration Portal has resulted in more than ten additional councils or Local Government related organisations outside of the LASS group signing up to and using the Collaboration Portal, there are 24 councils or local government related organisations outside of the LASS group registered on the Portal.</p> <p>On-boarding, training material and training provided to councils to maximise usage and ensure increased uptake. Demonstrations of the Portal given to BOPLASS Advisory Groups and to councils' executive leadership teams.</p> <p>Number of projects has increased by 11 over the last year, there are now 39 lodged projects.</p> <p>The number of Collaboration Portal Team Sites have increased by 32 over the last year with 58 team sites now registered.</p>
<p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders.</p>	<p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Contracts negotiated and/or renewed for:</p> <p>Video Conferencing Services - New video conference services have been established using Canon and Zoom to deliver desktop and meeting room services to participating councils.</p> <p>GIS software and services:</p> <ul style="list-style-type: none"> • Geocortex Essentials • Geocortex Optimizer • X-Tools • NZ Archaeological Association <p>Contracts renegotiated and renewed - no alternative suppliers.</p> <p>Print Media Copyright Agency (PMCA) - Contract and requirements reviewed. Contract renewed with PMCA - sole NZ provider.</p> <p>ESRI Enterprise Licensing Agreement - BOPLASS Enterprise Agreement renegotiated and renewed for a further three year term with no increases in cost to councils. No alternative provider in NZ.</p> <p>Media Monitoring services - Competitive procurement process managed by BOPLASS with presentations received from two vendors. Contract with iSentia renewed.</p> <p>Inter-Council Network - Existing contracts renegotiated with some of the ICN suppliers, resulting in improved levels of service and \$56,048 annual savings in 2018/19 for this foundation service:</p> <ul style="list-style-type: none"> - Spark Fortigate Firewall Services - renegotiated contract resulting in reduced ongoing costs for this service saving \$12,611 per year. - Spark GWS Service in Opotiki replaced with Evolution Networks Wireless WAN. Planning work begun in 2018 and completed in early 2019 year. Further improvements to the wireless service undertaken in February 2019. The decommission of the Spark service will result in a saving of \$20,000 per year.

PERFORMANCE TARGETS FOR 2018/19

OUTCOMES	MEASURE	RESULT
Complete independent review of governance performance and structure to ensure it supports BOPLASS' strategic direction.	Engage external party to complete independent review of BOPLASS governance. Affirmative feedback received from shareholding councils following 2017/18 governance review	Following direct engagement with shareholders and feedback received a decision was made not to proceed with an independent governance review. The majority of councils advised they were comfortable with the current Board composition and the cost of carrying out an independent governance review would be prohibitive relative to the return in value. Discussions around strategy and governance are held on a continuous basis by the Board. Feedback from councils is received through the Statement of Intent submission process.
Communicate with each shareholding council at appropriate levels.	Meeting with each Executive Leadership Team. At least one meeting per year.	BOPLASS continues to regularly engage with our constituent councils, senior management and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders. Meetings were held with each council's Executive Leadership Team. A further four Operations Committee meetings were held during the year with Executive Leadership Team representation and input provided by all shareholding councils.
Ensure current funding model is appropriate.		The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board. Council contributions levied. Contributions received from activities producing savings. Vendor rebates collected. Monthly and quarterly performance reviewed. Financial statements reported and reviewed at Board meetings. Financial position year end 30 June 2019: \$5,322 profit.

Above performance targets are unaudited result.

New Zealand Local Government Funding Agency Limited (LGFA)

The Council controlled organisation was formally established in December 2011. The company was set up by the eighteen local authorities and the Crown to provide debt funding to local authorities in New Zealand.

As a Council Controlled Organisation, New Zealand Local Government Funding Agency Limited (LGFA) is a separate legal entity from Council and is responsible for delivery of services in accordance with an agreed Statement of Intent.

The company is governed by a Board of Directors.

Financial performance for the year ended 30 June 2018

ACTUAL \$'000		ACTUAL \$'000
2017/18		2018/19
18,965	Revenue	18,759
7,163	Expenditure	7,558
11,802	Surplus/(deficit)	11,201
11,802	Net surplus/(deficit) year	11,201
8,835	Total assets	10,382
8,771	Total liabilities	10,308

Statement of intent and performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2019/20 and associated budget formally adopted by the company on 18 June 2019.

From page 178 - 179 is a report of performance against targets set in the Statement of Intent for 2018/19.

PERFORMANCE TARGETS FOR 2018/19		
OUTCOMES	MEASURE	RESULT
Providing savings in annual interest costs for all Participating Local Authorities.	<p>The average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period to:</p> <ul style="list-style-type: none"> - 30 June 2019 will be no more than 0.10% - 30 June 2020 will be no more than 0.10% - 30 June 2021 will be no more than 0.10% <p>The above indicators include both LGFA Bills and Bonds and short dated and long dated lending to councils.</p>	<ul style="list-style-type: none"> • LGFA have not met this performance measure for 2018/19. The long term rate was 0.10%, however the short term rate was 0.106% for the period ending 30 June 2019.
Providing strong budgetary management on behalf of shareholders and Participating Local Authorities.	<p>LGFA's annual issuance and operating expenses (excluding AIL) for the period to:</p> <ul style="list-style-type: none"> - 30 June 2019 will be less than \$5.67 million - 30 June 2020 will be less than \$5.80 million - 30 June 2021 will be less than \$5.94 million. 	<ul style="list-style-type: none"> • LGFA have not met this performance measure for 2018/19. Due to total borrowing being above budget, associated legal fees and Approved Issuer Levy expenses were also above budget.
Provide funding for all Participating Local Authorities.	<p>Total lending to Participating Local Authorities at:</p> <ul style="list-style-type: none"> - 30 June 2019 will be at least \$8,105 million - 30 June 2020 will be at least \$8,477 million - 30 June 2021 will be at least \$8,242 million. 	<ul style="list-style-type: none"> • LGFA have met this performance measure for 2018/19. The total lending to Participating Local Authorities for the year ending 2018/19 was \$9.262 billion, against a budget of \$8,105 billion.

PERFORMANCE TARGETS FOR 2018/19		
OUTCOMES	MEASURE	RESULT
Provide savings on borrowing costs for Council borrowers.	LGFA will demonstrate the savings to council borrowers on a relative basis to other sources of financing. This will be measured by maintaining or improving the prevailing secondary market spread between LGFA bonds and those bonds of a similar maturity issued by (i) registered banks and (ii) Auckland Council and Dunedin Council as a proxy for single name issuance of council financing.	<ul style="list-style-type: none"> LGFA have not met this performance measure for 2018/19.

Above performance targets are unaudited result.

Western Bay of Plenty Tourism and Visitors Trust (Tourism Bay of Plenty)

Tourism Bay of Plenty is a Council controlled organisation of both the Tauranga City Council (TCC) and Western Bay of Plenty District Council and was formally established in July 2002.

As a Council Controlled Organisation, Tourism Bay of Plenty is a separate legal entity from Council and is responsible for delivery of services in accordance with an agreed Statement of Intent.

The Trust is governed by a Board of Trustees.

Financial performance for the year ended 30 June 2018

ACTUAL \$'000		ACTUAL \$'000
2017/18		2018/19
2,474	Revenue	3,062
(2,500)	Expenditure	(3,053)
(26)	Surplus/(deficit)	10
(26)	Net surplus/(deficit) year	10
760	Total assets	868
347	Total liabilities	446

Statement of intent and performance

The Trust has complied with section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2019/20 - 2021/22 and associated budget formally adopted by the company on 24 June 2019.

From page 180 - 181 is a report of performance against targets set in the Statement of Intent for 2018/19.

PERFORMANCE TARGETS FOR 2018/19		
OUTCOMES	MEASURE	RESULT
<p>Target the right visitors at the right time</p> <p>Creation of a demand and supply model and calendar to target high value visitors at peak season, and both high volume and high value visitors at off-peak seasons. Define target markets and niche propositions for more efficient marketing.</p>	<p>Creation of demand/supply research model.</p> <p>Creation of target markets and niche propositions.</p> <p>Support of Major Events Strategy.</p>	<p>In Progress.</p> <p>Scoping demand/supply model (delayed due to uncertainty around delivery of data at a national level from MBIE, once that data provision is confirmed (later 2019) we will determine the best approach). Four target markets identified by Destination Think!, with passionography research to understand these markets completed and reported at end July.</p> <p>Supported ten TCC events. Budget set 19/20 FY and a strategy being developed, which will help determine which events to support going forward.</p>

PERFORMANCE TARGETS FOR 2018/19

OUTCOMES	MEASURE	RESULT
<p>Domestic visitor attraction strategy Direct to consumer marketing activity in Auckland, Waikato, Wellington and Christchurch. No Place Like Home Campaign to residents. Support strategic events that increase off-peak visitation, GDP and visitor growth.</p>	<p>Increase domestic visitor spend by 3.7%.</p>	<p>Achieved. Domestic visitor spend in the Coastal Bay of Plenty for the year ending June 2019 was \$849m. This represents growth of 3.9% compared to the same period last year, meeting the target growth rate of 3.7%. The national growth rate for the same period was 2.3%.</p>
<p>International visitor attraction strategy International trade and media activity in Australia and in partnership with eXplore Central North Island, Tourism New Zealand and regional agencies involved in international marketing.</p>	<p>Increase international visitor spend by 5.3%</p>	<p>Achieved. International visitor spend in the Coastal Bay of Plenty for the year ending June 2019 was \$233m. This represents growth of 10.8% compared to the YE June 2018, double the targeted growth rate and considerably higher than the national growth rate of 4.6%.</p>
<p>Cruise visitor attraction strategy Increase spend from cruise visitation and improve passenger satisfaction with supply of visitor sales and service at Port of entry.</p>	<p>Increase cruise spend by 3.4%.</p>	<p>In progress. Results for the 2018-19 season are due to be released in August 2019. Phase 1 of cruise model is progressing well.</p>
<p>Enhance the visitor experience Continue to improve visitor information services with development of a Mount Maunganui Visitor Information Centre (VIC) presence, and development of an alternative Tauranga VIC location and with digital and unmanned services.</p>	<p>Funding for Mount Maunganui VIC. Business Case for Tauranga VIC.</p>	<p>In progress. Application for funding approved, detailed design to commence next financial year. Exploring new locations for Tauranga i-Site.</p>
<p>Complete a co-created 10-year Destination Development Plan to grow the visitor economy. This Plan will enable public and private investment decisions and facilitate opportunities for investment, which will increase the number of new tourism experiences. Lobby for funding to support at least one of the priorities set out in the Bay of Connections' (BOC) Regional Growth Study (RGS).</p>		

Above performance targets are audited results.

PERFORMANCE TARGETS FOR 2018/19

OUTCOMES	MEASURE	RESULT
<p>Grow capability and increase supply Complete a co-created 10-year Destination Development Plan to grow the visitor economy. This Plan will enable public and private investment decisions and facilitate opportunities for investment, which will increase the number of new tourism experiences. Lobby for funding to support at least one of the priorities set out in the Bay of Connections' (BOC) Regional Growth Study (RGS).</p>	<p>Develop co-created Destination Development Plan.</p>	<p>Achieved. Destination Think! Destination Development Plan completed. Participated in BOC RGS Implementation Committee and BOC review.</p>
<p>Insights and leadership Provide leadership for tourism and support sustainable economic growth with effective leadership and implementation of the VES. TBOP will provide research insights to forecast the visitor economy and provide demand management of infrastructure and city services.</p>	<p>Implementation of Year 1 of VES. Research and insights requirements scoped and commissioned by June 2019. Participation in annual planning with Councils.</p>	<p>Achieved. Hired research and insights specialist. Tourism forecasts (2018-2028) commissioned and delivered to interested parties and used for reporting purposes. Hotel valuation data delivered to interested parties. Successful Annual Plan and Long-term Plan process with Councils.</p>
<p>Collaboration and partnerships Collaborate and maintain partnerships with other organisations to identify and leverage opportunities. Adhere to the principles of the Stakeholder Engagement and Communications Plan to ensure collaborative relationships with key stakeholders.</p>	<p>Stakeholder Engagement and Communication Plan delivery.</p>	<p>Achieved. Continued application of stakeholder engagement plan.</p>
<p>Governance best practice Prudent management of TBOP including risk and financial control, and compliance to regulatory and Code of Conduct frameworks.</p>	<p>Manage P&L to budget. Code of Conduct compliance. Compliance and regulatory obligations met. Enterprise Risk Management Policy adherence. No surprises policy maintained.</p>	<p>Achieved. P&L being managed to budget. Code of Conduct compliance. Compliance and regulatory obligations met. Enterprise Risk Management Policy adherence. No surprises policy maintained.</p>

Above performance targets are unaudited results.

38. REMUNERATION

Chief Executive's remuneration

The Chief Executive of Western Bay of Plenty District Council under section 42 of the Local Government Act 2002 received a salary of \$307,515 (2018: \$306,114).

In terms of the contract, the Chief Executive also received the following additional benefits:

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Salary	307,515	306,114
Employer contributions to superannuation fund	9,225	9,183
Vehicle	17,509	18,124
Other benefits (including medical insurance)	3,103	2,831
Total remuneration	337,353	336,252

Elected Representative

Elected representatives received the following remuneration:

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Councillors		
Dally, Grant Ronald	39,902	32,524
Dean, Mark	37,299	32,524
Lally, Michael Patrick	36,820	32,524
Mackay, Peter	45,579	40,853
Marsh, Kevin Alexander	44,250	40,853
Marshall, David Clark	39,067	32,524
Murray-Benge, Margaret Elizabeth	34,451	32,524
Palmer, John Richard	36,849	32,524
Scrimgeour, John Rob	49,534	40,853
Thwaites, Donald Alan	43,650	40,853
Webber, Garry John (Mayor from 17 October 2016)	119,780	115,107
Williams, Michael	52,158	45,755
Total Councillors	579,340	519,418

38. REMUNERATION (CONTINUED)

Community Board Members

Community board members received the following remuneration:

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Community Board Members		
Beech, Shane William	6,116	5,629
Button, Beverley Joyce	5,520	5,317
Cameron, Donald Richard	-	-
Cantlon, Gary Lewis	2,978	2,815
Clark, Rachel Ann	2,978	2,815
Dally, Grant Ronald	-	-
Dugmore, Joan Elizabeth	5,520	5,317
Dunlop, Francis Miles (Sam)	-	-
Gibbs, Brendan	5,800	5,317
Grainger, Murray	9,527	7,714
Hepenstall, Brian	4,566	4,378
Hobbs, Jennifer Robyn	11,861	10,633
Maurice, Timothy Edward	-	-
Mayo, Norman Frederick	5,520	5,317
Mcfadyen, Wendy	2,978	2,815
Miller, Peter	12,018	10,633
Mills, Derek	-	-
Nielsen, Fernley-Ann	-	-
Palmer, John Richard	-	-
Parsons, Ruth Miriam	3,355	4,378
Presland, Peter John	4,037	3,857
Roberts, Marilyn Kathleen	4,566	4,378
Sage, Derek Keith	4,037	3,857
Sage, Teresa	4,037	3,857
Sole, Allan James	13,309	8,756
Spratt, Ronald Parker	5,565	5,317
Warren, Benjamin Christian	5,520	5,317
Woods, Christopher	-	-
Wratt, Keith Allan	-	-
Total Community Board Members	119,810	108,417
Non-monetary remuneration		
Webber, Garry John (from 17 October 2016)	20,622	19,049

38. REMUNERATION (CONTINUED)

Remuneration scale

	NUMBER OF EMPLOYEES	NUMBER OF EMPLOYEES
	2019	2018
<\$60,000	75	76
\$60,000 - \$79,999 per annum	76	70
\$80,000 - \$99,999 per annum	43	47
\$100,000 - \$119,999 per annum	24	11
\$120,000 - \$139,999 per annum	8	13
\$140,000 - \$239,999 per annum	14	8
>\$240,000 - \$349,999 per annum	3	1
Total employees	243	226

Total remuneration includes any non-financial benefits provided to employees.

At balance date, the Council employed 199 (2018: 184) full-time employees, with the balance of 43 staff representing 28.0 (2018: 25.5) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

39. SEVERANCE PAYMENTS

For the year ended 30 June 2019 Western Bay of Plenty District Council made four (2018: three) severance payments to employees totalling \$75,957 (2018: \$154,030).

The value of each of the severance payments made in 2019 was \$40,000 and \$10,000 and \$20,931 and \$5,026 (2018: \$13,750, \$45,622 and \$94,658).

40. EVENTS AFTER THE BALANCE

Market interest rates have reduced significantly during the course of the 30 June 2019 financial year, with further rate reductions post 30 June following the drop in the Official Cash Rate by 0.5%. The impact of this reduction on the valuation of Western Bay of Plenty District Council's derivative financial instruments is an unrealised loss of \$2.18m.

41. FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS CATEGORIES

The accounting policies for financial instruments have been applied to the line items below:

		ACTUAL \$'000	ACTUAL \$'000
	NOTE	2019	2018
Financial assets			
Fair value through surplus & deficit			
- New Zealand Local Government Funding Agency	20	1,866	1,866
Total fair value through surplus and deficit		1,866	1,866
Loans and receivables			
Cash and cash equivalents	14	29,622	11,750
Debtors and other receivables	15	11,069	13,843
LGFA Borrower Notes	20	1,440	1,680
Te Tumu Investment	18	11,003	10,414
Term deposits	18	-	14,983
Total loans and receivables		53,134	52,670
Fair value through other comprehensive income			
Other financial assets:			
- local authority stock	20	46	43
- listed shares	18	272	230
Total Fair value through other comprehensive income		318	273
Financial liabilities			
Fair value through surplus and deficit			
Derivative financial instrument liability	16	11,669	8,862
Total Fair value through surplus and deficit		11,669	8,862
Financial liabilities at amortised cost			
Creditors and other payables	24, 26 & 27	17,607	16,783
Borrowings:			
- secured loans	25	110,000	125,000
Total financial liabilities at amortised cost		127,607	141,783

42. TE TUMU FINANCIAL INSTRUMENTS

Interest Free Loan

In 2007, Western Bay of Plenty District Council and Tauranga City Council (TCC) together acquired a block of land referred to as Te Tumu. This land was purchased with the condition of providing the vendor the option to acquire it sometime from December 2016 to December 2026. The rationale for Western Bay Council and TCC purchasing the land was to ensure development of this land was consistent with the SmartGrowth strategy.

With this purchase of land, the vendor has the right to use the land in its undeveloped state until December 2016 (extendable annually for a further ten years). As Western Bay Council does not have the right to use this land over this period, it is not recognised as a traditional land purchase in the Western Bay Council's accounts.

Instead, this transaction gives rise to the creation of a financial asset where Western Bay Council has a right to receive cash when the vendor exercises their option to repurchase the property. This asset is recognised as an interest free loan. If the vendor does not exercise their right, the land reverts to Western Bay Council and will be recognised as land in Western Bay Council's accounts.

Fair value of the interest free loan is \$10m (2018: \$10m) determined as the present value of future cash flows based on a fixed investment financing rate of 11.5% discounted at 4%. In December 2016, as per the agreement, the interest rate was renegotiated to a market related rate.

In the 2013 financial year, the value of the loan was determined based on the underlying "fair value" of the land. Western Bay Council assumed that due to the general slowdown in growth at that time, the option would not be exercised in 2016. The Western Bay Council extended its assumptions and the exercise of the option to the end of the 10-year period. However, in December 2016, the vendor indicated that they would exercise the option prior to 2026.

In addition, a property subdivision right has been recognised. This represents the right the Western Bay Council has obtained in ensuring development of this land is consistent with SmartGrowth. The initial impairment of the loan has been recognised as the amount payable for the right to use the land in its undeveloped state, which in turn created a "Property Subdivision Right" asset. The subdivision right was recognised as an intangible asset and amortised over the period the vendor was expected to exercise their option to repurchase the property. Refer Note 22 Intangible Assets.

This intangible asset was measured as the difference between the amount paid by the Western Bay Council for this land and the present value of the future cash flow discounted on the option if exercised, at the difference in rate between the investment finance rate of 11.5% and the agreed rate of 7.5%.

43. FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	VALUATION TECHNIQUE			
	Total	Quoted Market Price	Observable Inputs	Significant non-observable inputs
	\$'000	\$'000	\$'000	\$'000
30 June 2019				
Financial Assets				
Local authority stock	46	46		
Shares	272	272		
Te Tumu investment	11,003			11,003
New Zealand Local Government Funding Agency Ltd	3,306		3,306	
Financial Liabilities				
Derivatives	11,669		11,669	
30 June 2018				
Financial Assets				
Local authority stock	43	43		
Shares	230	230		
Te Tumu investment	10,414			10,414
New Zealand Local Government Funding Agency Ltd	3,546		3,546	
Financial Liabilities				
Derivatives	8,862		8,662	

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements.

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Balance at 1 July	10,414	10,122
Gains/(losses) recognised in surplus and deficit	589	292
Reversal of impairment		
Balance at 30 June	11,003	10,414

44. FINANCIAL INSTRUMENT RISKS

Western Bay Council has a series of policies to manage the risks associated with financial instruments. Western Bay Council is risk averse and seeks to minimise exposure from its treasury activities. Western Bay Council has established Council approved liability management and investment policies. These policies do not allow any transactions to be entered into that are speculative in nature.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Western Bay Council is exposed to equity securities price risk on its investments. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of Western Bay Council's investment portfolio in accordance with the limits set out in Western Bay Council's investment policy.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Western Bay Council purchases plant and equipment associated with the construction of certain infrastructural assets from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is the Western Bay Council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above \$100,000 by entering into forward foreign exchange contracts to manage the foreign currency risk exposure. This means the Western Bay Council is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Western Bay Council to fair value interest rate risk. Western Bay Council's liability management policy is to maintain between 50% and 95% of its borrowings in fixed rate instruments. Interest rate swaps are entered into to hedge the fair value interest rate risk arising from Western Bay Council's borrowings to ensure they remain within these limits.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Western Bay Council to cash flow interest rate risk.

Generally, Western Bay Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Western Bay Council borrowed at fixed rates directly. Under the interest rate swaps, Western Bay Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Western Bay Council, causing Western Bay Council to incur a loss. Due to the timing of its cash inflows and outflows, Western Bay Council invests surplus cash into term deposits and local authority stock which gives rise to credit risk.

Western Bay Council's investment policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the Western Bay Council only invests funds with entities that have a Standard and Poor's or Moody's credit rating of A- or above for long-term investments.

Western Bay Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

44. FINANCIAL INSTRUMENT RISKS (CONTINUED)

Maximum exposure to credit risk

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Cash at bank and term deposits	29,622	26,733
Debtors and other receivables	11,069	13,843
Local authority and government stock	318	273
New Zealand Local Government Funding Agency	3,306	3,546
Derivative financial instruments	(11,669)	(8,862)
Financial instruments	11,003	10,414
Total credit risk	43,649	45,947

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	ACTUAL \$'000	ACTUAL \$'000
	2019	2018
Counterparties with credit ratings		
Cash at bank and term deposits		
A-1+	29,622	26,733
Total cash at bank and term deposits	29,622	26,733
Local authority and government stock		
AA+	3,306	3,546
A	46	43
Total local authority and government stock	3,352	3,589
Derivative financial instrument assets		
AA	-	-
Total derivative financial instruments	-	-
Financial instrument assets		
No rating	11,003	10,414
Total financial instrument assets	11,003	10,414
Counterparties without credit ratings		
Existing assets with no defaults in the past	272	230
Total counterparties without credit ratings	272	230

Debtors and other receivables mainly arise from Western Bay Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Western Bay Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers and Western Bay Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Western Bay Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Western Bay Council aims to maintain flexibility in funding by keeping committed credit lines available.

Western Bay Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy. These policies have been adopted as part of the Western Bay Council's Long Term Plan. Western Bay Council has a maximum amount that can be drawn down against its overdraft facility of \$600,000 (2018: \$600,000). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

The table below analyses Western Bay Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

44. FINANCIAL INSTRUMENT RISKS (CONTINUED)

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Council 2019						
Creditors and other payables	17,607	17,607	17,607	-	-	-
Net settled derivative liabilities	11,669	11,669	1,148	1,285	2,377	6,858
Secured loans	110,000	139,247	16,487	23,169	45,670	53,921
Total	139,276	168,523	35,242	24,454	48,047	60,779
Council 2018						
Creditors and other payables	16,783	16,783	16,783	-	-	-
Net settled derivative liabilities	8,862	8,862	465	2,048	3,555	2,794
Secured loans	125,000	157,767	45,007	3,168	50,670	58,922
Total	150,645	183,412	62,254	5,216	54,225	61,716

Contractual maturity analysis of financial assets

The table below analyses Western Bay's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Council 2019						
Cash and cash equivalents	29,622	29,622	29,622	-	-	-
Debtors and other receivables	11,069	11,069	11,069	-	-	-
Net settled financial instruments	11,003	10,414	-	-	-	10,414
Other financial assets:						
- Term deposits with original maturities of greater than 3 months and remaining maturities of less than 12 months	-	-	-	-	-	-
- Local authority and government stock	3,624	-	-	-	-	3,624
Total	55,318	51,105	40,691	-	-	14,038
Council 2018						
Cash and cash equivalents	11,750	11,750	11,750	-	-	-
Debtors and other receivables	13,843	13,843	13,843	-	-	-
Net settled financial instruments	10,414	10,743	-	-	-	10,743
Other financial assets:						
- Term deposits with original maturities of greater than 3 months and remaining maturities of less than 12 months	14,983	14,983	14,983	-	-	-
- Local authority and government stock	3,819	-	-	-	-	3,819
Total	54,809	51,319	40,517	-	-	14,562

44. FINANCIAL INSTRUMENT RISKS (CONTINUED)

Sensitivity analysis

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Western Bay Council's financial instrument exposures at the balance date.

INTEREST RATE RISK	NOTE	2019 \$'000				2018 \$'000			
		PROFIT	- 100BPS OTHER EQUITY	PROFIT	+ 100BPS OTHER EQUITY	PROFIT	- 100BPS OTHER EQUITY	PROFIT	+ 100BPS OTHER EQUITY
Financial assets									
Cash and cash equivalents	1	(296)		296		(118)		118	
Financial instruments	2	(110)		110		(104)		104	
Other financial assets:									
- Local authority stock	3		(14)		14		(17)		17
Financial liabilities									
Derivatives - interest rate swaps	4	(16,117)		4,487		(13,737)		4,378	
Borrowings:									
Debentures	5	(900)		900		1,000		(1,000)	
Total sensitivity to interest rate risk		(17,423)	(14)	5,793	14	(12,959)	(17)	3,600	17

EQUITY PRICE RISK	NOTE	2019		2018	
		PROFIT	- 10% OTHER EQUITY	PROFIT	+10% OTHER EQUITY
Financial assets					
Other financial assets:	6				
- Quoted share investments		-	(27)	27	(23)
Total sensitivity to equity price risk		-	(27)	-	23

Explanation of sensitivity analysis

1. Cash and cash equivalents

Cash and cash equivalents include deposits on call totalling \$29,622,000 (2018: \$11,750,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$295,622 (2018: \$118,000).

Derivatives

2. Financial instruments

Financial instruments include Te Tumu land purchase totalling \$11.03m (2017: \$10.41m). A movement in interest rates of 1.0% has an effect of \$110,003 (2018: \$104,141) on the unrealised value of the financial instruments.

3. Local authority stock

A total of \$1,486,000 (2018: \$1,723,000) of investments in local authority stock are classified at fair value through equity. A movement in interest rates of plus or minus 1.0% has an effect of \$14,343 (2018: \$17,233) on the fair value through other comprehensive income reserve.

4. Financial liabilities

Derivative financial assets not hedge accounted includes interest rate swaps with a fair value totalling \$11.669m (2018: \$8.861m). A movement in interest rates of plus 1.0% has an effect of reducing the swap deficit value by \$16.117m (2018: \$13.737m). A movement in interest rates of minus 1.0% has an effect of increasing the swap deficit value by \$7.564m (2018: \$4.37m).

5. Debentures - secured loans

Council has floating rate debt with a principal amount totalling \$90.00 million (2018: \$105.00m). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$900,000 (2018: \$1,050,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

6. Listed shares

Western Bay Council holds equity instruments in Zespri Group Limited valued at \$217,000 (2018: \$155,000) and Seeka Kiwifruit Industries Limited valued at \$55,000 (2018: \$75,000). Zespri shares are not publicly traded, however Seeka shares are publicly traded. If there was a movement of plus or minus 10% in the share price the effect would be a movement in the fair value through other comprehensive income reserve of \$27,000 (2018: \$23,000).

Creditors and other payables

Trade payables do not include any foreign currency denominated payables in relation to plant and equipment purchases. Therefore there is no currency price risk and no movement under sensitivity analysis.

45. CAPITAL MANAGEMENT

The Western Bay Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Western Bay Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Western Bay Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Western Bay Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Western Bay Council has in place asset management plans for all major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Western Bay Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Western Bay Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the LTP.

Western Bay Council has the following council created reserves:

- reserves for different areas of benefit
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Western Bay Council.

Trust and bequest reserves are set up where Western Bay Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose for which they were donated.

46. EXPLANATION OF MAJOR VARIANCES

Explanations for major variations from Western Bay Council's estimated figures in the Annual Plan 2018-19 and 2019 actuals are as follows:

Statement of Comprehensive Income

Actual 2019 surplus of \$41.186 million versus 2019 budget surplus of \$10.359 million.

The major contributors to the variance were:

Total revenue was \$35.772 million over budget.

	\$'000
Revenue variances positive / (negative):	
¹ Fees and charges from activities	2,708
² Rates revenue including target water supply rates	1,286
³ Financial contributions	13,651
⁴ Vested assets	9,819
⁵ Subsidies & grants	2,936
⁶ Gains	2,963
⁷ Other revenue	2,409
	35,772

Total expenditure was \$4.950 million over budget.

	\$'000
Expenditure positive / (negative):	
⁸ Other expenses	2,641
⁹ Personnel costs	58
¹⁰ Depreciation and amortisation	564
¹¹ Finance cost - realised	(1,126)
¹² Unrealised Hedging Movement	2,808
Share of associate surplus	5
	4,950

- ¹ Strong regulatory NZTA funding for operating expenses and additional connection fees to new Council wastewater and water supply networks.
- ² Additional rates revenue is primarily due to additional metered water consumption of \$953k.
- ³ Due to strong growth in the District year-on-year, financial contributions of \$18.605m were \$9.819m higher than budget of \$8.786m.
- ⁴ Vested assets income of \$15.891m is \$13.651m higher than budget of \$2.240m. This is due to higher levels of assets being vested in Council.
- ⁵ Subsidies and grants income of \$12.423m was \$2.936m higher than budget of \$9.487m due to timing and availability of capital works eligible for NZTA funding.
- ⁶ Gains income of \$2.963m predominantly relates to the revaluation movements of Council held assets across most activities.
- ⁷ Other revenue was \$2.409m higher than budget. This is predominantly due to movements in rental income, dividend income and petrol tax income.
- ⁸ Other expenses were \$2.641m higher than budget due to higher costs associated with the sale of assets and additional costs incurred delivering operational contracts.
- ⁹ Personnel costs of \$20.720 is \$0.58m higher than budget of \$20.662m. This is due to new roles filled throughout the year.
- ¹⁰ Depreciation and amortisation costs of \$21.371m is \$0.564m higher than the budget of \$20.807m.
- ¹¹ Finance costs realised of \$6.874m were \$1.126m lower than budget of \$8.000m.
- ¹² Unrealised hedging movement of \$2.808m were unbudgeted.

46. EXPLANATION OF MAJOR VARIANCES (CONTINUED)

Explanations of variances between 2018 and 2019 are as follows:

Statement of Financial Position

Actual net equity of \$1,354.744m million versus \$1,287.915 million in 2018.

There was an increase in overall net equity from actual 2018 of \$66.289 million.

	\$'000
Increase in cash held at year end	17,872
Decrease in debtors and prepayments	(2,824)
Decrease in investments and financial assets	(14,585)
Increase in non-current assets held for sale	355
Increase in forestry assets	2,318
Decrease in intangible assets	(680)
Increase in property plant and equipment	52,973
	55,429
Decrease in debt for the year	(15,000)
Increase in interest rate swap liability	2,808
Increase in creditors and other payables	1,043
Increase in other liabilities	289
	10,860
Net movement	66,289

The major variances to prior year were:

- Investments and financial assets were \$14.585 million lower than last year. This decrease reflects the reduction in short term deposits year-on-year.
- Property, plant and equipment was \$52.973 million higher than last year. The increase reflects capitalisation of completed projects and revaluation of existing assets.
- Borrowings were \$15.000 million lower than last year and reflects the \$25.000m maturity repaid in March 2019 less the additional \$10.000m borrowed during the year.

Statement of Cash flows

2019 actual movement was a net increase in cash held of \$17,872 million versus a budgeted net decrease of \$14.785 million and actual 2018 net decrease in cash held of \$3.029.

Net cashflows from operating activities of \$50.621 million versus a budgeted net increase of \$29.351 million and last year actual of \$39.063 million.

Rates revenue has increases by \$3.740 million due an increased amount of rateable properties in the district and higher consumption of metered water. Other revenue income has increased by \$16.196 million due to increased development in the District. This has been offset by increased payment to suppliers of \$9.302 million.

Net Cashflows from investing activities of (\$17.749 million) versus (\$39,136 million) budget and last year actual of (\$17.092 million).

This is due to \$42.389 million purchases of property, plant and equipment made during the year, offset by \$9.660 million from property disposals and the maturity of a long dated 2018 term deposit of \$14,983.

Net Cashflows from financing activities of (\$15.000 million) versus (\$5.000 million) budget and last year actual of (\$25.000 million).

This reflects Council's repayment of a \$25.000 million maturity during the year, partially offset by additional borrowings made from the LGFA of \$10.000 million during the year.

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 (WHOLE OF COUNCIL)

		ANNUAL PLAN \$'000	ACTUAL \$'000	ANNUAL PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2018	2019	2019
Sources of operating funding					
General rates, uniform annual charges, rates penalties		22,066	22,140	25,556	47,199
Targeted rates		38,691	38,865	42,425	22,085
Subsidies and grants for operating purposes		4,038	16,030	5,362	5,616
Fees and charges		9,353	9,788	6,470	6,352
Interest and dividends from investments		100	132	-	146
Local authority and fuel tax, fines, infringement fees, and other receipts		3,895	8,878	3,025	8,060
Total operating funding	(A)	78,143	95,833	82,838	89,458
Applications of operating funding					
Payments to staff and suppliers		54,346	54,573	58,416	61,527
Finance costs		7,800	8,788	8,000	6,874
Other operating funding applications		32	101	408	-
Total applications of operating funding	(B)	62,178	63,463	66,823	68,402
Operating funding - surplus/(deficit)	(A-B)	15,965	32,370	16,015	21,057
Sources of capital funding					
Subsidies and grants for capital expenditure		8,780	-	4,125	6,844
Development and financial contributions		10,020	9,506	8,786	18,605
Increase/(decrease) in debt		2,066	(1,642)	10,138	(11,330)
Gross proceeds from sale of assets		85	(384)	85	1,268
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total Sources of capital funding	(C)	20,951	7,480	23,135	15,387
Applications of capital funding					
Capital expenditure					
• to meet additional demand		12,048	14,202	17,444	4,785
• to improve the level of service		13,605	15,827	9,112	16,713
• to replace existing assets		14,064	8,968	12,746	13,421
Increase/(decrease) in reserves		(2,802)	839	(152)	1,529
Increase/(decrease) in investments		-	16	-	(5)
Total applications of capital funding	(D)	36,916	39,852	39,150	36,444
Capital funding - surplus/(deficit)	(C-D)	(15,965)	(32,370)	(16,015)	(21,057)
Funding balance	((A-B) + (C-D))	-	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 (WHOLE OF COUNCIL)

RECONCILIATION OF SUMMARY FUNDING IMPACT STATEMENT TO STATEMENTS OF COMPREHENSIVE INCOME

	LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June	2018	2019	2019
Operating funding per Funding Impact Statement	86,923	82,838	89,458
Add: Subsidies and grants for capital expenditure	-	4,125	6,844
Swap revaluation movement	-	-	-
Financial contributions	10,020	8,786	18,605
Lump sum contributions	-	-	-
Revaluation adjustments	-	-	2,383
Total	96,943	95,750	117,291
Total Revenue per Statement of Comprehensive Income	99,182	97,990	133,762
Less: Loss on shares adjustment	-	-	-
Less: Asset impairment	-	-	580
Less: Vested Assets	2,240	2,240	15,891
Less: Gains	-	-	-
Total	96,943	95,750	117,291
Variance	-	-	-
Application of operating funding per Funding Impact Statement	62,178	66,823	68,402
Total expenditure per Statement of Comprehensive Income	82,351	87,630	92,580
Less depreciation and amortisation	20,174	20,807	21,371
Less revaluation movement	-	-	-
Less unrealised hedging movement	-	-	2,808
Less asset impairment/loss on sale	-	-	-
Less other adjustments	-	-	-
	62,178	66,823	68,402
Variance	-	-	-
Net Variance	-	(1)	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 FOR REPRESENTATION

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		3,123	3,773	3,350
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	-	-
Internal charges and overhead costs recovered		614	821	735
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	3
Total operating funding	(A)	3,738	4,593	4,088
Applications of operating funding				
Payments to staff and suppliers		1,552	2,027	1,664
Finance costs		(4)	-	-
Internal charges and overhead costs applied		2,177	2,153	2,002
Other operating funding applications		2	408	-
Total applications of operating funding	(B)	3,728	4,587	3,666
Operating funding - surplus/(deficit)	(A-B)	10	6	422
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and 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		10	6	422
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	10	6	422
Capital funding - surplus/(deficit)	(C-D)	(10)	(6)	(422)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR PLANNING FOR THE FUTURE

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		2,328	2,642	2,847
Targeted rates		-	13	13
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	-	-
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	-
Total operating funding	(A)	2,328	2,655	2,860
Applications of operating funding				
Payments to staff and suppliers		1,511	1,853	1,713
Finance costs		(186)	(163)	(37)
Internal charges and overhead costs applied		804	784	954
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	2,129	2,473	2,629
Operating funding - surplus/(deficit)	(A-B)	199	181	231
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and 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		199	181	231
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	199	181	231
Capital funding - surplus/(deficit)	(C-D)	(199)	(181)	(231)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 FOR COMMUNITIES

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		3,338	4,704	4,783
Targeted rates		2,052	1,838	1,963
Subsidies and grants for operating purposes		-	-	37
Fees and charges		79	75	85
Internal charges and overhead costs recovered		855	860	953
Local authority and fuel tax, fines, infringement fees, and other receipts		490	477	537
Total operating funding	(A)	6,813	7,954	8,357
Applications of operating funding				
Payments to staff and suppliers		3,820	4,793	5,242
Finance costs		18	50	161
Internal charges and overhead costs applied		2,291	2,708	2,932
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	6,129	7552	8,336
Operating funding - surplus/(deficit)	(A-B)	684	402	22
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		72	215	(985)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	72	215	(985)
Applications of capital funding				
Capital expenditure				
• to meet additional demand		60	169	308
• to improve the level of service		-	-	9
• to replace existing assets		370	361	(273)
Increase/(decrease) in reserves		326	87	(1,007)
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	756	617	(963)
Capital funding - surplus/(deficit)	(C-D)	(684)	(402)	(22)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR RECREATION AND LEISURE

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		5,631	6,155	6,183
Targeted rates		203	20	-
Subsidies and grants for operating purposes		-	367	-
Fees and charges		-	24	10
Internal charges and overhead costs recovered		1,063	1,383	1,347
Local authority and fuel tax, fines, infringement fees, and other receipts		693	692	2,158
Total operating funding	(A)	7,591	8,641	9,699
Applications of operating funding				
Payments to staff and suppliers		3,730	4,430	5,296
Finance costs		77	(193)	(364)
Internal charges and overhead costs applied		2,000	2,472	2,243
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	5,808	6,709	7,175
Operating funding - surplus/(deficit)	(A-B)	1,783	1,933	2,524
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		1,662	2,130	3,679
Increase/(decrease) in debt		462	1,221	(1,174)
Gross proceeds from sale of assets		-	-	80
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	2,124	3,351	2,585
Applications of capital funding				
Capital expenditure				
• to meet additional demand		1,472	3,032	1,052
• to improve the level of service		283	445	684
• to replace existing assets		1,533	1,384	371
Increase/(decrease) in reserves		619	423	3,002
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	3,907	5,284	5,109
Capital funding - surplus/(deficit)	(C-D)	(1,783)	(1,933)	(2,524)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 FOR REGULATORY SERVICES

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,288	2,688	3,533
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		3,908	5,945	6,031
Internal charges and overhead costs recovered		30	-	594
Local authority and fuel tax, fines, infringement fees, and other receipts		38	88	174
Total operating funding	(A)	5,264	8,721	10,331
Applications of operating funding				
Payments to staff and suppliers		3,398	5,991	6,751
Finance costs		(13)	(10)	(12)
Internal charges and overhead costs applied		1,766	2,460	3,520
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	5,151	8,621	10,259
Operating funding - surplus/(deficit)	(A-B)	113	100	72
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		(21)	-	25
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(21)	-	25
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		93	100	97
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	93	100	97
Capital funding - surplus/(deficit)	(C-D)	(113)	(100)	(72)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 FOR TRANSPORTATION

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates		14,090	13,000	13,250
Subsidies and grants for operating purposes		8,538	4,180	4,661
Fees and charges		-	10	17
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		271	262	1,183
Total operating funding	(A)	22,898	17,452	19,110
Applications of operating funding				
Payments to staff and suppliers		9,197	8,950	8,027
Finance costs		1,325	866	245
Internal charges and overhead costs applied		1,391	1,437	1,172
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	11,913	11,253	9,445
Operating funding - surplus/(deficit)	(A-B)	10,985	6,199	9,665
Sources of capital funding				
Subsidies and grants for capital expenditure		-	4,125	6,844
Development and financial contributions		2,284	2,113	5,197
Increase/(decrease) in debt		(438)	4,479	(3,290)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	1,846	10,717	8,750
Applications of capital funding				
Capital expenditure				
• to meet additional demand		2,429	9,103	3,163
• to improve the level of service		6,225	3,385	9,811
• to replace existing assets		4,178	4,407	5,414
Increase/(decrease) in reserves		-	21	28
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	12,831	16,916	18,416
Capital funding - surplus/(deficit)	(C-D)	(10,985)	(6,199)	(9,665)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 FOR WATER SUPPLY

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		-	10,488	11,255
Targeted rates		5,925	-	180
Subsidies and grants for operating purposes		-	-	-
Fees and charges		3,858	-	88
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	62
Total operating funding	(A)	9,782	10,488	11,585
Applications of operating funding				
Payments to staff and suppliers		4,795	5,223	7,059
Finance costs		1,954	1,652	1,605
Internal charges and overhead costs applied		1,541	1,986	1,869
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	8,290	8,861	10,533
Operating funding - surplus/(deficit)	(A-B)	1,492	1,627	1,052
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		804	1,203	2,684
Increase/(decrease) in debt		2,970	1,973	(2,009)
Gross proceeds from sale of assets		-	-	1,115
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	3,775	3,176	1,790
Applications of capital funding				
Capital expenditure				
• to meet additional demand		1,283	1,562	178
• to improve the level of service		1,413	360	348
• to replace existing assets		2,571	2,881	2,316
Increase/(decrease) in reserves		-	-	-
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	5,267	4,803	2,842
Capital funding - surplus/(deficit)	(C-D)	(1,492)	(1,627)	(1,052)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 FOR STORMWATER

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,703	995	1,151
Targeted rates		3,918	4,104	3,895
Subsidies and grants for operating purposes		-	38	-
Fees and charges		-	-	3
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	2
Total operating funding	(A)	5,621	5,137	5,051
Applications of operating funding				
Payments to staff and suppliers		783	977	895
Finance costs		1,587	1,246	1,351
Internal charges and overhead costs applied		619	535	567
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	2,989	2,758	2,813
Operating funding - surplus/(deficit)	(A-B)	2,631	2,378	2,238
Sources of capital funding				
Subsidies and grants for capital expenditure		-	1,140	-
Development and financial contributions		751	1,524	2,016
Increase/(decrease) in debt		292	-	(858)
Gross proceeds from sale of assets		-	-	10
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	1,043	2,664	1,169
Applications of capital funding				
Capital expenditure				
• to meet additional demand		406	2,000	2,854
• to improve the level of service		396	2,577	143
• to replace existing assets		2,873	465	420
Increase/(decrease) in reserves		-	-	(10)
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	3,675	5,042	3,407
Capital funding - surplus/(deficit)	(C-D)	(2,631)	(2,378)	(2,238)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 FOR NATURAL ENVIRONMENT

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		178	224	242
Targeted rates		329	455	447
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	-	-
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	-
Total operating funding	(A)	507	679	689
Applications of operating funding				
Payments to staff and suppliers		710	843	763
Finance costs		(43)	(27)	(138)
Internal charges and overhead costs applied		51	76	74
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	718	893	700
Operating funding - surplus/(deficit)	(A-B)	(211)	(214)	(11)
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		194	191	358
Increase/(decrease) in debt		3	17	(1)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	197	208	357
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		(14)	(6)	346
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	(14)	(6)	346
Capital funding - surplus/(deficit)	(C-D)	211	214	11
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 FOR WASTEWATER

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,932	1,292	11,446
Targeted rates		9,876	10,358	256
Subsidies and grants for operating purposes		-	604	729
Fees and charges		2	2	4
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	1,340
Total operating funding	(A)	11,810	12,255	13,776
Applications of operating funding				
Payments to staff and suppliers		4,339	4,294	4,752
Finance costs		3,560	3,160	3,282
Internal charges and overhead costs applied		1,594	1,988	1,691
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	9,493	9,442	9,725
Operating funding - surplus/(deficit)	(A-B)	2,317	2,813	4,051
Sources of capital funding				
Subsidies and grants for capital expenditure		476	-	-
Development and financial contributions		1,440	2010	4,673
Increase/(decrease) in debt		(1,807)	(1,116)	(5,277)
Gross proceeds from sale of assets		-	-	50
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	109	894	(554)
Applications of capital funding				
Capital expenditure				
• to meet additional demand		909	280	157
• to improve the level of service		636	1,321	1,185
• to replace existing assets		881	2,126	2,135
Increase/(decrease) in reserves		-	(20)	19
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	2,426	3,707	3,497
Capital funding - surplus/(deficit)	(C-D)	(2,317)	(2,813)	(4,051)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 FOR SOLID WASTE

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		658	708	480
Targeted rates		1,024	1,110	1,048
Subsidies and grants for operating purposes		139	173	189
Fees and charges		74	90	109
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		11	33	123
Total operating funding	(A)	1,905	2,115	1,949
Applications of operating funding				
Payments to staff and suppliers		1,362	1,315	1,003
Finance costs		27	(8)	(21)
Internal charges and overhead costs applied		519	584	355
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	1,908	1,892	1,337
Operating funding - surplus/(deficit)	(A-B)	(3)	223	612
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		4	(215)	(610)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	4	(215)	(610)
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		1	9	2
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	1	9	2
Capital funding - surplus/(deficit)	(C-D)	3	(223)	(612)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 FOR ECONOMIC

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		757	754	758
Targeted rates		282	322	323
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	-	-
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		2	2	1
Total operating funding	(A)	1,041	1,078	1,082
Applications of operating funding				
Payments to staff and suppliers		623	666	679
Finance costs		(89)	(87)	(55)
Internal charges and overhead costs applied		136	102	102
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	671	681	727
Operating funding - surplus/(deficit)	(A-B)	371	397	355
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		(25)	(29)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(25)	(29)	-
Applications of capital funding				
Capital expenditure				
• to meet additional demand		282	460	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		63	(91)	360
Increase/(decrease) in investments		-	-	(5)
Total applications of capital funding	(D)	345	368	355
Capital funding - surplus/(deficit)	(C-D)	(371)	(397)	(355)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2019 FOR SUPPORT SERVICES

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2018	2019	2019
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,491	1,621	1,171
Targeted rates		959	718	710
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	324	5
Internal charges and overhead costs recovered		14,598	16,776	16,660
Local authority and fuel tax, fines, infringement fees, and other receipts		2,213	1,471	2,626
Total operating funding	(A)	19,262	20,910	21,171
Applications of operating funding				
Payments to staff and suppliers		14,301	17,052	17,683
Finance costs		607	1,513	857
Internal charges and overhead costs applied		2,272	2,375	2,807
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	17,180	20,940	21,347
Operating funding - surplus/(deficit)	(A-B)	2,082	(31)	(176)
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		(1,082)	2,069	2,848
Gross proceeds from sale of assets		89	85	13
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(993)	2,154	2,860
Applications of capital funding				
Capital expenditure				
• to meet additional demand		72	838	(2,927)
• to improve the level of service		813	1,024	4,533
• to replace existing assets		604	1,123	3,038
Increase/(decrease) in reserves		(400)	(861)	(1,960)
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	1,089	2,124	2,684
Capital funding - surplus/(deficit)	(C-D)	(2,082)	31	176
Funding balance	((A-B) + (C-D))	-	-	-