
CHAPTER THREE

03

Financials



CHAPTER THREE

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WESTERN BAY OF PLENTY DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR YEAR ENDED 30 JUNE 2020

FOR THE YEAR ENDED 30 JUNE		ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	NOTE	2020	2020	2019
Revenue from non-exchange transactions				
Fees and charges from activities	4	7,728	6,271	8,878
Rate revenue	5, 6 & 7	73,079	70,885	69,284
Fines		251	189	200
Vested assets	9	5,940	2,240	15,891
Financial contributions	11	5,892	10,498	18,605
Subsidies and grants	10	11,950	9,433	12,423
Other revenue	11	448	400	547
Fair value movement in derivative financial instruments	16	-	-	-
Gains	21	826	-	2,963
Revenue from non-exchange transactions total		106,114	99,916	128,792
Revenue from exchange transactions				
Finance revenue	8	905	792	1,507
Dividends		346	-	146
Rental Revenue		991	873	1,048
Other exchange revenue	11	1,857	748	2,268
Total revenue	2	110,213	102,329	133,762
Expenditure				
Other expenses	12	45,914	40,205	40,807
Personnel costs	13	22,404	22,407	20,720
Depreciation	21	19,298	19,755	20,484
Amortisation	22	299	426	887
Unrealised hedging movement	16	1,346	-	2,808
Finance costs	8	6,036	8,000	6,874
Expenditure total	3	95,297	90,793	92,580
Share of associate surplus/(deficit)		1	-	5
Net surplus / (deficit)		14,917	11,536	41,186
Other comprehensive revenue and expenses				
Gains/(Losses) on asset revaluations	21	46	33,580	25,595
Reversal of impairment		2	-	2
Other assets at fair value through other comprehensive revenue and expense	28	(408)	-	45
Total other comprehensive revenue and expense for the year		(361)	33,580	25,642
Total comprehensive revenue and expense for the year		14,556	45,116	66,828

Explanations of major variances against budget are detailed in note 46 from page 203. The accompanying notes form part of these financial statements.

WESTERN BAY OF PLENTY DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

FOR THE YEAR ENDED 30 JUNE		ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	NOTE	2020	2020	2019
Equity				
Retained earnings	28	905,715	874,598	889,720
Restricted reserves	29	280	271	276
Council created reserves	30	32,052	27,912	31,913
Asset revaluation reserves	31	431,251	470,669	432,835
Equity total		1,369,298	1,373,450	1,354,744
Assets				
Current assets				
Cash and cash equivalents	14	34,489	3,915	29,622
Receivables	15	11,548	9,211	11,069
Non-current assets held for sale	17	3,495	-	800
Prepayments	15	724	-	681
Other current financial assets	18	-	16,580	-
Current assets total		50,257	29,706	42,172
Non-current assets				
Other non-current financial assets	18	11,519	10,414	11,274
Investment in associates	19	212	207	211
Investments in CCO and other similar entities	20	3,346	3,523	3,366
Intangible assets	22	4,213	2,617	2,585
Forestry assets	23	10,588	8,539	10,857
Property, plant and equipment	21	1,433,452	1,466,255	1,427,988
Non-current assets total		1,463,330	1,491,555	1,456,281
Assets total		1,513,586	1,521,261	1,498,454
Liabilities				
Current liabilities				
Creditors and other payables	24	17,811	15,590	18,623
Current employee entitlements	26	2,837	2,575	2,780
Borrowings and other financial liabilities	25	20,000	-	-
Derivative financial instruments	16 & 44	383	465	1,148
Current portion provisions	27	313	313	313
Current liabilities total		41,344	18,943	22,864
Non-current liabilities				
Non current employee entitlements	26	18	150	17
Non current provisions	27	295	342	308
Non current borrowings and other financial liabilities	25	90,000	120,000	110,000
Derivative financial instruments	16 & 44	12,632	8,376	10,521
Non-current liabilities total		102,945	128,868	120,846
Liabilities total		144,288	147,811	143,710
Net assets		1,369,298	1,373,450	1,354,744

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 2020

	NOTE	RETAINED EARNINGS ACTUAL \$'000	ASSET REVALUATION RESERVE ACTUAL \$'000	COUNCIL RESERVES ACTUAL \$'000	TOTAL EQUITY ACTUAL \$'000
Balance at 1 July 2018		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
Total comprehensive income for the year		15,995	(1,584)	143	14,554
Balance at 30 June 2020	28	905,715	431,251	32,332	1,369,298

The accompanying notes form part of these financial statements.



WESTERN BAY OF PLENTY DISTRICT COUNCIL

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2020

FOR THE YEAR ENDED 30 JUNE		ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	NOTE	2020	2020	2019
Cash flows from operating activities				
Receipts from rates revenue		72,557	70,565	69,435
Regional Council rates		8,383	6,252	7,926
Interest received		675	413	919
Dividends received		346	-	146
Receipts from other revenue		29,362	28,412	48,107
Payments to suppliers and employees		(69,401)	(62,240)	(61,519)
Interest paid		(6,036)	(8,000)	(6,874)
Regional Council rates		(8,383)	(6,252)	(7,926)
Goods and services tax (net)		(4)	-	408
Net cash from operating activities	33	27,499	29,150	50,621
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		7,698	87	9,616
Purchase of property, plant and equipment		(28,732)	(42,460)	(42,378)
Purchase of intangible assets		(1,618)	-	(207)
Purchase of investments		-	-	-
Sale of Investments		20	11,857	15,220
Net cash from investing activities		(22,632)	(30,518)	(17,749)
Cash flows from financing activities				
Proceeds from borrowings		-	-	10,000
Repayment of borrowings		-	-	(25,000)
Net cash from financing activities		-	-	(15,000)
Net (decrease)/increase in cash held		4,867	(1,368)	17,872
Cash, cash equivalents and bank overdrafts at the beginning of the year		29,622	5,282	11,750
Cash, cash equivalents and bank overdrafts at the end of the year	14	34,489	3,915	29,622

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. PROPOSED STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2020

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 2020. The financial statements were authorised for issue by Council on 24 September 2020.

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 2020 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:

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.

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

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 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 do not expect the impact of this standard to have a material effect on the financial forecasts.

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 uncollectable, 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 2020:

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.

Impact of COVID-19

Western Bay Council has assessed the impacts of COVID-19 on its position as at 30 June 2020, and its key accounting estimates and its assumptions looking forward.

Council considers that the impact of COVID-19 is immaterial and subsequently there are no adjustments required to key accounting estimates and assumptions.

SUMMARY OF COST OF SERVICES

2. TOTAL OPERATING REVENUE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2020	2020	2019
Significant activities			
Representation	3,473	3,818	3,358
Planning for the future	2,683	2,760	2,860
Communities	7,536	7,214	7,404
Recreation and leisure	10,839	9,871	14,162
Regulatory services	10,187	9,424	9,737
Transportation	28,796	26,870	31,274
Water supply	13,426	12,569	18,474
Stormwater	7,236	6,931	15,344
Natural environment	836	932	1,047
Wastewater	15,719	14,359	21,989
Solid waste	2,228	2,295	1,949
Economic	1,075	1,108	1,082
Council services	6,179	4,178	5,083
Total operating revenue by activity	110,213	102,329	133,762
Council services	110,213	102,329	133,762

3. TOTAL OPERATING EXPENDITURE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2020	2020	2019
Significant activities			
Representation	3,187	4,159	2,942
Planning for the future	2,684	2,900	2,632
Communities	7,626	7,735	7,770
Recreation and leisure	7,179	7,211	7,443
Regulatory services	10,175	9,507	9,750
Transportation	19,622	19,574	18,687
Water supply	14,732	12,373	14,230
Stormwater	4,516	4,719	4,230
Natural environment	724	921	702
Wastewater	15,149	13,348	12,976
Solid waste	1,673	2,169	1,357
Economic	743	724	727
Council services	7,287	5,453	9,134
Total operating expenditure by activity	95,297	90,793	92,580
Council services	95,297	90,793	92,580

4. FEES AND CHARGES FROM ACTIVITIES

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2020	2020	2019
Significant activities			
Representation	1	75	3
Planning for the future	-	-	-
Communities	210	125	154
Recreation and leisure	918	20	300
Regulatory services	5,796	5,336	5,359
Transportation	324	277	1,194
Water supply	93	-	141
Stormwater	6	-	4
Natural environment	-	-	-
Wastewater	93	202	1,335
Solid waste	108	93	140
Economic	6	-	1
Council services	177	142	247
Total revenue from significant activities	7,728	6,271	8,878

GENERAL RATE INCOME

5. GENERAL RATE INCOME

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2020	2020	2019
Representation	3,007	4,084	2,901
Planning for the future	2,683	2,744	2,860
Communities	4,454	4,676	4,618
Recreation and leisure	5,891	6,555	6,183
Regulatory services	3,576	3,690	3,533
Transportation	-	12,666	-
Water supply	-	-	-
Stormwater	687	913	755
Natural environment	-	264	-
Wastewater	682	12,036	931
Solid waste	605	831	362
Economic	837	776	904
Council services	3,097	1,614	793
Total general rates	25,520	50,851	23,841

Note: Comparatives have been restated between General and Targeted Rates in accordance with Council's Rates Funding Impact Statement.

6. TARGETED RATES ATTRIBUTABLE TO ACTIVITIES

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2020	2020	2019
General rates	25,520	50,851	23,841
Targeted rates attributable to activities			
Representation	465	-	449
Planning for the future	-	13	-
Communities	2,201	2,046	2,103
Recreation and leisure	-	-	-
Regulatory services	-	-	-
Transportation	14,061	-	13,636
Water supply	6,959	6,523	6,516
Stormwater	4,622	4,256	4,291
Natural environment	1,435	451	1,180
Wastewater	11,701	-	10,771
Solid waste	1,267	1,162	1,166
Economic	238	328	177
Council services	-	918	-
Total targeted rates	42,948	15,697	40,288

Note: Comparatives have been restated between General and Targeted Rates in accordance with Council's Rates Funding Impact Statement.

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 \$48,299 (2019: \$46,676). 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
	2020	2020	2019
Metered water charges	4,611	4,337	5,156
Total rates revenue	73,079	70,885	69,284

8. FINANCE INCOME AND FINANCE COSTS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2020	2020	2019
Finance income			
Interest income	896	779	1,498
Rates postponement scheme	8	13	9
Total finance income	905	792	1,507
Finance costs:			
- interest on bank borrowings	2,773	8,000	3,906
- interest rate swap expense	3,263	-	2,968
Total finance costs	6,036	8,000	6,874
Net finance income / (costs)	(5,131)	(7,208)	(5,368)

9. VESTED ASSETS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2020	2020	2019
Significant activities			
Recreation and leisure	403	-	-
Transportation	785	1,400	123
Water supply	1,050	200	3,951
Stormwater	1,378	300	8,277
Wastewater	2,112	340	3,540
Support services	212	-	-
Total significant activities	5,940	2,240	15,891

10. SUBSIDIES AND GRANTS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2020	2020	2019
Ministry for the Environment - territorial authority levy for trade waste	178	-	189
Bay of Plenty Regional	-	604	729
Land Transport NZ subsidy	11,622	8,321	11,505
TECT	-	509	-
Ministry of Business, Innovation and Employment	150	-	-
Total subsidies and grants	11,950	9,433	12,423

There are no unfulfilled conditions or other contingencies attached to subsidies recognised (2019: nil).

11. OTHER REVENUE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2020	2020	2019
Petrol tax	403	400	511
Sale of goods and services	1,838	703	2,233
Cost recoveries	65	45	72
Total other revenue	2,306	1,148	2,816
Made up of:			
Exchange	1,857	748	2,268
Non exchange	448	400	547
Financial contributions			
Recreation and leisure	1,362	2,599	3,679
Transportation	1,793	2,959	5,197
Water supply	817	1,524	2,684
Stormwater	540	1,421	2,016
Natural environment	118	216	358
Wastewater	1,262	1,779	4,673
Total revenue from financial contributions	5,892	10,498	18,605

12. OTHER EXPENSES

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Audit fees for financial statement audit		
- audit fees for financial statement audit	139	137
- audit fees for long term plan audit	-	20
- audit fees for debenture trust deed audit	8	8
- audit fees for grant funding assurance audit	-	-
Insurance premiums	626	517
Consultant and legal fees	2,392	2,675
Impairment of receivables	1,912	1,837
Loss on sale of property, plant and equipment	2,919	1,268
Minimum lease payments under operating leases	130	101
Other operating expenses	37,789	34,249
Asset revaluation	-	-
Total other expenses	45,914	40,807

13. PERSONNEL COSTS

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Salaries and wages	22,152	20,473
Employer contributions to health insurance scheme	252	248
Total personnel costs	22,404	20,720

Council's total Kiwisaver contributions to 30 June 2020 were \$567k (2019: \$545k).

14. CASH AND CASH EQUIVALENTS

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Cash at bank and on hand	11,347	6,527
Petty cash	2	2
Term deposits with maturities less than 3 months	23,140	23,093
Total cash and cash equivalents	34,489	29,622

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:

	2020	2019
Short-term deposits	0.69%	2.10%

15. DEBTORS AND OTHER RECEIVABLES

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Rates debtors	6,429	6,062
Metered water debtors	2,311	1,669
Other trade debtors	2,565	4,269
Sundry debtors	3,284	1,855
GST Receivables	787	783
Debtors and other receivables prior to impairment	15,376	14,638
Less provision for impairment of receivables	3,827	3,569
	11,548	11,069
Prepayments	724	681
	12,273	11,750
¹ Receivables from non-exchange transactions	11,816	11,313
Receivables from exchange transactions	456	437
	12,273	11,750

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 (2019: \$nil). Western Bay Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Western Bay Council has assessed the impact of COVID-19 on its Debtors and other Receivables and has not made further provision for impairment in accordance with Council's key accounting estimates and forecasts.

Rates relief for ratepayers will be assessed under existing policies as detailed in Council's response to COVID-19 on pages 19 and 20.

The status of receivables as at 30 June 2020 and 2019 are detailed below:

	2020			2019		
	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not past due	11,212	594	10,618	10,757	569	10,188
Past due 90 days - 2 years	1,063	667	396	1,055	653	402
Past due 2-3 years	934	717	217	878	683	195
Past due > 3 years	2,166	1,849	317	1,947	1,665	282
Total	15,376	3,827	11,548	14,638	3,569	11,069

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
	2020	2019
Individual impairment	1,849	1,665
Collective impairment	1,978	1,904
As at 30 June	3,827	3,569

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
	2020	2019
Past due 30-59 days	-	-
Past due 60-89 days	-	-
Past due > 90 days	1,849	1,665
As at 30 June	1,849	1,665

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

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
As at 1 July	3,569	3,438
Additional provisions made during the year	2,181	1,969
Provisions reversed during the year	-	-
Receivables written off during the year	(1,923)	(1,837)
As at 30 June	3,827	3,569

16. DERIVATIVE FINANCIAL INSTRUMENTS

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Current portion	(383)	(1,148)
Interest rate swaps - not hedge accounted	(12,632)	(10,521)
Total derivative financial instruments	(13,015)	(11,669)
Movement	(1,346)	(2,808)

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 \$97m (2019: \$146m). At 30 June 2020, the fixed interest rates of cash flow hedge interest rate swaps vary from 3.04% to 5.41% (2019: 3.04% to 5.98%).

17. NON-CURRENT ASSETS HELD FOR SALE

Western Bay Council owns three residential sections (2019: one). These properties are located in Katikati. This property has been identified as being surplus to requirements and have been approved for sale. These properties are expected to be sold within the next twelve months. There is no accumulated property revaluation reserve on these properties.

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Non-current assets held for sale are:		
- land	3,495	800
Total non-current asset held for sale	3,495	800

18. OTHER FINANCIAL ASSETS

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Current portion		
Investments	-	-
Term deposits maturing within 12 months of balance date	-	-
Total investments	-	-
Total current other financial assets	-	-
Non-current portion		
Non-current assets available for sale are:		
Zespri Group Limited		
26,490 shares (26,490 in 2019) with a market value as at 30 June 2020 of \$9.10 (\$8.20 in 2019) per share.	241	217
Seeka Kiwifruit Industries Limited		
11,247 shares (2019: 11,247) with a market value as at 30 June 2020 of \$4.04 (\$4.45 in 2019) per share.	45	55
Total non-current assets available for sale	286	272
Loans and receivables		
Te Tumu investment (note 42)	11,233	11,003
Total loans and receivables	11,233	11,003
Total non-current other financial assets	11,519	11,274
Total other financial assets	11,519	11,274

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	2020	2019
Western Bay of Plenty Tourism and Visitors' Trust (50%)	212	211
Total share in associates	212	211

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

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Bay of Plenty Local Authority Shared Services Limited	14	14
BOPLASS Limited 9.7% share (2019: 9.7%).		
NZ Local Government Insurance Company Limited	26	46
28,142 shares (2019: no change) with a market value as at 30 June 2020 of \$0.93 per share (2019: \$1.63).		
New Zealand Local Government Funding Agency Limited	1,866	1,866
3,731,958 shares (2019: no change) at \$1 per share \$0.50 share paid up capital (2019: no change).		
New Zealand Local Government Funding Agency Borrower Notes	1,440	1,440
Total Investment in Council Controlled Organisations (CCO's) and other similar entities	3,346	3,366

	ACTUAL \$'000	ACTUAL \$'000
Bay of Plenty Local Authority Shared Services (BOPLASS)	2020	2019
Assets	1,385	1,239
Liabilities	1,355	1,194
Revenues	1,405	1,360
Surplus / (deficit)	(15)	5
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
	2020	2019
Depreciation and Amortisation Expense		
Representation	8	11
Planning for the future	3	3
Communities	503	387
Recreation and leisure	1,041	1,614
Regulatory services	64	85
Transportation	9,845	9,242
Water supply	2,593	3,697
Stormwater	1,522	1,417
Natural environment	2	2
Wastewater	2,965	3,251
Solid waste	-	20
Economic	-	-
Total depreciation and amortisation by activity	18,545	19,732
Depreciation and amortisation related to support services	1,052	1,639
Total depreciation and amortisation expense	19,597	21,371
Made up of:		
Depreciation	19,298	20,484
Amortisation	299	887
	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Revaluation gains		
Representation	-	6
Communities	-	-
Recreation and leisure	748	3
Transportation	-	27,587
Water supply	-	18
Wastewater	-	(1,963)
Stormwater	-	(29)
Support services	-	-
Land	38	572
Buildings	-	-
Coastal marine structures	-	(15)
Library books	-	-
Improvements	-	-
Property plant and equipment gains	786	26,176
Intangibles (Emission Trading Scheme NZ Units)	355	65
Forestry	(269)	2,318
Total gains	872	28,559

The 2020 Forestry gains of \$269K relate to revaluation movement. This movement reflects the increase in values from the prior year.

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Work in progress		
Communities	689	199
Recreation and leisure	4,469	1,688
Transportation	1,140	7,288
Water supply	6,181	3,646
Stormwater	4,579	7,262
Wastewater	5,582	7,952
Economic	117	117
Support services	(1,117)	(880)
Total work in progress	21,641	27,273

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	2020	2019
Opus International Consultants Limited	-	593,790
Interpine Forestry Limited	10,588	10,857
Total fair value	10,588	604,647

Insurance disclosure as required under the Local Government Act 2002

21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	CARRY AMOUNT \$'000	INSURED AMOUNTS \$'000
	30 JUNE 2020	30 JUNE 2020
Category A Insurance Contracts		
Water	99,648	217,485
Wastewater	115,469	189,183
Stormwater	107,567	133,660
Mobile Plant & Vehicles	1,020	1,486
Forestry	10,588	17,551
	334,292	559,365
Material Damage cover	-	-
Buildings	47,963	46,758
Coastal Marine	9,859	-
Libraries	1,213	-
Office Equipment	2,344	6,998
Plant & Equipment	95	-
	61,474	53,756
Category A Total	395,766	613,121
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	72,051	-
Roading - Surfaces	547,086	-
Land	145,767	-
Category B Total	1,026,637	-
Total	1,422,403	-

Work in progress

The total amount of property, plant and equipment in the course of construction is \$21.6 (2019: \$27.3m).

Impairment

There were no impairment losses in the year 30 June 2020 (2019: \$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	1,975	-	-	3,110
- other assets (such as reticulation systems)	97,673	574	1,060	167,741
Stormwater drainage	107,567	4,397	1,372	118,806
Wastewater				
- treatment plants and facilities	10,021	-	-	24,987
- other assets (such as reticulation systems)	105,448	2,508	1,916	149,710
Flood protection and control works	-	-	-	-
Roads and footpaths	619,136	21,942	-	787,908
Total core infrastructure assets	941,821	29,422	4,348	1,252,261

2020

	Cost / Valuation	Accumulated depreciation and impairment charges	Carrying amount	Current year additions	Current year vested assets	Current year disposals	Current year disposal depreciation	Transfers	Transfer accumulated depreciation	Current year depreciation total	Revaluation	Revaluation depreciation	Cost / Valuation	Accumulated depreciation and impairment charges	Carrying amount
	30 June 2019	30 June 2019	30 June 2019										30 June 2020	30 June 2020	30 June 2020
	\$'000	\$'000	\$'000										\$'000	\$'000	\$'000
Council 2018															
Operational assets															
Land	48,158	-	48,158	-	195	(4,550)	-	(7,022)		-	-	-	36,781	-	36,781
Buildings	22,022	(692)	21,330	1,543	174	(64)	4	412	(210)	(333)	-	-	24,087	(1,232)	22,855
Coastal Marine	9,020	(802)	8,218	-	-	(21)	-	2,442	(664)	(116)	-	-	11,441	(1,582)	9,859
Libraries	1,667	(480)	1,186	358	-	-	-	-	-	(331)	-	-	2,025	(811)	1,213
Office equipment	8,021	(5,805)	2,216	563	-	-	-	-	-	(435)	-	-	8,584	(6,240)	2,344
Plant and equipment	293	(182)	112	-	-	-	-	-	-	(17)	-	-	293	(199)	95
Vehicles	2,657	(1,408)	1,249	219	-	(250)	168	-	-	(366)	-	-	2,626	(1,606)	1,020
Work in progress	(681)	-	(681)	253	-	-	-	-	-	-	-	-	(428)	-	(428)
Total operational assets	91,158	(9,370)	81,788	2,936	369	(4,886)	171	(4,168)	(874)	(1,598)	-	-	85,409	(11,671)	73,739
Infrastructural assets															
Land	19,994	-	19,994	314	798	-	-	4,092		-	-	-	25,198	-	25,198
Buildings	1,012	(52)	960	54	200	(30)	1	(17)	1	(6)	-	-	1,220	(56)	1,164
Water - treatment	2,272	(250)	2,022	-	-	-	-	-	-	(47)	-	-	2,272	(297)	1,975
Water - other	106,782	(6,399)	100,383	574	1,060	(1,908)	104	(1)	-	(2,540)	187	(187)	106,695	(9,021)	97,673
Stormwater	106,360	(2,759)	103,601	4,397	1,372	(337)	8	-	-	(1,475)	-	-	111,792	(4,225)	107,567
Wastewater - treatment	11,486	(1,196)	10,290	-	-	-	-	-	-	(269)	-	-	11,486	(1,465)	10,021
Wastewater - other	109,260	(5,169)	104,090	2,508	1,916	(460)	25	5	(3)	(2,632)	-	-	113,228	(7,780)	105,448
Land under roads	261,734	-	261,734	-	-	-	-	-	-	-	-	-	261,734	-	261,734
Roading other	66,828	(2,159)	64,669	9,673	-	-	-	-	-	(2,291)	-	-	76,501	(4,450)	72,051
Roading surface	549,386	(7,048)	542,337	12,269	-	-	-	-	-	(7,521)	-	-	561,655	(14,570)	547,086
Work in progress	26,266	-	26,266	(8,666)	-	-	-	-	-	-	-	-	17,600	-	17,600
Total infrastructural assets	1,261,379	(25,033)	1,236,345	21,124	5,346	(2,736)	139	4,080	(2)	(16,780)	187	(187)	1,289,380	(41,864)	1,247,516
Restricted assets															
Land	82,627	-	82,627	555	371	-	-	235		-	-	-	83,787	-	83,787
Buildings	23,142	(4,865)	18,277	1,036	30	(76)	1	(2,294)	857	(872)	-	-	21,838	(4,878)	16,960
Improvements	7,649	(385)	7,264	299	-	-	-	(547)	19	(51)	-	-	7,401	(417)	6,984
Work in progress	1,688	-	1,688	2,781	-	-	-	-	-	-	-	-	4,469	-	4,469
Total restricted assets	115,106	(5,250)	109,856	4,671	401	(76)	1	(2,606)	876	(922)	-	-	117,496	(5,295)	112,201
Total Council	1,467,643	(39,654)	1,427,989	28,732	6,117	(7,698)	311	(2,695)	-	(19,298)	187	(187)	1,492,285	(58,829)	1,433,452

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 2020.

2019

	Cost / Valuation	Accumulated depreciation and impairment charges	Carrying amount	Current year additions	Current year vested assets	Current year disposals	Current year disposal depreciation	Transfers	Current year depreciation	Revaluation	Revaluation depreciation	Cost / Valuation	Accumulated depreciation and impairment charges	Carrying amount
	30 June 2018	30 June 2018	30 June 2018									30 June 2019	30 June 2019	30 June 2019
	\$'000	\$'000	\$'000									\$'000	\$'000	\$'000
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	-	71,721	-	-	(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

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Balance at 1 July										
Cost	5,057	4,863	794	793	356	356	2,834	2,834	9,041	8,846
Accumulated amortisation, impairment and gains	(3,980)	(3,733)	(220)	(202)	424	359	(2,678)	(2,004)	(6,454)	(5,580)
	1,077	1,130	574	591	780	715	156	829	2,586	3,265
Work in progress	-	-	-	-	-	-	-	-	-	-
Opening carrying amount	1,077	1,130	574	591	779	715	156	829	2,585	3,265
Year ended 30 June										
Additions	635	194	984	-	(0)	-	-	-	1,619	194
Transfer										
Amortisation & impairment charge	(243)	(247)	(57)	(18)	-	-	-	(674)	(300)	(939)
Gains	-	-	-	-	309	65	-	-	309	65
Disposals	-	-	-	-	-	-	-	-	-	-
Closing carrying amount	1,468	1,077	1,501	574	1,088	779	156	155	4,213	2,584
Balance as 30 June										
Cost	5,692	5,057	1,778	794	355	356	2,834	2,834	10,659	9,041
Accumulated amortisation, impairment and gains	(4,223)	(3,980)	(277)	(220)	733	424	(2,678)	(2,678)	(6,445)	(6,454)
	1,468	1,077	1,501	574	1,088	779	156	156	4,213	2,585
Work in progress	-	-	-	-	-	-	-	-	-	-
Closing carrying amount	1,468	1,077	1,501	574	1,088	779	156	156	4,213	2,585

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
	2020	2019
Balance at 1 July	10,857	8,539
Gains/(losses) arising from changes attributable to physical changes	880	1,116
Gains/(losses) arising from changes attributable to price changes	(249)	1,806
Decrease due to harvest	(900)	(604)
Balance at 30 June	10,588	10,857

TECT All Terrain Park Forest

The TECT All Terrain Park owns 363.49 hectares of Pinus Radiata forest, 26.41 hectares of Douglas Fir, 48.29 other minor species of mixed varieties which are at varying stages of maturity ranging from 3 to 24 years. The total value of the forestry stand is \$9.79 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 24 to 25 years with an average age of 24.9 years. The total value of this forestry stand is \$1,121,188.

Matakana Island Forest

Council owns 126.3 hectares of Pinus Radiata forest which are at varying stages on maturity ranging from 9 to 36 years with an average age of 20.5 years. The total value of the forestry stand is \$4.39 million.

Lund Road Forest

Council owns 58.3 hectares of Pinus Radiata forest which are at varying stages on maturity ranging from 5 to 7 years with an average age of 4 years. The total value of the forestry stand is \$177,509.

Valuation assumptions

Independent registered valuer, Interpine Forestry Limited, valued Western Bay Council's forestry assets as at 30 June 2020. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A discount rate of 7.6% to 8.7 % (2019: 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% (2019: 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 2020, and there are no restrictions on title. No significant movement is expected for the period March 2019/March 2020 to June 2020.

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
	2020	2019
<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	9,664	11,017
Other income in advance	394	362
Sundry payables	513	290
Total payables and deferred revenue under exchange transactions	10,572	11,670
<i>Payables and deferred revenue under non-exchange transactions</i>		
Rates in advance	4,576	4,089
Bonds and deposits	2,299	2,578
GST payables	-	-
Environment Bay of Plenty Regional Council rates	364	286
Total payables and deferred revenue under non-exchange transactions	7,239	6,953
Total current portion	17,811	18,623

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
	2020	2019
Secured loans fixed	-	-
Secured loans floating	20,000	-
Total current secured loans	20,000	-
Total current borrowings	20,000	-

25. BORROWINGS (CONTINUED)

NON-CURRENT

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Secured loans fixed	20,000	20,000
Secured loans floating	70,000	90,000
Total non-current secured loans	90,000	110,000
Total non-current borrowings	90,000	110,000
Total public debt	110,000	110,000

Western Bay Council's secured debt of \$90.000m (2019: \$110.000m) 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 (2019: \$nil) is issued at a margin of nil bps (2019: nil) above bank wholesale rates (BKBM - 90 day bill rate).

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
	2020	2019
Payable no later than one year	20,000	-
<i>Weighted average interest rate</i>	1.05%	0.00%
Later than one, not later than five years	55,000	60,000
<i>Weighted average interest rate</i>	2.74%	3.53%
Later than five years	35,000	50,000
<i>Weighted average interest rate</i>	1.22%	2.56%
	110,000	110,000

FAIR VALUES OF NON-CURRENT BORROWINGS

	CARRYING AMOUNTS \$'000	CARRYING AMOUNTS \$'000	FAIR VALUES \$'000	FAIR VALUES \$'000
	2020	2019	2020	2019
Secured loans	110,000	110,000	111,334	111,042
Total	110,000	110,000	111,334	111,042

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
	2020	2019
Secured loans and debentures	1.95%	3.09%

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 2020 Western Bay Council had \$30.0 million of undrawn cash facilities available (2019: \$30.0 million).

Debentures

Western Bay Council's secured debt of \$110.0 million (2019: \$110.0 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 0.55% to 0.68% 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 (2019: \$600,000). There are no restrictions on the use of this facility.

26. EMPLOYEE ENTITLEMENTS

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Accrued pay	194	618
Accrued leave and accrued entitlements	2,573	2,089
Sick pay	69	73
Retirement gratuities	18	17
	2,855	2,797
Represented by:		
Current	2,837	2,780
Non-current	18	17
Total employee entitlements	2,855	2,797

27. PROVISIONS

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Current portion		
Landfill aftercare provision	12	12
Weathertight Homes Resolution Service	301	301
Total current portion	313	313
Non-current portion		
Landfill aftercare provision	295	308
Total non-current portion	295	308
Total provisions	608	621

Movements for each class of provision are as follows:

	LANDFILL \$'000	WEATHERTIGHT HOMES \$'000	TOTAL \$'000
Balance at 1 July 2018	333	301	634
Additional provisions	-	-	-
Amounts used	(12)	-	(12)
Balance at 30 June 2019	321	301	621
2019			
Balance at 1 July 2019	321	301	621
Additional provisions	-	-	-
Amounts used	(12)	-	(12)
Balance at 30 June 2020	308	301	608

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 \$0.29 (2019: \$0.30 million) and for post-closure of Te Puke of \$0.20 million (2019: \$0.22 million) over the remaining life (Athenree 15 years, Te Puke 12 years) of the resource consents. This liability has been discounted back to a current value of \$0.31m (2019: \$0.32 million) using a discount rate of 7% (2019: 7%).

Weathertight Homes Resolution Services

Note 35 page 179 provides additional information regarding this provision.

EQUITY

28. RETAINED EARNINGS

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Opening balance	889,720	849,971
Surplus / (deficit)	14,964	41,186
Other surplus /(deficit) through comprehensive income	(408)	45
Reclassification from prior year:		
Reclassification of reserves to equity	1,630	-
	905,906	891,202
Transfers to:		
Restricted reserves	(12)	(14)
Council created reserves	(12,133)	(20,598)
	(12,145)	(20,611)
Transfers from:		
Restricted reserves	10	9
Council created reserves	11,945	19,121
Asset revaluation reserve	-	-
	11,954	19,130
Closing balance	905,715	889,720

29. RESTRICTED RESERVES

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Opening balance	276	271
Transfers to:		
Accumulated funds	(10)	(9)
Transfers from:		
Accumulated funds	12	14
Closing balance	280	276

30. COUNCIL-CREATED RESERVES

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Opening balance	31,913	30,434
Transfers to:		
Accumulated funds	(11,993)	(19,121)
Transfers from:		
Accumulated funds	12,133	20,598
Closing balance	32,052	31,913

For a breakdown of Council created reserves see note 32 on page 170.

31. GENERAL ASSET REVALUATION RESERVE

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Opening balance	432,835	407,239
Change in asset value	(1,584)	25,595
Transfer to retained earnings on disposal of property	-	-
Reclassification of reserves to equity	-	-
Closing balance	431,251	432,835
Comprising:		
Land	11,808	13,438
Buildings	8,000	7,843
Water supply	46,344	46,468
Roading	255,177	255,177
Wastewater	45,420	45,365
Stormwater	56,847	56,890
Coastal marine structures	5,476	5,476
Library books	997	997
Improvements	1,181	1,181
Total asset revaluation reserve	431,251	432,835

Asset revaluation reserves

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

	ACTUAL \$'000 2020	ACTUAL \$'000 2019
Infrastructural:		
Water supply	46,344	46,468
Road Reserves	167,782	167,782
Road Surface	68,500	68,500
Other Roding	18,896	18,896
Wastewater	45,420	45,365
Stormwater	56,847	56,890
Operational assets:		
Land	11,808	13,438
Buildings	8,000	7,843
Coastal marine structures	5,476	5,476
Library books	997	997
Improvements	1,181	1,181
Total general asset revaluation reserve	431,251	432,835



32. RESERVE FUNDS

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2019	DEPOSITS TO FUND TO 30 JUNE 2020	WITHDRAWALS FROM FUND TO 30 JUNE 2020	CLOSING BALANCE 30 JUNE 2020
Restricted Reserves	Restricted reserves have been established from public bequests and are only able to be spent in the manner specified by the donor.					
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	39,447	2,170	-	41,617
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	210,505	11,578	(8,259)	213,824
CE Miller Estate	The interest on the capital of \$9,763 is available for the beautification of Katikati.	Recreation and Leisure	16,888	-	(2,000)	14,888
Total Restricted Reserves			276,350	13,748	(10,259)	279,839
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	(3,910)	497,021	(733,822)	(240,711)
District Reserves		Support Services	2,835,750	155,966	(472,856)	2,518,860
Huharua Sub Regional Park		Recreation and Leisure	201,164	21,637	-	222,801
TECT All Terrain Park		Recreation and Leisure	894,280	148,531	-	1,042,811
Asset Replacement - office buildings		Recreation and Leisure	827,287	351,375	(665,195)	513,466
Asset Replacement - vehicles		Support Services	(411,209)	359,818	(199,737)	(251,128)
Asset Replacement - civil defence vehicle		Communities	136,986	8,654	(21,374)	124,266
Asset Replacement - telemetry		Communities	86,159	4,906	-	91,065
Asset Replacement - swimming pool		Recreation and Leisure	329,514	4,312	-	333,826
Asset Replacement - library books		Communities	2,257,933	301,651	(281,066)	2,278,518
Asset Replacement - library computers		Communities	-	-	-	-
Asset Replacement - Cemetery		Communities	253,094	21,300	-	274,394
Asset Replacement - coast marine		Recreation and Leisure	(265,384)	101,691	(844,464)	(1,008,157)
Total Asset Replacement Reserves			7,141,664	1,976,862	(3,218,514)	5,900,011

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
Restricted Reserves	Restricted reserves have been established from public bequests and are only able to be spent in the manner specified by the donor.					
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 2019	DEPOSITS TO FUND TO 30 JUNE 2020	WITHDRAWALS FROM FUND TO 30 JUNE 2020	CLOSING BALANCE 30 JUNE 2020
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	281,622	-	(44,722)	236,900
Katikati Community Board		Communities	61,162	14,262	-	75,424
Omokoroa Community Board		Communities	245,941	37,156	(38,263)	244,834
Te Puke Community Board		Communities	125,088	20,931	-	146,019
Maketu Community Board		Communities	159,659	15,423	-	175,082
Total Community Board Reserves			873,472	87,772	(82,985)	878,259
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	14,867	818	-	15,685
Waihi Beach Town Centre Development	For town centre development.	Economic	461,093	25,360	(32,430)	454,023
Katikati Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	313,698	75,747	-	389,445
Omokoroa Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	447,911	244,631	-	692,542
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	97,342	7,428	-	104,770
Pukehina Beach Development		Planning for the future	277,370	30,389	-	307,759
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	419,650	50,977	-	470,627
Total Other Community Reserves			2,031,931	435,350	(32,430)	2,434,851
Total Community Board and Other Reserves			2,905,403	523,122	(115,415)	3,313,110

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 2019	DEPOSITS TO FUND TO 30 JUNE 2020	WITHDRAWALS FROM FUND TO 30 JUNE 2020	CLOSING BALANCE 30 JUNE 2020
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	603,289	253,061	(190,941)	665,409
Parks and Community financial contributions	To provide for teaching and public education/awareness raising purposes.	Recreation and Leisure	3,212,221	1,539,847	(1,479,044)	3,273,024
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	367,633	20,220	-	387,853
Total Financial Contribution Reserves			4,539,293	1,813,128	(1,669,985)	4,682,436
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	4,096,731	1,726,844	(1,786,105)	4,037,470
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	1,858,163	78,643	(82,093)	1,854,713
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			6,155,375	1,805,487	(1,868,198)	6,092,664

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	4,925,317	1,361,421	(2,190,008)	4,096,731
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			7,199,216	1,557,681	(2,601,523)	6,155,375

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2019	DEPOSITS TO FUND TO 30 JUNE 2020	WITHDRAWALS FROM FUND TO 30 JUNE 2020	CLOSING BALANCE 30 JUNE 2020
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	9,261,721	-	-	9,261,721
Re-budgeted Reserve		Support services	326,520	875,435	-	1,201,955
Corporate Property and Assets	For any surplus arising from the corporate property/land purchase account.	Support services	943,470	-	(340,909)	602,562
Weathertight Homes		Regulatory	223,660	12,301	-	235,961
Panepane Point Development Reserve		Reserves	415,429	22,849	(26,507)	411,771
Tahataroa Reserve		Reserve	-	350,000	-	350,000
Total Special Reserves			11,170,800	910,585	(367,416)	11,713,970
Total Council Created Reserves			31,912,535	7,379,184	(7,239,528)	32,052,191
Total All Council Reserves			32,188,885	7,392,932	(7,249,787)	32,332,030

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
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			10,176,139	1,470,623	(471,462)	11,170,800
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

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

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Net surplus / (deficit)	15,741	41,186
Add/(less) non-cash items		
Depreciation	19,298	20,484
Amortisation	299	887
Vested assets	(5,940)	(15,891)
Fair value movement in derivative financial instruments	1,346	2,808
Gains	(826)	(2,964)
Share of associate surplus/deficit	(1)	(5)
Unrealised interest on other financial assets at fair value through profit and loss	(634)	(782)
Provision for impairment of doubtful debts	258	(131)
Add/(less) movements in working capital items:		
Movement in prepayments	43	50
Movement in non-current assets held for sale	(2,695)	(355)
Movement in accounts receivable	(1,155)	2,774
Movement in accounts payable	(687)	1,043
Movement in provisions	(14)	(14)
Movement in employee entitlements	58	305
Add/(less) items classified as investing activities		
Loss on sale of assets	2,919	1,268
Revaluation of shares	5	(42)
Net cash inflow (outflow) from operating activities	27,499	50,621

34. CAPITAL COMMITMENTS AND OPERATING LEASES

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

	ACTUAL \$'000	ACTUAL \$'000
	2020	2019
Operational		
Land	247	-
Building	454	124
Coastal Marine	67	145
Infrastructure		
Water	18	972
Wastewater	-	835
Stormwater	101	300
Roading	6,440	14,855
Restricted		
Building	-	-
Total capital commitments	7,327	17,232

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
	2020	2019
Not later than one year	103	131
Later than one year and not later than two years	42	66
Later than two years and not later than five years	121	124
Later than five years	1,400	1,447
Total non-cancellable operating leases	1,666	1,767

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 2020 \$21.63 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 2020 \$3.397 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
	2020	2019
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 (2019: \$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 2020 (2019: 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. One of these claims have been closed. There are a total of 4 claims that are still open as at balance date (2019: 5).

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 2020.

Carter Holt Harvey Limited

In April 2013, the Ministry of Education (MoE) initiated High Court proceedings against Carter Holt Harvey (CHH) alleging inherent defects in the shadowclad plywood cladding product manufactured and distributed by CHH and installed in school buildings. CHH joined 54 councils including Western Bay of Plenty District Council as third parties seeking contribution on the basis that, if CHH was liable, then councils must have inadequately inspected the school buildings as well. CHH has now settled the MoE claim and, as part of that settlement, CHH agreed to discontinue the third party claims against Western Bay of Plenty District Council and other councils on a drop-hands basis (i.e. each party bears its own legal costs). The claims were formally discontinued on 3 September 2020.

The CHH claims against Western Bay of Plenty District Council were never quantified and the court process in relation to the third party claims did not pass the preliminary pleading stage. The settlement was a very favourable outcome as the cost of defending the claims would have been very high.

We note that, initially, CHH's third party claim against Western Bay of Plenty District Council related to 16 schools within the city. Prior to the settlement, CHH had already agreed to drop claims against Western Bay of Plenty District Council in relation to a number of the buildings in 12 of those schools on the basis that there was no possible third party claim in relation to the buildings in those schools and were considering their position on further buildings in those schools and another 5 schools.

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 (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from Fitch Ratings and Standard and Poor's of AA+ and a foreign currency rating of AA.

As at 30 June 2020, Western Bay of Plenty District Council is one of 30 local authority shareholders and 22 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$20m. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Western Bay of Plenty District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2020, NZLGFA had borrowings totalling \$11,907m (2019: \$9,840m).

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
	2020	2019
Councillors		
Full-time equivalent members	12	17
Salaries and other short term employee benefits	592	579
Senior Management Team, including the Chief Executive		
Full-time equivalent members	5	5
Salaries and other short term employee benefits	1,373	1,347
Total senior management remuneration	1,965	1,948

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 2020

ACTUAL \$'000		ACTUAL \$'000
2018/19		2019/20
1,360	Revenue	1,405
(1,355)	Expenditure	(1,421)
5	Surplus / (deficit)	(15)
5	Net surplus / (deficit) year	(15)
1,239	Total assets	1,385
1,194	Total liabilities	1,355

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 2020.

From page 181 - 184 is a report of performance against targets set in the Statement of Intent for 2019/20.

PERFORMANCE TARGETS FOR 2019/20		
OUTCOMES	MEASURE	RESULT
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils. .	<p>Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts are reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.</p>	<p>Contracts negotiated and/or renewed for:</p> <p>Internal Audits: Following a review by BOPLASS councils, the Internal Audit Services agreement has been renewed with KPMG. The collective arrangement provides competitive pricing for these services but also enables the sharing of internal audit information and insights across the group.</p> <p>Video Conferencing Services: Video conference services with Canon and Zoom enhanced and expanded to deliver desktop and meeting room services to participating councils.</p> <p>Specific project undertaken to increase capacity, create additional meeting rooms and ensure licences were available to all councils/users during the pandemic.</p> <p>GIS software and services:</p> <ul style="list-style-type: none"> • FME • Geocortex Essentials • Geocortex Analytics • X-Tools • NZ Archaeological Association • RetroLens <p>Contracts renegotiated and renewed: No alternative suppliers.</p> <p>Print Media Copyright Agency (PMCA): Collective contract and requirements reviewed and renewed with PMCA - the sole NZ provider of print and media copyright services.</p> <p>ESRI Enterprise Licensing Agreement: Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renewed with no increases in cost to councils. No alternative provider in NZ.</p> <p>N3: Purchasing group (previously known as GSB) membership negotiated by BOPLASS. Councils achieving significant savings on membership costs and trade pricing through the group scheme. Sole NZ provider.</p> <p>Vertical Horizonz: Renegotiated Health and Safety training contract for a further two-year period with the same terms, conditions, and costs.</p>

PERFORMANCE TARGETS FOR 2019/20

OUTCOMES	MEASURE	RESULT
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</p>	<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 councils.</p>	<p>The new procurement initiatives which have been investigated during the year are as follows:</p> <p>Tender Facilitation: BOPLASS led a competitive process for the appointment of a facilitator to manage a collective procurement process on behalf of BOPLASS, Waikato LASS, MW LASS and Hawke's Bay councils. Grant Thornton NZ Ltd were appointed.</p> <p>Regional LiDAR Capture 2020-2025: Working in conjunction with Land Information NZ, a tender process was run to appoint a provider for LiDAR capture across the Bay of Plenty region. Aerial Surveys Ltd were appointed to complete a region-wide five-year plan for LiDAR capture. The data will be used by councils to create highly accurate 3D terrain and surface models of the land, which are vital for flood modelling purposes and mapping water flows.</p> <p>Infrastructure Insurance: Securing councils' insurance cover requires a new procurement process to be undertaken every 12-months, with a variety of insurers and underwriters engaged, to negotiate favourable terms and competitive pricing. This year BOPLASS represented a collective group of NZ councils for direct placement into the London markets for councils' infrastructure insurance. Options for placements into the Asian markets were also explored. Through this competitive process and the aggregated approach, BOPLASS councils were able to achieve rates with an average 20% discount compared with each council securing individual policies. A new contract was established with a mix of Lloyds' syndicates.</p> <p>Standards NZ: BOPLASS engaged with Standards NZ to host a single BOPLASS portal to allow all councils to access the full Standards catalogue at significantly reduced pricing. BOPLASS councils were using differing forms of access/licences with not all councils having access to the same range of Standards data. The collective agreement has meant a broader range of catalogues are available to all councils and at a lower cost than individual arrangements. This has enabled better utilisation of Standards and negated expensive individual subscriptions.</p> <p>Accounts Payable Automation Software: Following presentations from vendors on workflow automation for the BOPLASS councils, Esker were selected as the preferred solution for the implementation of Accounts Payable automation software.</p> <p>FME Server:- GIS software. Reviewed options for multiple councils to participate in shared procurement of this software rather than purchasing individual licences. BOPLASS currently manages shared procurement of the FME Desktop software on behalf of councils.</p> <p>Human Resources Information Systems:- BOPLASS undertook an investigation into opportunities for the collective procurement of an HR information system and the development of a standardised platform across the councils. It was agreed for the BOPLASS councils to review options available under the All of Government purchasing.</p> <p>Insurance Brokerage and Risk Management Services: BOPLASS led a procurement project on behalf of BOPLASS, Waikato LASS, MW LASS and Hawke's Bay councils for the appointment of an insurance broker. The collective approach to the tender delivered considerable value, including savings in fees and premiums, but also an opportunity to share best practices and further align insurance programmes across the regions. Aon NZ Ltd were appointed as broker by all participating LASS and councils.</p>

PERFORMANCE TARGETS FOR 2019/20

OUTCOMES	MEASURE	RESULT
<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>0.6 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>Robotic Process Automation (RPA): BOPLASS is leading a project to review opportunities for RPA services to be developed collectively and shared across participating councils. RPA provides an opportunity for the automation of repeatable processes that can run without intervention. A presentation of existing services has been completed and options for developing a centre of excellence are being explored as a means of supporting collaborative development and the efficient use of design/development expertise. This project is ongoing.</p> <p>Treasury Staff: Meetings have been coordinated by BOPLASS for councils' treasury staff and finance representatives to be provided information from senior economists on New Zealand and international economies. This has been proven to be particularly valuable given the current international and NZ economic turmoil.</p> <p>Sustainable Public Procurement: BOPLASS Councils are participating in this project in conjunction with the Sustainable Business Network and Toi Ohomai. The collective approach provides opportunity for local government procurement policies and practices to become better aligned with national objectives of sustainability and identify where improvements might be made. BOPLASS has engaged with MBIE to ensure the scope and goals align with central government procurement strategies.</p> <p>Debt Recovery Services: Partnering with MW LASS and being provided as a shared service, BOPLASS councils have access to Debt Management Central to provide specialised local government debt recovery services. Several councils have now begun using this shared service.</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. A review of ICN contracts was undertaken to deliver further cost reductions and improved capacity.</p> <p>Zoom Video Conference Services: Zoom video conference services were established and implemented as a shared service option for BOPLASS councils providing for centralised account management and shared infrastructure for participating councils.</p> <p>Civil Defence Emergency Management GIS Group: GIS data and tools are now an integral part of a Civil Defence response and the BOPLASS councils have formed a group to work collaboratively on CDEM initiatives. This approach is largely made possible due to all councils using the same core GIS systems aligned through BOPLASS contracts.</p> <p>Standardisation of Insurance Valuations: Support was provided to councils in establishing a common standard of reporting for insurance asset valuations. Developing a consistent standard and a common valuations process has been extremely beneficial to the BOPLASS infrastructure insurance programme through providing improved, consistent, and accurate data to the international markets when negotiating placements of councils' insurance.</p> <p>Inter-LASS collaboration – A number of procurement projects are underway or being investigated covering multiple LASS and benefiting from the aggregated volumes. Collaboration across the regions is driving greater efficiencies within collective projects and allows the projects to be better resourced. BOPLASS has been working particularly closely with MW LASS and Waikato LASS and has recently provided information to South Island councils investigating collective opportunities.</p>

PERFORMANCE TARGETS FOR 2019/2020

OUTCOMES	MEASURE	RESULT
Provide support to BOPLASS councils that are managing or investigating Shared Services projects (continued).		<p>Regional Waste Operator Licensing and Data Collection: Cross-regional approach to establishing a regional or cross-regional entity that would administer and enforce licensing conditions on behalf of territorial authorities. Project aims to ensure a level playing field for all waste operators in a council's area while enabling councils to collect the data necessary to prepare detailed waste assessments and inform effective identification of priority waste management and minimisation actions.</p> <p>Skype for Business inter-council communication – Project to undertake investigation, testing and resolution of issues to resolve inter-council communication use of Skype for Business.</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>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>Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.</p> <p>Number of listed projects to increase by 20% per year.</p> <p>Number of active users to increase by 20% per year.</p>	<p>Active promotion of the MahiTahi Collaboration Portal over the last 12 months has resulted in a 60% increase in the number of local government users with 85 new members joining.</p> <p>Ongoing development of on-boarding and training material to help increase membership and support ongoing usage. Training provided to councils to maximise usage and ensure increased uptake.</p> <p>During COVID-19 lockdowns the MahiTahi Collaboration Portal was marketed through SOLGM to all NZ councils' CEOs as an online collaboration tool.</p> <p>Collaboration Portal demonstrations provided to collaborative advisory groups.</p> <p>Nine additional projects added to the Collaboration Portal increasing from 39 to 48 lodged projects.</p> <p>The number of Collaboration Portal specialised channels and teams have increased by 14 over the last year with 66 channels and 6 specialised teams now registered.</p> <p>Developed a new fit-for-purpose back-up solution using DATTO to increase robustness and reliable access to shared material.</p> <p>Developed Terms of Service for the Collaboration Portal to provide governance and security for BOPLASS, member councils, and portal participants.</p> <p>Development of Azure services to further support the Collaboration Portal, including implementing multi-factor authentication of portal administrators and migration of DNS services to Azure.</p>
Communicate with each shareholding council at appropriate levels.	<p>Meeting with each Executive Leadership Team.</p> <p>At least one meeting per year.</p>	<p>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.</p> <p>Executive-level meetings held with councils. Three Operations Committee meetings held during the year with executive level input provided by all shareholding councils. Executive Leadership Team representation and attendance at one or more meetings from every council.</p>
Ensure current funding model is appropriate.		<p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.</p> <p>Council contributions levied.</p> <p>Contributions received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at Board meetings.</p> <p>Financial position year end 30 June 2020: \$15,223 deficit.</p>

Above performance targets are unaudited results.

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 2020

ACTUAL \$'000		ACTUAL \$'000
2018/19		2019/20
18,759	Revenue	18,279
7,558	Expenditure	7,657
11,201	Surplus/(deficit)	10,623
11,201	Net surplus/(deficit) year	10,623
10,382	Total assets	13,174
10,308	Total liabilities	13,091

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 25 June 2020.

From page 185 - 186 is a report of performance against targets set in the Statement of Intent for 2019/20.

PERFORMANCE TARGETS FOR 2019/20		
OUTCOMES	MEASURE	RESULT
Providing strong budgetary management on behalf of shareholders and Participating Local Authorities.	LGFA's net interest income for the period to: <ul style="list-style-type: none"> - 30 June 2020 will be no more than \$17.9 million. - 30 June 2021 will be no more than \$20.6 million. - 30 June 2022 will be no more than \$20.1 million. 	LGFA have met this performance measure for 2019/20. LGFA's net interest income for the period to 30 June 2020 was \$18.2 million.
Providing strong budgetary management on behalf of shareholders and Participating Local Authorities.	LGFA's annual issuance and operating expenses (excluding AIL) for the period to: <ul style="list-style-type: none"> - 30 June 2020 will be less than \$6.30 million. - 30 June 2021 will be less than \$6.60 million. - 30 June 2022 will be less than \$6.80 million. 	LGFA have met this performance measure for 2019/20. LGFA's annual issuance and operating expenses (excluding AIL) for the period to 30 June 2020 was \$6.26 million.
Provide funding for all Participating Local Authorities.	Total lending to Participating Local Authorities at: <ul style="list-style-type: none"> - 30 June 2020 will be at least \$9,792 million - 30 June 2021 will be at least \$10,083 million - 30 June 2022 will be at least \$10,171 million. 	LGFA have met this performance measure for 2019/20. LGFA's total lending to Participating Local Authorities for the period to 30 June 2020 was \$10,899 million.
Conduct an annual survey of councils who borrow from LGFA .	Achieve at least an 80% satisfaction score for the value added by LGFA	LGFA have met this performance measure for 2019/20. The actual satisfaction score for the value added by LGFA was 100%.
Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements.	100% of lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements met.	LGFA have met this performance measure for 2019/20. The LGFA met all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements in the year ending 30 June 2020.

PERFORMANCE TARGETS FOR 2019/20

OUTCOMES	MEASURE	RESULT
Achieve 75% market share of all council borrowing in New Zealand.	75% market share of all council borrowing in New Zealand in the period ending 30 June 2020.	<p>LGFA have met this performance measure for 2019/20.</p> <p>The LGFA held 86% market share of all council borrowing in New Zealand in the year ending 30 June 2020.</p>
Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually.	A physical visit to each Participating Local Authority during the year ending 30 June 2020.	<p>LGFA have not met this performance measure for 2019/20.</p> <p>Due to the impact of Covid-19 and the corresponding lockdown, LGFA staff were unable to complete the scheduled visits to each Participating Local Authority.</p>
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.	Zero breaches of LGFA's treasury policy during the year ending 30 June 2020.	<p>LGFA have not met this performance measure for 2019/20.</p> <p>There were two compliance breaches of the Treasury Policy during the 12-month period ending 30 June 2020. There was no financial loss to LGFA from either breach and reputational risk was assessed to be minimal.</p> <p>There was full reporting on both breaches to the LGFA Board and Shareholders Council, and a formal review of both breaches was led by the Chair of the Audit and Risk Committee. LGFA management have reviewed controls that could be put in place to mitigate the risk of further breaches.</p>
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.	100% success rate refinancing existing loans to councils and LGFA Bond maturities during the period ending 30 June 2020.	<p>LGFA have met this performance measure for 2019/20.</p> <p>The LGFA refinanced all existing loans to councils and LGFA Bond maturities during the period ending 30 June 2020.</p>
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.	Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.	<p>LGFA have met this performance measure for 2019/20.</p> <p>LGFA has an annual review process regarding our credit ratings from Standard and Poor's ("S&P") and Fitch Ratings ("Fitch") and meets with both agencies at least annually. Formal review meetings were last held in November 2019 with S&P and in September 2019 with Fitch.</p> <p>On 28 February, S&P affirmed our long-term local currency credit rating as AA+ and our long-term foreign currency credit rating of AA. Both ratings remained on positive outlook. Both credit ratings and outlook are the same as the New Zealand Government.</p> <p>On 18 November 2019, Fitch reaffirmed our long-term local currency credit rating as AA+ and classified LGFA as a corporate mission, government related entity (GRE) under its GRE rating criteria. Fitch equalises our ratings with those of the New Zealand Government.</p> <p>On 28 January 2020 Fitch placed our foreign currency credit rating of AA on positive outlook. Fitch left the local currency credit rating unchanged at AA+ with a stable outlook.</p>

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 2020

ACTUAL \$'000		ACTUAL \$'000
2018/19		2019/20
3,062	Revenue	2,954
(3,053)	Expenditure	(2,952)
10	Surplus/(deficit)	2
10	Net surplus/(deficit) year	2
868	Total assets	829
446	Total liabilities	425

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 187 - 192 is a report of performance against targets set in the Statement of Intent for 2019/20.

PERFORMANCE TARGETS FOR 2018/19		
OUTCOMES	MEASURE	RESULT
<p>Protects and enables the natural environment. The visitor economy enhances the quality of life, by providing an enhanced visitor experience and increased amenity for visitors and residents alike.</p> <p>Implement a Destination Management strategy ensuring the balance of economic growth with the social, cultural and environmental wellbeing of the community.</p>	Visitor spend growth.	<ul style="list-style-type: none"> - \$1,017m (YE June 2020), representing a decrease of 7% from YE June 2019. This is \$91m below the YE June 2020 target. Travel restrictions imposed due to the COVID-19 pandemic have resulted in decreased visitation and spend since March 2020. Coastal BOP was seeing strong growth of visitor spend prior to this (up 8% to \$1,121m in YE Jan 2020). <i>Not achieved.</i>
	Implementation of Visitor Economy Strategy 2018-2028.	<ul style="list-style-type: none"> - Implemented Year 2 of VES, which was the first year of Laying the Foundations (2019- 2021). <i>Achieved.</i>
	Implementation of Te Hā Tāpoi The Love of Tourism 2019-2022.	<ul style="list-style-type: none"> - Implemented year 1 of Te Hā Tāpoi TheLove of Tourism 2019-2022. <i>Achieved.</i>
	Develop methods for monitoring the impact of tourism on our people and place.	<ul style="list-style-type: none"> - Using multiple sources to measure impact of the industry and continuing to evaluate other possible options to fill gaps and/or provide more robust and reliable information. <i>Achieved.</i>
<p>Measure and maintain community social licence with measurement of resident satisfaction and likelihood to recommend the area to others to visit (Net Promoter Score™).</p>	Western Bay of Plenty residents' satisfaction.	<ul style="list-style-type: none"> - Measures confirmed, added questions to Western BOP DC Residents' Survey. Results from 2019-2020 iteration. Sample size of n=708, margin of error +/-4%. - 1. The tourism sector has a positive impact on the community: Score of 72% (% agree, scores of 6-10) - 2. Likelihood to recommend Western BOP as a holiday destination to friends and family: Score of +13. <i>Achieved.</i>
	Implement PR and communications initiatives.	A key initiative is the No Place Like Home marketing campaign that was rolled out on 8 May 2020 during lockdown. Activations across out-of-home, digital, social, e- newsletter, print and website advertising. Campaign analysis to take place in August 2020. Campaign to be ongoing. <i>Achieved.</i>
	Further develop the Connect with Residents programme.	Continued to implement the Connect with Residents programme with the No Place Like Home Campaign, launched in May. Campaign analysis to take place in August when current activations have finished. <i>Achieved.</i>

PERFORMANCE TARGETS FOR 2018/19

OUTCOMES	MEASURE	RESULT
<i>Measure visitor satisfaction and likelihood to recommend the region to others and use feedback to inform activities to enhance the visitor experience.</i>	Maintained or improved visitor satisfaction levels over time.	<ul style="list-style-type: none"> - The Tourism Sentiment Index Score for YE Dec 2019 is +56, 1 point above the target score of +55. <i>Achieved.</i> - Visitor satisfaction survey delayed due to Whakaari/ White Island eruption. Will pick up next financial year in order to implement in the 2020-2021 summer season depending on travel allowances at the time. <i>Not achieved.</i>
<i>Continue to improve the visitor experience by providing fit-for-purpose visitor information services, including the use of digital services.</i>	Implement Visitor Experience Plan.	<ul style="list-style-type: none"> - Phase 1 of Visitor Experience Plan reviewed and implemented. <i>Achieved.</i>
	Implement Visitor Information Services customer survey.	<ul style="list-style-type: none"> - Explored two options for a customer survey. Currently in the process of evaluating options, with a view to implement the best fit program in the second half of 2020. Delayed due to the Whakaari/ White Island eruption and COVID-19 pandemic. <i>Not achieved.</i>
	Provide fit-for- purpose Visitor Information Services.	<ul style="list-style-type: none"> - Tauranga i-SITE operating from new location, with services aligned to provide consistent, high quality, fit-for-purpose visitor information services. Continually reviewing, i.e., engaged with other i-SITE managers to share knowledge and experiences, looking into options to better service domestic market due to international border closures. <i>Achieved.</i>
<i>Continue to improve visitor information services with development of a Mount Maunganui presence, an alternative Tauranga location, and using digital and unmanned services.</i>	Relocate the Tauranga i-SITE.	<ul style="list-style-type: none"> - The Tauranga i-SITE was relocated to The Strand in November 2019. and fully functional at Alert Level 1 (with some extra hygiene measures kept in place due to the COVID-19 pandemic). <i>Achieved.</i>
	Assess need for other touchpoints.	<ul style="list-style-type: none"> - Identified touchpoints needed: Livechat, Bayfair presence, kiosk opportunities at major events. To be implemented during the 2020-2021 financial year. <i>Achieved.</i>
	Implementation of Te Hā Tāpoi The Love of Tourism 2019- 022.	<ul style="list-style-type: none"> - Implemented year 1 of Te Hā Tāpoi The Love of Tourism 2019-2022, which involved identifying products and experiences aligned with Place DNA™. The DoC wall in the Tauranga i-SITE will be updated to feature iconic local wildlife. <i>Achieved.</i>
<i>Identify and promote tourism experiences and products which support Te Moananui ā Toi the Coastal Bay of Plenty's Place DNA™.</i>	Implementation of Te Hā Tāpoi The Love of Tourism 2019-2022.	<ul style="list-style-type: none"> - Implemented year 1 of Te Hā Tāpoi The Love of Tourism 2019-2022, involving promoting products and experiences aligned with Place DNA™, sharing the Coastal BOP Brand Storybook with operators via workshops, meetings, and communications activity. <i>Achieved.</i>
<i>Collaborate with Māori to identify and promote tourism experiences that feature Māori culture and assist in the product development of indigenous cultural experiences, via Memorandums of Commitment (MOC) with Iwi.</i>	Hapū and Iwi relationships developed and MOCs with Iwi established.	<ul style="list-style-type: none"> - Two signed MOCs upheld, 1 pending, and another in discussion with an Iwi outside of Tauranga Moana. However, whilst the goal is the same, the focus from here on in will be building relationships with Iwi/ Hapū. <i>Achieved.</i>
	New product development or enhancement of existing product/s.	<ul style="list-style-type: none"> - Goal exceeded with 12 new cultural tourism experiences launched over the YE June 2020, and product enhancements made by 15 existing operators. Using a kaupapa-Māori based framework, the Tauranga Moana roopū had a wānanga to establish values/principles and to see what type of collective was suitable for them. <i>Achieved.</i>
<i>Establish and maintain passion groups for development to align experiences with target markets.</i>	Development of passion groups throughout Te Moananui ā Toi the Coastal Bay of Plenty.	<ul style="list-style-type: none"> - 1 passion group meeting held, focussed on 'Surfers & Beach Lovers'. The COVID-19 pandemic interrupted plans for further meetings. The passionography plan was reviewed for 2020-2021 considering the domestic visitor focus due to COVID-19. <i>Not achieved.</i>

PERFORMANCE TARGETS FOR 2018/19

OUTCOMES	MEASURE	RESULT
<p><i>Provide leadership to Councils and the sector and support the tourism industry to be environmentally responsible to protect the sub-region for current and future generations.</i></p>	<p>Develop 'tourism with purpose' initiatives.</p>	<ul style="list-style-type: none"> - Has been difficult to find the right fit with local organisations which has delayed this activity. However, several potential Tourism with Purpose products have been identified. TBOP will look to issue an RFP, working with Bay Conservation Alliance, to encourage existing operators to bring one of these to reality in the 2020-2021 financial year. TBOP supported initiatives by sharing stories about social enterprises and environmentally focused events via TBOP marketing channels. <i>Achieved.</i>
	<p>Support implementation of and promote the TIA Tourism Sustainability Commitment within industry.</p>	<ul style="list-style-type: none"> - A total of 33 tourism organisations in Coastal BOP support the TIA Tourism Sustainability Commitment as of June 2020. <i>Achieved.</i>
	<p>Increased awareness of Tiaki Promise among visitors.</p>	<ul style="list-style-type: none"> - i-SITE staff uniforms display Tiaki Promise. Staff share Tiaki Promise messaging with visitors enquiring about outdoor activities. <i>Achieved.</i>
	<p>Explore potential options for understanding and measuring environmental regeneration and implement any suitable options.</p>	<ul style="list-style-type: none"> - Explored options and identified Green Destinations certification as first step in this process. This will measure environmental sustainability. As part of this, TBOP submitted an application to top 100 sustainable destinations competition. Have identified three potential frameworks to move to measuring regeneration following this. <i>Achieved.</i>
<p>Attracts Business, People and Visitors.</p> <ul style="list-style-type: none"> • Grow the tourism industry and increase visitor spend in Te Moananui ā Toi the Coastal Bay of Plenty. • Attract visitors and new investment and create employment opportunities, contributing to a higher standard of living for all. • Support the development of tourism in Te Moananui ā Toi the Coastal Bay of Plenty and enable investment. <p><i>Domestic market: Increasing domestic visitor spend.</i></p>	<p>Domestic market: Increasing domestic visitor spend.</p>	<ul style="list-style-type: none"> - Domestic visitor spend was \$802m in the YE June 2020, a decrease of 7.5% compared to YE June 2019. This does not meet the goal of 3.7% growth per annum. Coastal BOP was seeing good levels of growth of domestic visitor spend prior to COVID-19 (up 6.3% to \$870m in YE Jan 2020). Travel restrictions imposed due to the COVID-19 pandemic have resulted in decreased visitation and spend since March 2020. <i>Not achieved.</i>
	<p>International market: Increasing international visitor spend.</p>	<ul style="list-style-type: none"> - International visitor spend was \$215m in the YE June 2020, a decrease of 5.6% compared to YE June 2019. This does not meet the goal of 5.3% growth per annum. Coastal BOP was seeing good levels of growth of domestic visitor spend prior to COVID-19 (up 16% to \$250m in YE Jan 2020). Travel restrictions imposed due to the COVID-19 pandemic have resulted in decreased visitation and spend since March 2020. <i>Not achieved.</i>
	<p>Cruise market: Increasing cruise sector spend.</p>	<ul style="list-style-type: none"> - The tail end of the cruise sector was affected by the COVID-19 pandemic (with 7 fewer ships and approximately 30,000 fewer passengers than expected) and this will have impacted spend. Spend information will be available later in 2020. <i>Not achieved.</i>
<p><i>Collaborate with strategic partners to drive visitation during off-peak seasons.</i></p>	<p>Develop methods to understand current visitation patterns and profiles.</p>	<ul style="list-style-type: none"> - Have identified high, shoulder and off-peak seasons, an idea of daily activity and impact of cruise and events, regional hot spots based on spend activity, and key access points for drive market. Additional methods scoped and will be implemented in 2020-2021 where possible. <i>Achieved.</i>
	<p>Understand optimum visitor levels.</p>	<ul style="list-style-type: none"> - Have indicative calendar of visitation patterns using monthly spend data (MBIE). Additionally, indicative daily spend data provides a more granular view (Marketview Tourism Dashboard). <i>Achieved.</i>
	<p>Understand optimum visitor levels.</p>	<ul style="list-style-type: none"> - Approximately 50% of accommodation providers registered with the MBIE Accommodation Data Programme which will provide indication of capacity and occupancy and allow insight into optimum visitor levels. Calls being made to remaining providers to encourage participation. This Programme is a MBIE initiative and we are working to their timetable. <i>Not achieved.</i>

PERFORMANCE TARGETS FOR 2018/19

OUTCOMES	MEASURE	RESULT
<p><i>(Continued)</i> Collaborate with strategic partners to drive visitation during off-peak seasons.</p>	<p>Utilise passionography to redefine marketing plans and activities.</p>	<ul style="list-style-type: none"> - Local campaign informed by passionography research is well underway. A domestic campaign which is fully focussed on niche markets and evolving our brand has been briefed and the agency has been engaged. <i>Achieved.</i>
	<p>Develop regional brand stories and story themes based on our Place DNA™ and identify storytellers and influencers to help share those stories.</p>	<ul style="list-style-type: none"> - The Storybook is complete. Tactical activity is completely focused on storytelling, including using local operators as storytellers, and Place DNA™ is being used in all communications. The next step is the roll out of the Brand Storybook to the wider industry. <i>Achieved.</i>
	<p>Develop a new website with online visitor sales & service capability.</p>	<ul style="list-style-type: none"> - New website launched in March 2020. Online visitor sales & services functionality in progress but not yet implemented. Delayed due to the Whakaari/ White Island eruption and the COVID-19 pandemic. <i>Achieved.</i>
	<p>Assess the trade model to best align to target markets.</p>	<ul style="list-style-type: none"> - Achieved goal to review and refine trade to align with target markets. However, direct marketing was put on hold from April 2020 due to COVID-19 whilst all borders are closed. Markets could look quite different once borders open thus another review may be required in the 2020-2021 financial year. <i>Achieved.</i>
<p>Implement Visitor Economy Strategy 2018-2028 and Te Hā Tāpoi The Love of Tourism 2019-2022 to grow the visitor economy and enable public and private investment decisions.</p>	<p>Implementation of Visitor Economy Strategy 2018-2028 and Te Hā Tāpoi The Love of Tourism 2019-2022</p>	<ul style="list-style-type: none"> - Implemented year 1 of Te Hā Tāpoi The Love of Tourism 2019-2022 and year 2 of VES. Visitor economy was growing (at a rate above the national average) prior to the COVID-19 pandemic. TBOP has participated in discussions with stakeholders regarding hotel investment, a local ferry, and other infrastructure projects. <i>Achieved.</i>
	<p>Participation in Bay of Connections Regional Growth Study Implementation Committee.</p>	<ul style="list-style-type: none"> - BOPRC disestablished the committee, therefore participation no longer required. <i>Not achieved.</i>
<p>Work with Council staff to advocate for enablement of tourism product opportunities and to ensure public buildings and spaces are designed and planned through a destination management lens.</p>	<p>Tourism opportunities identified.</p>	<ul style="list-style-type: none"> - Working in conjunction with Council staff and Ngāti Hangarau on the Omanawa Falls project. Visited the Falls with Council staff and elected members followed by a hui and plan moving forward was developed. A submission was made to reconfirm the TIF funding in conjunction with TCC and Veros. <i>Achieved.</i>
	<p>New or revamped public buildings and spaces are designed and planned through a destination management lens.</p>	<ul style="list-style-type: none"> - This is a long-term process. Two projects have been identified to date and applicable Council staff are being engaged with: <ol style="list-style-type: none"> 1. Working with BOP Regional Council on Pāpāmoa Hills Regional Park; and 2. Planning for storyboarding concepts around Pilot Bay with TCC. <i>Achieved.</i>
<p>Advocate for and facilitate opportunities for investment in tourism that will increase the number of new tourism experiences.</p>	<p>Gaps and opportunities identified.</p>	<ul style="list-style-type: none"> - Presented to Fullers Ferry alongside Priority One to encourage continued investment/development. Worked through next steps for hotel development attraction & coordinated approach moving forward. Working with BayStation on product concepts for their new land acquisition. <i>Achieved.</i>
<p>Assist existing, new and potential tourism operators with mentoring and support to develop capability and sustainability.</p>	<p>Growth in number of export-ready operators</p>	<ul style="list-style-type: none"> - 2 new international products were established; however, one closed during the COVID-19 pandemic. The next step will be on development and restart for all tourism businesses firstly within the domestic market (due to international border closures) and, when time is right, preparing the right product for the international market. <i>Not achieved.</i>
	<p>Tourism operators supported to maintain Qualmark status.</p>	<ul style="list-style-type: none"> - Qualmark workshop held for cruise operators prior to the 2019-2020 cruise season. <i>Achieved.</i>
	<p>Tourism operators supported to develop capability.</p>	<ul style="list-style-type: none"> - Hosted workshop with Anna Pollock and ran 10+ capability building workshops across the region throughout the financial year, thus exceeding goal of 3 workshops. <i>Achieved.</i>

PERFORMANCE TARGETS FOR 2018/19

OUTCOMES	MEASURE	RESULT
<i>Identify and support the development of infrastructure to manage visitor growth, via mapping the region's natural and built assets to identify infrastructure and experience gaps and opportunities.</i>	Map regional infrastructure and experiences to identify gaps.	<ul style="list-style-type: none"> - Project to map regional infrastructure and experiences is underway but delayed. This project was put on hold due to the Whakaari/White Island eruption and COVID-19 and therefore started months later than originally planned. Data sources have been scraped and information collated, products and experiences have been categorised. - Expected delivery date for map (phase one) is end of August. <i>Not achieved.</i>
<p>Well Planning with a variety of successful and thriving compact centres.</p> <p>Collaborate with residents, Councils and other agencies.</p> <p><i>Provide leadership for tourism and support sustainable economic growth with effective leadership and implementation of the Visitor Economy Strategy 2018-2028 and Te Hā Tāpoi The Love of Tourism 2019-2022.</i></p>	<p>Implementation of Visitor Economy Strategy 2018-2028.</p> <p>Form and engage a Leadership Advisory Group.</p> <p>Implementation of Te Hā Tāpoi The Love of Tourism 2019-2022.</p>	<ul style="list-style-type: none"> - Implemented year 2 of VES, providing leadership and support for the tourism industry. <i>Achieved.</i> - Have continued to engage with leaders, however the formation of the Leadership Advisory Group was delayed due to the COVID-19 pandemic. Review of Terms of Reference for Leadership Advisory Group post COVID-19. Chair engagement underway. <i>Not achieved.</i> - Implemented year 1 of Te Hā Tāpoi The Love of Tourism 2019-2022, providing leadership and support for the tourism industry. <i>Achieved.</i>
<p><i>TBOP will provide research insights to forecast the visitor economy and provide demand management of infrastructure and city services to Councils.</i></p>	<p>Tourism forecasts and other capacity measures.</p> <p>Councils' feedback.</p>	<ul style="list-style-type: none"> - Forecasts 2018-2028 and visitation patterns data shared with stakeholders. Forecasts have not been updated due to uncertainty caused by COVID-19. This is on hold until 2020-2021, dependent on market conditions. <i>Not achieved.</i> - Participated in annual plan process with Council. <i>Achieved.</i>
<p><i>Share insights with tourism stakeholders to help with their decision making.</i></p>	<p>Sharing of useful insights with tourism stakeholders.</p>	<ul style="list-style-type: none"> - Continuing to share available data with Councils, operators and other stakeholders to help with decision making. This includes sharing the weekly spend figures for Coastal BOP since the start of the COVID-19 pandemic to provide an indication of impact and recovery - sharing with Councils, Priority One and the Tauranga Chamber of Commerce. <i>Achieved.</i>
<p><i>Develop and maintain partnerships with other organisations and stakeholders (including but not limited to Iwi, EDAs and neighbouring RTOs) to identify and leverage opportunities</i></p>	<p>Implement Stakeholder Engagement & Communications Plan.</p> <p>Work with the Industry Advisory Group (IAG) to understand current landscape, capacity, gaps and opportunities.</p> <p>Work with the Industry Advisory Group (IAG) to understand current landscape, capacity, gaps and opportunities.</p> <p>Provide opportunity for industry stakeholders to build networks.</p>	<ul style="list-style-type: none"> - Implemented year 1 of Stakeholder Engagement & Communications Plan, involving increased reach and frequency of engagement with stakeholders and industry. <i>Achieved.</i> - Reviewed plans in place for more regular industry engagement within passionography workshops, the Breakfast Business Connect programme, industry forums, and one on one meetings instead of the IAG. The IAG provided a voice for a very limited number of industry businesses and did not provide a full and complete landscape picture for TBOP. <i>Not achieved.</i> - Breakfast Business Connects developed as an opportunity to bring businesses together for networking. 5 Breakfast Business Connect meetings were held. <i>Achieved.</i> - Held more than three networking events, including 2 Industry Forums and 5 Breakfast Business Connects. The most recent Industry Forum was held at Hotel Armitage on Thursday 25 June. TBOP updated on post-COVID-19 marketing activity and future domestic campaign plans. Tourism New Zealand General Manager Domestic Bjoern Spreitzer also presented. <i>Achieved.</i>

PERFORMANCE TARGETS FOR 2018/19

OUTCOMES	MEASURE	RESULT
<i>Prudent management of TBOP including risk and financial control, and compliance to regulatory and Code of Conduct frameworks.</i>	Manage P&L to budget.	- Budget achieved; any loss of income due to the COVID-19 pandemic has been offset by reduction in expenses. <i>Achieved.</i>
	Code of Conduct compliance.	- TBOP Six Month and Annual Reports: <i>Achieved.</i>
	Compliance and regulatory obligations met.	- All compliance and regulatory obligations have been met. <i>Achieved.</i>
	Enterprise Risk Management Policy adherence.	- All Enterprise Risk Management obligations have been met. <i>Achieved.</i>
	Maintain good working relationships with Council staff and elected members, observing the 'no surprises' principle.	- No surprises principle maintained. <i>Achieved.</i>
Aim for best effort cost recovery through revenue growth opportunities and cost management strategies.	- Budget achieved, TBOP Six Month and Annual Reports also achieved. <i>Achieved.</i>	



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 \$317,500 (2019: \$307,515).

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

	ACTUAL 2020	ACTUAL 2019
Salary	317,500	307,515
Employer contributions to superannuation fund	9,525	9,225
Vehicle	19,191	17,509
Other benefits (including medical insurance)	3,177	3,103
Total remuneration	349,393	337,353

Elected Representative

Elected representatives received the following remuneration:

	ACTUAL 2020	ACTUAL 2019
Councillors		
Dally, Grant Ronald	42,211	39,902
Dean, Mark	41,710	37,299
Denyer, James	33,009	-
Grainger, Murray	32,761	-
Henry, Anne	31,399	-
Humphreys, Christina	29,594	-
Lally, Michael Patrick	11,556	36,820
Lints, Monique	29,267	-
Mackay, Peter	16,904	45,579
Marsh, Kevin Alexander	47,222	44,250
Marshall, David Clark	12,536	39,067
Murray-Benge, Margaret Elizabeth	38,831	34,451
Palmer, John Richard	11,271	36,849
Scrimgeour, John Rob	57,809	49,534
Thwaites, Donald Alan	46,053	43,650
Webber, Garry John (Mayor from 17 October 2016)	129,849	119,780
Williams, Michael	17,410	52,158
Total Councillors	629,391	579,340

38. REMUNERATION (CONTINUED)

Community Board Members

Community board members received the following remuneration:

	ACTUAL 2020	ACTUAL 2019
Community Board Members		
Anaru, William Ra	2,006	-
Beech, Shane William	5,693	6,116
Button, Beverley Joyce	1,715	5,520
Cantlon, Gary Lewis	224	2,978
Clark, Rachel Ann	908	2,978
Clements, John Richard	3,789	-
Crawford, Richard John	7,324	-
Dugmore, Joan Elizabeth	1,715	5,520
Ellis, Kassie Dawn	3,789	-
Evans, John Graeme	2,749	-
Gibbs, Brendan	1,715	5,800
Goudie, Ross	6,032	-
Grainger, Murray	-	9,527
Harray, Neil Bronte	3,789	-
Hepenstall, Brian	1,412	4,566
Hobbs, Jennifer Robyn	3,429	11,861
Hulme, Robert Leigh	3,120	-
Mayo, Norman Frederick	1,715	5,520
Mcfadyen, Wendy	908	2,978
Miller, Peter	3,429	12,018
Parsons, Ruth Miriam	-	3,355
Presland, Peter John	3,993	4,037
Rae, Laura Andrea	2,006	-
Roberts, Marilyn Kathleen	4,532	-
Rolleston, Tupaea James	3,789	4,566
Ryan, Donald Clement	3,120	-
Sage, Derek Keith	3,993	4,037
Sage, Teresa	6,558	4,037
Simpson, Stephan	2,006	-
Snell, Dale	3,789	-
Sole, Allan James	2,824	13,309
Sutherland, Katherine Netta	3,789	-
Spratt, Ronald Parker	1,715	5,565
Warren, Benjamin Christian	9,039	5,520
Total Community Board Members	106,616	119,810
Non-monetary remuneration		
Webber, Garry John (from 17 October 2016)	22,275	20,622

38. REMUNERATION (CONTINUED)

Remuneration scale

	NUMBER OF EMPLOYEES	NUMBER OF EMPLOYEES
	2020	2019
<\$60,000	61	75
\$60,000 - \$79,999 per annum	77	76
\$80,000 - \$99,999 per annum	54	43
\$100,000 - \$119,999 per annum	29	24
\$120,000 - \$139,999 per annum	10	8
\$140,000 - \$239,999 per annum	12	14
>\$240,000 - \$349,999 per annum	4	3
Total employees	247	243

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

At balance date, the Council employed 202 (2019: 199) full-time employees, with the balance of 45 staff representing 29.25 (2019: 28.0) 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 2020 Western Bay of Plenty District Council made one (2019: four) severance payments to employees totalling \$38,981 (2019: \$75,957). The value of the severance payment made in 2020 was \$38,981 (2019: \$40,000, \$20,931 and \$10,000).

40. EVENTS AFTER THE BALANCE

In August 2020, the New Zealand Government awarded Council \$14 million as part of the 'shovel ready programme' Covid-19 response.

This funding was awarded towards the provision of infrastructure assets for Omokoroa.

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	2020	2019
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	34,489	29,622
Debtors and other receivables	15	12,273	11,069
LGFA Borrower Notes	20	1,440	1,440
Te Tumu Investment	18	11,233	11,003
Term deposits	18	-	-
Total loans and receivables		59,435	53,134
Fair value through other comprehensive income			
Other financial assets:			
- local authority stock	20	26	46
- listed shares	18	286	272
Total Fair value through other comprehensive income		312	318
Financial liabilities			
Fair value through surplus and deficit			
Derivative financial instrument liability	16	13,015	11,669
Total Fair value through surplus and deficit		13,015	11,669
Financial liabilities at amortised cost			
Creditors and other payables	24, 26 & 27	16,304	17,607
Borrowings:			
- secured loans	25	110,000	110,000
Total financial liabilities at amortised cost		126,304	127,607

IMPACT OF COVID 19

In March 2020, New Zealand entered a nationwide lockdown as a result of the arrival of Covid-19. This meant that non-essential services and businesses had to close or work from home, while essential services or businesses were permitted to remain open while the lockdown was in place.

Western Bay Council have performed an assessment on its financial position, forecasts and key accounting estimates as a result of Covid-19 and ascertained that the impact as at 30 June 2020 has been minimal. Therefore there have been no changes to Western Bay Council's key accounting forecasts or estimates for the year ending 30 June 2020.

Western bay Council has also performed an assessment on its results for its Service Performance Results as a result of Covid-19 and has included specific commentary relating to Covid-19 within the activity Service Performance Results.

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 (2019: \$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 2020				
Financial Assets				
Local authority stock	26	26		
Shares	286	286		
Te Tumu investment	11,233			11,233
New Zealand Local Government Funding Agency Ltd	3,306		3,306	
Financial Liabilities				
Derivatives	13,015		13,015	
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	

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
	2020	2019
Balance at 1 July	11,003	10,414
Gains/(losses) recognised in surplus and deficit	230	589
Reversal of impairment		
Balance at 30 June	11,233	11,003

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
	2020	2019
Cash at bank and term deposits	34,489	29,622
Debtors and other receivables	12,273	11,069
Local authority and government stock	312	318
New Zealand Local Government Funding Agency	3,306	3,306
Derivative financial instruments	(13,015)	(11,669)
Financial instruments	11,233	11,003
Total credit risk	48,598	43,649

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
	2020	2019
Counterparties with credit ratings		
Cash at bank and term deposits		
A-1+	34,489	29,622
Total cash at bank and term deposits	34,489	29,622
Local authority and government stock		
AA+	3,306	3,306
A	26	46
Total local authority and government stock	3,332	3,352
Derivative financial instrument assets		
AA	-	-
Total derivative financial instruments	-	-
Financial instrument assets		
No rating	11,233	11,003
Total financial instrument assets	11,233	11,003
Counterparties without credit ratings		
Existing assets with no defaults in the past	286	272
Total counterparties without credit ratings	286	272

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 (2019: \$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 2020						
Creditors and other payables	16,304	16,304	16,304	-	-	-
Net settled derivative liabilities	13,015	13,015	166	499	7,233	5,117
Secured loans	110,000	126,017	27,982	11,998	49,036	37,001
Total	139,319	155,336	44,452	12,497	56,269	42,118
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

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 2020						
Cash and cash equivalents	34,489	34,489	34,489	-	-	-
Debtors and other receivables	12,273	12,273	12,273	-	-	-
Net settled financial instruments	11,233	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	3,618	-	-	-	-	3,618
Total	61,613	57,176	46,762	-	-	14,032
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

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	2020 \$'000				2019 \$'000			
		PROFIT	- 100BPS OTHER EQUITY	PROFIT	+ 100BPS OTHER EQUITY	PROFIT	- 100BPS OTHER EQUITY	PROFIT	+ 100BPS OTHER EQUITY
Financial assets									
Cash and cash equivalents	1	(345)		345		(296)		296	
Financial instruments	2	(112)		112		(110)		110	
Other financial assets:									
- Local authority stock	3		(14)		14		(14)		14
Financial liabilities									
Derivatives - interest rate swaps	4	(16,891)		(9,435)		(16,117)		4,487	
Borrowings:									
Debentures	5	(900)		900		(900)		900	
Total sensitivity to interest rate risk		(18,248)	(14)	(8,078)	14	(17,423)	(14)	5,793	14

EQUITY PRICE RISK	NOTE	PROFIT	- 10% OTHER EQUITY		+10% OTHER EQUITY		PROFIT	- 10% OTHER EQUITY	
			PROFIT	+10% OTHER EQUITY	PROFIT	+10% OTHER EQUITY			
Financial assets									
Other financial assets:	6								
- Quoted share investments		-	(29)		29		(27)		27
Total sensitivity to equity price risk		-	(29)	-	29	-	(27)	-	27

Explanation of sensitivity analysis

1. Cash and cash equivalents

Cash and cash equivalents include deposits on call totalling \$34,489,000 (2019: \$29,620,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$344,890 (2019: \$295,622).

Derivatives

2. Financial instruments

Financial instruments include Te Tumu land purchase totalling \$11.23m (2019: \$11.03m). A movement in interest rates of 1.0% has an effect of \$110,233 (2019: \$110,003) on the unrealised value of the financial instruments.

3. Local authority stock

A total of \$1,466,000 (2019: \$1,486,000) 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 (2019: \$14,343) 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 \$13.015m (2019: \$11.669m). A movement in interest rates of plus 1.0% has an effect of reducing the swap deficit value by \$16.891m (2019: \$16.117m). A movement in interest rates of minus 1.0% has an effect of increasing the swap deficit value by \$9.435m (2019: \$7.564m).

5. Debentures - secured loans

Council has floating rate debt with a principal amount totalling \$90.00 million (2019: \$90.00m). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$900,000 (2019: \$900,000). 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 holds equity instruments in Zespri Group Limited valued at \$241,000 (2019: \$217,000) and Seeka Kiwifruit Industries Limited valued at \$45,000 (2019: \$55,000). 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 \$28,000 (2019: \$27,000).

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 2019-20 and 2020 actuals are as follows:

Statement of Comprehensive Income

Actual 2020 surplus of \$14.917 million versus 2020 budget surplus of \$11.536 million.

A favourable variance of \$4.205 million.

Total revenue was \$7.884 million over budget.

The major contributors to the variance were:

	\$'000
Revenue variances positive / (negative):	
¹ Fees and charges from activities	1,457
² Rates revenue including target water supply rates	2,194
³ Financial contributions	(4,606)
⁴ Vested assets	3,700
⁵ Subsidies & grants	2,518
⁶ Gains	48
⁷ Other revenue	2,573
	7,884

Total expenditure was \$4.504 million over budget.

	\$'000
Expenditure positive / (negative):	
⁸ Other expenses	5,709
⁹ Personnel costs	(3)
¹⁰ Depreciation and amortisation	(584)
¹¹ Finance cost - realised	(1,964)
¹² Unrealised Hedging Movement	1,346
Share of associate surplus	1
	4,505

¹ Strong regulatory income relating to building services, 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 rating unit growth and additional water by meter revenue.

³ Financial contributions were lower in 2020 due to slowing building consenting within the district and timing of receipts with 2019 revenue significantly ahead of budget.

⁴ Vested assets income of \$5.940m is \$3.700m higher than budget of \$2.240m. This is due to higher levels of assets being vested in Council.

⁵ Subsidies and grants income of \$11.950m was \$2.517m higher than budget of \$9.433m due to timing and availability of capital works eligible for NZTA funding.

⁶ Gains income of \$0.826m predominantly relates to the revaluation movements of Council held assets across most activities.

⁷ Other revenue was \$1,158m higher than budget. This is predominantly due to movements in rental income, dividend income and petrol tax income.

⁸ Other expenses were \$5,709m higher than budget due to higher costs associated with delivering operational contracts. This includes \$1m of additional cost associated with repairs required to the Waihi Beach Wastewater Treatment Plant over December 2019/January 2020.

⁹ Personnel costs of \$22.404m is in line with the full-year budget of \$22.407m.

¹⁰ Depreciation and amortisation costs of \$19.597m is \$0.584m lower than the budget of \$20.181m.

¹¹ Finance costs realised of \$6.036m were \$1.964m lower than budget of \$8.000m.

¹² Unrealised hedging movement of \$1.346m were unbudgeted.

46. EXPLANATION OF MAJOR VARIANCES (CONTINUED)

Explanations of variances between 2019 and 2020 are as follows:

Statement of Financial Position

Actual net equity of \$1,369.298m million versus \$1,354.744 million in 2019.

There was an increase in overall net equity from actual 2019 of \$14.554 million.

	\$'000
Increase in cash held at year end	4,867
Increase in debtors and prepayments	523
Decrease in investments and financial assets	225
Increase in non-current assets held for sale	2,695
Decrease in forestry assets	(269)
Increase in intangible assets	1,628
Increase in property, plant and equipment	5,464
	15,133
Decrease in debt for the year	-
Increase in interest rate swap liability	(1,346)
Decrease in creditors and other payables	812
Increase in other liabilities	(45)
	(579)
Net movement	14,554

The major variances to prior year were:

- Cash on hand was \$4.867 million higher than last year. This increase reflects the lower than budgeted capital expenditure over 2020.
- Property, plant and equipment was \$5.464 million higher than last year. The increase reflects capitalisation of completed projects.
- Interest Rate Swap liability was \$1.346 million higher than last year. This reflects the reduction in market interest rates over 2019/20.

Statement of Cash flows

2020 actual movement was a net increase in cash held of \$4,867 million versus a budgeted net decrease of \$1.368 million and actual 2019 net increase in cash held of \$17.872 million.

Net cashflows from operating activities of \$27.499 million versus a budgeted net increase of \$29.150 million and last year actual of \$50.621 million.

- Rates revenue has increases by \$2.194 million due an increased amount of rateable properties in the district and higher consumption of metered water.
- Financial Contributions were \$4.606 million lower than budgeted due to slowing building activity within the district and the timing of receipts.
- Other expenses has increased by \$5.709 million due to increased contractor maintenance expenses and other increases in operating expenses.

Net Cashflows from investing activities of (\$22.632 million) versus (\$30,518 million) budget and last year actual of (\$17.749 million).

This is due to the under-delivery of Council's capital expenditure programme of \$9.500 million.

Net Cashflows from financing activities of (\$0.000 million) versus (\$0.000 million) budget and last year actual of (\$15.000 million).

Net cashflows from financing activities are in line with Council's budget for 2019/20.

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 (WHOLE OF COUNCIL)

		ANNUAL PLAN \$'000	ACTUAL \$'000	ANNUAL PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2019	2020	2020
Sources of operating funding					
General rates, uniform annual charges, rates penalties		25,556	47,199	48,689	49,603
Targeted rates		42,425	22,085	26,519	23,476
Subsidies and grants for operating purposes		5,362	5,616	4,800	5,152
Fees and charges		6,470	6,352	1,530	6,740
Interest and dividends from investments		-	146	-	346
Local authority and fuel tax, fines, infringement fees, and other receipts		3,025	8,060	3,422	4,991
Total operating funding	(A)	82,838	89,458	84,906	90,308
Applications of operating funding					
Payments to staff and suppliers		58,416	61,527	62,637	68,318
Finance costs		8,000	6,874	8,000	6,036
Other operating funding applications		408	-	-	-
Total applications of operating funding	(B)	66,823	68,402	70,637	74,354
Operating funding - surplus/(deficit)	(A-B)	16,015	21,057	14,323	15,954
Sources of capital funding					
Subsidies and grants for capital expenditure		4,125	6,844	4,603	6,844
Development and financial contributions		8,786	18,605	10,498	5,892
Increase/(decrease) in debt		10,138	(11,330)	11,496	(1,523)
Gross proceeds from sale of assets		85	1,268	85	2,919
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total Sources of capital funding	(C)	23,135	15,387	26,683	14,132
Applications of capital funding					
Capital expenditure					
• to meet additional demand		17,444	4,785	16,575	7,423
• to improve the level of service		9,112	16,713	14,515	15,666
• to replace existing assets		12,746	13,421	12,370	7,257
Increase/(decrease) in reserves		(152)	1,529	(2,454)	(261)
Increase/(decrease) in investments		-	(5)	-	(1)
Total applications of capital funding	(D)	39,150	36,444	41,006	30,085
Capital funding - surplus/(deficit)	(C-D)	(16,015)	(21,057)	(14,323)	(15,954)
Funding balance	((A-B) + (C-D))	-	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 (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	2019	2020	2020
Operating funding per Funding Impact Statement	82,838	85,890	90,308
Add: Subsidies and grants for capital expenditure	4,125	4,500	6,707
Swap revaluation movement	-	-	-
Financial contributions	8,786	9,806	5,892
Lump sum contributions	-	-	-
Revaluation adjustments	-	-	86
Total	95,750	100,196	102,992
Total Revenue per Statement of Comprehensive Income	97,990	102,488	110,213
Less: Loss on shares adjustment	-	-	-
Less: Asset impairment	-	-	408
Less: Vested Assets	2,240	2,292	5,940
Less: Gains	-	-	872
Total	95,750	100,109	102,992
Variance	-	-	-
Application of operating funding per Funding Impact Statement	66,823	67,383	74,354
Total expenditure per Statement of Comprehensive Income	87,630	89,573	95,297
Less depreciation and amortisation	20,807	22,189	19,597
Less revaluation movement	-	-	-
Less unrealised hedging movement	-	-	1,346
Less asset impairment/loss on sale	-	-	-
Less other adjustments	-	-	-
	66,823	67,383	74,354
Variance	-	-	-
Net Variance	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR REPRESENTATION

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		3,773	3,415	3,472
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	-	-
Internal charges and overhead costs recovered		821	849	734
Local authority and fuel tax, fines, infringement fees, and other receipts		-	77	1
Total operating funding	(A)	4,593	4,340	4,208
Applications of operating funding				
Payments to staff and suppliers		2,027	2,105	1,737
Finance costs		-	-	-
Internal charges and overhead costs applied		2,153	2,222	2,176
Other operating funding applications		408	-	-
Total applications of operating funding	(B)	4,587	4,328	3,914
Operating funding - surplus/(deficit)	(A-B)	6	12	294
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		6	12	294
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	6	12	294
Capital funding - surplus/(deficit)	(C-D)	(6)	(12)	(294)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR PLANNING FOR THE FUTURE

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		2,642	2,567	2,670
Targeted rates		13	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)	2,655	2,580	2,683
Applications of operating funding				
Payments to staff and suppliers		1,853	1,754	1,831
Finance costs		(163)	(172)	(39)
Internal charges and overhead costs applied		784	809	889
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	2,473	2,391	2,682
Operating funding - surplus/(deficit)	(A-B)	181	189	2
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		181	189	2
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	181	189	2
Capital funding - surplus/(deficit)	(C-D)	(181)	(189)	(2)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR COMMUNITIES

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		4,704	4,790	4,545
Targeted rates		1,838	1,879	2,110
Subsidies and grants for operating purposes		-	-	195
Fees and charges		75	77	80
Internal charges and overhead costs recovered		860	901	984
Local authority and fuel tax, fines, infringement fees, and other receipts		477	499	605
Total operating funding	(A)	7,954	8,146	8,519
Applications of operating funding				
Payments to staff and suppliers		4,793	4,733	5,290
Finance costs		50	54	34
Internal charges and overhead costs applied		2,708	2,864	2,784
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	7,552	7,650	8,107
Operating funding - surplus/(deficit)	(A-B)	402	496	413
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		215	73	187
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	215	73	187
Applications of capital funding				
Capital expenditure				
• to meet additional demand		169	79	56
• to improve the level of service		-	-	-
• to replace existing assets		361	377	325
Increase/(decrease) in reserves		87	113	219
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	617	569	600
Capital funding - surplus/(deficit)	(C-D)	(402)	(496)	(413)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR RECREATION AND LEISURE

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		6,155	6,784	5,891
Targeted rates		20	23	-
Subsidies and grants for operating purposes		367	153	-
Fees and charges		24	24	15
Internal charges and overhead costs recovered		1,383	1,421	1,338
Local authority and fuel tax, fines, infringement fees, and other receipts		692	752	2,444
Total operating funding	(A)	8,641	9,157	9,689
Applications of operating funding				
Payments to staff and suppliers		4,430	4,516	5,830
Finance costs		(193)	(134)	(596)
Internal charges and overhead costs applied		2,472	25,56	2,242
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	6,709	6,938	7,477
Operating funding - surplus/(deficit)	(A-B)	1,933	2,219	2,212
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		2,130	2,173	1,362
Increase/(decrease) in debt		1,221	591	315
Gross proceeds from sale of assets		-	-	72
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	3,351	2,763	1,748
Applications of capital funding				
Capital expenditure				
• to meet additional demand		3,032	2,168	790
• to improve the level of service		445	378	2,210
• to replace existing assets		1,384	1,471	2,330
Increase/(decrease) in reserves		423	966	(1,370)
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	5,284	4,983	3,961
Capital funding - surplus/(deficit)	(C-D)	(1,933)	(2,219)	(2,212)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR REGULATORY SERVICES

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		2,688	2,621	3,576
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		5,945	6,170	6,448
Internal charges and overhead costs recovered		-	-	726
Local authority and fuel tax, fines, infringement fees, and other receipts		88	90	163
Total operating funding	(A)	8,721	8,881	10,913
Applications of operating funding				
Payments to staff and suppliers		5,991	6,045	7,290
Finance costs		(10)	(11)	(12)
Internal charges and overhead costs applied		2,460	2,767	3,559
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	8,621	8,801	10,837
Operating funding - surplus/(deficit)	(A-B)	100	80	76
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		-	10	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	-	10	-
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		100	91	76
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	100	91	76
Capital funding - surplus/(deficit)	(C-D)	(100)	(80)	(76)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR TRANSPORTATION

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates		13,000	13,695	13,643
Subsidies and grants for operating purposes		4,180	4,327	4,778
Fees and charges		10	10	16
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		262	267	328
Total operating funding	(A)	17,452	18,300	18,765
Applications of operating funding				
Payments to staff and suppliers		8,950	9,157	8,353
Finance costs		866	1,052	55
Internal charges and overhead costs applied		1,437	1,474	1,369
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	11,253	11,683	9,777
Operating funding - surplus/(deficit)	(A-B)	6,199	6,616	8,989
Sources of capital funding				
Subsidies and grants for capital expenditure		4,125	4,500	6,844
Development and financial contributions		2,113	2,671	1,793
Increase/(decrease) in debt		4,479	1,490	(1,502)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	10,717	8,661	7,134
Applications of capital funding				
Capital expenditure				
• to meet additional demand		9,103	5,970	4,894
• to improve the level of service		3,385	4,379	10,900
• to replace existing assets		4,407	4,898	-
Increase/(decrease) in reserves		21	30	329
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	16,916	15,277	16,123
Capital funding - surplus/(deficit)	(C-D)	(6,199)	(6,616)	(8,989)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR WATER SUPPLY

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		10,488	-	11,139
Targeted rates		-	10,950	179
Subsidies and grants for operating purposes		-	62	-
Fees and charges		-	-	86
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	91
Total operating funding	(A)	10,488	11,012	11,495
Applications of operating funding				
Payments to staff and suppliers		5,223	5,311	8,659
Finance costs		1,652	1,773	1,491
Internal charges and overhead costs applied		1,986	2,037	1,989
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	8,861	9,121	12,139
Operating funding - surplus/(deficit)	(A-B)	1,627	1,891	(644)
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		1,203	1,505	817
Increase/(decrease) in debt		1,973	3,676	1,487
Gross proceeds from sale of assets		-	-	1,789
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	3,176	5,181	4,092
Applications of capital funding				
Capital expenditure				
• to meet additional demand		1,562	3,971	355
• to improve the level of service		360	149	737
• to replace existing assets		2,881	2,951	2,356
Increase/(decrease) in reserves		-	-	-
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	4,803	7,071	3,448
Capital funding - surplus/(deficit)	(C-D)	(1,627)	(1,891)	644
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR STORMWATER

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		995	1,372	1,122
Targeted rates		4,104	4,321	4,186
Subsidies and grants for operating purposes		38	38	-
Fees and charges		-	-	4
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	6
Total operating funding	(A)	5,137	5,731	5,319
Applications of operating funding				
Payments to staff and suppliers		977	961	1,073
Finance costs		1,246	1,344	1,315
Internal charges and overhead costs applied		535	549	606
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	2,758	2,854	2,994
Operating funding - surplus/(deficit)	(A-B)	2,378	2,877	2,324
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		1,140	1,351	540
Increase/(decrease) in debt		1,524	2,324	(1,894)
Gross proceeds from sale of assets		-	-	329
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	2,664	3,676	(1,025)
Applications of capital funding				
Capital expenditure				
• to meet additional demand		2,000	3,008	542
• to improve the level of service		2,577	2,858	588
• to replace existing assets		465	687	169
Increase/(decrease) in reserves		-	-	-
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	5,042	6,553	1,299
Capital funding - surplus/(deficit)	(C-D)	(2,378)	(2,877)	(2,324)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR NATURAL ENVIRONMENT

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		224	238	252
Targeted rates		455	466	467
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)	679	704	718
Applications of operating funding				
Payments to staff and suppliers		843	852	782
Finance costs		(27)	(27)	(138)
Internal charges and overhead costs applied		76	79	78
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	893	904	722
Operating funding - surplus/(deficit)	(A-B)	(214)	(200)	(4)
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		191	221	118
Increase/(decrease) in debt		17	18	(27)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	208	239	91
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		(6)	40	87
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	(6)	40	87
Capital funding - surplus/(deficit)	(C-D)	214	200	4
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR WASTEWATER

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,292	1,965	11,968
Targeted rates		10,358	10,888	415
Subsidies and grants for operating purposes		604	-	-
Fees and charges		2	2	6
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	155
Total operating funding	(A)	12,255	12,855	12,544
Applications of operating funding				
Payments to staff and suppliers		4,294	4,371	7,339
Finance costs		3,160	3,104	2,979
Internal charges and overhead costs applied		1,988	2,037	1,866
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	9,442	9,512	12,184
Operating funding - surplus/(deficit)	(A-B)	2,813	3,344	360
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		2010	1,885	1,262
Increase/(decrease) in debt		(1,116)	1,860	(1,007)
Gross proceeds from sale of assets		-	-	659
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	894	3,745	915
Applications of capital funding				
Capital expenditure				
• to meet additional demand		280	4,584	212
• to improve the level of service		1,321	625	255
• to replace existing assets		2,126	1,931	788
Increase/(decrease) in reserves		(20)	(51)	20
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	3,707	7,089	1,275
Capital funding - surplus/(deficit)	(C-D)	(2,813)	(3,344)	(360)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR SOLID WASTE

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		708	708	675
Targeted rates		1,110	1,247	1,197
Subsidies and grants for operating purposes		173	126	178
Fees and charges		90	94	84
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		33	34	93
Total operating funding	(A)	2,115	2,209	2,228
Applications of operating funding				
Payments to staff and suppliers		1,315	1,524	1,284
Finance costs		(8)	(18)	(55)
Internal charges and overhead costs applied		584	597	444
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	1,892	2,103	1,673
Operating funding - surplus/(deficit)	(A-B)	223	107	555
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		(215)	(5)	(553)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(215)	(5)	(553)
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	95	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		9	6	2
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	9	101	2
Capital funding - surplus/(deficit)	(C-D)	(223)	(107)	(555)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR ECONOMIC

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		754	782	744
Targeted rates		322	329	331
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	-
Total operating funding	(A)	1,078	1,114	1,075
Applications of operating funding				
Payments to staff and suppliers		666	693	711
Finance costs		(87)	(92)	(73)
Internal charges and overhead costs applied		102	104	104
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	681	706	743
Operating funding - surplus/(deficit)	(A-B)	397	408	332
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		(29)	(30)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(29)	(30)	-
Applications of capital funding				
Capital expenditure				
• to meet additional demand		460	929	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		(91)	(551)	332
Increase/(decrease) in investments		-	-	(1)
Total applications of capital funding	(D)	368	378	332
Capital funding - surplus/(deficit)	(C-D)	(397)	(408)	(332)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2020 FOR SUPPORT SERVICES

		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
For the years ended 30 June		2019	2020	2020
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,621	1,265	3,548
Targeted rates		718	937	935
Subsidies and grants for operating purposes		-	-	-
Fees and charges		324	330	1
Internal charges and overhead costs recovered		16,776	17,404	16,831
Local authority and fuel tax, fines, infringement fees, and other receipts		1,471	1,498	1,449
Total operating funding	(A)	20,910	21,434	22,764
Applications of operating funding				
Payments to staff and suppliers		17,052	17,361	18,138
Finance costs		1,513	1,126	1,076
Internal charges and overhead costs applied		2,375	2,482	2,506
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	20,940	20,969	21,719
Operating funding - surplus/(deficit)	(A-B)	(31)	465	1,045
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		2,069	1,118	1,471
Gross proceeds from sale of assets		85	87	71
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	2,154	1,205	1,542
Applications of capital funding				
Capital expenditure				
• to meet additional demand		838	204	574
• to improve the level of service		1,024	943	976
• to replace existing assets		1,123	1,018	1,289
Increase/(decrease) in reserves		(861)	(496)	(253)
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	2,124	1,670	2,586
Capital funding - surplus/(deficit)	(C-D)	31	(465)	(1,044)
Funding balance	((A-B) + (C-D))	-	-	-