

CHAPTER THREE

Finances



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WESTERN BAY OF PLENTY DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR YEAR ENDED 30 JUNE 2018

		ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	NOTE	2018	2018	2017
Revenue from non-exchange transactions				
Fees and charges from activities	4	9,131	5,439	6,282
Rate revenue	5, 6 & 7	65,044	64,670	63,657
Fines		177	245	201
Vested assets	9	10,965	2,240	3,658
Financial contributions	11	9,506	10,020	10,993
Subsidies and grants	10	15,994	12,818	10,359
Other revenue	11	503	617	464
Fair value movement in derivative financial instruments	16	794	-	5,142
Gains	21	33,055	-	1,542
Revenue from non-exchange transactions total		145,169	96,048	102,296
Revenue from exchange transactions				
Finance revenue	8	1,468	1,280	1,272
Dividends		132	100	227
Rental Revenue		1,001	1,053	1,093
Other exchange revenue	11	1,227	700	1,357
Total revenue	2	148,997	99,182	106,247
Expenditure				
Other expenses	12	36,290	35,037	35,966
Personnel costs	13	18,588	19,340	16,830
Depreciation	21	18,678	19,926	19,052
Amortisation	22	916	248	360
Impairment expense		-	-	-
Unrealised hedging movement		-	-	-
Finance costs	8	7,920	7,800	8,246
Expenditure total	3	82,392	82,352	80,454
Share of associate surplus/(deficit)		(16)	-	(205)
Net surplus / (deficit)		66,589	16,831	25,587
Other comprehensive revenue and expenses				
Gains/(Losses) on asset revaluations	21	65,960	-	-
Reversal of impairment		-	-	7,868
Other assets at fair value through other comprehensive revenue and expense	28	78	-	76
Total other comprehensive revenue and expense for the year		66,040	-	7,944
Total comprehensive revenue and expense for the year		132,629	16,831	33,531

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

The accompanying notes form part of these financial statements.

WESTERN BAY OF PLENTY DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	NOTE	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
		2018	2018	2017
Equity				
Retained earnings	28	849,971	786,914	784,184
Restricted reserves	29	271	261	266
Council created reserves	30	30,434	21,650	29,556
Asset revaluation reserves	31	407,239	372,284	341,279
Equity total		1,287,915	1,181,109	1,155,286
Assets				
Current assets				
Cash and cash equivalents	14	11,750	6,218	14,779
Receivables	15	13,843	9,424	7,721
Non-current assets held for sale	17	445	-	875
Prepayments	15	731	192	837
Other current financial assets	18	14,983	-	35,000
Current assets total		41,753	15,834	59,212
Non-current assets				
Other non-current financial assets	18	10,644	2,985	10,273
Investment in associates	19	207	222	222
Investments in CCO and other similar entities	20	3,603	3,458	3,603
Intangible assets	22	3,265	2,858	3,443
Forestry assets	23	8,539	6,842	6,843
Property, plant and equipment	21	1,374,476	1,303,243	1,248,923
Non-current assets total		1,400,733	1,319,608	1,273,307
Assets total		1,442,486	1,335,442	1,332,519
Liabilities				
Current liabilities				
Creditors and other payables	24	17,580	11,860	14,547
Current employee entitlements	26	2,479	2,012	2,360
Borrowings and other financial liabilities	25	25,000	25,000	45,000
Derivative financial instruments	16 & 44	465	14,798	9,655
Current portion provisions	27	313	311	312
Current liabilities total		45,837	53,981	71,875
Non-current liabilities				
Non current employee entitlements	26	15	22	24
Non current provisions	27	322	330	334
Non current borrowings and other financial liabilities	25	100,000	100,000	105,000
Derivative financial instruments	44	8,397	-	-
Non-current liabilities total		108,734	100,352	105,358
Liabilities total		154,571	154,333	177,233
Net assets		1,287,915	1,181,109	1,155,286

The accompanying notes form part of these financial statements.



Garry Webber
Mayor, Western Bay of Plenty District

WESTERN BAY OF PLENTY DISTRICT COUNCIL

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2018

	NOTE	RETAINED EARNINGS	ASSET REVALUATION RESERVE	COUNCIL RESERVES	TOTAL EQUITY
Balance at 1 July 2016	28	754,269	341,279	26,207	1,121,755
Total comprehensive income for the year		29,915	-	3,615	33,531
Balance at 30 June 2017		784,184	341,279	29,822	1,155,286
Total comprehensive income for the year	28	65,787	65,960	883	132,629
Balance at 30 June 2018		849,971	407,239	30,705	1,287,915

The accompanying notes form part of these financial statements.

WESTERN BAY OF PLENTY DISTRICT COUNCIL

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2018

		ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	NOTE	2018	2018	2017
Cash flows from operating activities				
Receipts from rates revenue		65,544	63,828	62,592
Regional Council rates		5,865	6,293	6,439
Interest received		1,824	413	637
Dividends received		132	-	227
Receipts from other revenue		32,812	30,992	31,138
Payments to suppliers and employees		(52,193)	(53,866)	(50,833)
Interest paid		(7,920)	(7,800)	(7,966)
Regional Council rates		(5,865)	(6,293)	(6,439)
Goods and services tax (net)		(1,136)	-	360
Net cash from operating activities	33	39,063	33,567	36,155
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		1,654	85	1,175
Purchase of property, plant and equipment		(38,232)	(34,568)	(26,129)
Purchase of intangible assets		(531)	(150)	(399)
Purchase of investments		-	(320)	(35,205)
Sale of Investments		20,017	-	
Net cash from investing activities		(17,092)	(34,953)	(60,558)
Cash flows from financing activities				
Proceeds from borrowings		-	20,000	35,000
Repayment of borrowings		(25,000)	(45,000)	(13,000)
Net cash from financing activities		(25,000)	(25,000)	22,000
Net (decrease)/increase in cash held		(3,029)	(26,386)	(2,402)
Cash, cash equivalents and bank overdrafts at the beginning of the year		14,779	32,603	17,181
Cash, cash equivalents and bank overdrafts at the end of the year	14	11,750	6,218	14,779

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

The accompanying notes form part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2018

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 2018. The financial statements were authorised for issue by Council on 20 September 2018.

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 2018 financial statements.

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

Interests in other entities

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

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

Financial instruments

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

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

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

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

Employee benefits

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

Service Performance Reporting

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

Changes in Accounting Policies

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

Presentation currency and rounding

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

Statement of Significant Accounting Policies

Basis of consolidation

Associate

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

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

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that Western Bay Council has

incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

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

Revenue

Revenue is measured at fair value.

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

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Western Bay Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue
- Rates arising from late payment penalties are recognised as revenue when rates become overdue
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis
- Rates remissions are recognised as a reduction of rates revenue when Western Bay Council has received an application that satisfies its rates remission policy
- Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements, as Western Bay Council is acting as an agent for the BOPRC.

Financial contributions

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

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

New Zealand Transport Agency roading subsidies

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

Other grants received

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

Building and resource consent revenue

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

Entrance fees

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

Sale of goods

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

Infringement fees and fines

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

Vested or donated physical assets

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

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

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

Donated and bequeathed financial assets

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

Interest and dividends

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

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

Construction contracts

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

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

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

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

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

Borrowing costs

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

Grant expenditure

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

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

Foreign currency transactions

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

Income tax

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

Leases

Finance leases

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

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

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

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

Western Bay Council does not currently have any finance leases.

Operating leases

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

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Cash and cash equivalents

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

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

Receivables

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

Derivative financial instruments and hedge accounting

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

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

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

Western Bay Council has elected not to hedge account.

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

Other financial assets

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

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

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

- Fair value through surplus or deficit
- Loans and receivables
- Held-to-maturity investments; and
- Fair value through other comprehensive revenue and expense.

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

Financial assets at fair value through surplus or deficit

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

Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

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

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

Loans and receivables

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

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

Held-to-maturity investments

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

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

Fair value through other comprehensive revenue and expense

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

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

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

Impairment of financial assets

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

Loans and receivables, and held-to-maturity investments

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

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

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

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

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

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

Non-current assets held for sale

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant, and equipment

Property, plant, and equipment consist of:

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

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

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

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

Revaluation

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

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

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

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

Transportation assets including roads, bridges and footpaths were revalued at depreciated replacement cost at 1 July 2017 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	12 years	Straight line
Unsealed	3 to 5 years	Straight line
Other	5 to 70 years	Straight line
Formation (not depreciated)		
Bridges		
• Concrete	100 years	Straight line
• Steel	50 years	Straight line
Reticulation		
Water	20 to 60 years	Straight line
Sewerage	60 to 100 years	Straight line
Stormwater	80 to 120 years	Straight line
Treatment plant and equipment	25 to 50 years	Straight line
Other structures		
Wooden reservoirs	80 years	Straight line
Concrete reservoirs	100 years	Straight line
Dams	100 years	Straight line
Bores	100 years	Straight line

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

Intangible assets

Software acquisition and development

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

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

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

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

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

Easements

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

Carbon credits

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

Amortisation

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

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

Computer software	3 to 5 years	20% to 33.3%
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 2015-2025. 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's asset management planning activities, which gives Western Bay further assurance over its useful life estimates.

Experienced independent valuers perform the 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 2017:

Treatment of airport land

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

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

Classification of property

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

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

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

SUMMARY OF COST OF SERVICES

2. TOTAL OPERATING REVENUE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2018	2018	2017
Significant activities			
Representation	2,704	3,031	2,755
Planning for the future	2,309	2,259	2,219
Communities	8,989	6,696	6,427
Recreation and leisure	27,138	7,306	9,352
Regulatory services	8,027	7,220	7,551
Transportation	38,687	27,402	29,897
Water supply	14,209	12,130	12,336
Stormwater	10,805	7,041	7,050
Natural environment	812	726	782
Wastewater	18,741	18,065	14,665
Solid waste	2,113	1,948	1,783
Economic	967	993	955
Council services	13,496	4,367	10,475
Total operating revenue by activity	148,997	99,182	106,247
Council services	148,997	99,182	106,247

3. TOTAL OPERATING EXPENDITURE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2018	2018	2017
Significant activities			
Representation	2,635	3,031	2,720
Planning for the future	2,239	2,061	2,171
Communities	6,145	6,540	6,468
Recreation and leisure	6,788	6,320	6,509
Regulatory services	8,048	7,449	7,285
Transportation	19,853	20,794	19,862
Water supply	11,131	11,158	10,535
Stormwater	4,072	3,963	3,820
Natural environment	717	791	691
Wastewater	12,899	13,337	13,316
Solid waste	1,889	2,042	1,536
Economic	626	648	637
Council services	5,350	4,217	4,904
Total operating expenditure by activity	82,392	82,351	80,454
Council services	82,392	82,351	80,454

4. FEES AND CHARGES FROM ACTIVITIES

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2018	2018	2017
Significant activities			
Representation	3	-	67
Planning for the future	-	-	-
Communities	242	75	391
Recreation and leisure	236	26	47
Regulatory services	4,636	5,234	4,871
Transportation	3,599	10	334
Water supply	89	-	73
Stormwater	9	-	209
Natural environment	-	-	-
Wastewater	57	2	19
Solid waste	98	82	94
Economic	-	-	-
Council services	161	10	177
Total revenue from significant activities	9,131	5,439	6,282

GENERAL RATE INCOME

5. GENERAL RATE INCOME

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2018	2018	2017
Representation	2,267	2,612	2,246
Planning for the future	2,296	2,247	2,204
Communities	3,589	3,682	3,683
Recreation and leisure	5,423	4,993	5,044
Regulatory services	2,529	1,914	1,911
Transportation	13,926	13,756	14,014
Stormwater	1,489	1,489	1,468
Natural environment	246	192	213
Wastewater	1,912	1,912	2,003
Solid waste	415	632	363
Economic	675	696	681
Council services	726	1,139	1,260
Total general rates	35,493	35,264	35,088

6. TARGETED RATES ATTRIBUTABLE TO ACTIVITIES

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2018	2018	2017
General rates	35,493	35,264	35,088
Targeted rates attributable to activities			
Representation	433	419	441
Planning for the future	13	13	13
Communities	1,929	1,876	2,066
Recreation and leisure	-	-	-
Regulatory services	-	-	-
Transportation	-	-	44
Water supply	6,445	6,642	6,401
Stormwater	4,066	3,997	3,836
Natural environment	346	349	325
Wastewater	9,964	9,922	9,447
Solid waste	1,053	1,024	1,031
Economic	290	295	271
Council services	926	918	928
Total targeted rates	25,465	25,453	24,804

Environment Protection is included as part of targeted rates.

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 \$40,232 (2017: \$37,677). 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
	2018	2018	2017
Metered water charges	4,086	3,953	3,765
Total rates revenue	65,044	64,670	63,657

8. FINANCE INCOME AND FINANCE COSTS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2018	2018	2017
Finance income			
Interest income	1,460	1,267	1,262
Unrealised hedge movement	-	-	-
Rates postponement scheme	8	13	10
Total finance income	1,468	1,280	1,272
Finance costs:			
- interest on bank borrowings	4,260	7,800	4,908
- interest rate swap expense	3,660	-	3,337
Total finance costs	7,920	7,800	8,246
Net finance income / (costs)	(6,452)	(6,520)	(6,974)

9. VESTED ASSETS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2018	2018	2017
Significant activities			
Recreation and leisure	166	-	-
Transportation	2,947	1,400	1,970
Water supply	1,339	200	280
Stormwater	4,245	300	950
Wastewater	2,268	340	457
Council services	-	-	-
Total significant activities	10,965	2,240	3,658

10. SUBSIDIES AND GRANTS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2018	2018	2017
Ministry for the Environment - territorial authority levy for trade waste	180	130	176
Bay of Plenty Regional	1,045	2,447	-
NZ Lotteries	350	-	-
Lion Foundation	50	473	-
Land Transport NZ subsidy	14,266	9,758	10,087
TECT	103	10	43
Creative NZ	-	-	18
Glass Packaging Forum Scheme	-	-	24
Other	-	-	10
Total subsidies and grants	15,994	12,818	10,359

There are no unfulfilled conditions or other contingencies attached to subsidies recognised (2017: nil).

11. OTHER REVENUE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2018	2018	2017
Petrol tax	466	400	446
Sale of goods and services	1,184	995	1,313
Cost recoveries	79	230	62
Total other revenue	1,729	1,625	1,821
Made up of:			
Exchange	1,227	1,040	1,357
Non exchange	503	585	464
Financial contributions			
Recreation and leisure	2,313	1,583	2,302
Transportation	2,659	2,216	3,396
Water supply	1,534	1,339	1,726
Stormwater	622	1,255	585
Natural environment	219	185	244
Wastewater	2,160	3,441	2,739
Total revenue from financial contributions	9,506	10,020	10,993

12. OTHER EXPENSES

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Audit fees for financial statement audit		
- audit fees for financial statement audit	135	142
- audit fees for long term plan audit	101	-
- audit fees for debenture trust deed audit	8	-
- audit fees for grant funding assurance audit	5	-
Insurance premiums	371	334
Consultant and legal fees	1,890	2,073
Impairment of receivables	1,938	2,408
Loss on sale of property, plant and equipment	125	818
Minimum lease payments under operating leases	86	78
Other operating expenses	31,653	30,088
Asset revaluation	(22)	25
Total other expenses	36,290	35,966

13. PERSONNEL COSTS

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Salaries and wages	18,399	16,664
Employer contributions to health insurance scheme	189	166
Total personnel costs	18,588	16,830

Council's total Kiwisaver contributions to 30 June 2018 were \$431k (2017: \$425k).

14. CASH AND CASH EQUIVALENTS

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Cash at bank and on hand	3,732	4,861
Petty cash	2	2
Term deposits with maturities less than 3 months	8,016	9,916
Total cash and cash equivalents	11,750	14,779

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:

	2018	2017
Short-term deposits	3.12%	3.47%

15. DEBTORS AND OTHER RECEIVABLES

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Rates debtors	5,971	6,596
Metered water debtors	1,501	1,062
Other trade debtors	2,449	1,995
Sundry debtors	6,169	1,876
GST Receivables	1,191	-
Debtors and other receivables prior to impairment	17,281	11,529
Less provision for impairment of receivables	3,438	3,808
	13,843	7,721
Prepayments	731	837
	14,574	8,558
¹ Receivables from non-exchange transactions	14,033	8,240
Receivables from exchange transactions	541	318
	14,574	8,558

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 (2017:\$nil). Western Bay Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The status of receivables as at 30 June 2018 and 2017 are detailed below:

	2018			2017		
	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not past due	13,372	721	12,571	7,229	811	6,418
Past due 90 days - 2 years	1,105	484	621	1,187	477	710
Past due 2-3 years	873	645	228	913	679	234
Past due > 3 years	1,931	1,588	343	2,200	1,841	359
Total	17,281	3,438	13,843	11,529	3,808	7,721

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	ACTUAL
	\$'000	\$'000
	2018	2017
Individual impairment	1,588	1,841
Collective impairment	1,850	1,967
As at 30 June	3,438	3,808

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	ACTUAL
	\$'000	\$'000
	2018	2017
Past due 30-59 days	-	-
Past due 60-89 days	-	-
Past due > 90 days	1,588	1,841
As at 30 June	1,588	1,841

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

	ACTUAL	ACTUAL
	\$'000	\$'000
	2018	2017
As at 1 July	3,808	4,445
Additional provisions made during the year	1,568	1,771
Provisions reversed during the year	-	-
Receivables written off during the year	(1,938)	(2,408)
As at 30 June	3,438	3,808

16. DERIVATIVE FINANCIAL INSTRUMENTS

	ACTUAL	ACTUAL
	\$'000	\$'000
	2018	2017
Current portion		
Interest rate swaps - not hedge accounted	(8,862)	(9,655)
Total derivative financial instruments	(8,862)	(9,655)

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 \$184m (2017: \$173m). At 30 June 2018, the fixed interest rates of interest rate swaps vary from 2.04% to 5.99% (2017: 3.04% to 5.99%).

17. NON-CURRENT ASSETS HELD FOR SALE

Western Bay Council owns two residential sections (2017: four). One property is located at Waihi Beach and the other property is located at Pukehina Beach. These properties have 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
	2018	2017
Non-current assets held for sale are:		
- land	445	875
Total non-current asset held for sale	445	875

18. OTHER FINANCIAL ASSETS

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Current portion		
Investments	-	-
Term deposits maturing within 12 months of balance date	14,983	35,000
Total investments	14,983	35,000
Total current other financial assets	14,983	35,000
Non-current portion		
Non-current assets available for sale are:		
Zespri Group Limited		
17,660 shares (no change from 2017) with a market value as at 30 June 2018 of \$8.75 (\$5.35 in 2017) per share.	155	95
Seeka Kiwifruit Industries Limited		
11,247 shares (2017: 11,247) with a market value as at 30 June 2018 of \$6.70 (\$5.10 in 2017) per share.	75	57
Total non-current assets available for sale	230	152
Loans and receivables		
Te Tumu investment (note 42)	10,414	10,121
Total loans and receivables	10,414	10,121
Total non-current other financial assets	10,644	10,273
Total other financial assets	25,627	45,273

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
	2018	2017
Share in associates		
Western Bay of Plenty Tourism and Visitors' Trust (50%)	207	222
Total share in associates	207	222

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

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Bay of Plenty Local Authority Shared Services Limited	14	14
BOPLASS Limited 9.7% share (2017: 9.7%)		
New Zealand Civic Financial Services	43	43
28,142 shares (2017: no change) with a market value as at 30 June 2018 of \$1.54 per share (2017: no change)		
New Zealand Local Government Funding Agency Limited	1,866	1,866
3,731,958 shares (2017: no change) at \$1 per share \$0.50 share paid up capital (2017: no change)		
New Zealand Local Government Funding Agency Borrower Notes	1,680	1,680
Total Investment in Council Controlled Organisations (CCO's) and other similar entities	3,603	3,603

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Bay of Plenty Local Authority Shared Services (BOPLASS)		
Assets	1,192	995
Liabilities	1,152	945
Revenues	1,445	1,742
Surplus / (deficit)	11	2
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)

Depreciation and Amortisation Expense	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Representation	9	12
Planning for the future	4	5
Communities	367	542
Recreation and leisure	1,525	1,652
Regulatory services	71	64
Transportation	8,167	8,381
Water supply	3,396	2,742
Stormwater	1,353	1,125
Natural environment	3	5
Wastewater	3,158	3,764
Solid waste	20	31
Economic	-	-
Total depreciation and amortisation by activity	18,074	18,324
Depreciation and amortisation related to support services	1,521	1,089
Total depreciation and amortisation expense	19,594	19,413
Made up of:		
Depreciation	18,678	19,052
Amortisation	916	360
Revaluation gains	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Representation	-	1
Planning for the future	-	2
Communities	-	3
Transportation	12,822	52
Water supply	18,320	-
Wastewater	(3,735)	-
Stormwater	14,837	-
Support services	-	460
Land	43,854	
Buildings	8,063	
Coastal marine structures	1,304	
Library books	187	
Improvements	686	
Property plant and equipment gains	96,338	518
Intangibles (Emission Trading Scheme NZ Units)	137	-
Forestry	1,695	1,024
Total gains	98,170	1,542

The 2018 property, plant and equipment gains of \$96.3m relate to the revaluation movement of land, buildings and infrastructure assets, being \$31.2m reflected in net surplus and \$65.9m reflected in other comprehensive income. An external revaluation occurs every 3 years. This movement reflects the increase in values between 30 July 2015 and 1 July 2017.

Work in Progress	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Communities	5,081	289
Recreation and leisure	718	1,095
Transportation	11,203	4,337
Water supply	5,010	2,044
Stormwater	4,088	1,610
Wastewater	4,927	1,696
Economic	-	-
Support services	2,090	2,333
Total work in progress	33,117	13,405

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 2017.

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 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.

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

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

Insurance disclosure as required under the Local Government Act 2002

21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	CARRY AMOUNT \$'000	INSURED AMOUNTS \$'000
	30 JUNE 2018	30 JUNE 2018
Category A Insurance Contracts		
Water	100,073	160,583
Wastewater	115,814	177,485
Stormwater	96,665	105,766
Mobile Plant & Vehicles	993	1,340
Forestry	8,538	10,438
	322,083	455,612
Material Damage cover	-	39,966
Buildings	43,059	-
Coastal Marine	8,632	-
Libraries	1,133	-
Office Equipment	1,654	-
Plant & Equipment	70	-
	54,548	39,966
Category A Total	376,631	495,579
Category B Financial Risk Sharing Arrangements assets		
Nil	-	-
Category B Total	-	-
Category C Self Insured Assets		
Disaster Contingency Reserve	-	-
Land under roads	261,910	-
Roading - Other	52,031	-
Roading - Surfaces	514,175	-
Land	145,766	-
Category B Total	973,882	-
Total	1,350,513	491,990

Work in progress

The total amount of property, plant and equipment in the course of construction is \$33.1m (2017: \$13.4m).

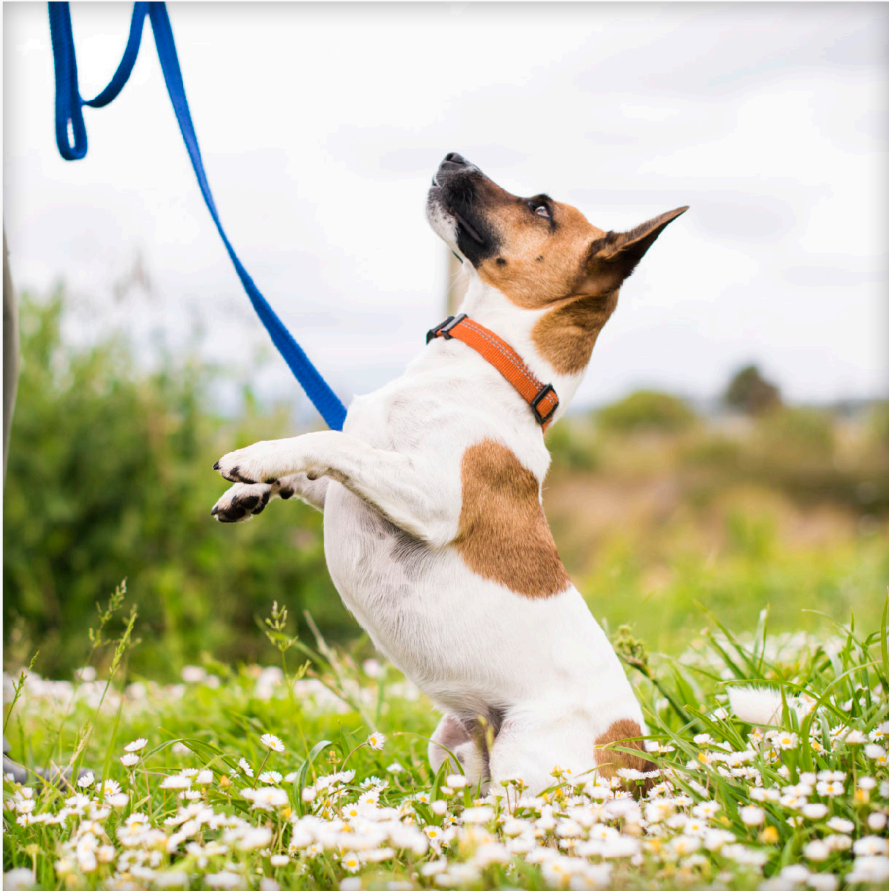
Impairment

There were no impairment losses in the year 30 June 2018 (2017: \$nil).

Core infrastructure asset disclosures

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

Core infrastructure assets	CLOSING BOOK VALUE	ADDITIONS: CONSTRUCTED BY COUNCIL	ADDITIONS: TRANSFERRED TO COUNCIL	MOST RECENT REPLACEMENT COST ESTIMATE FOR REVALUED ASSETS
	\$'000	\$'000	\$'000	\$'000
Water				
- treatment plants and facilities	2,149	2	-	3,110
- other assets (such as reticulation systems)	97,924	2,521	1,339	167,741
Stormwater drainage	96,665	385	4,054	118,806
Wastewater				
- treatment plants and facilities	10,896	-	-	24,987
- other assets (such as reticulation systems)	104,918	2,851	2,268	149,710
Flood protection and control works	-	-	-	-
Roads and footpaths	566,206	9,682	2,539	736,564
Total core infrastructure assets	878,758	15,441	10,200	1,200,918



Alfie
1/11/2017

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

2017	Cost /	Accumulated	Carrying	Current	Current	Current	Current year	Transfers	Current year	Revaluation	Revaluation	Cost /	Accumulated	Carrying
	Valuation	depreciation	amount	year	year	year	disposal		depreciation		depreciation	Valuation	depreciation	amount
		and impairment		additions	vested	disposals	depreciation						and impairment	
	1 July 2017	1 July 2017	1 July 2017		assets							30 June 2017	30 June 2017	30 June 2017
	\$'000	\$'000	\$'000									\$'000	\$'000	\$'000
Council 2017														
Operational assets														
Land	28,702	-	28,702	-	-	-	-	-	-	-	-	28,702	-	28,702
Buildings	14,716	(589)	14,128	200	-	(20)	1	-	(298)	-	-	14,896	(886)	14,010
Coastal Marine	7,702	(775)	6,928	141	-	-	-	-	(417)	-	-	7,843	(1,192)	6,651
Libraries	1,672	(641)	1,031	240	-	-	-	-	(386)	-	-	1,912	(1,027)	885
Office equipment	6,391	(4,745)	1,646	330	-	-	-	-	(351)	-	-	6,721	(5,096)	1,625
Plant and equipment	218	(143)	75	-	-	-	-	(11)	(12)	-	-	207	(155)	52
Vehicles	1,949	(839)	1,110	471	-	(255)	174	11	(371)	-	-	2,177	(1,037)	1,140
Work in progress	196	-	196	2,423	-	-	-	-	-	-	-	2,619	-	2,619
Total operational assets	61,547	(7,731)	53,816	3,805	-	(275)	175	-	(1,836)	-	-	65,076	(9,392)	55,684
Infrastructural assets														
Land	12,509	-	12,509	-	-	(670)	-	-	-	-	-	11,839	-	11,839
Buildings	1,633	(168)	1,465	-	-	(549)	35	-	(38)	-	-	1,084	(170)	914
Water - treatment	2,498	(337)	2,162	205	-	-	-	-	(147)	-	-	2,703	(483)	2,220
Water - other	82,963	(5,230)	77,733	3,587	280	-	32	-	(2,617)	-	-	86,830	(7,815)	79,015
Stormwater	80,289	(2,303)	77,985	129	950	(20)	-	-	(1,121)	-	-	81,349	(3,425)	77,924
Wastewater - treatment	14,499	(1,420)	13,079	117	-	-	17	-	(1,044)	-	-	14,616	(2,447)	12,169
Wastewater - other	112,511	(5,523)	106,988	247	464	(40)	5	-	(2,709)	-	-	113,182	(8,227)	104,955
Land under roads	260,955	-	260,955	-	569	-	-	-	-	-	-	261,523	-	261,523
Roading other	53,120	(3,502)	49,618	3,761	715	-	-	-	(1,806)	-	-	57,596	(5,308)	52,288
Roading surface	510,085	(13,759)	496,326	6,548	687	-	-	-	(6,540)	-	-	517,319	(20,298)	497,021
Work in progress	3,191	-	3,191	6,499	-	-	-	-	-	-	-	9,690	-	9,690
Total infrastructural assets	1,134,253	(32,243)	1,102,010	21,094	3,665	(1,279)	89	-	(16,021)	-	-	1,157,733	(48,174)	1,109,559
Restricted assets														
Land	61,672	-	61,672	-	-	-	-	(420)	-	-	-	61,252	-	61,252
Buildings	18,698	(2,141)	16,557	656	-	(25)	4	-	(1,137)	-	-	19,328	(3,275)	16,054
Improvements	5,556	(159)	5,397	5	-	(34)	-	-	(89)	-	-	5,528	(248)	5,279
Work in progress	352	-	352	743	-	-	-	-	-	-	-	1,095	-	1,095
Total restricted assets	86,278	(2,301)	83,978	1,403	-	(59)	4	(420)	(1,226)	-	-	87,202	(3,523)	83,680
Total Council	1,282,078	(42,274)	1,239,804	26,302	3,665	(1,613)	268	(420)	(19,084)	-	-	1,310,012	(61,089)	1,248,923

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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Balance at 1 July 2017										
Cost	4,636	4,212	600	600	219	219	2,627	2,627	8,082	7,658
Accumulated amortisation and impairment	(3,432)	(3,228)	(184)	(166)	359	384	(1,383)	(1,245)	(4,639)	(4,254)
	1,204	984	416	434	578	603	1,244	1,382	3,443	3,404
Work in progress	-	-	-	-	-	-	-	-	-	-
Opening carrying amount	1,204	984	416	434	578	603	1,244	1,382	3,443	3,404
Year ended 30 June 2018										
Additions	227	424	193	-	-	-	-	-	420	424
Transfer	-	-	-	-	-	-	207	-	207	-
Amortisation & impairment charge	(276)	(204)	(18)	(17)	-	(25)	(622)	(137)	(916)	(384)
Gains	(25)	-	-	-	137	-	-	-	112	-
Disposals	-	-	-	-	-	-	-	-	-	-
Closing carrying amount	1,130	1,204	591	417	715	578	829	1,245	3,265	3,444
Balance as 30 June 2018										
Cost	4,863	4,636	793	600	356	219	2,834	2,627	8,847	8,082
Accumulated amortisation and impairment	(3,733)	(3,432)	(202)	(184)	359	359	(2,004)	(1,382)	(5,580)	(4,639)
	1,130	1,204	591	417	715	578	829	1,245	3,265	3,443
Work in progress	-	-	-	-	-	-	-	-	-	-
Closing carrying amount	1,130	1,204	591	417	715	578	829	1,245	3,265	3,443

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	ACTUAL
	\$'000	\$'000
	2018	2017
Balance at 1 July	6,843	5,819
Gains/(losses) arising from changes attributable to physical changes	645	665
Gains/(losses) arising from changes attributable to price changes	1,051	359
Balance at 30 June	8,539	6,843

TECT All Terrain Park Forest

The TECT All Terrain Park owns 463.88 hectares of Pinus Radiata forest, 44.73 hectares of Douglas Fir, 53.29 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 \$8.86 million of which Council owns 50%.

Waihi Beach Forest

Western Bay Council owns 30.9 hectares of Pinus Radiata forest that have a maturity of 22.9 years. June 2012 was the first date in which this forestry has been identified for valuation purposes. The total value of this forestry stand is \$839,507.

Matakana Island Forest

Western Bay Council owns 126.4 hectares of Pinus Radiata forest which are at varying stages of maturity ranging from 7 to 34 years with an average age of 18.5 years. The total value of the forestry stand is \$3.13 million.

Lund Road Forest

Western Bay Council owns 58.9 hectares of Pinus Radiata forest which are at varying stages of maturity ranging from 3 to 5 years with an average age of 3 years. The total value of the forestry stand is \$140,598.

Valuation assumptions

Independent registered valuer, Interpine Forestry Limited, valued Western Bay Council's forestry assets as at 30 June 2018. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 8.7 % (2017: 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% (2017: 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 2018, and there are no restrictions on title.

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	ACTUAL
	\$'000	\$'000
	2018	2017
<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	11,518	8,801
Other income in advance	248	263
Sundry payables	381	522
Total payables and deferred revenue under exchange transactions	12,147	9,586
<i>Payables and deferred revenue under non-exchange transactions</i>		
Rates in advance	3,679	3,365
Bonds and deposits	1,389	1,137
GST payables	-	105
Environment Bay of Plenty Regional Council rates	365	354
Total payables and deferred revenue under non-exchange transactions	5,433	4,961
Total current portion	17,580	14,547

NON-CURRENT PORTION

	ACTUAL	ACTUAL
	\$'000	\$'000
	2018	2017
<i>Payables and deferred revenue under exchange transactions</i>		
Employee entitlements	15	24
Total payables and deferred revenue	17,595	14,571

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	ACTUAL
	\$'000	\$'000
	2018	2017
Secured loans fixed		-
Secured loans floating	25,000	45,000
Total current secured loans	25,000	45,000
Total current borrowings	25,000	45,000

25. BORROWINGS (CONTINUED)

NON-CURRENT

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Secured loans fixed	20,000	20,000
Secured loans floating	80,000	85,000
Total non-current secured loans	100,000	105,000
Total non-current borrowings	100,000	105,000
Total public debt	125,000	150,000

Western Bay Council's secured debt of \$105,000m (2017: \$130,000m) 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 \$25,000m (2017: \$45,000m) is issued at a margin of 62bps (2017: 155bps, 120bps and 134bps) above bank wholesale rates BKBM.

Council loans are secured over either separate or general rates of the District.

SECURITY

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

REPAYMENT TERMS

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Payable no later than one year	25,000	45,000
<i>Weighted average interest rate</i>	2.62%	3.33%
Later than one, not later than five years	45,000	55,000
<i>Weighted average interest rate</i>	3.31%	3.14%
Later than five years	55,000	50,000
<i>Weighted average interest rate</i>	3.27%	3.36%
	125,000	150,000

FAIR VALUES OF NON-CURRENT BORROWINGS

	CARRYING AMOUNTS \$'000	CARRYING AMOUNTS \$'000	FAIR VALUES \$'000	FAIR VALUES \$'000
	2018	2017	2018	2017
Secured loans	100,000	105,000	99,007	104,210
Total	100,000	105,000	99,007	104,210

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
	2018	2017
Secured loans and debentures	3.16%	3.27%

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.

As at 30 June 2018 Western Bay Council had \$30.0 million of undrawn cash facilities available (2017: \$30.0 million).

Debentures

Western Bay Council's secured debt of \$125.0 million (2017: \$150.0 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 0.58% to 0.85% 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 (2017: \$600,000). There are no restrictions on the use of this facility.

26. EMPLOYEE ENTITLEMENTS

	ACTUAL	ACTUAL
	\$'000	\$'000
	2018	2017
Accrued pay	554	509
Accrued leave and accrued entitlements	1,868	1,778
Sick pay	57	73
Retirement gratuities	15	24
	2,494	2,384
Represented by:		
Current	2,479	2,360
Non-current	15	24
Total employee entitlements	2,494	2,384

27. PROVISIONS

	ACTUAL	ACTUAL
	\$'000	\$'000
	2017	2016
Current portion		
Landfill aftercare provision	12	12
Weather-tight Homes Resolution Service	301	300
Total current portion	313	312
Non-current portion		
Landfill aftercare provision	322	334
Total non-current portion	322	334
Total provisions	635	646

Movements for each class of provision are noted overleaf:

27. PROVISIONS (CONTINUED)

	LANDFILL \$'000	WEATHERTIGHT HOMES \$'000	TOTAL \$'000
Balance at 1 July 2016	357	300	657
Additional provisions	-	-	-
Amounts used	(11)	-	(11)
Balance at 30 June 2017	346	300	646
2017			
Balance at 1 July 2017	346	301	647
Additional provisions	-	-	-
Amounts used	(12)	-	(12)
Balance at 30 June 2018	334	301	635

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 \$0.32 million (2017: \$0.34 million) and for post-closure of Te Puke of \$0.24 million (2017: \$0.26 million) over the remaining life (Athenree 17 years, Te Puke 14 years) of the resource consents. This liability has been discounted back to a current value of \$0.33m (2017: \$0.35 million) using a discount rate of 7% (2017: 7%).

Weatheright Homes Resolution Services

Note 35 page 171 provides additional information regarding this provision.

EQUITY

28. RETAINED EARNINGS

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Opening balance	784,184	754,269
Surplus / (deficit)	66,589	25,587
Other surplus /(deficit) through comprehensive income	78	7,944
Reclassification from prior year	-	-
Reclassification of reserves to equity	-	-
	850,851	787,800
Transfers to:		
Restricted reserves	(16)	(16)
Council created reserves	(23,201)	(22,056)
	(23,217)	(22,072)
Transfers from:		
Restricted reserves	11	11
Council created reserves	22,326	18,446
Asset revaluation reserve	-	-
	22,337	18,457
Closing balance	849,971	784,184

29. RESTRICTED RESERVES

	ACTUAL \$'000	ACTUAL \$'000
	2017	2016
Opening balance	266	261
Transfers to:		
Accumulated funds	(11)	(11)
Transfers from:		
Accumulated funds	16	16
Closing balance	271	266

30. COUNCIL-CREATED RESERVES

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Opening balance	29,556	25,946
Transfers to:		
Accumulated funds	(22,323)	(18,446)
Transfers from:		
Accumulated funds	23,201	22,056
Closing balance	30,434	29,556

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

31. GENERAL ASSET REVALUATION RESERVE

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Opening balance	341,279	341,279
Change in asset value	65,960	-
Transfer to retained earnings on disposal of property	-	-
Reclassification of reserves to equity	-	-
Closing balance	407,239	341,279
Comprising:		
Land	13,439	-
Buildings	7,858	175
Water supply	46,450	28,014
Roading	227,593	214,798
Wastewater	47,328	51,153
Stormwater	56,918	42,215
Coastal marine structures	5,476	3,896
Library books	997	810
Improvements	1,180	218
Total asset revaluation reserve	407,239	341,279

Asset revaluation reserves

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

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Infrastructural:		
Water supply	46,450	28,014
Road Reserves	68,500	68,500
Road Surface	150,314	135,952
Other Roding	8,779	10,345
Wastewater	47,328	51,153
Stormwater	56,918	42,215
Operational assets:		
Land	13,439	-
Buildings	7,858	175
Coastal marine structures	5,476	3,896
Library books	997	810
Improvements	1,180	218
Total general asset revaluation reserve	407,239	341,279

32. RESERVE FUNDS

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

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2016	DEPOSITS TO FUND TO 30 JUNE 2017	WITHDRAWALS FROM FUND TO 30 JUNE 2017	CLOSING BALANCE 30 JUNE 2017
<i>Restricted Reserves</i>	<i>Restricted reserves have been established from public bequests and are only able to be spent in the manner specified by the donor.</i>					
Hunter Estate	Established from bequest made in the late 1980s. The funds can only be spent on capital expenditure in Katikati as detailed in our Reserve Management Plans.	Recreation and Leisure	33,278	1,997	-	35,275
I'Anson Park Trust	The accumulated interest is available for both operational and capital expenditure undertaken in the Te Puna area.	Recreation and Leisure	8,464	508	-	8,972
Hastie Bequest	The principle settlement amount of \$100,000 is maintained and the interest can be used for Te Puke area library purchases.	Communities	204,721	12,283	(10,553)	206,451
CE Miller Estate	The interest on the capital of \$9,763 is available for the beautification of Katikati.	Recreation and Leisure	14,247	855	-	15,102
Total Restricted Reserves			260,710	15,643	(10,553)	265,800
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	583,224	507,820	(405,914)	685,130
District Reserves		Support Services	2,202,319	738,591	(431,067)	2,509,843
Huharua Sub Regional Park		Recreation and Leisure	130,064	25,598	-	155,662
TECT All Terrain Park		Recreation and Leisure	554,180	107,527	-	661,707
Asset Replacement - office buildings		Recreation and Leisure	1,253,158	292,344	(158,641)	1,386,860
Asset Replacement - vehicles		Support Services	90,997	377,845	(474,860)	(6,018)
Asset Replacement - civil defence vehicle		Communities	156,507	-	-	156,507
Asset Replacement - telemetry		Communities	72,683	4,361	-	77,044
Asset Replacement - swimming pool		Recreation and Leisure	150,012	26,960	-	176,972
Asset Replacement - library books		Communities	2,039,944	520,624	(239,554)	2,321,014
Asset Replacement - library computers		Communities	1,566	-	-	1,566
Asset Replacement - Cemetery		Communities	170,316	30,156	-	200,472
Asset Replacement - coast marine		Recreation and Leisure	217,557	13,053	(203,551)	27,060
Total Asset Replacement Reserves			7,622,526	2,644,880	(1,913,587)	8,353,819

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

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2016	DEPOSITS TO FUND TO 30 JUNE 2017	WITHDRAWALS FROM FUND TO 30 JUNE 2017	CLOSING BALANCE 30 JUNE 2017
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	247,593	28,631		276,225
Katikati Community Board		Communities	120,070	19,509	(22,250)	117,329
Omokoroa Community Board		Communities	330,353	33,911	(66,300)	297,964
Te Puke Community Board		Communities	147,464	9,544	(32,816)	124,192
Maketu Community Board		Communities	154,564	34,388	(39,542)	149,410
Total Community Board Reserves			1,000,045	125,983	(160,908)	965,120
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	12,542	753	-	13,295
Waihi Beach Town Centre Development	For town centre development.	Economic	(13,074)	-	(76)	(13,150)
Katikati Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	67,235	250,456	-	317,691
Omokoroa Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	32,069	1,924	-	33,993
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	634,310	37,918	-	672,228
Pukehina Development	Pukehina ratepayers are paying an annual rate of \$20 as a contribution towards a future sewerage scheme for the area.	Planning for the future	540,762	60,346	-	601,108
Total Other Community Reserves			1,273,844	351,396	(76)	1,625,164
Total Community Board and Other Reserves			2,273,889	477,379	(160,984)	2,590,284

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

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2016	DEPOSITS TO FUND TO 30 JUNE 2017	WITHDRAWALS FROM FUND TO 30 JUNE 2017	CLOSING BALANCE 30 JUNE 2017
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	377,627	-	(56,388)	321,239
Ecological financial contributions - operational	As above	Natural Environment	179,697	-	(100,411)	79,286
Parks and Community financial contributions	To provide for teaching and public education/awareness raising purposes.	Recreation and Leisure	(2,398,812)	2,635,226	(578,636)	(342,222)
Parking space financial contributions	Provided from financial contributions from developers in the urban areas where they cannot provide public car parks themselves.	Regulatory	50,105	-	-	50,105
Lynley Park wastewater remedial	Established from money received from Durham Properties Limited, to be used to fund any infrastructure failures in the Lynley Park Development.	Wastewater	348,467	-	-	348,467
Total Financial Contribution Reserves			(1,442,915)	2,635,226	(735,435)	456,876
General Reserves	Established reserves for specific purposes					
Community Discretionary	For any under spent expenditure at year end.	Communities	14,386	-	-	14,386
General Rate	For the accumulation of any net surplus arising from accounts that are general rate funded each year. Deficits are not permitted in this reserve.	All	5,427,293	972,781	(1,244,090)	5,155,984
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	2,015,123	188,048	(11,729)	2,191,442
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	165,624	9,937	-	175,561
Total General Reserves			7,622,427	1,170,766	(1,255,819)	7,537,373

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

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2016	DEPOSITS TO FUND TO 30 JUNE 2017	WITHDRAWALS FROM FUND TO 30 JUNE 2017	CLOSING BALANCE 30 JUNE 2017
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	7,813,174	468,790	-	8,281,964
Matakana Island Trust	Reserves accumulated several years ago from the appeal against the Katikati Reserve extension across to Matakana Island. The funds are available to be used for improvements to the Matakana Island community.	Planning for the future	258,803	-	-	258,803
Corporate Property and Assets	For any surplus arising from the corporate property/land purchase account.	Support Services	1,400,857	173,811	(118,722)	1,455,945
Civil Defence Contingency	We expect this balance to be maintained at \$20,000 being our costs for a specific civil defence emergency.	Communities	(1)	1	-	-
Weathertight Homes		Regulatory	-	200,000	-	200,000
Panepane Point Development Reserve		Reserves	397,564	23,854	-	421,418
Total Special Reserves			9,870,397	866,455	(118,722)	10,618,130
Total Council Created Reserves			25,946,325	7,794,705	(4,184,547)	29,556,483
Total All Council Reserves			26,207,034	7,810,348	(4,195,100)	29,822,282

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

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Net surplus / (deficit)	66,589	25,587
Add/(less) non-cash items		
Depreciation	18,678	19,052
Amortisation	916	360
Vested assets	(10,965)	(3,658)
Fair value movement in derivative financial instruments	(794)	(5,142)
Gains	(33,055)	(1,542)
Share of associate surplus/deficit	(16)	205
Add/(less) movements in working capital items:		
Movement in prepayments	(106)	(372)
Movement in non-current assets held for sale	430	(420)
Movement in accounts receivable	(5,752)	(878)
Movement in accounts payable	2,939	2,854
Movement in provisions	65	(894)
Movement in employee entitlements	110	261
Add/(less) items classified as investing activities		
Loss on sale of assets	103	818
Revaluation of shares	(78)	(76)
Net cash inflow (outflow) from operating activities	39,063	36,155

34. CAPITAL COMMITMENTS AND OPERATING LEASES

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

	ACTUAL \$'000	ACTUAL \$'000
	2018	2017
Operational		
Land	-	-
Building	170	41
Coastal Marine	219	224
Infrastructure		
Water	190	1,313
Wastewater	1,712	2,689
Stormwater	349	248
Roading	16,056	19,828
Restricted		
Building	-	-
Total capital commitments	18,696	24,343

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
	2018	2017
Not later than one year	106	107
Later than one year and not later than two years	89	103
Later than two years and not later than five years	72	133
Later than five years	905	929
Total non-cancellable operating leases	1,172	1,272

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 2018 \$40.80 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 2018 \$6.866 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
	2018	2017
Building Act claims	50	50
Weathertight Homes Resolution Service (WHRS)	400	400
Local Authority Protection Programme Disaster Fund (LAPP)	-	380
Total contingent liabilities	450	830

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 (2017: \$Nil). The \$50,000 disclosed relates to the expected cost to Western Bay of Plenty 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 2018 (2017: 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 7 claims that are still open as at balance date (2017: 8).

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 Council'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 Council. As a result \$400,000 has been recognised as a contingent liability.

Carter Holt Harvey Limited

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadowclad plywood cladding sheets manufactured and distributed by CHH. The MOE's original claim against CHH was for 833 school buildings, 16 of which are located within the Western Bay of Plenty District.

In 2016, CHH commenced proceedings against 48 Councils, including Western Bay of Plenty District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

During the current year the Councils sought to strike out CHH's claims against them. The High Court declined the strike out of the claim, but struck out proceedings in relation to 28 school buildings built outside the 10 year long stop contained within the Building Act 2004. Further, CHH applied for trial staging, with proceedings to commence in relation to 20 buildings. MoE opposed the application, seeking a trial on the determination of whether shadowclad is inherently defective. The High Court accepted the MoE proposal. CHH has appealed this decision.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

New Zealand Local Government Funding Agency Limited (LGFA)

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

As at 30 June 2018 there were 31 (2017: 31) shareholders made up of 30 local authorities and the Crown.

All 30 local authority shareholders have uncalled capital equal to their individual shareholding and totalling \$20million in aggregate which can be called on in the event that an imminent default is identified. The shareholders are also guarantors of the LGFA balance sheet and the borrowings of all other local authorities which totalled \$8,699m (2017: \$7,946m) at 30 June.

New Zealand Financial International Reporting Standards require Western Bay Council to recognise the guarantee liability at fair value. However, the Western Bay Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Western Bay 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.

Civil Claim

Western Bay Council has had declaration proceedings lodged in the environment court relating to the legality of storm water discharges. These proceedings are currently on hold and at present there is insufficient information to conclude on potential liability and claim quantum, if any.

Share of associates' contingent liabilities

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	ACTUAL
	\$'000	\$'000
	2018	2017
Councillors		
Full-time equivalent members	17	17
Salaries and other short term employee benefits	519	505
Senior Management Team, including the Chief Executive		
Full-time equivalent members	5	5
Salaries and other short term employee benefits	1,283	1,275
Total senior management remuneration	1,802	1,780

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 2018

ACTUAL \$'000		ACTUAL \$'000
2016/17		2017/18
1,742	Revenue	1,445
(1,740)	Expenditure	(1,455)
2	Surplus / (deficit)	(1)
2	Net surplus / (deficit) year	(1)
995	Total assets	1,192
945	Total liabilities	1,152

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 2018-2021 and associated budget formally adopted by the directors at the meeting held on 19 June 2018.

From page 173 - 177 is a report of performance against targets set in the Statement of Intent for 2017/18.

PERFORMANCE TARGETS FOR 2017-2018		
OUTCOMES	MEASURE	RESULT
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils	<p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participati</p>	<p>Joint procurement initiatives undertaken for:</p> <p><u>Health, Safety & Risk Management Software</u> - A project to investigate collective procurement of health and safety risk management software to provide improved functionality and cost savings for councils. Also included Waikato councils.</p> <p><u>Infrastructure Insurance</u> - BOPLASS represented a collective group of 41 councils in negotiations for placement of councils' infrastructure insurance in the London markets. Requirements included increased limits and higher insured values for BOPLASS councils. Very competitive pricing achieved at rates up to 30% cheaper than had councils insured individually.</p> <p><u>Health & Safety in Design</u> - BOPLASS facilitated the opportunity for councils' to participate in using design services to minimise health and safety risks of council driven projects.</p> <p><u>Enterprise Content Management / EDRMS Strategic Review</u> - BOPLASS councils collectively reviewed vendor offerings and options for electronic document management systems. Ongoing reviews underway to determine benefits from collective approach to vendors.</p> <p><u>Managing Contractors' Onsite Safety</u> - BOPLASS investigated the opportunity for councils to participate in joint procurement of the Forsite contractor management system to assist with managing contractors' onsite safety. It was determined that the system was not currently required by all councils and individual contracts would be pursued rather than entering into a collective agreement.</p> <p><u>Video Conferencing</u> - A project to review options for councils' desktop and meeting room video conferencing systems included a review and testing of multiple providers. Zoom selected as preferred supplier to BOPLASS and councils.</p>

PERFORMANCE TARGETS FOR 2017-2018

OUTCOMES	MEASURE	RESULT
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils. Continued.</p>		<p><u>Video Conferencing</u> (continued) - Contract provides for cost savings, standard solution across councils and simplification of video conferencing for desktop or meeting-room calling.</p> <p><u>Drug and Alcohol Testing</u> - BOPLASS investigated the opportunity to establish a collective agreement and secure improved pricing from the incumbent supplier to the majority of the BOPLASS and Waikato councils to provide cost savings and common standards. Still under action.</p> <p><u>Occupational Health Service Preferred Supplier</u> - Following the completion of a tender Waikato Occupational Health Consultancy (WOHC) were appointed as the preferential Health Service supplier for the BOPLASS councils. Access to improved and consistent levels of service achieved at significantly reduced costs through a collaborative agreement. Waikato LASS also with the same provider.</p> <p><u>Media Distribution Services</u> - BOPLASS is investigating opportunities for regional coordination for the release and distribution of media notifications through common software and standardisation of services.</p> <p><u>Training</u> - Collaborative training has been arranged across a number of areas of council business, providing for discounted rates, reduced staff travel (as trainer is prepared to travel to region for a larger group), opportunity to network with peers from other councils and development of tailored material.</p>
<p>Provide support to BOPLASS councils that are managing or investigating Shared Services projects.</p>	<p>BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.</p> <p>Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.</p>	<p>0.46 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><u>GIS Centralised Data Repository / Shared SDE</u> - Establishment of central GIS storage services for councils. BOPLASS also investigated setting up a SDE (spatial data enterprise) on behalf of its councils. Following completion of initial architecture, it was determined that this was not feasible as it would require too much effort in terms of resource.</p> <p><u>Radio Telephony (RT) strategy</u> - A region-wide strategy has been developed by BOPLASS for the sharing and utilisation of Radio Telephone services and technologies. This is considered to be of significant importance in shared civil defence strategies.</p> <p><u>GIS Operating Guide for Civil Defence Emergency Events</u> - Developed by BOPLASS councils to capture learnings from the Edgecumbe event and as a reference to support collaborative working. Operating guide shared with the Local Government Geospatial Alliance and is now being developed into a national reference document through this national GIS collaborative group.</p> <p><u>Online Natural Hazards Mapping</u> - Developed as a shared data initiative with App available to BOPLASS councils to notify owners as hazards such as tsunami or flooding.</p> <p><u>Regional / Cross-Regional Approach to Licensing and Data Collection for Waste Operators</u> - Scoping of a project to provide a consistent approach to licensing of private waste operators and standards within the industry, while enabling improved data collection for councils' waste planning. Project also covers Waikato councils.</p>

PERFORMANCE TARGETS FOR 2017-2018

OUTCOMES	MEASURE	RESULT
<p>Provide support to BOPLASS councils that are managing or investigating Shared Services projects. Continued.</p>		<p><u>Diversion of Organic Waste from Landfill</u> – Investigation of opportunities for the facilitation and development of a regional shared food waste collection service for BOPLASS councils. Initial scoping phase undertaken.</p> <p><u>Solid Waste Regional Infrastructure Strategy</u> – A regional or cross-regional approach to planned and potential waste infrastructure developments within the region. Project identified to be progressed with Waikato councils.</p> <p><u>Sustainable Procurement Research Project</u> – BOPLASS facilitated council participation in this project in conjunction with the Sustainable Business Network and Toi Ohomai. Collective project benefitted councils by assisting in establishing how current local government procurement policies and practices are aligned with national objectives of sustainability, and where improvements might be made.</p> <p><u>Support of Video Conferencing services for councils</u> – Ongoing support for councils in-house and external video conferencing services. Central management of virtual meeting rooms and directories.</p> <p>Review of Inter-Council Network (ICN) suppliers and services:</p> <p>A full review of the ICN was undertaken, with a number of providers changed, new services established, and new contracts negotiated on behalf of the councils participating in this shared service.</p> <p>Improved levels of service achieved, additional services added, and \$97,635 in annual savings achieved:</p> <ol style="list-style-type: none"> 1. Wireless WAN solution for ICN in Opotiki 2. Increase of fibre pipeline from Opotiki 3. Migration off of the One.Govt service for ICN Whakatane & Rotorua 4. Establishment of community internet backhaul for Kawerau 5. Alchemy Network Service – Opotiki fibre 6. Vocus Communications 7. Cybersmart – Support of the ICN (ICN – new contract signed with new supplier). New service to provide technical support services. <p><u>Audit and Risk Insights Panel Sessions</u> – BOPLASS coordinated workshops with senior leaders of the KPMG advisory team to provide councils their insights and experience in the areas of:</p> <ul style="list-style-type: none"> • Internal Audit Trends, • Enabling Data Analytics in Internal Audits, • Cyber Security, • and Fraud Awareness <p>Workshops provided at no cost to councils and included inter-council sharing of invaluable information.</p> <p><u>Joint Development of Health & Safety Policies and Terms of Reference</u> – BOPLASS H&S group facilitated the sharing of existing H&S procedures or shared development of new procedures across the BOPLASS and Waikato councils. Includes H&S in procurement, common documentation, processes, H&S liabilities and standard reporting measures for councils and governance. Provides for reduced effort for all councils and ability to share best practice.</p>

PERFORMANCE TARGETS FOR 2017-2018		
OUTCOMES	MEASURE	RESULT
Provide support to BOPLASS councils that are managing or investigating Shared Services projects. Continued.		<p>Support for Shared Services projects identified and reviewed by BOPLASS Operations Committee - Projects under review or progressed as opportunities for further council collaboration in Shared Services:</p> <ul style="list-style-type: none"> • GIS <ul style="list-style-type: none"> - Further opportunities to align and share services / resources • Digitalisation <ul style="list-style-type: none"> - Development of standard process and shared software and/or infrastructure • Shared Data Centre <ul style="list-style-type: none"> - Utilisation of shared infrastructure by multiple BOPLASS councils • Accounts Payable <ul style="list-style-type: none"> - Development of standard process and shared software and/or infrastructure • Debt Management/Collections <ul style="list-style-type: none"> - Development of shared service • Building Consents <ul style="list-style-type: none"> - Development of standard processes across councils and opportunities for sharing of resource • Capex projects <ul style="list-style-type: none"> - Alignment or sequencing of capital projects
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>Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access. Proactively market the benefits to councils.</p> <p>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the LASS groups with a minimum of ten additional councils or local government related organisations having utilised the portal.</p>	<p>Project completed to review usage of the Collaboration Portal and opportunities to further develop the Portal to increase the support for collaboration across local government in New Zealand. User survey undertaken along with a review of best practice methodologies.</p> <p>Design-thinking workshop run, with council staff reviewing opportunities to improve the user experience while providing direct input into developing improvements.</p> <p>Ongoing promotion and profiling of the Collaboration Portal has resulted in new councils and local government related organisations joining the Collaboration Portal</p> <p>On-boarding and training provided to new councils to maximise usage and ensure increased uptake.</p> <p>Collaboration Portal membership has increased by 13 local government organisations over the last year. There are now:</p> <p>72 councils or local government related organisations registered on the Portal and 569 users.</p>
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	<p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Contracts negotiated and/or renewed for:</p> <p><u>Councils' liability insurance</u> - Providers reviewed and renewed. Solutions proposed and reviewed from alternative brokers and insurers</p> <p><u>GIS software and services</u> -</p> <ul style="list-style-type: none"> • Geocortex Essentials • Geocortex Optimizer • FME • X-Tools • NZAA <p>Contracts renegotiated and renewed - no alternative suppliers.</p> <p><u>Print Media Copyright Agency (PMCA)</u> - Contract and requirements reviewed. Re-signed with PMCA - sole NZ provider.</p> <p><u>ESRI Enterprise Licensing Agreement</u> - Renegotiated and renewed. No alternative provider in NZ.</p> <p><u>Insurance brokerage services</u> - A review of options for the appointment of an insurance broker to the BOPLASS councils was undertaken. Aon reappointed for a further two year period, as provided for under the agreement. A full tender for brokerage services will be undertaken by BOPLASS at the conclusion of this extension.</p>

PERFORMANCE TARGETS FOR 2017-2018

OUTCOMES	MEASURE	RESULT
<p>Complete independent review of governance performance and structure to ensure it supports BOPLASS' strategic direction.</p>	<p>Engage external party to complete independent review of BOPLASS governance.</p> <p>Affirmative feedback received from shareholding councils following 2017/18 governance review.</p>	<p><u>Aerial Photography</u> – BOPLASS contract extended as flying not completed within existing programme.</p> <p><u>Media Monitoring services</u> – Contract with iSentia was reviewed and renewed. Services reviewed from two companies.</p> <p><u>New contracts negotiated for Inter-Council Network</u> – All ICN contracts were reviewed and, where there were alternative options, tested in the market. Several providers were changed; providing for improved service levels or cost savings for participating councils.</p> <p><u>Insurance Forum</u> – BOPLASS hosted a forum which included presenters from London and Australia. This gave an opportunity for the London underwriter to get a better understanding of the regions they insure and for councils to meet with the underwriters and to gain a better understanding of the challenges facing the insurance industry. Ultimately leading to improved services and rates for BOPLASS councils.</p> <p>Governance review initiated. After preliminary review of governance, Board made decision to complete a strategic review of BOPLASS and include governance structure as an important aspect of this full review. A shortlist of independent consultants identified by BOPLASS Board.</p> <p>Review put on hold as a strategic alliance with Waikato LASS was proposed. Consultant engaged to review and facilitate the opportunity for the two LASS to develop a jointly aligned strategy. Review also covered LASS governance. BOPLASS and Waikato Boards completed collective evaluation.</p> <p>Decision made to proceed with independent reviews of the two LASS. BOPLASS progressing strategic review and independent governance review. The governance review has not been completed at this stage.</p>
<p>Communicate with each shareholding council at appropriate levels.</p>	<p>Meeting with each Executive Leadership Team.</p> <p>At least one meeting per year.</p>	<p>Executive-level meetings held with councils. Five 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>
<p>Ensure current funding model is appropriate.</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 2018: \$10,794 deficit.</p>

Above performance targets are unaudited preliminary 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 2018

ACTUAL \$'000		ACTUAL \$'000
2016/17		2017/18
17,514	Revenue	18,965
(6,468)	Expenditure	7,163
11,046	Surplus/(deficit)	11,802
11,046	Net surplus/(deficit) year	11,802
8,491	Total assets	8,835
8,438	Total liabilities	8,771

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 2017/18 and associated budget formally adopted by the company on 22 June 2018.

From page 178 - 179 is a report of performance against targets set in the Statement of Intent for 2017/18.

PERFORMANCE TARGETS FOR 2017-2018		
OUTCOMES	MEASURE	RESULT
Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing based on the methodology set out in LGFA's Annual Report 2017-2018.	LGFA measures the pricing performance of bond tenders against two key benchmarks.	<ul style="list-style-type: none"> • LGFA have continued with their base on-lending margins to 9 bps (terms out to 2019), 10 bps (2020s and 2022s) and 11 bps (2023s and longer). • LGFA's average margin across all LGFA maturities is 10 bps. • LGFA's estimated annual savings to councils based upon the secondary market levels at 30 June 2018 of LGFA bonds compared to bonds issued by Auckland and Dunedin councils is between 10 bps and 21 bps depending upon term of maturity.
Making longer-term borrowings available to Participating Local Authorities.	Maturities available to participating local authorities.	<ul style="list-style-type: none"> • The average borrowing term (excluding short-dated borrowing) for the 12-month period to June 2018 by council members was 6.9 years and this was significantly shorter than the average borrowing term of 8.1 years for the prior year. The shortening in term was due to councils reacting to the recent widening of borrowing margins in the longer-dated maturities. Also, many councils had taken advantage of the tighter margins and lower yields in early 2017, using the opportunity to extend longer when the 2033 maturities were first made available in April 2017. • In April 2018, LGFA commenced the issuance of a 4-year bond (April 2022) and this shorter maturity went against the recent trend of introducing a newer longer-dated bond each financial year. The decision to issue a new shorter bond maturity was made to reduce some of the mismatch between our bond issuance and council on-lending. However, with the issuance of the April 2033 LGFA bond, councils can borrow on a bespoke basis out to 15 years.

PERFORMANCE TARGETS FOR 2017-2018		
OUTCOMES	MEASURE	RESULT
<p>Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice.</p> <p>Offering more flexible lending terms to Participating Local Authorities.</p>	Volume to bid ratio.	<ul style="list-style-type: none"> • LGFA listed its bonds on the NZX Debt Market in November 2015 and this has led to greater awareness and participation in LGFA bonds by domestic retail and offshore investors. Average turnover on the NZX Debt Market since listing has been \$13 million per month or 9% of the total turnover of the NZX Debt Market. Turnover has reduced over the past twelve months as retail investors are more attracted to higher term deposit rates. • LGFA commenced the issuance of LGFA Bills for terms of three months and six months in late 2015. Because of this issuance, LGFA has offered shortterm loans of less than one year to councils since 2015. As at 30 June 2018, LGFA has short-term loans outstanding to 20 councils of \$236 million. • LGFA held nine bond tenders during the 12-month period to 30 June 2018, with an average tender volume of \$136.5 million and a range of \$110 million to \$190 million in size. • Councils can currently access flexible lending conditions by using the short-term lending and bespoke lending products. Short-term lending is for loans between 30 days and 364 days while bespoke lending is where councils can borrow for any term between one year and the longest dated LGFA bond maturity (currently 14 April 2033) on any drawdown date. Therefore, council members can borrow for terms ranging from 30 days to 15 years at any time they wish to drawdown. • Bespoke lending for council members has continued to grow in popularity over the past year. During the 12-month period to 30 June 2018 we lent \$842.6 million on a bespoke basis to 35 councils. This was 77% of total term lending to our council members over that period. • Short-term borrowing by councils as at 30 June 2018 was \$244 million comprising borrowing from 20 councils for terms between one and 12 months.
Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities.	Percentage of market share.	<ul style="list-style-type: none"> • Three councils joined LGFA in the 12-month period to June 2018, bringing the total number of council members to 56. Stratford, Rangitikei and Westland District Councils all joined as non-guarantor borrowers. • Councils have strongly supported LGFA by joining as members and borrowing from LGFA. As at 30 June 2018, 54 participating councils have so far borrowed from LGFA.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	Credit rating of AA+ is maintained.	<ul style="list-style-type: none"> • LGFA has credit ratings from Standard and Poor's (S&P) and Fitch Ratings (Fitch) and meets with both agencies in September and October each year. Meetings were held in 2017 with both agencies and S&P affirmed the long-term rating of LGFA at AA+ (stable outlook) on 25 September 2017 and Fitch affirmed the rating at AA+ (stable outlook) on 10 November 2017.

Above performance targets are audited result.

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

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

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

The Trust is governed by a Board of Trustees.

Financial performance for the year ended 30 June 2018

ACTUAL \$'000		ACTUAL \$'000
2016/17		2017/18
2,350	Revenue	2,474
(2,425)	Expenditure	(2,500)
(75)	Surplus/(deficit)	(26)
(75)	Net surplus/(deficit) year	(26)
867	Total assets	760
428	Total liabilities	347

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 2018/19 - 2020/21 and associated budget formally adopted by the company on 26 June 2018.

From page 180 - 181 is a report of performance against targets set in the Statement of Intent for 2017/18 to 2019/20.

PERFORMANCE TARGETS FOR 2017-2018		
OUTCOMES	MEASURE	RESULT
Grow the tourism industry and increase visitor spend.	<p>Target the right visitors at the right time - Creation of demand generation calendar to target value at peak, volume and value off-peak. New brand proposition launched.</p> <p>International visitor attraction strategy - International trade and media activity in Australia, Americas, UK, and India in partnership with NZ, Air NZ, ECNI and regional agencies involved in international relations.</p> <p>Domestic visitor attraction strategy - direct to consumer marketing activity in Auckland, Waikato, Wellington and Christchurch, and Australia. 'No Place Like Home' Campaign to residents.</p>	<p>Key deliverables met throughout July 2017 - June 2018 such as:</p> <ul style="list-style-type: none"> Increase overall and off-peak visitor spend by 3.3%. Achieved. \$1.016b to May 2018 (7.1% increase from May 2017). Increase international visitor spend by 3.7%. Achieved. \$217m to May 2018 (12.0% increase from May 2017). Increase domestic visitor spend by 2.9%. Achieved. \$799m to May 2018 (5.8% increase from May 2017).
Support tourism development and encourage investment.	<p>Enhance the visitor experience - commence a Destination Management strategy that balances interest of visitors, service providers and the community and balances growth with environmental and cultural sustainability.</p> <p>Grow capability and increase supply - lobby for funding to support Regional Growth Study priorities. Infrastructure planning to meet demand and grow sustainably via the Regional Growth Study. Partner with Priority One on investment attraction and new product development. Partner with International Education and education institutes on skills requirements.</p> <p>Infrastructure planning to meet demand and grow sustainably via the Regional Growth Study. Partner with Priority One on investment attraction and new product development. Partner with International Education and education institutes on skills requirements.</p>	<p>Key deliverables met throughout July 2017 - June 2018 such as:</p> <ul style="list-style-type: none"> Increased visitor satisfaction measured by a new Visitor Experience Survey. Not achieved. Will be implemented in 2018-2019. Funding for Mount Maunganui VIC. Business Case for Tauranga VIC. To be confirmed. Unsuccessfully applied for \$1.242m of funding from the MBIE Regional Mid-Sized Tourism Facilities Grant Fund and the MBIE Tourism Infrastructure Fund. Awaiting result of application to the MBIE Provincial Growth Fund. Regional Growth Study priorities implemented. Regional Growth Study delivery. Achieved. Growth Study completed December 2017. MBIE Tourism Infrastructure Fund funding achieved for Omanawa Falls development. Regional Brand Story continues to be rolled out in all collateral and campaigns. Industry Growth Programme developed. Establish Industry Advisory Group. Achieved. 3 new export ready operator (Bay Explorer, Brew Bus and Mighty Motu Bike Tours). Industry Advisory Group established, and 2 meetings held.

PERFORMANCE TARGETS FOR 2017-2018		
OUTCOMES	MEASURE	RESULT
Partnership and collaboration locally, regionally and nationally.	<p>Regional brand story - compelling attributes and competitive advantages told consistently by multiple agencies.</p> <p>Connect with residents - increase social licence to grow tourism, increase civic pride and create an involved and informed residential base.</p> <p>Major events collaboration - support strategic events that increase off-peak visitation, GDP and visitor spend growth.</p> <p>Western Bay of Plenty stakeholder communication plan - implement Stakeholder Communication Plan to ensure collaborative relationships with key stakeholders.</p>	<p>Key deliverables met throughout July 2017 - June 2018 such as:</p> <ul style="list-style-type: none"> Regional Brand Story developed. Achieved. Regional Brand Story approved and embraced by stakeholders. Rolled out in all collateral and campaigns (such as the CIAL campaign). No Place Like Home Campaign implemented. Achieved. No Place Like Home campaign reviewed, revamped and launched to media and residents. Support of 5 Major Events per annum. Achieved. Support of U19 CWC, 4 Nations Hockey, Sevens Tournament, Jazz Fest and Winter Nights Lights. Stakeholder Engagement and Communications Plan delivery. Achieved. The Plan has been completed and is being implemented with over 200 engagements. Significantly utilised in the TCC Long Term Plan application for community buy-in.
Support our unique cultural heritage.	<p>Regional brand story (RBS) - support our unique cultural heritage through bi-cultural story telling at all touch points.</p> <p>Grow capability and increase supply - partner with Iwi on infrastructure planning, investment attraction and new product development.</p>	<p>Key deliverables met throughout July 2017 - June 2018 such as:</p> <ul style="list-style-type: none"> TBOP Board Representation. Regular Iwi communications. Iwi involvement in VES and RBS. Achieved. TBOP Board representation complete Regular Iwi communications take place including regional Iwi attendance of World indigenous Tourism Summit 2018 in Waitangi. Iwi were involved in VES and RBS. Four new product developments. Achieved. Arataki Cultural Trails and made progress with initiatives on Matakana Island and at a Maketu marae. Also assisted Kohutapu Lodge & Tribal Tours.
Environmentally responsible for current and future generations.	<p>Environmentally responsible tourism industry - partner with Regional Council, Iwi, DOC, Conservation Board and industry to champion sustainable growth whilst protecting natural assets.</p>	<p>Development/input into a sustainable tourism plan and initiatives. Not achieved. Qualmark assessment methodology has changed and so numbers of Qualmark operators have decreased based on more stringent criteria.</p>
Governance Best Practice.	<p>Visitor economy strategy - complete the Visitor Economy Strategy 2018-2028 (VES) to move the organisation from destination promotion to destination management and participate fully in the Long-Term Planning processes of Councils.</p> <p>Alternative funding mechanisms research project - lead an investigation into alternative funding mechanisms, including from within the tourism sector, including stages to complete this work.</p> <p>Manage profit and loss to budget. Code of Conduct compliance. Compliance and regulatory obligations met. Enterprise Risk Management Policy adherence. No surprises policy maintained.</p>	<p>Key deliverables met throughout July 2017 - June 2018 such as:</p> <ul style="list-style-type: none"> Draft VES 2018-2028 completed for consultation. Commence study using Fresh info. External consultants. Achieved. VES approved and adopted into the Councils' Long Term Plan 2018-2028. Stage 1 of alternative funding mechanisms research project completed. Manage profit and loss to budget. Code of Conduct compliance. Compliance and regulatory obligations met. Enterprise Risk Management Policy adherence. No surprises policy maintained. Achieved. Budgets managed with no surprises to profit and loss forecast. Code of Conduct and Health & Safety obligations complied with as per Risk Management Framework. Risks are identified, reviewed and monitored on an ongoing bases as outlined in Sections 10 to 15 of the Policy. Compliance and regulatory obligations met on time and in a professional way, as per the Auditor and Council's feedback. 'No surprises policy' adhered to, as per Council's feedback.

Above performance targets are audited results.

38. REMUNERATION

Chief Executive

The Chief Executive of Western Bay of Plenty District Council under section 42 of the Local Government Act 2002 received a salary of \$306,114 (2017: \$294,348).

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

	ACTUAL	ACTUAL
	\$	\$
	2018	2017
Salary	306,114	294,348
Employer contributions to superannuation fund	9,183	8,830
Vehicle	18,124	26,098
Other benefits (including medical insurance)	2,831	2,651
Total remuneration	336,252	331,927

Elected Representative

Elected representatives received the following remuneration:

	ACTUAL	ACTUAL
	\$	\$
	2018	2017
Councillors		
Dally, Grant Ronald	32,524	22,755
Dean, Mark	32,524	22,755
Goudie, Andrew Ian Ross	-	9,225
Gunn-Thomas, Karyl	-	9,225
Lally, Michael Patrick	32,524	22,755
Mackay, Peter	40,853	37,241
Marsh, Kevin Alexander	40,853	37,241
Marshall, David Clark	32,524	22,755
Matthews, Susan	-	9,225
Merriman, Gwenda	-	12,978
Murray-Benge, Margaret Elizabeth	32,524	31,980
Palmer, John Richard	32,524	22,755
Paterson, Ross James (Mayor until 16 October 2016)	-	32,537
Scrimgeour, John Rob	40,853	37,241
Thwaites, Donald Alan	40,853	39,603
Webber, Garry John (Mayor from 17 October 2016)	115,107	92,467
Williams, Michael	45,755	42,699
Total Councillors	519,418	505,436

38. REMUNERATION (CONTINUED)

Community Board Members

Community board members received the following remuneration:

	ACTUAL \$	ACTUAL \$
	2018	2017
Community Board Members		
Beech, Shane William	5,629	5,343
Button, Beverley Joyce	5,317	3,720
Cameron, Donald Richard	-	2,188
Cantlon, Gary Lewis	2,815	2,768
Clark, Rachel Ann	2,815	2,768
Dally, Grant Ronald	-	1,508
Dugmore, Joan Elizabeth	5,317	3,720
Dunlop, Francis Miles (Sam)	-	3,016
Gibbs, Brendan	5,317	5,228
Grainger, Murray	7,714	5,134
Hepenstall, Brian	4,378	3,063
Hobbs, Jennifer Robyn	10,633	8,585
Maurice, Timothy Edward	-	1,094
Mayo, Norman Frederick	5,317	3,720
Mcfadyen, Wendy	2,815	1,970
Miller, Peter	10,633	10,093
Mills, Derek	-	1,242
Nielsen, Fernley-Ann	-	1,508
Palmer, John Richard	-	1,094
Parsons, Ruth Miriam	4,378	4,305
Presland, Peter John	3,857	2,626
Roberts, Marilyn Kathleen	4,378	4,305
Sage, Derek Keith	3,857	2,837
Sage, Teresa	3,857	2,837
Sole, Allan James	8,756	8,312
Spratt, Ronald Parker	5,317	3,418
Warren, Benjamin Christian	5,317	3,720
Woods, Christopher	-	1,094
Wratt, Keith Allan	-	1,508
Total Community Board Members	108,417	102,725
Non-monetary remuneration		
Paterson, Ross James (until 16 October 2016)	-	8,783
Webber, Garry John (from 17 October 2016)	19,049	28,141

38. REMUNERATION (CONTINUED)

Remuneration scale

	NUMBER OF EMPLOYEES	NUMBER OF EMPLOYEES
	2018	2017
<\$60,000	76	87
\$60,000 - \$79,999 per annum	70	69
\$80,000 - \$99,999 per annum	47	37
\$100,000 - \$119,999 per annum	11	10
\$120,000 - \$139,999 per annum	13	12
\$140,000 - \$239,999 per annum	8	6
>\$240,000 - \$339,999 per annum	1	2
Total employees	226	223

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

At balance date, the Council employed 184 (2017: 180) full-time employees, with the balance of 42 staff representing 25.5 (2017: 23) 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 2018 Western Bay of Plenty District Council made three (2017: two) severance payments to employees totalling \$154,030 (2017: \$114,849).

The value of each of the severance payments made in 2018 was \$13,750, \$45,622 and \$94,658 (2017: \$20,371 and \$94,478).

40. EVENTS AFTER THE BALANCE

There were no significant events after the balance date.

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	2018	2017
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	11,750	14,779
Debtors and other receivables	15	13,843	7,721
LGFA Borrower Notes	20	1,680	1,680
Te Tumu Investment	18	10,414	10,121
Term deposits	18	14,983	35,000
Total loans and receivables		52,670	69,301
Fair value through other comprehensive income			
Other financial assets:			
- local authority stock	20	43	43
- listed shares	18	230	152
Total Fair value through other comprehensive income		273	195
Financial liabilities			
Fair value through surplus and deficit			
Derivative financial instrument liability	16	8,862	9,655
Total Fair value through surplus and deficit		8,862	9,655
Financial liabilities at amortised cost			
Creditors and other payables	24, 26 & 27	16,783	17,577
Borrowings:			
- secured loans	25	125,000	150,000
Total financial liabilities at amortised cost		141,783	167,577

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 (2017: \$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 2018				
Financial Assets				
Local authority stock	43	43		
Shares	230	230		
Te Tumu investment	10,414			10,414
New Zealand Local Government Funding Agency Ltd	3,546		3,546	
Financial Liabilities				
Derivatives	8,862		8,662	
30 June 2017				
Financial Assets				
Local authority stock	43	43		
Shares	152	152		
Te Tumu investment	10,121			10,121
New Zealand Local Government Funding Agency Ltd	3,546		3,546	
Financial Liabilities				
Derivatives	9,655		9,655	

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	ACTUAL
	\$'000	\$'000
	2018	2017
Balance at 1 July	10,122	1,619
Gains/(losses) recognised in surplus and deficit	292	635
Reversal of impairment	-	7,868
Balance at 30 June	10,414	10,122

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
	2018	2017
Cash at bank and term deposits	26,733	49,779
Debtors and other receivables	13,843	7,721
Local authority and government stock	273	195
New Zealand Local Government Funding Agency	3,546	3,546
Derivative financial instruments	(8,862)	(9,655)
Financial instruments	10,414	10,121
Total credit risk	45,947	61,707

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
	2018	2017
Counterparties with credit ratings		
Cash at bank and term deposits		
A-1+	26,733	49,779
Total cash at bank and term deposits	26,733	49,779
Local authority and government stock		
AA+	3,546	3,546
A	43	43
Total local authority and government stock	3,589	3,589
Derivative financial instrument assets		
AA	-	-
Total derivative financial instruments	-	-
Financial instrument assets		
No rating	10,414	10,121
Total financial instrument assets	10,414	10,121
Counterparties without credit ratings		
Existing assets with no defaults in the past	230	152
Total counterparties without credit ratings	230	152

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 (2017: \$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 2018						
Creditors and other payables	16,783	16,783	16,783	-	-	-
Net settled derivative liabilities	8,862	8,862	465	2,048	3,555	2,794
Secured loans	125,000	157,767	45,007	3,168	50,670	58,922
Total	150,645	183,412	62,254	5,216	54,225	61,716
Council 2017						
Creditors and other payables	17,577	17,577	17,577	-	-	-
Net settled derivative liabilities	9,655	9,907	577	1,917	4,663	2,750
Secured loans	150,000	171,402	49,857	28,214	18,169	75,162
Total	177,232	198,886	68,011	30,131	22,832	77,912

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 2018						
Cash and cash equivalents	11,750	11,750	11,750	-	-	-
Debtors and other receivables	13,843	13,843	13,843	-	-	-
Net settled financial instruments	10,414	10,743	-	-	-	10,743
Other financial assets:						
- Term deposits with original maturities of greater than 3 months and remaining maturities of less than 12 months	14,983	14,983	14,983	-	-	-
- Local authority and government stock	3,819	-	-	-	-	3,819
Total	54,809	51,319	40,517	-	-	14,562
Council 2017						
Cash and cash equivalents	14,779	14,779	14,779	-	-	-
Debtors and other receivables	7,721	7,721	7,721	-	-	-
Net settled financial instruments	10,121	19,996	-	-	-	19,996
Other financial assets:						
- Term deposits with original maturities of greater than 3 months and remaining maturities of less than 12 months	35,000	35,000	35,000	-	-	-
- Local authority and government stock	3,741	-	-	-	-	3,741
Total	71,362	77,496	57,500	-	-	23,737

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	2018 \$'000				2017 \$'000			
		PROFIT	- 100BPS OTHER EQUITY	PROFIT	+ 100BPS OTHER EQUITY	PROFIT	- 100BPS OTHER EQUITY	PROFIT	+ 100BPS OTHER EQUITY
Financial assets									
Cash and cash equivalents	1	(118)		118		(148)		148	
Financial instruments	2	(104)		104		(101)		101	
Other financial assets:									
- Local authority stock	3		(17)		17		(17)		17
Financial liabilities									
Derivatives - interest rate swaps	4	(13,737)		4,378		(5,036)		4,683	
Borrowings:									
Debentures	5	1,000		(1,000)		1,300		(1,300)	
Total sensitivity to interest rate risk		(12,959)	(17)	3,600	17	(3,985)	(17)	3,632	17

EQUITY PRICE RISK	NOTE	PROFIT	- 10% OTHER EQUITY	PROFIT	+10% OTHER EQUITY	PROFIT	- 10% OTHER EQUITY	PROFIT	+10% OTHER EQUITY
Financial assets									
Other financial assets:									
- Quoted share investments	6		(23)		23		(8)		8
Total sensitivity to equity price risk		-	(23)	-	23	-	(8)	-	8

Explanation of sensitivity analysis

1. Cash and cash equivalents

Cash and cash equivalents include deposits on call totalling \$11,750,000 (2017: \$14,777,906) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$118,000 (2017: \$147,779).

Derivatives

2. Financial instruments

Financial instruments include Te Tumu land purchase totalling \$10.41m (2017: \$10.12m). A movement in interest rates of 1.0% has an effect of \$104,141 (2017: \$101,211) on the unrealised value of the financial instruments.

3. Local authority stock

A total of \$1,723,000 (2017: \$1,723,000) of investments in local authority stock are classified at fair value through equity. A movement in interest rates of plus or minus 1.0% has an effect of \$17,233 (2017: \$17,233) on the fair value through other comprehensive income

4. Financial liabilities

Derivative financial assets not hedge accounted includes interest rate swaps with a fair value totalling \$8.861m (2017: \$9.66m). A movement in interest rates of plus 1.0% has an effect of reducing the swap deficit value by \$13.737m (2017: \$5.04m). A movement in interest rates of minus 1.0% has an effect of increasing the swap deficit value by \$4.37m (2017: \$4.68m).

5. Debentures - secured loans

Council has floating rate debt with a principal amount totalling \$105.00 million (2017: \$130.00m). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$1,050,000 (2017: \$1,300,000). 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 \$155,000 (2017: \$95,000) and Seeka Kiwifruit Industries Limited valued at \$75,000 (2017: \$57,000). 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 \$23,000 (2017: \$15,000).

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 2017-18 and 2018 actuals are as follows:

Statement of Comprehensive Income

Actual 2018 surplus of \$66.299 million versus 2018 budget surplus of \$16.831 million. A favourable variance of \$49.468 million.

The major contributors to the variance were:

Total revenue was \$49.815 million over budget.

	\$'000
Revenue variances positive / (negative):	
¹ Fees and charges from activities	3,692
² Rates revenue including target water supply rates	374
³ Financial contributions	(514)
⁴ Vested assets	8,725
⁵ Subsidies & grants	3,175
⁶ Gains	33,055
⁷ Other revenue	1,308
	49,815

Total expenditure was \$0.314 million over budget.

	\$'000
Expenditure positive / (negative):	
⁸ Other expenses	1,253
⁹ Personnel costs	(752)
¹⁰ Depreciation and amortisation	(580)
¹¹ Finance cost - realised	410
Share of associate surplus	(16)
	314

¹ Contributions for the Tauranga to Omokoroa cycleway project from NZ Community Trust, Tauranga City Council and NZTA.

² Rates revenue of \$65.044m is \$374k higher than budget, therefore in line with the budget of \$64.670m.

³ Due to ongoing development in the District year-on-year, financial contributions of \$9.506m was in line with budget of \$10.020m.

⁴ Vested assets income of \$10.965m is \$8.725m higher than budget of \$2.240m. This is due to higher levels of assets being vested in Council.

⁵ Subsidies and grants income of \$15.994m was \$3.175m higher than budget of \$12.818m due to timing and availability of capital works eligible for NZTA funding.

⁶ Gains income of \$33.1m predominantly relates to the revaluation movements of Council held assets across most activities.

⁷ Other revenue of \$5.125m is \$1.308m higher than budget of \$3.995m. This is predominantly due to movements in interest rate swaps, dividend income and petrol tax income.

⁸ Other expenses of \$36.290m being \$1.253m higher than budget of \$35.037m due to higher costs associated with clearing old debt and running the transportation One Network Maintenance Contract (ONMC).

⁹ Personnel costs of \$18.588m is \$0.752m lower than budget of \$19.340m. This is due to a number of unfilled vacancies during the year.

¹⁰ Depreciation and amortisation costs of \$19.594m is \$0.580m lower than the budget of \$20.174m.

¹¹ Finance costs realised of \$8.210m were \$0.410m higher than budget of \$7.800m.

46. EXPLANATION OF MAJOR VARIANCES (CONTINUED)

Explanations of variances between 2017 and 2018 are as follows:

Statement of Financial Position

Actual net equity of \$1,287,915 million versus \$1,155,286 million in 2017.

There was an increase in overall net equity from actual 2017 of \$132.629 million. The majority of this movement was due to:

	\$'000
Decrease in cash held at year end	(3,028)
Increase in debtors and prepayments	6,016
Increase in investments and financial assets	(19,662)
Increase in non-current assets held for sale	(430)
Increase in forestry assets	1,695
Increase in intangible assets	(177)
Increase in property plant and equipment	125,553
	109,967
Increase in debt for the year	25,000
Decrease in interest rate swap liability	793
Increase in creditors and other payables	(3,033)
Increase in other liabilities	(98)
	22,661
Net movement	132,628

The major variances to prior year were:

- Investments and financial assets were \$19.662 million lower than last year. This decrease reflects the reduction in short term deposits year-on-year.
- Property, plant and equipment was \$125.553 million higher than last year. The increase reflects capitalisation of completed projects and revaluation of existing assets.
- Borrowings were \$25.000 million lower than last year and reflects the lower level of short term borrowing and placed on deposit.

Statement of Cash flows

2018 actual movement was a net increase in cash held of \$11.750 million versus a budgeted net increase of \$6.218 million and actual 2017 net increase in cash held of \$14.779 million.

Net cashflows from operating activities of \$39.063 million versus a budgeted net increase of \$33.567 million and last year actual of \$36.155 million.

Actual receipts from rates has increased \$2.952 million due to increased properties in the District. Other revenue income has increased by \$1.674 million due to increased development in the District. This has been offset by increased payment to suppliers of \$1.360 million.

Net Cashflows from investing activities of \$17.092 million versus \$34.953 million budget and last year actual of \$60.558 million.

This is due to the \$35.000 million short term deposit last year, offset in part by higher purchases of property, plant and equipment.

Net Cashflows from financing activities of \$25.000 million versus \$25.000 million budget and last year actual of (\$22.000) million.

This reflects Council's borrowing from LGFA last year and placing funds on short term deposit, as well as higher debt repayment in 2018 compared to 2017.

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 (WHOLE OF COUNCIL)

For the years ended 30 June		ANNUAL PLAN \$'000	ACTUAL \$'000	ANNUAL PLAN \$'000	ACTUAL \$'000
		2017	2017	2018	2018
Sources of operating funding					
General rates, uniform annual charges, rates penalties		21,261	21,637	22,066	22,140
Targeted rates		37,712	42,021	38,691	38,865
Subsidies and grants for operating purposes		3,779	9,901	4,038	16,030
Fees and charges		8,515	5,881	9,353	9,788
Interest and dividends from investments		-	227	100	132
Local authority and fuel tax, fines, infringement fees, and other receipts		3,706	5,362	3,895	8,878
Total operating funding	(A)	74,973	85,029	78,143	95,833
Applications of operating funding					
Payments to staff and suppliers		50,034	52,575	54,346	54,573
Finance costs		7,890	8,246	7,800	8,788
Other operating funding applications		183	195	32	101
Total applications of operating funding	(B)	58,107	61,016	62,178	63,463
Operating funding - surplus/(deficit)	(A-B)	16,865	24,012	15,965	32,370
Sources of capital funding					
Subsidies and grants for capital expenditure		6,259	476	8,780	-
Development and financial contributions		7,051	10,993	10,020	9,506
Increase/(decrease) in debt		9,363	(5,232)	2,066	(1,642)
Gross proceeds from sale of assets		85	268	85	(384)
Lump sum contributions		-	-	-	-
Other dedicated capital funding		-	-	-	-
Total Sources of capital funding	(C)	22,758	6,504	20,951	7,480
Applications of capital funding					
Capital expenditure					
• to meet additional demand		14,608	8,867	12,048	14,202
• to improve the level of service		14,275	8,516	13,605	15,827
• to replace existing assets		12,396	9,442	14,064	8,968
Increase/(decrease) in reserves		(1,656)	3,615	(2,802)	839
Increase/(decrease) in investments		-	76	-	16
Total applications of capital funding	(D)	39,624	30,516	36,916	39,852
Capital funding - surplus/(deficit)	(C-D)	(16,865)	(24,012)	(15,965)	(32,370)
Funding balance	((A-B) + (C-D))	-	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 (WHOLE OF COUNCIL)

RECONCILIATION OF SUMMARY FUNDING IMPACT STATEMENT TO STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 30 June	LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
	2017	2018	2018
Operating funding per Funding Impact Statement	72,979	86,923	95,833
Add: Subsidies and grants for capital expenditure	8,780	-	-
Swap revaluation movement	-	-	-
Financial contributions	6,990	10,020	9,506
Lump sum contributions	-	-	-
Revaluation adjustments	-	-	-
Total	88,750	96,943	105,339
Total Revenue per Statement of Comprehensive Income	91,041	99,182	149,075
Less: Loss on shares adjustment			
Less: Vested Assets	2,291	2,240	10,965
Less: Gains	-		
Total	88,750	96,942	138,110
Variance	-	-	(32,770)
Application of operating funding per Funding Impact Statement	58,255	62,178	63,463
Total expenditure per Statement of Comprehensive Income	78,542	82,351	82,392
Less depreciation and amortisation	20,287	20,174	19,594
Less revaluation movement	-	-	(32,766)
Less unrealised hedging movement	-	-	(794)
Less asset impairment/loss on sale	-	-	125
Less other adjustments	-	-	-
	58,255	62,177	96,233
Variance	-	-	(32,770)
Net Variance	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR REPRESENTATION

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		3,137	3,123	2,700
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	-	-
Internal charges and overhead costs recovered		601	614	590
Local authority and fuel tax, fines, infringement fees, and other receipts		77	-	3
Total operating funding	(A)	3,815	3,738	3,293
Applications of operating funding				
Payments to staff and suppliers		1,520	1,552	1,387
Finance costs		(24)	(4)	(58)
Internal charges and overhead costs applied		2,125	2,177	1,785
Other operating funding applications		188	2	101
Total applications of operating funding	(B)	3,808	3,728	3,215
Operating funding - surplus/(deficit)	(A-B)	7	10	79
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		7	10	79
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	7	10	79
Capital funding - surplus/(deficit)	(C-D)	(7)	(10)	(79)
Funding balance	((A-B) + (C-D))	-	-	-

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

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		2,138	2,328	2,296
Targeted rates		-	-	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)	2,138	2,328	2,309
Applications of operating funding				
Payments to staff and suppliers		1,350	1,511	1,501
Finance costs		(169)	(186)	(37)
Internal charges and overhead costs applied		779	804	770
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	1,961	2,129	2,235
Operating funding - surplus/(deficit)	(A-B)	177	199	74
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		177	199	74
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	177	199	74
Capital funding - surplus/(deficit)	(C-D)	(177)	(199)	(74)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR COMMUNITIES

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		3,259	3,338	3,589
Targeted rates		1,943	2,052	1,929
Subsidies and grants for operating purposes		-	-	437
Fees and charges		77	79	83
Internal charges and overhead costs recovered		827	855	793
Local authority and fuel tax, fines, infringement fees, and other receipts		476	490	594
Total operating funding	(A)	6,581	6,813	7,424
Applications of operating funding				
Payments to staff and suppliers		3,678	3,820	4,360
Finance costs		29	18	(119)
Internal charges and overhead costs applied		2,235	2,291	2,331
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	5,942	6,129	6,572
Operating funding - surplus/(deficit)	(A-B)	639	684	852
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		51	72	2,956
Gross proceeds from sale of assets		-	-	(3)
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	51	72	2,953
Applications of capital funding				
Capital expenditure				
• to meet additional demand		49	60	4,133
• to improve the level of service		-	-	4
• to replace existing assets		336	370	932
Increase/(decrease) in reserves		305	326	(1,263)
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	690	756	3,806
Capital funding - surplus/(deficit)	(C-D)	(639)	(684)	(852)
Funding balance	((A-B) + (C-D))	-	-	-

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

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		5,285	5,631	5,423
Targeted rates		199	203	25
Subsidies and grants for operating purposes		655	-	104
Fees and charges		-	-	-
Internal charges and overhead costs recovered		1,037	1,063	1,258
Local authority and fuel tax, fines, infringement fees, and other receipts		671	693	1,006
Total operating funding	(A)	7,847	7,591	7,817
Applications of operating funding				
Payments to staff and suppliers		3,711	3,730	4,588
Finance costs		64	77	(267)
Internal charges and overhead costs applied		1,935	2,000	2,199
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	5,710	5,808	6,520
Operating funding - surplus/(deficit)	(A-B)	2,137	1,783	1,296
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		1,585	1,662	2,313
Increase/(decrease) in debt		161	462	(101)
Gross proceeds from sale of assets		-	-	45
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	1,746	2,124	2,257
Applications of capital funding				
Capital expenditure				
• to meet additional demand		1,900	1,472	511
• to improve the level of service		276	283	(101)
• to replace existing assets		948	1,533	1,141
Increase/(decrease) in reserves		758	619	2,002
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	3,883	3,907	3,554
Capital funding - surplus/(deficit)	(C-D)	(2,137)	(1,783)	(1,296)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR REGULATORY SERVICES

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,858	1,288	2,529
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		3,697	3,908	5,404
Internal charges and overhead costs recovered		29	30	-
Local authority and fuel tax, fines, infringement fees, and other receipts		37	38	94
Total operating funding	(A)	5,621	5,264	8,027
Applications of operating funding				
Payments to staff and suppliers		3,598	3,398	5,422
Finance costs		(11)	(13)	(23)
Internal charges and overhead costs applied		1,707	1,766	2,578
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	5,294	5,151	7,978
Operating funding - surplus/(deficit)	(A-B)	327	113	50
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		(19)	(21)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(19)	(21)	-
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		308	93	50
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	308	93	50
Capital funding - surplus/(deficit)	(C-D)	(327)	(113)	(50)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR TRANSPORTATION

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates		13,703	14,090	13,926
Subsidies and grants for operating purposes		7,169	8,538	14,265
Fees and charges		-	-	17
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		264	271	3,655
Total operating funding	(A)	21,135	22,898	31,863
Applications of operating funding				
Payments to staff and suppliers		8,997	9,197	9,582
Finance costs		1,371	1,325	851
Internal charges and overhead costs applied		1,298	1,391	1,253
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	11,667	11,913	11,686
Operating funding - surplus/(deficit)	(A-B)	9,468	10,985	20,177
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		2,330	2,284	2,659
Increase/(decrease) in debt		(891)	(438)	(6,094)
Gross proceeds from sale of assets		-	-	(73)
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	1,440	1,846	(3,508)
Applications of capital funding				
Capital expenditure				
• to meet additional demand		1,119	2,429	4,573
• to improve the level of service		5,703	6,225	10,548
• to replace existing assets		4,086	4,178	1,597
Increase/(decrease) in reserves		-	-	(48)
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	10,908	12,831	16,669
Capital funding - surplus/(deficit)	(C-D)	(9,468)	(10,985)	(20,177)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR WATER SUPPLY

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates		5,967	5,925	6,445
Subsidies and grants for operating purposes		-	-	-
Fees and charges		3,387	3,858	4,134
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	11
Total operating funding	(A)	9,354	9,782	10,590
Applications of operating funding				
Payments to staff and suppliers		4,748	4,795	4,713
Finance costs		1,763	1,954	1,498
Internal charges and overhead costs applied		1,485	1,541	1,525
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	7,997	8,290	7,735
Operating funding - surplus/(deficit)	(A-B)	1,357	1,492	2,855
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		784	804	1,534
Increase/(decrease) in debt		2,115	2,970	1,111
Gross proceeds from sale of assets		-	-	(7)
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	2,899	3,775	2,637
Applications of capital funding				
Capital expenditure				
• to meet additional demand		461	1,283	1,877
• to improve the level of service		1,127	1,413	1,248
• to replace existing assets		2,668	2,571	2,367
Increase/(decrease) in reserves		-	-	-
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	4,256	5,267	5,492
Capital funding - surplus/(deficit)	(C-D)	(1,357)	(1,492)	(2,855)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR STORMWATER

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,635	1,703	1,629
Targeted rates		3,741	3,918	3,929
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		-	-	6
Total operating funding	(A)	5,376	5,621	5,564
Applications of operating funding				
Payments to staff and suppliers		750	783	749
Finance costs		1,671	1,587	1,546
Internal charges and overhead costs applied		601	619	424
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	3,022	2,989	2,719
Operating funding - surplus/(deficit)	(A-B)	2,354	2,631	2,845
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		731	751	622
Increase/(decrease) in debt		(1,403)	292	(905)
Gross proceeds from sale of assets		-	-	9
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(672)	1,043	(274)
Applications of capital funding				
Capital expenditure				
• to meet additional demand		208	406	1,486
• to improve the level of service		716	396	73
• to replace existing assets		758	2,873	1,013
Increase/(decrease) in reserves		-	-	-
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	1,682	3,675	2,572
Capital funding - surplus/(deficit)	(C-D)	(2,354)	(2,631)	(2,845)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR NATURAL ENVIRONMENT

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		178	178	246
Targeted rates		320	329	346
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)	498	507	592
Applications of operating funding				
Payments to staff and suppliers		693	710	651
Finance costs		(40)	(43)	(4)
Internal charges and overhead costs applied		48	51	67
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	701	718	713
Operating funding - surplus/(deficit)	(A-B)	(203)	(211)	(121)
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		184	194	219
Increase/(decrease) in debt		1	3	(7)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	186	197	213
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		(17)	(14)	92
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	(17)	(14)	92
Capital funding - surplus/(deficit)	(C-D)	203	211	121
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR WASTEWATER

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,884	1,932	1,912
Targeted rates		9,278	9,876	9,964
Subsidies and grants for operating purposes		-	-	1,045
Fees and charges		2	2	57
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	64
Total operating funding	(A)	11,164	11,810	13,042
Applications of operating funding				
Payments to staff and suppliers		4,138	4,339	4,678
Finance costs		3,527	3,560	3,403
Internal charges and overhead costs applied		1,544	1,594	1,658
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	9,208	9,493	9,739
Operating funding - surplus/(deficit)	(A-B)	1,956	2,317	3,303
Sources of capital funding				
Subsidies and grants for capital expenditure		4,024	476	-
Development and financial contributions		1,375	1,440	2,160
Increase/(decrease) in debt		391	(1,807)	635
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	5,790	109	2,794
Applications of capital funding				
Capital expenditure				
• to meet additional demand		831	909	1,215
• to improve the level of service		5,882	636	3,999
• to replace existing assets		1,033	881	883
Increase/(decrease) in reserves		-	-	-
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	7,746	2,426	6,097
Capital funding - surplus/(deficit)	(C-D)	(1,956)	(2,317)	(3,303)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR SOLID WASTE

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		639	658	415
Targeted rates		990	1,024	1,053
Subsidies and grants for operating purposes		135	139	179
Fees and charges		71	74	92
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		10	11	121
Total operating funding	(A)	1,845	1,905	1,860
Applications of operating funding				
Payments to staff and suppliers		1,325	1,362	1,155
Finance costs		26	27	4
Internal charges and overhead costs applied		504	519	510
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	1,855	1,908	1,668
Operating funding - surplus/(deficit)	(A-B)	(9)	(3)	192
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		11	4	(190)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	11	4	(190)
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		2	1	2
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	2	1	2
Capital funding - surplus/(deficit)	(C-D)	9	3	(192)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR ECONOMIC

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		733	757	675
Targeted rates		274	282	290
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	2
Total operating funding	(A)	1,009	1,041	967
Applications of operating funding				
Payments to staff and suppliers		608	623	621
Finance costs		(84)	(89)	(88)
Internal charges and overhead costs applied		127	136	93
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	651	671	626
Operating funding - surplus/(deficit)	(A-B)	358	371	341
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		(27)	(25)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(27)	(25)	-
Applications of capital funding				
Capital expenditure				
• to meet additional demand		581	282	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		(250)	63	325
Increase/(decrease) in investments		-	-	16
Total applications of capital funding	(D)	331	345	341
Capital funding - surplus/(deficit)	(C-D)	(358)	(371)	(341)
Funding balance	((A-B) + (C-D))	-	-	-

WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE 2018 FOR SUPPORT SERVICES

For the years ended 30 June		LONG TERM PLAN \$'000	LONG TERM PLAN \$'000	ACTUAL \$'000
		2017	2018	2018
Sources of operating funding				
General rates, uniform annual charges, rates penalties		812	1,491	726
Targeted rates		936	959	945
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	-	-
Internal charges and overhead costs recovered		14,097	14,598	14,683
Local authority and fuel tax, fines, infringement fees, and other receipts		2,097	2,213	3,453
Total operating funding	(A)	17,943	19,262	19,808
Applications of operating funding				
Payments to staff and suppliers		14,011	14,301	15,166
Finance costs		816	607	2,082
Internal charges and overhead costs applied		2,205	2,272	2,132
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	17,032	17,180	19,380
Operating funding - surplus/(deficit)	(A-B)	911	2,082	427
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		(760)	(1,082)	953
Gross proceeds from sale of assets		87	89	(355)
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(673)	(993)	598
Applications of capital funding				
Capital expenditure				
• to meet additional demand		71	72	407
• to improve the level of service		588	813	56
• to replace existing assets		440	604	1,035
Increase/(decrease) in reserves		(861)	(400)	(472)
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	239	1,089	1,025
Capital funding - surplus/(deficit)	(C-D)	(911)	(2,082)	(427)
Funding balance	((A-B) + (C-D))	-	-	-