

CHAPTER THREE

Finances



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STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR YEAR ENDED 30 JUNE 2016

		ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	NOTE	2016	2016	2015
Revenue from non-exchange transactions				
Fees and charges from activities	4	6,909	3,416	5,344
Rate revenue	5, 6 & 7	61,683	60,213	58,846
Fines		198	310	260
Vested assets	9	42,408	2,240	720
Financial contributions	11	7,862	7,392	2,607
Subsidies and grants	10	7,098	7,227	6,746
Other revenue	11	452	360	580
Gains	21	1,079	-	27,093
Revenue from non-exchanged transactions total		127,689	81,159	102,196
Revenue from exchange transactions				
Finance revenue	8	1,096	1,100	1,069
Dividends		249	-	265
Rental Revenue		1,200	1,017	1,119
Other exchange revenue	11	912	797	377
Total revenue	2	131,146	84,072	105,026
Expenditure				
Other expenses	12	33,677	33,184	46,652
Personnel costs	13	15,293	14,843	13,982
Depreciation	21	19,992	18,945	17,968
Amortisation	22	396	393	402
Impairment expense		471	-	364
Unrealised hedging movement		4,851	-	6,115
Finance costs	8	8,708	8,730	9,136
Expenditure total	3	83,388	76,095	94,619
Share of associate surplus/(deficit)		(25)	-	(69)
Net surplus / (deficit)		47,733	7,977	10,338
Other comprehensive revenue and expenses				
Gains/(Losses) on asset revaluations		-	28,950	94,984
Other assets at fair value through other comprehensive revenue and expense	31	31	-	12
Total other comprehensive revenue and expense for the year	28	31	28,950	94,996
Total comprehensive revenue and expense for the year		47,764	36,927	105,334

Explanations of major variances against budget are detailed in note 46 from page 194.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	NOTE	ACTUAL	BUDGET	ACTUAL
		\$'000	\$'000	\$'000
		2016	2016	2015
Equity				
Retained earnings	28	754,269	692,736	710,230
Restricted reserves	29	261	251	255
Council created reserves	30	25,946	21,562	22,178
Asset revaluation reserves	31	341,279	321,047	341,242
Equity total		1,121,755	1,035,596	1,073,905
Assets				
Current assets				
Cash and cash equivalents	14	17,181	5,940	12,813
Receivables	15	6,461	10,460	8,374
Non-current assets held for sale	17	455	957	952
Prepayments	15	465	-	364
Current assets total		24,562	17,357	22,503
Non-current assets				
Other non-current financial assets	18	1,699	2,186	1,426
Investment in associates	19	427	452	452
Investments in CCO and other similar entities	20	3,039	3,357	3,119
Intangible assets	22	3,404	3,026	3,269
Forestry assets	23	5,819	5,176	5,176
Property, plant and equipment	21	1,239,804	1,168,748	1,200,946
Non-current assets total		1,254,192	1,182,945	1,214,387
Assets total		1,278,753	1,200,303	1,236,890
Liabilities				
Current liabilities				
Creditors and other payables	24	11,413	10,885	12,641
Current employee entitlements	26	2,109	1,441	1,710
Borrowings and other financial liabilities	25	13,000	10,000	10,000
Derivative financial instruments	16	14,797	3,831	9,946
Current portion provisions	27	311	16	310
Current liabilities total		41,630	26,173	34,607
Non-current liabilities				
Non current employee entitlements	26	22	150	22
Non current provisions	27	346	381	357
Non current borrowings and other financial liabilities	25	115,000	138,003	128,000
Other non current liabilities		-	-	-
Non-current liabilities total		115,368	138,534	128,379
Liabilities total		156,998	164,707	162,986
Net assets		1,121,755	1,035,596	1,073,905

The accompanying notes form part of these financial statements.



Miriam Taris
Chief Executive Officer
 Western Bay of Plenty District Council

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2016

	NOTE	RETAINED EARNINGS	ASSET REVALUATION RESERVE	COUNCIL RESERVES	TOTAL EQUITY
Balance at 1 July 2014 as restated	36	676,233	271,188	21,149	968,570
Total comprehensive income for the year		33,997	70,054	1,284	105,335
Balance at 30 June 2015		710,230	341,242	22,433	1,073,905
Total comprehensive income for the year		44,039	37	3,774	47,850
Balance at 30 June 2016		754,269	341,279	26,207	1,121,755

An adjustment of \$4.617m was made to opening retained earnings. This is explained further in note 36.

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2016

	NOTE	ACTUAL	BUDGET	ACTUAL
		\$'000	\$'000	\$'000
		2016	2016	2015
Cash flows from operating activities				
Receipts from rates revenue		62,675	56,563	58,651
Regional Council rates		5,903	2,775	5,203
Interest received		404	408	450
Dividends received		249	360	265
Receipts from other revenue		25,021	23,255	16,977
Payments to suppliers and employees		(49,942)	(48,104)	(42,325)
Interest paid		(8,533)	(8,730)	(9,301)
Regional Council rates		(5,903)	(2,775)	(5,203)
Goods and services tax (net)		138	-	11
Net cash from operating activities	33	30,012	23,752	24,728
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		654	85	287
Purchase of property, plant and equipment		(16,151)	(28,068)	(15,080)
Purchase of intangible assets		(147)	-	(152)
Purchase of investments		-	(240)	-
Net cash from investing activities		(15,644)	(28,223)	(14,945)
Cash flows from financing activities				
Proceeds from borrowings		-	15,000	-
Repayment of borrowings		(10,000)	(10,000)	(18,003)
Net cash from financing activities		(10,000)	5,000	(18,003)
Net (decrease)/increase in cash held		4,368	529	(8,220)
Cash, cash equivalents and bank overdrafts at the beginning of the year		12,813	5,411	21,033
Cash, cash equivalents and bank overdrafts at the end of the year	14	17,181	5,940	12,813

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 2016

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 2016. The financial statements were authorised for issue by Council on 15 September 2016.

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 2016 financial statements.

Standards issued and not yet effective and not early adopted

In July 2015, the PBE IPSAS 1 accounting standard was updated to incorporate requirements and guidance for not-for-profit public benefit entities. The updated standard applies to PBEs with reporting periods beginning on or after 1 January 2016. Western Bay Council will apply this updated standard in preparing its 30 June 2017 financial statements. The Council expects that there will be minimal or no change in applying this updated accounting standard.

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.

Sales of goods

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

Infringement fees and fines

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

Vested or donated physical assets

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

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

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

Donated and bequeathed financial assets

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

Interest and dividends

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

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

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to 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 and group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

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

Revaluation

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

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

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

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

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

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

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

All other asset classes are carried at depreciated historical cost.

Additions

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

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

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

Disposals

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

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Western Bay Council of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

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

Buildings		
• concrete	100 years	Straight line
• wooden	40 years	Straight line
• improvements	10 years	Straight line
Land (not depreciated)		
Other plant and equipment	10 years	Diminishing value
Office equipment and furnishings	10 years	Diminishing value
Computer systems	5 years	Diminishing value
Motor vehicles	5 years	Diminishing value
Library books	10-15 years	Straight line
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%
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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. The Western Bay Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Western Bay Council.

Property revaluation reserve

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

Fair value through other comprehensive revenue and expense reserve

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

Council created reserves

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

Goods and services tax

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 Council has been derived using the cost allocation system outlined below.

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

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

Cost of service statement policies

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

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

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

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 NZ 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 2016:

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 (WBOPDC). TCC are the legal owners of the land and WBOPDC are the beneficial or equitable owners of the jointly owned land. WBOPDC own 14.45% of the jointly owned land. The jointly acquired land is held by TCC on trust for itself and WBOPDC. 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 WBOPDC is created for the sale price of the jointly owned land at that point.

During 2015/16 Council made a change in an accounting policy for the treatment of airport land. The effect of this change in accounting policy is detailed in note 36.

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
	2016	2016	2015
Significant activities			
Representation	2,890	2,943	2,495
Planning for the future	1,951	2,195	2,382
Communities	5,768	5,410	5,476
Recreation and leisure	8,114	7,490	14,825
Regulatory services	7,360	5,449	5,044
Transportation	65,302	24,427	39,044
Water supply	11,439	10,410	10,587
Stormwater	5,999	6,024	3,090
Natural environment	664	598	245
Wastewater	12,682	12,480	10,233
Solid waste	1,721	1,814	1,650
Economic	980	993	1,422
Council services	6,276	3,838	8,533
Total operating revenue by activity	131,146	84,072	105,026
Council services	131,146	84,072	105,026

3. TOTAL OPERATING EXPENDITURE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
Significant activities			
Representation	2,834	2,943	2,395
Planning for the future	1,913	2,015	2,770
Communities	5,490	5,428	5,535
Recreation and leisure	5,955	6,449	17,492
Regulatory services	6,692	5,177	4,731
Transportation	21,451	19,767	19,105
Water supply	10,083	10,415	10,226
Stormwater	3,997	4,222	4,753
Natural environment	696	711	407
Wastewater	12,314	12,360	12,524
Solid waste	1,305	1,763	1,152
Economic	818	625	1,071
Council services	9,840	4,219	12,458
Total operating expenditure by activity	83,388	76,095	94,619
Council services	83,388	76,095	94,619

4. FEES AND CHARGES FROM ACTIVITIES

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
Significant activities			
Representation	5	-	2
Planning for the future	1	-	20
Communities	166	149	194
Recreation and leisure	111	20	950
Regulatory services	4,671	2,767	3,264
Transportation	1,466	262	583
Water supply	38	-	16
Stormwater	1	-	1
Natural environment	-	-	-
Wastewater	5	2	2
Solid waste	211	77	104
Economic	-	-	30
Council services	234	139	178
Total revenue from significant activities	6,909	3,416	5,344

GENERAL RATE INCOME

5. GENERAL RATE INCOME

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
Representation	2,493	2,555	1,942
Planning for the future	1,937	2,195	2,349
Communities	3,288	3,098	2,687
Recreation and leisure	4,321	4,986	4,425
Regulatory services	1,938	2,025	1,261
Transportation	13,540	13,050	14,379
Stormwater	1,134	1,134	194
Natural environment	190	175	172
Wastewater	1,394	1,418	957
Solid waste	272	617	289
Economic	675	715	801
Council services	2,964	932	2,800
Total general rates	34,146	32,900	32,257

Rates remissions

Rates revenue is shown net of rates remissions of \$37,494 (2015: \$63,849). 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.

6. SEPARATE RATES ATTRIBUTABLE TO ACTIVITIES

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
General rates	34,146	32,900	32,257
Separate rates attributable to activities			
Representation	392	388	551
Planning for the future	13	-	13
Communities	1,846	1,780	1,629
Recreation and leisure	-	170	122
Regulatory services	-	-	-
Transportation	44	43	44
Water supply	6,414	6,258	6,412
Stormwater	3,681	3,696	2,742
Natural environment	316	313	15
Wastewater	9,323	9,338	8,819
Solid waste	1,069	1,055	1,023
Economic	259	276	581
Council services	914	900	1,291
Total separate rates	24,270	24,216	23,243

Environment Protection is included as part of separate 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, water, refuse and sanitation. Non-rateable land does not constitute a remission under Western Bay Council's rates remission policy.

7. TARGETED RATES FOR WATER SUPPLY

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
Metered water charges	3,267	3,097	3,346
Total targeted rates for water supply	3,267	3,097	3,346
Total rates revenue	61,683	60,213	58,846

8. FINANCE INCOME AND FINANCE COSTS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
Finance income			
Interest income	1,082	1,092	1,052
Rates postponement scheme	14	8	17
Total finance income	1,096	1,100	1,069
Finance costs:			
- interest on bank borrowings	5,193	8,730	7,126
- interest rate swap expense	3,515	-	2,010
Total finance costs	8,708	8,730	9,136
Net finance income / (costs)	(7,612)	(7,630)	(8,067)

9. VESTED ASSETS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
Significant activities			
Recreation and leisure	220	-	428
Transportation	40,936	1,400	8
Water supply	236	200	10
Stormwater	629	300	10
Wastewater	386	340	12
Council services	-	-	253
Total significant activities	42,408	2,240	720

The Te Puke Highway (formerly State Highway 2) was vested to Council on Saturday, 1 August 2015 from NZTA for \$39.5m.

10. SUBSIDIES AND GRANTS

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
Ministry for the Environment - territorial authority levy for trade waste	168	65	151
NZ Lotteries	43	-	-
Land Transport NZ subsidy	6,764	6,881	6,545
TECT	43	61	-
First Sovereign	43	61	50
Other	37	586	-
Total subsidies and grants	7,098	7,654	6,746

There are no unfulfilled conditions or other contingencies attached to subsidies recognised (2015:nil).

11. OTHER REVENUE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
Petrol tax	416	360	402
Sale of goods and services	851	764	301
Cost recoveries	97	33	254
Total other revenue	1,364	1,157	957
Made up of:			
Exchange	912	797	377
Non exchange	452	360	580
Financial contributions			
Recreation and leisure	1,788	1,554	815
Transportation	2,542	2,791	1,023
Water supply	1,277	820	389
Stormwater	551	733	65
Natural environment	158	111	57
Wastewater	1,545	1,382	258
Total revenue from financial contributions	7,862	7,392	2,607

12. OTHER EXPENSES

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Audit fees for financial statement audit		
- audit fees for financial statement audit	127	132
- audit fees for Long Term Plan	-	96
Insurance premiums	351	401
Consultant and legal fees	2,194	1,389
Impairment of receivables	1,386	953
Loss on sale of property, plant and equipment	124	2,678
Minimum lease payments under operating leases	141	88
Other operating expenses	29,354	27,366
Asset revaluation	-	13,549
Total other expenses	33,677	46,652

13. PERSONNEL COSTS

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Salaries and wages	15,139	13,857
Employer contributions to health insurance scheme	154	125
Total personnel costs	15,293	13,982

Council's total Kiwisaver contributions to 30 June 2016 were \$351k (2015: \$317k).

14. CASH AND CASH EQUIVALENTS

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Cash at bank and on hand	3,168	3,135
Petty cash	2	2
Term deposits with maturities less than 3 months	14,011	9,676
Total cash and cash equivalents	17,181	12,813

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:

	2016	2015
Short-term deposits	2.86%	2.21%

15. DEBTORS AND OTHER RECEIVABLES

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Rates debtors	7,422	7,610
Metered water debtors	1,104	1,515
Other trade debtors	1,425	1,363
Sundry debtors	700	1,575
GST Receivables	255	393
Debtors and other receivables prior to impairment	10,906	12,456
Less provision for impairment of receivables	4,445	4,082
	6,461	8,374
Prepayments	465	364
	6,926	8,738
¹ Receivables from non-exchange transactions	6,743	8,148
Receivables from exchange transactions	183	226
	6,926	8,374

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 (2015:\$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 2016 and 2015 are detailed below:

	2016			2015		
	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not past due	6,004	742	5,262	7,759	670	7,089
Past due 90 days - 2 years	1,372	787	585	1,468	769	699
Past due 2-3 years	1,066	824	242	1,001	729	272
Past due > 3 years	2,464	2,092	372	2,228	1,914	314
Total	10,906	4,445	6,461	12,456	4,082	8,374

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
	2016	2015
Individual impairment	2,092	1,914
Collective impairment	2,353	2,168
As at 30 June	4,445	4,082

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
	2016	2015
Past due 30-59 days	-	-
Past due 60-89 days	-	-
Past due > 90 days	2,092	1,914
As at 30 June	2,092	1,914

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

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
As at 1 July	4,082	3,716
Additional provisions made during the year	1,749	1,319
Provisions reversed during the year	-	-
Receivables written off during the year	(1,386)	(953)
As at 30 June	4,445	4,082

16. DERIVATIVE FINANCIAL INSTRUMENTS

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
Current portion		
Interest rate swaps - fair value hedges	(14,797)	(9,946)
Total derivative financial instruments	(14,797)	(9,946)

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 \$180.5m (2015: \$200.5m). At 30 June 2016, the fixed interest rates of cash flow hedge interest rate swaps vary from 2.66% to 5.99% (2015: 4.15% to 5.99%).

17. NON-CURRENT ASSETS HELD FOR SALE

Western Bay Council owns two residential sections (2015: four). These are all located at Waihi 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.

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Non-current assets held for sale are:		
- land	455	952
Total non-current asset held for sale	455	952

18. OTHER FINANCIAL ASSETS

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Non-current portion		
Zespri Group Limited		
17,660 shares (no change from 2015) with a market value as at 30 June 2016 of \$2.58 (\$1.68 in 2015) per share.	45	30
Seeka Kiwifruit Industries Limited		
7,693 shares (2015: Nil) with a market value as at 30 June 2016 of \$4.52 per share	35	-
Te Tumu investment (note 42)	1,619	1,396
Total other financial assets	1,699	1,426

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
	2016	2015
Share in associates		
Western Bay of Plenty Tourism and Visitors' Trust (50%)	427	452
Total share in associates	427	452

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

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Western Bay Moana Rural Fire Authority (50%)	-	86
Bay of Plenty Local Authority Shared Services Limited BOPLASS Limited 9.7% share (2015: 9.7%)	14	13
NZ Local Government Insurance Company Limited 28,142 shares (2015: no change) with a market value as at 30 June 2016 of \$1.40 per share (2015: \$1.20)	39	34
Local Government Funding Agency Limited 3,731,958 shares (2015: no change) at \$1 per share \$0.50 share paid up capital (2015: no change)	1,866	1,866
Local Government Funding Agency Borrower Notes	1,120	1,120
Total Investment in Council Controlled Organisations (CCO's) and other similar entities	3,039	3,119

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Western Bay Moana Rural Fire Authority		
Assets	-	159
Liabilities	-	30
Revenues	-	236
Surplus / (deficit)	-	(42)
Western Bay's % interest	-	50.0%

On 30 June 2015, the operations of Western Bay Moana Rural Fire Authority were disestablished, to be taken over by Pumicelands Rural Fire Authority as part of a single enlarged Pumicelands Rural Fire District within the Central North Island.

All assets were transferred on 1 July 2015 to Western Bay of Plenty District Council at net book value at that date.

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Bay of Plenty Local Authority Shared Services (BOPLASS)		
Assets	1,542	1,105
Liabilities	1,494	1,046
Revenues	1,524	1,560
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

1. 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.

21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2. 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.

Depreciation and Amortisation Expense	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Representation	8	12
Planning for the future	7	6
Communities	395	458
Recreation and leisure	1,684	1,446
Regulatory services	54	61
Transportation	9,453	7,875
Water supply	2,828	2,762
Stormwater	1,156	1,149
Natural environment	8	7
Wastewater	3,501	3,465
Solid waste	30	28
Economic	-	-
Total depreciation and amortisation by activity	19,124	17,269
Depreciation and amortisation related to support services	1,264	1,101
Total depreciation and amortisation expense	20,388	18,370
Made up of:		
Depreciation	19,992	17,968
Amortisation	396	402
Gains	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Communities	-	512
Recreation and leisure	29	7,187
Transportation	-	16,440
Water supply	-	296
Stormwater	-	76
Wastewater	-	224
Support services	23	1,920
Property plant and equipment gains	52	26,655
Intangibles (Emission Trading Scheme NZ Units)	384	84
Forestry	643	354
Total gains	1,079	27,093

The 2015 property, plant and equipment gains of \$26.66m relate to revaluation movements that recover previous downward adjustments made in 2012. Under Council's accounting policies any subsequent revaluation that reverses a previous decrease in value recognised in the statement of comprehensive revenue and expense, should first be recognised in the statement of comprehensive revenue and expense up to the previous amount recognised. These gains relate to the revaluation of land and buildings.

21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Work in Progress	BUDGET \$'000	ACTUAL \$'000
	2016	2015
Communities	120	385
Recreation and leisure	324	515
Transportation	676	1,768
Water supply	1,001	393
Stormwater	758	1,183
Wastewater	784	587
Economic	5	-
Support services	71	-
Total work in progress	3,739	4,831

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 2014. Western Bay has elected not to revalue its share in jointly owned land due to there being some uncertainty around the exact composition of the joint ownership and the Crown's share. Once the ownership structure has been determined a revaluation movement will be taken up to reflect the correct value of Western Bay'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, and the valuation is effective as at 1 July 2014.

Infrastructural asset classes

Land

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Landmass Technology Limited and the valuation is effective as at 1 July 2014.

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, and the valuation is effective as at 1 July 2014.

Stormwater

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Aecom Limited, and the valuation is effective as at 1 July 2014.

Water

At fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Aecom Limited and the valuation is effective as at 1 July 2014.

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 2014.

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 2006 as deemed 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 2014 by independent registered valuers, Aecom Limited.

21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 (WBOPDC). TCC are the legal owners of the land and WBOPDC are the beneficial or equitable owners of the jointly owned land. WBOPDC own 14.45% of the jointly owned land. The jointly acquired land is held by TCC on trust for itself and WBOPDC. 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 WBOPDC 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	ACTUAL
	\$'000	\$'000
	2016	2015
Aecom	284,676	284,676
Opus	525,921	525,921
Landmass	379,272	379,272
Tonkin and Taylor	6,560	6,560
Interpine Forestry Limited	5,819	5,176
Total fair value	1,202,248	1,201,605

21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Insurance disclosure as required under Local Government Amendment (No.3) Act

	CARRY AMOUNT \$'000	INSURED AMOUNTS \$'000
	30 JUNE 2016	30 JUNE 2016
Category A Insurance Contracts		
Water	79,894	156,316
Wastewater	120,068	178,501
Stormwater	77,985	99,563
Mobile Plant & Vehicles	1,110	1,344
Forestry	5,819	7,509
	284,876	443,233
Category B Financial Risk Sharing Arrangements assets		
Material Damage cover		39,181
Buildings	37,546	-
Coastal Marine	6,928	-
Libraries	1,031	-
Office Equipment	1,646	-
Plant & Equipment	75	-
	47,226	39,181
Category A Total	332,102	482,414
Category B Total		
Nil	-	-
Category B Total	-	-
Category C Self Insured Assets		
Disaster Contingency Reserve	-	-
Land under roads	260,955	-
Roading - Other	49,618	-
Roading - Surfaces	496,326	-
Land	102,883	-
Category B Total	909,782	-
Total	1,241,884	482,414

Work in progress

The total amount of property, plant and equipment in the course of construction is \$3.74m (2015: \$4.83m).

Impairment

There were no impairment losses in the year 30 June 2016 (2015: \$nil).

21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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	2,162	5	-	3,996
- other assets (such as reticulation systems)	77,733	3,916	236	145,544
Stormwater drainage	77,985	19	629	101,651
Wastewater				
- treatment plants and facilities	13,079	1,809	-	25,087
- other assets (such as reticulation systems)	106,988	33	386	150,004
Flood protection and control works	-	-	-	-
Roads and footpaths	545,943	6,805	21,883	725,849
Total core infrastructure assets	823,890	12,588	23,135	1,152,131

2016	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
	1 July 2015	1 July 2015	1 July 2015	additions	vested	disposals	depreciation					30 June 2016	30 June 2016	30 June 2016
	\$'000	\$'000	\$'000		assets							\$'000	\$'000	\$'000
Council 2016														
Operational assets														
Land	28,525	-	28,525	177	-	-	-	-	-	-	-	28,702	-	28,702
Buildings	14,239	(291)	13,948	477	-	-	-	-	(298)	-	-	14,716	(589)	14,128
Coastal Marine	6,795	(376)	6,419	907	-	-	-	-	(399)	-	-	7,702	(775)	6,928
Libraries	1,533	(320)	1,213	139	-	-	-	-	(321)	-	-	1,672	(641)	1,031
Office equipment	6,122	(4,436)	1,686	269	-	-	-	-	(309)	-	-	6,391	(4,745)	1,646
Plant and equipment	188	(129)	59	(3)	33	-	-	-	(14)	-	-	218	(143)	75
Vehicles	2,007	(875)	1,132	713	56	(827)	404	-	(368)	-	-	1,949	(839)	1,110
Work in progress	2,067	-	2,067	(1,871)	-	-	-	-	-	-	-	196	-	196
Total operational assets	61,476	(6,427)	55,049	809	89	(827)	404	-	(1,708)	-	-	61,547	(7,731)	53,816
Infrastructural assets														
Land	12,527	-	12,527	227	-	(245)	-	-	-	-	-	12,509	-	12,509
Buildings	1,619	(117)	1,502	14	-	-	-	-	(51)	-	-	1,633	(168)	1,465
Water - treatment	2,493	(166)	2,327	5	-	-	-	-	(171)	-	-	2,498	(337)	2,162
Water - other	78,811	(2,574)	76,237	3,916	236	-	-	-	(2,656)	-	-	82,963	(5,230)	77,733
Stormwater	79,640	(1,155)	78,485	19	629	-	-	-	(1,148)	-	-	80,289	(2,303)	77,985
Wastewater - treatment	12,690	(691)	11,999	1,809	-	-	-	-	(729)	-	-	14,499	(1,420)	13,079
Wastewater - other	112,092	(2,748)	109,344	33	386	-	-	-	(2,775)	-	-	112,511	(5,523)	106,988
Land under roads	241,902	-	241,902	-	19,053	-	-	-	-	-	-	260,955	-	260,955
Roading other	45,643	(1,577)	44,066	2,342	5,134	-	-	-	(1,925)	-	-	53,120	(3,502)	49,618
Roading surface	488,873	(6,264)	482,609	4,463	16,749	-	-	-	(7,495)	-	-	510,085	(13,759)	496,326
Work in progress	2,250	-	2,250	941	-	-	-	-	-	-	-	3,191	-	3,191
Total infrastructural assets	1,078,540	(15,292)	1,063,248	13,770	42,188	(245)	-	-	(16,951)	-	-	1,134,253	(32,243)	1,102,010
Restricted assets														
Land	60,972	-	60,972	479	220	-	-	-	-	-	-	61,672	-	61,672
Buildings	17,557	(1,292)	16,265	1,141	-	-	-	-	(849)	-	-	18,698	(2,141)	16,557
Improvements	4,737	163	4,900	819	-	-	-	-	(322)	-	-	5,556	(159)	5,397
Work in progress	514	-	514	(162)	-	-	-	-	-	-	-	352	-	352
Total restricted assets	83,780	(1,129)	82,651	2,278	220	-	-	-	(1,172)	-	-	86,278	(2,301)	83,978
Total Council	1,223,794	(22,848)	1,200,946	16,858	42,496	(1,072)	404	-	(19,830)	-	-	1,282,078	(42,274)	1,239,804

Note: In 2016 prior year depreciation was adjusted by \$162,000 to reflect updates to the fixed asset register. Council's full year depreciation for the year is \$19,992,000.

2015	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 and	amount
	1 July 2014	1 July 2014	1 July 2014	additions	vested	disposals	depreciation					30 June 2015	30 June 2015	30 June 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Council 2015														
Operational assets														
Land	28,896	-	28,896	-	95	(450)	-	-	-	(16)	-	28,525	-	28,525
Buildings	13,816	(660)	13,156	588	-	-	-	119	(283)	368	(652)	14,239	(291)	13,948
Coastal marine	6,604	(1,264)	5,339	216	20	(339)	42	257	(376)	1,261	(1,222)	6,795	(376)	6,419
Libraries	2,060	(680)	1,380	244	-	(155)	62	-	(315)	(3)	(613)	1,533	(320)	1,213
Office equipment	5,610	(4,075)	1,535	512	-	-	-	-	(361)	-	-	6,122	(4,436)	1,686
Plant and equipment	188	(111)	78	-	-	-	-	-	(18)	-	-	188	(129)	60
Mobile plan & vehicles	1,912	(862)	1,051	571	-	(476)	303	-	(317)	-	-	2,007	(875)	1,132
Work in progress	635	-	635	1,432	-	-	-	-	-	-	-	2,067	-	2,067
Total operational assets	59,720	(7,652)	52,069	3,563	115	(1,420)	408	376	(1,671)	1,609	(2,487)	61,476	(6,428)	55,048
Infrastructural assets														
Land	14,657	-	14,657	-	12	(1,002)	-	-	-	(1,140)	-	12,527	-	12,527
Buildings	1,834	(118)	1,715	-	-	-	-	-	(49)	(164)	(51)	1,619	(117)	1,502
Water - treatment	2,085	(151)	1,934	116	-	-	-	-	(166)	443	(151)	2,493	(166)	2,327
Water - other	79,247	(2,591)	76,656	1,838	10	-	-	-	(2,581)	313	(2,598)	78,811	(2,574)	76,237
Stormwater	79,313	(1,137)	78,176	145	6	-	-	-	(1,148)	1,307	(1,131)	79,640	(1,155)	78,485
Wastewater - treatment	13,744	(713)	13,031	108	-	-	-	-	(691)	(449)	(713)	12,690	(691)	11,999
Wastewater - other	106,098	(2,656)	103,442	114	12	-	-	-	(2,763)	8,539	(2,670)	112,092	(2,748)	109,343
Land under roads	157,067	-	157,067	-	-	-	-	-	-	84,835	-	241,902	-	241,902
Roading - Other	45,766	(1,575)	44,190	1,177	-	-	-	-	(1,577)	276	(1,575)	45,643	(1,577)	44,066
Roading - Surfaces	473,466	(6,124)	467,342	7,404	-	-	-	-	(6,264)	14,127	(6,124)	488,873	(6,264)	482,609
Work in progress	2,250	-	2,250	-	-	-	-	-	-	-	-	2,250	-	2,250
Total infrastructural assets	975,527	(15,066)	960,461	10,902	40	(1,002)	-	-	(15,239)	108,087	(15,014)	1,078,538	(15,291)	1,063,247
Restricted assets														
Land	67,378	-	67,378	-	324	(454)	-	-	-	(6,276)	-	60,972	-	60,972
Buildings	20,386	(2,931)	17,455	694	-	(503)	60	(4,675)	(984)	4,219	(2,564)	17,557	(1,292)	16,265
Improvements	-	-	-	315	242	-	-	4,299	(74)	117	(237)	4,737	163	4,900
Work in progress	514	-	514	-	-	-	-	-	-	-	-	514	-	514
Total restricted assets	88,278	(2,931)	85,347	1,009	566	(957)	60	(376)	(1,059)	(1,940)	(2,801)	83,780	(1,129)	82,651
Total Council	1,123,525	(25,648)	1,097,877	15,474	720	(3,380)	467	-	(17,968)	107,756	(20,301)	1,223,794	(22,848)	1,200,946

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 \$'000		RESOURCE CONSENTS \$'000		EMISSIONS TRADING SCHEME NZ UNITS		PROPERTY SUBDIVISION RIGHTS		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Balance at 1 July										
Cost	4,055	3,901	600	600	219	219	2,627	2,627	7,501	7,347
Accumulated amortisation and impairment	(2,979)	(2,736)	(147)	(125)	-	(124)	(1,107)	(967)	(4,232)	(3,952)
	1,076	1,165	453	475	219	95	1,520	1,660	3,269	3,395
Work in progress	-	-	-	-	-	-	-	-	-	-
Opening carrying amount	1,076	1,165	453	475	219	95	1,520	1,660	3,269	3,395
Year ended 30 June										
Additions	157	154	-	-	-	-	-	-	157	154
Amortisation & impairment charge	(249)	(243)	(19)	(21)	-	-	(138)	(140)	(406)	(402)
Gains	-	-	-	-	384	124	-	-	384	124
Disposals	-	-	-	-	-	-	-	-	-	-
Closing carrying amount	984	1,076	434	454	603	219	1,382	1,520	3,404	3,271
Balance as 30 June										
Cost	4,212	4,055	600	600	219	219	2,627	2,627	7,658	7,501
Accumulated amortisation and impairment	(3,228)	(2,979)	(166)	(146)	384	-	(1,245)	(1,107)	(4,254)	(4,232)
	984	1,076	434	454	603	219	1,382	1,520	3,404	3,269
Work in progress	-	-	-	-	-	-	-	-	-	-
Closing carrying amount	984	1,076	434	454	603	219	1,382	1,520	3,404	3,269

Carbon credits were vested by the Council in 2011. Fair value initial recognition was \$603k. Council currently holds no credits that were purchased since 2011.

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

23. FORESTRY ASSETS

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
Balance at 1 July	5,176	4,821
Gains/(losses) arising from changes attributable to physical changes	635	439
Gains/(losses) arising from changes attributable to price changes	8	330
Decrease due to sale	-	-
Decrease due to harvest	-	(414)
Balance at 30 June	5,819	5,176

TECT All Terrain Park Forest

The TECT All Terrain Park owns 451.1 hectares of Pinus Radiata forest, 44.7 hectares of Douglas Fir, 5.1 hectares of Larch, 15.9 hectares of Redwood, 12.8 hectares of Cyprus and 6.1 hectares of mixed varieties which are at varying stages of maturity ranging from 1 to 21 years. The total value of the forestry stand is \$6.02 million of which Council owns 50%.

Waihi Beach Forest

Council owns 30.9 hectares of Pinus Radiata forest, 26.9 hectares have a maturity of 21 years and 4.0 hectares have a maturity of 20 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 \$574,199.

Matakana Island Forest

Council owns 126.4 hectares of Pinus Radiata forest which are at varying stages on maturity ranging from 5 to 32 years with an average age of 17.5 years. The total value of the forestry stand is \$2.13 million.

Lund Road Forest

Council owns 58.9 hectares of Pinus Radiata forest which are at varying stages on maturity ranging from 1 to 3 years with an average age of 2 years. The total value of the forestry stand is \$107,946.

Valuation assumptions

Independent registered valuer, Interpine Forestry Limited, valued Councils forestry assets as at 30 June 2016. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 8.9% (2015: 8.9%) 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 3.0% (2015: 3.0%)
- no allowance has been made for cost improvements in future operations
- log prices are based on a twelve quarter rolling average to March 2016, and
- there are no restrictions on title.

Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The 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. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

24. PAYABLES AND DEFERRED REVENUE

CURRENT PORTION

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	6,452	5,962
Other income in advance	261	137
Sundry payables	390	448
Total payables and deferred revenue under exchange transactions	7,103	6,547
<i>Payables and deferred revenue under non-exchange transactions</i>		
Rates in advance	2,967	2,572
Bonds and deposits	859	1,408
Environment Bay of Plenty Regional Council rates	484	404
Total payables and deferred revenue under non-exchange transactions	4,310	4,384
Total current portion	11,413	10,931

NON-CURRENT PORTION

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
<i>Payables and deferred revenue under exchange transactions</i>		
Employee entitlements	22	21
Total payables and deferred revenue	11,435	12,662

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
	2016	2015
Secured loans fixed	-	-
Secured loans floating	13,000	10,000
Total current secured loans	13,000	10,000
Total current borrowings	13,000	10,000

25. BORROWINGS (CONTINUED)

NON-CURRENT

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Secured loans fixed	20,000	20,000
Secured loans floating	95,000	108,000
Total non-current secured loans	115,000	128,000
Total non-current borrowings	115,000	128,000
Total public debt	128,000	138,000

Western Bay Council's secured debt of \$108,000m (2015: \$108,000m) 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 \$13,000m (2015: \$10,000m) is issued at a margin of 18bps (2015 18bps and 229 bps) above bank wholesale rates BKBM.

SECURITY

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
	2016	2015
Payable no later than one year	13,000	10,000
<i>Weighted average interest rate</i>	2.51%	4.78%
Later than one, not later than five years	70,000	108,000
<i>Weighted average interest rate</i>	3.54%	4.45%
Later than five years	45,000	20,000
<i>Weighted average interest rate</i>	4.29%	5.67%
	128,000	138,000

FAIR VALUES OF NON-CURRENT BORROWINGS

	CARRYING AMOUNTS \$'000	CARRYING AMOUNTS \$'000	FAIR VALUES \$'000	FAIR VALUES \$'000
	2016	2015	2016	2015
Secured loans	115,000	128,000	113,916	129,222
Total	115,000	128,000	113,916	129,222

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
	2016	2015
Secured loans and debentures	3.70%	4.65%

25. BORROWINGS (CONTINUED)

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 2016 Western Bay Council had \$30.0 million of undrawn cash facilities available (2015: \$30.0 million).

Debentures

Western Bay Council's secured debt of \$128.0 million (2015: \$138.0 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 0.18% to 2.29% 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 (2015: \$600,000). There are no restrictions on the use of this facility.

26. EMPLOYEE ENTITLEMENTS

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
Accrued pay	516	368
Accrued leave and accrued entitlements	1,557	1,317
Sick pay	36	26
Retirement gratuities	22	21
	2,131	1,732
Represented by:		
Current	2,109	1,710
Non-current	22	22
Total employee entitlements	2,131	1,732

27. PROVISIONS

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
Current portion		
Landfill aftercare provision	11	10
Weathertight Homes Resolution Service	300	300
Total current portion	311	310
Non-current portion		
Landfill aftercare provision	346	357
Total non-current portion	346	357
Total provisions	657	667

Movements for each class of provision are noted overleaf:

27. PROVISIONS (CONTINUED)

	LANDFILL \$'000	WEATHERTIGHT HOMES \$'000	TOTAL \$'000
Balance at 1 July 2014	377	300	677
Additional provisions	-	-	-
Amounts used	(10)	-	(10)
Balance at 30 June 2015	367	300	667
2015			
Balance at 1 July 2015	367	300	667
Additional provisions	-	-	-
Amounts used	(10)	-	(10)
Balance at 30 June 2016	357	300	657

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 \$0.36 (2015: \$0.38 million) and for post-closure of Te Puke of \$0.27 million (2015: \$0.29 million) over the remaining life (Athenree 19 years, Te Puke 16 years) of the resource consents. This liability has been discounted back to a current value of \$0.35m (2015: \$0.37 million) using a discount rate of 7% (2015: 7%).

Weatheright Homes Resolution Services

Note 35 from pages 175 to 176 provides additional information regarding this provision.

EQUITY

28. RETAINED EARNINGS

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
Opening balance	710,230	676,233
Surplus / (deficit)	47,733	10,338
Other surplus /(deficit) through comprehensive income	31	12
Reclassification from prior year	48	-
Reclassification of reserves to equity	-	24,446
	758,042	711,029
Transfers to:		
Restricted reserves	(6)	(15)
Council created reserves	(23,861)	(18,553)
	(23,866)	(18,568)
Transfers from:		
Restricted reserves	-	11
Council created reserves	20,093	17,758
Asset revaluation reserve	-	-
	20,093	17,769
Closing balance	754,269	710,230

29. RESTRICTED RESERVES

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
Opening balance	255	251
Transfers to:		
Accumulated funds	-	(11)
Transfers from:		
Accumulated funds	6	15
Closing balance	261	255

30. COUNCIL-CREATED RESERVES

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
Opening balance	22,178	20,898
Transfers to:		
Accumulated funds	(20,093)	(6,817)
Transfers from:		
Accumulated funds	23,861	8,097
Closing balance	25,946	22,178

For a breakdown of Council created reserves see note 32 on page 166.

31. GENERAL ASSET REVALUATION RESERVE

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Opening balance	341,242	271,188
Change in asset value	-	94,984
Transfer to retained earnings on disposal of property	-	-
Reclassification of reserves to equity	37	(24,930)
Closing balance	341,279	341,242
Comprising:		
Buildings	175	-
Water supply	28,014	28,014
Roading	214,798	214,798
Wastewater	51,153	51,153
Stormwater	42,215	42,215
Coastal marine structures	3,896	3,896
Library books	810	909
Improvements	218	258
Total asset revaluation reserve	341,279	341,242

Asset revaluation reserves

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

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Infrastructural:		
Water supply	28,014	28,014
Road Reserves	68,500	68,500
Road Surface	135,953	135,952
Other Roding	10,345	10,345
Wastewater	51,153	51,153
Stormwater	42,215	42,215
Operational assets:		
Buildings	175	-
Coastal marine structures	3,896	3,896
Library books	810	909
Improvements	218	258
Total general asset revaluation reserve	341,279	341,242

32. RESERVE FUNDS

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2015	DEPOSITS TO FUND TO 30 JUNE 2016	WITHDRAWALS FROM FUND TO 30 JUNE 2016	CLOSING BALANCE 30 JUNE 2016
Restricted Reserves	Restricted reserves have been established from public bequests and are only able to be spent in the manner specified by the donor					
Hunter Estate	Established from bequest made in the late 1980s. The funds can only be spent on capital expenditure in Katikati as detailed in our Reserve Management Plans.	Recreation and Leisure	31,543	1,735	-	33,278
l'Anson Park Trust	The accumulated interest is available for both operational and capital expenditure undertaken in the Te Puna area.	Recreation and Leisure	5,073	3,391	-	8,464
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	-	-	204,721
CE Miller Estate	The interest on the capital of \$9,763 is available for the beautification of Katikati.	Recreation and Leisure	13,484	763	-	14,247
Total Restricted Reserves			254,821	5,889	-	260,710
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	423,037	512,716	(352,530)	583,224
District Reserves		Support Services	1,856,304	562,091	(216,076)	2,202,319
Huharua Sub Regional Park		Recreation and Leisure	106,588	23,476	-	130,064
TECT All Terrain Park		Recreation and Leisure	482,258	99,398	(27,476)	554,180
Asset Replacement - office buildings		Recreation and Leisure	734,937	544,121	(25,901)	1,253,158
Asset Replacement - vehicles		Support Services	347,493	367,817	(624,314)	90,997
Asset Replacement - civil defence vehicle		Communities	144,018	12,489	-	156,507
Asset Replacement - telemetry		Communities	68,894	3,789	-	72,683
Asset Replacement - swimming pool		Recreation and Leisure	125,175	24,837	-	150,012
Asset Replacement - library books		Communities	1,707,501	332,443	-	2,039,944
Asset Replacement - library computers		Communities	1,566	-	-	1,566
Asset Replacement - Cemetery		Communities	142,539	27,777	-	170,316
Asset Replacement - coast marine		Recreation and Leisure	206,215	140,495	(129,153)	217,557
Total Asset Replacement Reserves			6,346,526	2,651,449	(1,375,449)	7,622,526

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2014	DEPOSITS TO FUND TO 30 JUNE 2015	WITHDRAWALS FROM FUND TO 30 JUNE 2015	CLOSING BALANCE 30 JUNE 2015
Restricted Reserves	Restricted reserves have been established from public bequests and are only able to be spent in the manner specified by the donor					
Hunter Estate	Established from bequest made in the late 1980s. The funds can only be spent on capital expenditure in Katikati as detailed in our Reserve Management Plans.	Recreation and Leisure	29,758	1,785	-	31,543
l'Anson Park Trust	The accumulated interest is available for both operational and capital expenditure undertaken in the Te Puna area.	Recreation and Leisure	4,786	287	-	5,073
Hastie Bequest	The principle settlement amount of \$100,000 is maintained and the interest can be used for Te Puke area library purchases.	Communities	203,586	12,215	(11,080)	204,721
CE Miller Estate	The interest on the capital of \$9,763 is available for the beautification of Katikati.	Recreation and Leisure	12,721	763	-	13,484
Total Restricted Reserves			250,851	15,050	(11,080)	254,821
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	451,575	558,371	(586,909)	423,037
District Reserves		Support Services	1,543,731	840,050	(527,477)	1,856,304
Huharua Sub Regional Park		Recreation and Leisure	84,103	22,485	-	106,588
TECT All Terrain Park		Recreation and Leisure	419,988	62,270	-	482,258
Asset Replacement - office buildings		Recreation and Leisure	1,047,156	347,740	(659,959)	734,937
Asset Replacement - vehicles		Support Services	328,067	316,568	(297,142)	347,493
Asset Replacement - civil defence vehicle		Communities	120,912	23,106	-	144,018
Asset Replacement - telemetry		Communities	64,994	3,900	-	68,894
Asset Replacement - swimming pool		Recreation and Leisure	101,154	24,021	-	125,175
Asset Replacement - library books		Communities	1,377,714	399,374	(69,587)	1,707,501
Asset Replacement - library computers		Communities	1,477	89	-	1,566
Asset Replacement - Cemetery		Communities	82,888	59,651	-	142,539
Asset Replacement - coast marine		Recreation and Leisure	194,542	409,291	(397,618)	206,215
Total Asset Replacement Reserves			5,818,302	3,066,916	(2,538,692)	6,346,526

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2015	DEPOSITS TO FUND TO 30 JUNE 2016	WITHDRAWALS FROM FUND TO 30 JUNE 2016	CLOSING BALANCE 30 JUNE 2016
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	259,285	10,599	(22,291)	247,593
Katikati Community Board		Communities	111,556	14,719	(6,204)	120,070
Omokoroa Community Board		Communities	309,199	21,154	-	330,353
Te Puke Community Board		Communities	136,430	18,723	(7,689)	147,464
Maketu Community Board		Communities	135,076	19,488	-	154,564
Total Community Board Reserves			951,546	84,683	(36,184)	1,000,044
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.		11,888	654	-	12,542
Waihi Beach Town Centre Development	For town centre development.		24,225	-	(37,299)	(13,074)
Katikati Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.		461,657	357,750	(752,172)	67,235
Omokoroa Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.		30,737	1,332	-	32,069
Te Puke Town Centre Development	The development of Te Puke's town centre is currently underway and is planned to be completed in 2013.		554,054	80,256	-	634,310
Pukehina Development	Pukehina ratepayers are paying an annual rate of \$20 as a contribution towards a future sewerage scheme for the area.		486,125	54,637	-	540,762
Total Other Community Reserves			1,568,686	494,629	(789,471)	1,273,844
Total Community Board and Other Reserves			2,520,232	579,312	(825,655)	2,273,889

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2014	DEPOSITS TO FUND TO 30 JUNE 2015	WITHDRAWALS FROM FUND TO 30 JUNE 2015	CLOSING BALANCE 30 JUNE 2015
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	248,432	22,853	(12,000)	259,285
Katikati Community Board		Communities	177,749	10,665	(76,858)	111,556
Omokoroa Community Board		Communities	292,368	31,831	(15,000)	309,199
Te Puke Community Board		Communities	107,525	40,905	(12,000)	136,430
Maketu Community Board		Communities	141,693	31,318	(37,935)	135,076
Total Community Board Reserves			967,766	137,572	(153,793)	951,545
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	11,215	673	-	11,888
Waihi Beach Town Centre Development	For town centre development.	Economic	(28,546)	52,771	-	24,225
Katikati Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	378,103	83,554	-	461,657
Omokoroa Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	35,932	-	(5,195)	30,737
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	553,787	267	-	554,054
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	432,286	53,839	-	486,125
Total Other Community Reserves			1,382,777	191,104	(5,195)	1,568,686
Total Community Board and Other Reserves			2,350,544	328,676	(158,988)	2,520,232

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2015	DEPOSITS TO FUND TO 30 JUNE 2016	WITHDRAWALS FROM FUND TO 30 JUNE 2016	CLOSING BALANCE 30 JUNE 2016
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	445,256	-	(67,629)	377,627
Ecological financial contributions - operational	As above	Natural Environment	90,115	152,877	(63,295)	179,697
Parks and Community financial contributions	To provide for teaching and public education/awareness raising purposes.	Recreation and Leisure	(2,951,847)	1,728,031	(1,174,996)	(2,398,812)
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	330,300	18,167	-	348,467
Total Financial Contribution Reserves			(2,036,070)	1,899,075	(1,305,920)	(1,442,915)
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	3,075,658	3,304,370	(952,734)	5,427,293
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	2,529,867	3,823	(518,567)	2,015,123
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	148,875	16,749	-	165,624
Total General Reserves			5,768,786	3,324,942	(1,471,301)	7,622,427

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2014	DEPOSITS TO FUND TO 30 JUNE 2015	WITHDRAWALS FROM FUND TO 30 JUNE 2015	CLOSING BALANCE 30 JUNE 2015
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	563,844	-	(118,588)	445,256
Ecological financial contributions - operational	As above	Natural Environment	65,807	122,996	(98,688)	90,115
Parks and Community financial contributions	To provide for teaching and public education/awareness raising purposes.	Recreation and Leisure	(2,988,119)	815,198	(778,926)	(2,951,847)
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	330,300	-	-	330,300
Total Financial Contribution Reserves			(1,978,062)	938,194	(996,202)	(2,036,070)
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	2,696,304	2,625,321	(2,245,967)	3,075,658
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	2,315,012	497,951	(283,096)	2,529,867
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	148,875	-	-	148,875
Total General Reserves			5,174,578	3,123,271	(2,529,063)	5,768,786

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2015	DEPOSITS TO FUND TO 30 JUNE 2016	WITHDRAWALS FROM FUND TO 30 JUNE 2016	CLOSING BALANCE 30 JUNE 2016
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	7,394,611	418,563	-	7,813,174
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	1,554,902	82,336	(236,380)	1,400,857
Civil Defence Contingency	We expect this balance to be maintained at \$20,000 being our costs for a specific civil defence emergency.	Communities	-	-	-	(1)
Weathertight Homes		Regulatory	(6,201)	6,201	-	-
Panepane Point Development Reserve			376,838	20,726	-	397,564
Total Special Reserves			9,578,952	527,825	(236,380)	9,870,397
Total Council Created Reserves			22,178,425	8,982,604	(5,214,704)	25,946,325
Total All Council Reserves			22,433,246	8,988,492	(5,214,704)	26,207,034

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2014	DEPOSITS TO FUND TO 30 JUNE 2015	WITHDRAWALS FROM FUND TO 30 JUNE 2015	CLOSING BALANCE 30 JUNE 2015
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	6,976,048	418,563	-	7,394,611
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	2,110,265	1	(555,364)	1,554,902
Civil Defence Contingency	We expect this balance to be maintained at \$20,000 being our costs for a specific civil defence emergency.	Communities	31,996	-	(31,996)	-
Weathertight Homes		Regulatory	(206,201)	200,000	-	(6,201)
Panepane Point Development Reserve			362,000	21,720	(6,882)	376,838
Total Special Reserves			9,532,910	640,284	(594,242)	9,578,952
Total Council Created Reserves			20,898,271	8,097,341	(6,817,187)	22,178,425
Total All Council Reserves			21,149,122	8,112,391	(6,828,267)	22,433,246

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

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Net surplus / (deficit)	47,733	10,338
Add/(less) non-cash items		
Depreciation and amortisation	20,388	18,370
Vested assets	(42,408)	(720)
Gain on revaluation of assets	(509)	(26,738)
Gain on valuation of forestry assets	(643)	(355)
Investment in associates movement	(25)	-
Loss on sale of assets	124	2,678
Loss on valuation of assets	-	13,549
Landfill aftercare provision movement	(10)	(10)
Provision for doubtful debts movement	362	366
Unrealised interest	(692)	(619)
Employee expenses	-	-
Unrealised hedging movement	4,851	6,116
Impairment of financial instrument	471	364
Add/(less) movements in working capital items:		
Accounts receivable	1,134	(1,129)
Accounts payable	(795)	2,506
Add/(less) items classified as investing activities		
Revaluation of shares	31	12
Net cash inflow (outflow) from operating activities	30,012	24,728

34. CAPITAL COMMITMENTS AND OPERATING LEASES

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

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Operational		
Land	-	131
Building	452	380
Coastal Marine	507	250
Infrastructure		
Water	850	297
Wastewater	-	332
Stormwater	-	180
Roading	23,522	26,865
Restricted		
Building	-	155
Total capital commitments	25,331	28,590

34. CAPITAL COMMITMENTS AND OPERATING LEASES (CONTINUED)

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
	2016	2015
Not later than one year	154	161
Later than one year and not later than two years	124	154
Later than two years and not later than five years	198	299
Later than five years	952	976
Total non-cancellable operating leases	1,428	1,590

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 of 30 June 2016 \$58.13 million remained committed on this contract for the remaining 64 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 of 30 June 2016 \$12.93 million remained committed on this contract for the remaining 36 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
	2016	2015
Building Act claims	50	50
Weathertight Homes Resolution Service (WHRS)	600	600
Weathertightness claim	-	1,500
Local Authority Protection Programme Disaster Fund (LAPP)	380	380
Goldenlight Enterprises Ltd	600	-
Total contingent liabilities	1,630	2,530

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 (2015: \$Nil). The \$50,000 disclosed relates to the expected cost to Western Bay District Council. The balance is expected to be covered through insurance.

Unquantified claims

There were three additional claims lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2016 (2015: one additional claim). 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. None of these claims have been closed. There are a total of 12 claims that are still open as at balance date (2015: nine).

The three additional claims lodged during 2016 are a result of the Weathertight Homes Resolution Amendment Act 2016 being passed on 14 March 2016

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.

35. CONTINGENCIES (CONTINUED)

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

Any costs associated with a successful claim received after 1 July 2009 will be entirely met by Western Bay. As a result \$600,000 has been recognised as a contingent liability.

Weathertightness Claims

During 2014/15 a property owner filed a claim \$1,500,000 against Council for issuing Code Compliance Certificate (CCS) to a property with weathertightness issues. This claim was resolved during the year.

Goldenlight Enterprises Ltd

Goldenlight Enterprises Ltd and Jeff Cook versus Western Bay of Plenty District Council and Others is a claim in preliminary stages for the failure of a private right of way within a subdivision consented by Council in 1992. Council's legal advisors have assessed the overall claim against Council and their assessment is that overall the claim against Council is weak and lacking in merit. If Council is found liable, the potential claim could be up to \$600,000.

New Zealand Local Government Funding Agency (LGFA)

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

As at 30 June 2016 there were 31 (2015: 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 \$2,500 million in aggregate which can be called on in the event that an imminent default is identified. The shareholders are also guarantors of the LGFA balance sheet and the borrowings of all other local authorities which totalled \$5,376m (2015: \$3,889m) at 30 June.

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

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

Local Authority Protection Programme Disaster Fund (LAPP)

Council's underground infrastructure assets are insured through a fund held jointly with the majority of other Local Authorities. This fund was nearly exhausted through the two Christchurch earthquake claims. Subsequently, in order to keep premiums at a more affordable level, the fund has incorporated a risk sharing scheme. This means that Western Bay of Plenty District Council may have to contribute up to \$380,000 if there are two Christchurch type events in the next financial year.

Share of associates' contingent liabilities

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

36. PRIOR YEAR ADJUSTMENTS

Council has adjusted its comparative year financial statements for the year ended 30 June 2015 due to a change in accounting policies. The adjustments are shown in the table below:

ACTUAL 2015		BEFORE ADJUSTMENTS	ADJUSTMENTS	AFTER ADJUSTMENTS
COUNCIL	NOTES	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	1	1,205,563	(4,617)	1,200,946
Equity				
Retained earnings	1	(714,847)	4,617	(710,230)

¹Council's beneficial ownership of airport land of \$4,616,667 was accounted for as an asset in years prior to 2015/16. Because Council rights to proceeds are not realised until the land is sold, the land should not have been recognised as an asset prior to 2015/16. The financial statements for 2015, which are presented as comparative information in the 30 June 2016 financial statements, have been restated to correct this change in accounting policy.

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 condition no more or less favourable than those that it is reasonable to expect the Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Key management personnel compensation

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Salaries and other short term employee benefits	1,073	975
Termination benefits	-	335
Total senior management remuneration	1,073	1,310

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

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Full-time equivalent members	5	6
Total full-time equivalent members	5	6

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 2016

ACTUAL \$'000		ACTUAL \$'000
2015/16		2016/17
1,524	Revenue	1,560
(1,535)	Expenditure	(1,558)
(11)	Surplus / (deficit)	2
(11)	Net surplus / (deficit) year	2

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 2016/17 and associated budget formally adopted by the directors at the meeting held on 29 April 2016.

From page 178 - 180 is a report of performance against targets set in the Statement of Intent for 2015/16.

PERFORMANCE TARGETS FOR 2015-2016

OUTCOMES	MEASURE	RESULT
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings and/or improved service levels to the participating councils.	<ul style="list-style-type: none"> • Joint procurement initiatives undertaken for: • Internal Audit Services – appointment of internal audit services provider for the councils. Access to improved and consistent levels of service and best practice risk management and innovation at significantly reduced costs through a collaborative agreement. • EFTPOS Services – A BOPLASS collective agreement for EFTPOS services and hardware providing discounted pricing to the participating councils. Councils moved to key account status which includes dedicated account management and premium service levels.
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils. (Continued).		<ul style="list-style-type: none"> • Natural Hazard Insurance – Investigation of additional opportunities to improve councils’ insurance protection while also mitigating exposure and risk. BOPLASS project underway to insure 100% of the first \$10M of any natural hazard loss to councils’ infrastructure to reduce potential exposure/shortfall of the non-guaranteed 60% portion provided from Central Government. • Insurance Loss Modelling – Appointment of a provider through BOPLASS to establish the material damage insurance loss estimates for council owned assets in the event of a significant natural disaster. Information helps councils identify areas at risk, e.g. low lying residential areas/ council assets, and how to best manage them. • 2015-16 Aerial photography – managed tender for new collaborative flying programme, providing savings in capture and production of imagery. • Section 17a reviews – BOPLASS appointed provider to conduct workshops and facilitate collaborative reviews of Section 17a process and opportunities for BOPLASS councils. Templates and outputs shared with Waikato councils. • Thomson Reuters/Brookers – collective subscription services. Investigated in conjunction with Waikato LASS but the benefits that could be achieved were deemed to be un-worthwhile for the effort required.

PERFORMANCE TARGETS FOR 2015-2016

OUTCOMES	MEASURE	RESULT
<p>Provide support to BOPLASS councils that are managing or investigating shared services projects.</p>	<p>0.25 FTE resource and expertise assigned to assist councils in shared services developments and projects.</p>	<ul style="list-style-type: none"> • 37% of IT Manager’s time committed directly to individual council support – measured by fortnightly timesheets. • Support provided to councils in development of the following services: • Inter Council Network (ICN) Management – monitoring and management services for ICN established, including design and architecture, monitoring services and support services – ensuring reliability of network for councils and delivery of services. • Collaboration Portal – Microsoft negotiations, development of hosting environment, licensing requests for individual councils, account creation and monitoring of accounts for councils and individual users. • Health and Safety Advisory Group – A BOPLASS advisory group has been established to identify and develop collaborative health and safety projects and to share policies, training and information. This collaboration assisted in supporting councils’ readiness for the new Health and Safety at Work Act. Some projects are being undertaken in conjunction with Waikato LASS. • Radio Telephony strategy – engagement with BOPLASS councils and external agencies to develop shared RT services and a regional strategy.
<p>Provide support to BOPLASS councils that are managing or investigating shared services projects. (Continued).</p>		<ul style="list-style-type: none"> • Support and development of broadband solutions for Opotiki District Council. • GIS services – collaboration in development of council and regional GIS services. • After Hours Phone Services – BOPLASS has continued to support the development of a regional after-hours phone service, with Tauranga City Council now providing this as a shared service to several BOPLASS councils. The service is cost effective, local government centric and provides the advantage of being able to access other councils’ information bases and directly input service requests into councils’ systems. • Regionally based Data Centre – supporting councils and local economic development agencies investigation into a local data centre. • On-line Services – BOPLASS is working with councils to further develop on-line services, with a fundamental principle of developing similar user experiences across the councils regardless of the underlying software used by each council. • Video conferencing support and development of new services for individual councils.

PERFORMANCE TARGETS FOR 2015-2016

OUTCOMES	MEASURE	RESULT
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.	All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the BOPLASS group with a minimum of five additional councils having utilised the portal.	<ul style="list-style-type: none"> • Collaboration portal further developed to include Activity Areas for councils to share documentation, information and training information. • Ongoing training provided to councils to ensure understanding and increased uptake. • Marketing flyer and proposal templates developed and circulated to councils outside of BOPLASS. • National awareness of Collaboration Portal created through BOPLASS presentation to SOLGM committee. • LGNZ – national local government body are now registered Portal users. • As at 30 June 2016, 21 councils outside of the BOPLASS councils had joined the portal in the last 12 months and have licensed users with access to the Collaboration Portal. Additional councils have subsequently joined as a result of the 2015/16 marketing.
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	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.	Contracts negotiated and/or renewed for: <ul style="list-style-type: none"> • Video Conferencing Maintenance and Services. • ESRI Enterprise Licensing Agreement renegotiated and renewed. • Printer/Copier agreement review initiated. • GIS software – Geocortex Essentials, X-Tools, NZAA. • Print Media Copyright Agency (PMCA) contract renewed. • Media Monitoring services contract renewed.
Review governance performance and structure to ensure it supports BOPLASS' strategic direction.	Positive feedback received from shareholding councils at least annually.	<ul style="list-style-type: none"> • Strategic reviews completed by the Board. • Independent director reappointed. • Board structure altered to include position of independent Chair. • Board reviews of operations governance structure and performance. • 2016-17 Statement of Intent, including governance changes, accepted by all shareholding councils.
Communicate with each shareholding council at appropriate levels.	At least one meeting per year.	Executive-level meetings held with councils.
Ensure current funding model is appropriate.	Performance against budgets reviewed quarterly. Company remains financially viable.	<ul style="list-style-type: none"> • Council contributions levied. • Contributions received from activities producing savings. • Vendor rebates collected. • Monthly and quarterly performance reviewed.

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 2016

ACTUAL \$'000		ACTUAL \$'000
2015/16		2014/15
15,530	Revenue	10,219
(5,970)	Expenditure	(3,245)
9,560	Surplus/(deficit)	6,974
9,560	Net surplus/(deficit) year	6,974

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 2016/17 and associated budget formally adopted by the company on 22 June 2016.

From page 181 - 182 is a report of performance against targets set in the Statement of Intent for 2015/16.

PERFORMANCE TARGETS FOR 2015-2016		
OUTCOMES	MEASURE	RESULT
Providing estimated savings in annual interest costs for all Participating Local Authorities of at least 30 basis points, based on the methodology set out in LGFA's Annual Report 2013-2014.	LGFA measures the pricing performance of bond tenders against two key benchmarks.	<ul style="list-style-type: none"> • LGFA have reduced their base on-lending margins to 9 bps (2017s and 2019s), 10 bps (2020s and 2021s) and 11 bps (2023s and 2027s). • LGFA's average margin across all LGFA maturities is now 10 bps. • LGFA's estimated annual savings to councils based upon the secondary market levels at 30 June 2016 of LGFA bonds compared to bonds issued by Auckland and Dunedin councils is between 17 bps and 33 bps depending upon the term of borrowing. • The estimated savings have improved as LGFA spreads continue to outperform with the greater savings in the longer dated terms • LGFA is delivering on the 30 bps savings target for councils as outlined in the original business case for LGFA and provided councils with access to long dated tenors at these record lows in yields.
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 for the 2015-16 year was 8.08 years. This is an increase from 7.90 years in 2014/15. • The average issuance term of LGFA bonds during the 2015-16 year was 8.10 years.
Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice.	Volume to bid ratio.	<ul style="list-style-type: none"> • LGFA bond tenders continued to be supported by the market with the three tenders held during the June quarter attracting a 2.94 times coverage ratio. This was an acceptable result compared to the long term average of 3.3 times given the amount tendered was larger than average. LGFA have reacted to the softer market conditions by increasing the number of LGFA maturities offered so as to improve this ratio.

PERFORMANCE TARGETS FOR 2015-2016		
OUTCOMES	MEASURE	RESULT
Offering more flexible lending terms to Participating Local Authorities		<ul style="list-style-type: none"> Since LGFA introduced the ability for councils to choose their preferred maturity and date of drawdown in February 2015 they have lent \$318.5 million in bespoke transactions. During the June 2016 quarter, they lent \$104.5 million on a bespoke basis or 24% of total lending by LGFA to its member.
Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities.	Percentage of market share.	<ul style="list-style-type: none"> The LGFA market share during 2015/16 was approximately 89.3% after adjusting Auckland Council's domestic bond issuance.
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.	Met.

Above performance targets are unaudited preliminary results.

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 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 company is governed by a Board of Trustees.

Financial performance for the year ended 30 June 2015

ACTUAL \$'000		ACTUAL \$'000
2015/16		2014/15
2,043	Revenue	1,841
(2,150)	Expenditure	(1,930)
(107)	Surplus/(deficit)	(89)
(107)	Net surplus/(deficit) year	(89)

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 2016/17 and associated budget formally adopted by the company on 26 April 2016.

From page 183 - 184 is a report of performance against targets set in the Statement of Intent for 2015/16.

PERFORMANCE TARGETS FOR 2015-2016		
OUTCOMES	MEASURE	RESULT
Destination Marketing	Develop the international and domestic tourism market and increase visitor numbers to the region and visitor spend. Strengthen the region's brand and compete on our unique offerings.	Key deliverables met throughout July 2015 - June 2016 such as: <ul style="list-style-type: none"> • Strengthened relationship and increased activity with Tourism New Zealand (TNZ). Activity with TNZ including media & trade fairs, training, workshops and international tradeshows / campaigns • International Visitor Spend \$175M (June 2016). Reporting methodology has changed since the target was set at \$1.14m • Domestic spend increased to \$690M (June 2016). Reporting methodology has changed since the target was set at \$476M • Length of stay increased from 2.58 nights to 2.63 nights • A focus on engagement with local, national and international media resulted in an estimated total of \$1.485m in PR value promoting the region • Cruise passengers contributed \$39M to the local economy with unique passenger visits of 164,300 up 10% from last year • Brand review and development underway with wider regional input partnering with key stake holders, TNZ and AIRNZ • The "Plenty for Everyone" Campaign continued.
Destination Management	Grow the capability of the tourism industry in a sustainable way. Implement the Tourism Bay of Plenty strategic plan, manage human and financial resources and act in accordance with Council code of conduct.	Key deliverables met throughout July 2015 - June 2016, such as: <ul style="list-style-type: none"> • Annual plan completed & implementation in progress • Reporting occurring at 6 month & 12 month intervals • Profit & Loss managed better than budget • On track to achieve the current vision to be a \$1 Billion industry before the set target of 2030 • Implementation of Industry Growth Strategy.

PERFORMANCE TARGETS FOR 2015-2016		
OUTCOMES	MEASURE	RESULT
Destination Development	Increase the region's tourism infrastructure and resources; contribute to the regions event strategy, help develop new tourism product and assist the 'export ready' development of existing product.	Key deliverables met throughout July 2015 - June 2016 such as: <ul style="list-style-type: none"> • Ongoing contributions to cycleway developments • Continued support of events strategy • Assistance with development of core projects • Ongoing liaison with Iwi • 38% of cruise passengers booked by us took a local tour, we estimate over 50% of all cruise visitors stay in the region • Active involvement in Regional Growth Strategy partnering with RTO's and MBIE.
Destination Leadership	Provide leadership for Tourism as a major contributor to regional economy. Encourage collaboration and partnerships between council, economic development agencies, tourism operators, other regions and other stakeholders to gain alignment and commitment to our vision.	Key deliverables met throughout July 2015 - June 2016 such as: <ul style="list-style-type: none"> • Discussions & meetings regarding economic development and supporting operators across the Western Bay • Monthly newsletters sent to trade • Three operator forums held and stakeholders engaged • Regular communication and meeting with Tourism New Zealand and across regional initiatives e.g. ECNI, Kiwilink, Air NZ Australia campaign and promotions at trade shows and other international co-op activity.

Above performance targets are unaudited preliminary results.

38. REMUNERATION

Chief Executive

The Chief Executive of Western Bay of Plenty District Council appointed from 30 July 2014 under section 42 of the Local Government Act 2002 received a salary of \$285,115 (2015: \$268,558). Note: 2015 was not a full years salary.

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

	ACTUAL	ACTUAL
	\$	\$
	2016	2015
Salary	285,115	268,558
Employer contributions to superannuation fund	8,533	8,073
Vehicle (Market Value plus FBT)	39,082	20,700
Other benefits (including medical insurance)	2,682	1,522
Total remuneration	335,412	298,853

Elected Representative

Elected representatives received the following remuneration:

	ACTUAL	ACTUAL
	\$	\$
	2016	2015
Councillors		
Goudie, Andrew Ian Ross	31,138	29,359
Gunn-Thomas, Karyl	32,458	29,359
Mackay, Peter	33,076	29,874
Marsh, Kevin Alexander	31,138	28,879
Matthews, Susan	31,138	29,119
Merriman, Gwenda	43,593	40,431
Murray-Benge, Margaret Elizabeth	32,804	28,879
Paterson, Ross James	109,349	104,387
Scrimgeour, John Rob	31,138	28,879
Thwaites, Donald Alan	39,828	36,099
Webber, Garry John	41,006	37,299
Williams, Michael	40,589	37,671
Total Councillors	497,255	460,235

38. REMUNERATION (CONTINUED)

Community Board Members

Community board members received the following remuneration:

	ACTUAL	ACTUAL
	\$	\$
	2016	2015
Community Board Members		
Beech, Shane William	5,395	5,195
Cameron, Donald Richard	7,390	7,000
Cantlon, Gary Lewis	2,698	2,598
Clark, Rachel Ann	2,698	2,598
Dally, Grant Ronald	5,078	4,293
Dunlop, Sam	10,157	8,586
Gibbs, Brendan	5,078	4,293
Henderson, Kelly Marie	1,659	2,598
Hobbs, Jennifer Robyn	5,078	4,293
Maurice, Timothy Edward	3,695	3,500
Miller, Peter	10,157	8,783
Mills, Derek	4,190	3,793
Nielsen, Fernley-Ann	5,078	4,293
Palmer, John Richard	3,695	3,500
Parsons, Ruth Miriam	4,190	3,793
Roberts, Marilyn Kathleen	4,190	3,793
Sole, Allan James	8,379	7,586
Spratt, Ronald Parker	5,078	4,293
Woods, Christopher	3,695	3,500
Wratt, Keith Allan	5,078	4,293
Total Community Board Members	102,656	92,581

Non-monetary remuneration

Paterson, Ross James	31,960	21,809
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Remuneration scale

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
<\$60,000	97	93
\$60,000 - \$79,999	57	48
\$80,000 - \$99,999	30	28
\$100,000 - \$120,000	15	12
>\$120,000 - \$340,000	9	12
Total employees	208	193

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

At balance date, the Council employed 169 (2015:153) full-time employees, with the balance of 39 staff representing 23 (2015:21) 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 2016 Western Bay of Plenty District Council made no (2015: two) severance payments to employees.

40. EVENTS AFTER THE BALANCE

There were no significant events after the balance date.

FINANCIAL INSTRUMENTS

41. FINANCIAL INSTRUMENTS CATEGORIES

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

	NOTE	ACTUAL	ACTUAL
		\$'000	\$'000
		2016	2015
Financial assets			
Fair value through surplus & deficit			
- Te Tumu Investment	18	1,619	1,396
- New Zealand Local Government Funding Agency	20	1,866	1,866
Total fair value through surplus and deficit		3,485	3,262
Loans and receivables			
Cash and cash equivalents	14	17,181	12,813
Debtors and other receivables	15	6,461	8,374
LGFA Borrower Notes	20	1,120	1,120
Term deposits		-	-
Total loans and receivables		24,762	22,307
Fair value through other comprehensive income			
Other financial assets:			
- local authority stock	20	39	34
- listed shares	18	80	30
Total Fair value through other comprehensive income		119	64
Financial liabilities			
Fair value through surplus and deficit			
Derivative financial instrument liability	16	14,797	9,946
Total Fair value through surplus and deficit		14,797	9,946
Financial liabilities at amortised cost			
Creditors and other payables	24, 26 & 27	13,833	14,661
Borrowings:			
- secured loans	25	128,000	138,000
Total financial liabilities at amortised cost		141,833	152,661

42. TE TUMU FINANCIAL INSTRUMENTS

Tauranga City Council (TCC) and Western Bay of Plenty District Council (Western Bay Council) together acquired a block of land at Papamoa 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 repaying the loan and interest to Tauranga City Council/Western Bay Council. The rationale for Tauranga City Council/Western Bay Council purchasing the land was to ensure development of this land was consistent with SmartGrowth initiatives. Neither council intends to be the developer of this land or retain ownership in the long-term.

With this purchase of the land, the vendor has the right to use the land in its undeveloped state until December 2016. This gives rise to the creation of a financial asset which is available for sale whereby Tauranga City Council/Western Bay Council have a right to receive cash if the vendor exercises their option to repurchase the property. The initial impairment of the loan is recognised as the amount payable to Council for the right to use the land in its undeveloped state, which in turn creates a "Property Subdivision Right" asset. The asset is recognised as an intangible asset and amortised over the period the vendor is expected to exercise their option to repurchase the property.

The sale/purchase agreement for the land includes a number of restrictions/obligations upon both the vendor and Tauranga City Council/Western Bay Council. The sale/purchase agreement also provides the vendor rights to acquire the land from Tauranga City Council/Western Bay Council, initially in December 2016 and then annually until December 2026 by repaying the loan and interest.

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 2016				
Financial Assets				
Local authority stock	39	39		
Shares	80	80		
Te Tumu investment	1,619			1,619
New Zealand Local Government Funding Agency Limited	2,986		2,986	
Financial Liabilities				
Derivatives	14,797		14,797	
30 June 2015				
Financial Assets				
Local authority stock	34	34		
Shares	30	30		
Te Tumu investment	1,396			1,396
New Zealand Local Government Funding Agency Limited	2,986		2,986	
Financial Liabilities				
Derivatives	9,946	9,946		

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

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

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Balance at 1 July	1,396	1,141
Gains/(losses) recognised in surplus and deficit	223	255
Balance at 30 June	1,619	1,396

44. FINANCIAL INSTRUMENT RISKS

Western Bay has a series of policies to manage the risks associated with financial instruments. Western Bay is risk averse and seeks to minimise exposure from its treasury activities. Western Bay 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 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's investment portfolio in accordance with the limits set out in Western Bay'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 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 Council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above \$15,000 by entering into forward foreign exchange contracts to manage the foreign currency risk exposure. This means the 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 to fair value interest rate risk. Western Bay'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'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 to cash flow interest rate risk.

Generally, Western Bay 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 borrowed at fixed rates directly. Under the interest rate swaps, Western Bay 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, causing Western Bay to incur a loss. Due to the timing of its cash inflows and outflows, Western Bay invests surplus cash into term deposits and local authority stock which gives rise to credit risk.

Western Bay'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 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 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
	2016	2015
Cash at bank and term deposits	17,181	12,813
Debtors and other receivables	6,789	8,374
Local authority and government stock	119	64
New Zealand Local Government Funding Agency	2,986	2,986
Derivative financial instruments	(14,797)	(9,946)
Financial instruments	1,617	1,396
Total credit risk	13,895	15,687

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
	2016	2015
Counterparties with credit ratings		
Cash at bank and term deposits		
A-1+	17,181	12,813
Total cash at bank and term deposits	17,181	12,813
Local authority and government stock		
AA+	2,986	2,986
A	31	31
Total local authority and government stock	3,017	3,017
Derivative financial instrument assets		
AA	-	-
Total derivative financial instruments	-	-
Financial instrument assets		
No rating	1,619	1,396
Total financial instrument assets	1,619	1,396
Counterparties without credit ratings		
Existing assets with no defaults in the past	80	20
Total counterparties without credit ratings	80	20

Debtors and other receivables mainly arise from Western Bay'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 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 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 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 aims to maintain flexibility in funding by keeping committed credit lines available.

Western Bay 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 has a maximum amount that can be drawn down against its overdraft facility of \$600,000 (2015: \$600,000). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

The table below analyses Western Bay'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 2016						
Creditors and other payables	13,833	13,833	13,833	-	-	-
Net settled derivative liabilities	14,797	15,313	516	1,451	8,021	5,325
Secured loans	128,000	143,408	17,893	74,472	28,937	22,106
Total	156,630	172,554	32,242	75,923	36,958	27,431
Council 2015						
Creditors and other payables	14,661	14,661	14,661	-	-	-
Net settled derivative liabilities	9,946	10,244	477	457	5,275	4,035
Secured loans	138,000	160,448	16,959	18,465	101,784	23,240
Total	162,607	185,353	32,097	18,922	107,059	27,275

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 2016						
Cash and cash equivalents	17,181	17,181	17,181	-	-	-
Debtors and other receivables	6,789	6,789	6,789	-	-	-
Net settled financial instruments	1,617	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	-	-	-	-	-	-
- Local authority and government stock	3,097	-	-	-	-	3,097
Total	28,684	43,966	23,970	-	-	23,093
Council 2015						
Cash and cash equivalents	12,813	12,813	12,813	-	-	-
Debtors and other receivables	8,374	8,374	8,374	-	-	-
Net settled financial instruments	1,396	19,996	-	-	-	19,996
Other financial assets:						
- Local authority and government stock	3,037	-	-	-	-	3,037
Total	25,620	41,183	21,187	-	-	23,033

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's financial instrument exposures at the balance date.

INTEREST RATE RISK	NOTE	2016 \$'000				2015 \$'000			
		PROFIT	- 100BPS OTHER EQUITY	PROFIT	+ 100BPS OTHER EQUITY	PROFIT	- 100BPS OTHER EQUITY	PROFIT	+ 100BPS OTHER EQUITY
Financial assets									
Cash and cash equivalents	1	(172)		172		(128)		128	
Financial instruments	2	(16)		16		(14)		14	
Other financial assets:									
- Local authority stock	3		(12)		12		(12)		12
Financial liabilities									
Derivatives - interest rate swaps	4	(5,658)		5,309		(6,394)		5,986	
Borrowings:									
Debentures	5	1,180		(1,180)		1,180		(1,180)	
Total sensitivity to interest rate risk		(4,665)	(12)	4,316	12	(5,356)	(12)	4,948	12

EQUITY PRICE RISK	NOTE	PROFIT	- 10% OTHER EQUITY	PROFIT	+10% OTHER EQUITY	PROFIT	- 10% OTHER EQUITY	PROFIT	+10% OTHER EQUITY
Equity Price Risk									
Financial assets									
Other financial assets:									
- Quoted share investments	6		(8)		8		(3)		3
Total sensitivity to equity price risk		-	(8)	-	8	-	(3)	-	3

Explanation of sensitivity analysis

1. Cash and cash equivalents

Cash and cash equivalents include deposits on call totalling \$17,180,977 (2015: \$12,813,026) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$171,810 (2015: \$128,130).

Derivatives

2. Financial instruments

Financial instruments include Te Tumu land purchase totalling \$1.61m (2015: \$1.40m). A movement in interest rates of 1.0% has an effect of \$16,175 (2015: \$13,959) on the unrealised value of the financial instruments.

3. Local authority stock

A total of \$1,159,000 (2015: \$1,154,000) 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 \$11,594 (2015: \$11,540) on the fair value through other comprehensive income reserve.

4. Financial liabilities

Derivative financial assets not hedge accounted includes interest rate swaps with a fair value totalling \$14.80m (2015: \$9.95m). A movement in interest rates of plus 1.0% has an effect of reducing the swap deficit value by \$5.66m (2015: \$6.39m). A movement in interest rates of minus 1.0% has an effect of increasing the swap deficit value by \$5.31m (2015: \$5.99m).

5. Debentures - secured loans

Council has floating rate debt with a principal amount totalling \$108.00 million (2015: \$118.00m). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$1,080,000 (2015: \$1,180,000). 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 \$45,000 (2015: \$30,000) and Seeka Kiwifruit Industries Limited valued at \$35,000 (2015: nil). 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 \$8,000 (2015: \$3,000).

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 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 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 Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the 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 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 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 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 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 Council.

Trust and bequest reserves are set up where 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's estimated figures in the Long Term Plan 2015-2025 and 2016 actuals are as follows:

Statement of Comprehensive Income

Actual 2016 surplus of \$47,733 million versus 2016 budget surplus of \$7,977 million. A favourable variance of \$39,756 million.

The major contributors to the variance were:

Total revenue was \$47,074 million over budget.

	\$'000
Revenue variances positive / (negative):	
¹ Fees and charges from activities	3,662
² Rates revenue including target water supply rates	1,300
³ Financial contributions	470
⁴ Vested assets	40,168
⁵ Subsidies & grants	(129)
⁶ Gains	1,079
⁷ Other revenue	524
	47,074

Total expenditure was \$7,293 million over budget.

	\$'000
Expenditure positive / (negative):	
⁸ Other expenses	493
⁹ Personnel costs	450
¹⁰ Depreciation and amortisation	1,050
¹¹ Impairment expense	471
¹² Finance cost - realised	(22)
¹³ Unrealised hedging movement	4,851
	7,293

- ¹ Fees and charges from activities were \$3.662m higher than the budget of \$6.513m due to increased activity seen in the housing market in the District resulting in increased receipts from fees and charges.
- ² Rate income of \$58.416m is \$1.300m higher than the \$57.116m budget. This is due to increased properties in the District and increased values of these properties.
- ³ Financial contribution revenue of \$7.862m are \$470km higher than the \$7.392m budget due to increased activity seen in the housing market in the District resulting in increased receipts from fees and charges and an additional \$612k of resource consents recognised in August 2015 but incorrectly receipted in prior years.
- ⁴ Vested assets income of \$42.408m is \$40.168m higher than the \$2.240m budget. This was due to New Zealand Transport Authority vesting the Te Puke highway with Council.
- ⁵ Subsidies & grants income of \$7.098m was \$129k lower than budget of \$7.227m due to the timing of capital works that are eligible for NZTA funding. Subsidies are predominately from the New Zealand Transport Authority and dependent on the level of work carried out in the One Network Maintenance Contract (ONMC).
- ⁶ Gains income of \$1.079m relates to the revaluation movements in Council held forestry.
- ⁷ Other revenue of \$4.108m is \$524k higher than the budget of \$3.584m and includes dividends of \$249k of dividends that are not a budgeted item, and rental income including pensioner housing and motor camps where receipts were higher than budget.
- ⁸ Other expenses of \$33.677m were \$493k higher than the \$33.184m budget. This variance is the result of losses on disposal of assets and impairment of receivables.
- ⁹ Personnel costs of \$15.293m were \$450km higher than budget of \$14.843. Significant staff resourcing pressures in the consents and building departments has lead to increased costs to process the increase in activity. This has been more than offset by an increase in user fee income.
- ¹⁰ Depreciation and amortisation costs of \$20.388m were \$1.050m higher than the budget of \$19.338m. This includes depreciation for Te Puke highway (\$39.5m) vested from the New Zealand Transport Authority.
- ¹¹ Council recognised an impairment cost of \$471k during the year. This relates to the valuation of the Te Tumu land.
- ¹² Finance costs realised of \$8.708m were \$22k lower than the budget of \$8.730m.
- ¹³ Unrealised hedging movement of \$4.851m are not a budgeted item. This is a non cash accounting entry.

46. EXPLANATION OF MAJOR VARIANCES (CONTINUED)

Explanations of variances between 2015 and 2016 are as follows:

Statement of Financial Position

Actual net equity of \$1,121.755 million versus \$1,073.905 million in 2015.

There was an increase in overall net equity from actual 2015 of \$47.850 million. The majority of this movement was due to:

	\$'000
Decrease in cash held at year end	4,368
Increase in debtors and prepayments	(1,812)
Decrease in investments and financial assets	(497)
Increase in non-current assets held for sale	167
Increase in forestry assets	643
Decrease in intangible assets	135
Increase in property plant and equipment	38,858
	41,862
Decrease in debt for the year	10,000
Increase in interest rate swap liability	(4,851)
Increase in creditors and other payables	829
Decrease in other liabilities	10
	5,988
Net movement	47,850

The major variances to budget were:

- Property, plant and equipment was \$38.858m higher than last year. The increase reflects capitalisation of completed projects and vesting of the Te Puke state highway of \$39.5m.
- Debtors and other receivables decreased by \$4.0m as a result of improved collections.
- Borrowings were \$20.003m lower than budget and \$10.00m lower than last year due to repayment of debt maturities and expenditure control.
- Councils unrealised interest rate swaps liability of \$14.797m compared to \$9.946m in 2015. This is due to the volatility of interest rate movements and as a result Council does not budget for this.

Statement of Cash flows

2016 actual movement was a net increase in cash held of \$4.368m versus a budgeted net increase of \$529k and actual 2015 net decrease in cash held \$8.220m.

Net cash flows from operating activities of \$30.012m versus \$23.752m budget and last year actual of \$24.728m.

Compared to budget, receipts from rates has increased \$6.112m due to increased properties in the District and increased values of these properties. Other revenue income has increased by \$1.766m due to increased building activity in the District and associated consent fees. This has been offset by increased payment to suppliers of \$1.838m.

Net cash flows from investing activities of (\$15.644)m versus (\$28.223)m budget and last year actual of (\$14.945)m.

The majority of this positive variance can be attributed to reduced purchases of property, plant and equipment.

Net cash flows from financing activities of (\$10.000)m versus \$5.000m budget and last year actual of (\$18.003)m.

This reflects Council's reduction in debt during the year. Less debt refinancing was required due to a slower than forecast capital works programme.

OTHER LEGISLATIVE DISCLOSURES

SUMMARY FUNDING IMPACT STATEMENTS

Western Bay of Plenty District Council

For the years ended 30 June		ACTUAL \$'000	ANNUAL PLAN \$'000	ACTUAL \$'000	ANNUAL PLAN \$'000
		2016	2016	2015	2015
Sources of operating funding					
General rates, uniform annual charges, rates penalties		21,138	20,364	18,536	18,373
Targeted rates (other than a targeted rate for water supply)		37,278	36,790	37,006	36,569
Subsidies and grants for operating purposes		5,055	7,227	3,156	4,523
Fees, charges and targeted rates for water supply		8,882	6,612	7,189	6,012
Interest and dividends from investments		249	-	265	-
Local authority and fuel tax, fines, infringement fees, and other receipts		5,147	3,447	4,631	3,276
Total operating funding	(A)	77,748	74,440	70,783	68,752
Applications of operating funding					
Payments to staff and suppliers		49,343	48,008	46,912	47,369
Finance costs		8,709	8,730	9,136	9,600
Other operating funding applications		29	40	173	27
Total applications of operating funding	(B)	58,081	56,778	56,221	56,996
Operating funding - surplus/(deficit)	(A-B)	19,668	17,661	14,562	11,756
Sources of capital funding					
Subsidies and grants for capital expenditure		2,080	-	3,824	3,773
Financial contributions		7,862	7,392	2,607	4,577
Increase/(decrease) in debt		(8,847)	1,213	(7,086)	3,157
Gross proceeds from sale of assets		157	85	1,706	85
Lump sum contributions		-	-	-	404
Other dedicated capital funding		-	-	-	-
Total Sources of capital funding	(C)	1,252	8,690	(1,069)	11,996
Applications of capital funding					
Capital expenditure					
• to meet additional demand		4,276	7,645	7,010	10,860
• to improve the level of service		6,741	9,535	4,191	5,164
• to replace existing assets		6,129	10,888	4,437	5,278
Increase/(decrease) in reserves		3,773	(1,717)	(76)	2,460
Increase/(decrease) in investments		-	-	69	-
Total applications of capital funding	(D)	20,919	26,351	15,631	23,762
Capital funding - surplus/(deficit)	(C-D)	(19,668)	(17,661)	(14,562)	(11,756)
Funding balance	((A-B) + (C-D))	-	-	-	-

RECONCILIATION OF SUMMARY FUNDING IMPACT STATEMENT TO STATEMENTS OF COMPREHENSIVE INCOME

Western Bay of Plenty District Council

For the years ended 30 June	ACTUAL \$'000	LONG TERM PLAN \$'000	LONG TERM PLAN \$'000
	2016	2016	2015
Operating funding per Funding Impact Statement	77,748	74,440	72,626
Add: Subsidies and grants for capital expenditure	2,080	-	4,188
Swap revaluation movement	-	-	-
Financial contributions	7,862	7,392	6,478
Lump sum contributions	-	-	2,531
Revaluation adjustments	1,026	-	-
Total	88,716	81,832	85,823
Total Revenue per Statement of Comprehensive Income	131,177	84,072	88,221
Less: Loss on shares adjustment	-	-	-
Less: Vested Assets	42,408	2,240	2,398
Less: Gains	53	-	-
Total	88,716	81,832	85,823
Variance	-	-	-
Application of operating funding per Funding Impact Statement	58,081	56,778	58,359
Total expenditure per Statement of Comprehensive Income	83,388	76,116	76,065
Less depreciation and amortisation	20,388	19,338	17,705
Less revaluation movement	(87)	-	-
Less unrealised hedging movement	4,851	-	-
Less asset impairment/loss on sale	124	-	-
Less other adjustments	31	-	-
	58,081	56,778	58,359
Variance	-	-	-
Net Variance	-	-	-

OTHER LEGISLATIVE DISCLOSURES

FUNDING IMPACT STATEMENT

Representation

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		2,885	2,943	2,415
Targeted rates (other than a targeted rate for water supply)		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees, charges and targeted rates for water supply		-	-	-
Internal charges and overhead costs recovered		554	580	482
Local authority and fuel tax, fines, infringement fees, and other receipts		6	-	61
Total operating funding	(A)	3,444	3,523	2,959
Applications of operating funding				
Payments to staff and suppliers		1,372	1,487	1,488
Finance costs		(55)	(45)	-
Internal charges and overhead costs applied		2,065	2,032	1,376
Other operating funding applications		(i)	40	29
Total applications of operating funding	(B)	3,379	3,515	2,893
Operating funding - surplus/(deficit)	(A-B)	65	8	66
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		-	-	-
Increase/(decrease) in debt		-	-	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	-	-	-
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		65	8	66
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	65	8	66
Capital funding - surplus/(deficit)	(C-D)	(65)	(8)	(66)
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

FUNDING IMPACT STATEMENT

Planning for the future

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,937	2,195	2,424
Targeted rates (other than a targeted rate for water supply)		13	-	-
Subsidies and grants for operating purposes		-	-	-
Fees, charges and targeted rates for water supply		-	-	-
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	73
Total operating funding	(A)	1,950	2,195	2,497
Applications of operating funding				
Payments to staff and suppliers		1,201	1,433	1,690
Finance costs		(27)	(160)	-
Internal charges and overhead costs applied		728	752	792
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	1,902	2,025	2,483
Operating funding - surplus/(deficit)	(A-B)	47	170	15
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		-	-	64
Increase/(decrease) in debt		-	-	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	-	-	64
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		47	170	78
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	47	170	78
Capital funding - surplus/(deficit)	(C-D)	(47)	(170)	15
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

FUNDING IMPACT STATEMENT

Communities

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		3,288	3,098	2,372
Targeted rates (other than a targeted rate for water supply)		1,846	1,780	1,688
Subsidies and grants for operating purposes		37	-	15
Fees, charges and targeted rates for water supply		75	75	77
Internal charges and overhead costs recovered		828	779	719
Local authority and fuel tax, fines, infringement fees, and other receipts		522	458	908
Total operating funding	(A)	6,597	6,190	5,779
Applications of operating funding				
Payments to staff and suppliers		3,732	3,680	3,040
Finance costs		(73)	(47)	31
Internal charges and overhead costs applied		2,261	2,042	2,316
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	5,920	5,675	5,207
Operating funding - surplus/(deficit)	(A-B)	676	515	572
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		-	-	54
Increase/(decrease) in debt		(66)	1,417	(32)
Gross proceeds from sale of assets		64	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(2)	1,417	22
Applications of capital funding				
Capital expenditure				
• to meet additional demand		67	2,384	54
• to improve the level of service		-	-	-
• to replace existing assets		275	434	343
Increase/(decrease) in reserves		332	(887)	197
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	674	1,932	594
Capital funding - surplus/(deficit)	(C-D)	(676)	(515)	(572)
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

FUNDING IMPACT STATEMENT

Recreation and Leisure

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		4,329	4,986	4,494
Targeted rates (other than a targeted rate for water supply)		-	194	70
Subsidies and grants for operating purposes		124	70	717
Fees, charges and targeted rates for water supply		28	-	-
Internal charges and overhead costs recovered		999	1,009	927
Local authority and fuel tax, fines, infringement fees, and other receipts		750	687	753
Total operating funding	(A)	6,230	6,946	6,960
Applications of operating funding				
Payments to staff and suppliers		3,329	3,636	3,247
Finance costs		9	60	403
Internal charges and overhead costs applied		1,930	1,875	1,671
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	5,268	5,571	5,321
Operating funding - surplus/(deficit)	(A-B)	962	1,375	1,639
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		1,788	1,554	1,806
Increase/(decrease) in debt		(16)	49	(71)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	1,773	1,602	1,753
Applications of capital funding				
Capital expenditure				
• to meet additional demand		965	1,067	1,572
• to improve the level of service		605	270	64
• to replace existing assets		409	765	817
Increase/(decrease) in reserves		755	876	922
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	2,734	2,977	3,374
Capital funding - surplus/(deficit)	(C-D)	(962)	(1,375)	(1,639)
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

FUNDING IMPACT STATEMENT

Regulatory services

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,938	2,025	1,489
Targeted rates (other than a targeted rate for water supply)		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees, charges and targeted rates for water supply		5,350	3,387	3,410
Internal charges and overhead costs recovered		28	28	-
Local authority and fuel tax, fines, infringement fees, and other receipts		72	37	33
Total operating funding	(A)	7,387	5,477	4,932
Applications of operating funding				
Payments to staff and suppliers		4,894	3,553	3,184
Finance costs		(8)	(10)	(9)
Internal charges and overhead costs applied		1,775	1,610	1,549
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	6,662	5,153	4,724
Operating funding - surplus/(deficit)	(A-B)	726	323	208
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		-	-	-
Increase/(decrease) in debt		-	(18)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	-	(18)	(39)
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		726	305	208
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	726	305	208
Capital funding - surplus/(deficit)	(C-D)	(726)	(323)	(208)
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

FUNDING IMPACT STATEMENT

Transportation

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates (other than a targeted rate for water supply)		13,584	13,093	16,046
Subsidies and grants for operating purposes		4,684	6,881	4,302
Fees, charges and targeted rates for water supply		36	-	1
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		1,440	262	122
Total operating funding	(A)	19,743	20,236	20,471
Applications of operating funding				
Payments to staff and suppliers		9,677	8,872	11,170
Finance costs		1,075	1,369	1,993
Internal charges and overhead costs applied		1,203	1,257	1,434
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	11,955	11,498	15,177
Operating funding - surplus/(deficit)	(A-B)	7,788	8,737	5,294
Sources of capital funding				
Subsidies and grants for capital expenditure		2,080	-	4,188
Financial contributions		2,542	2,791	1,772
Increase/(decrease) in debt		(2,834)	818	(358)
Gross proceeds from sale of assets		4	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	1,792	3,609	5,602
Applications of capital funding				
Capital expenditure				
• to meet additional demand		1,965	1,924	3,186
• to improve the level of service		4,476	6,391	2,887
• to replace existing assets		198	4,031	7,512
Increase/(decrease) in reserves		2,942	-	(2,689)
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	9,580	12,346	10,896
Capital funding - surplus/(deficit)	(C-D)	(7,788)	(8,737)	(5,294)
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

FUNDING IMPACT STATEMENT

Water supply

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates (other than a targeted rate for water supply)		6,414	6,258	2,801
Subsidies and grants for operating purposes		-	51	-
Fees, charges and targeted rates for water supply		3,281	3,080	6,585
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		51	-	-
Total operating funding	(A)	9,746	9,389	9,386
Applications of operating funding				
Payments to staff and suppliers		4,380	4,447	4,006
Finance costs		1,476	1,594	1,831
Internal charges and overhead costs applied		1,398	1,446	1,684
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	7,255	7,486	7,521
Operating funding - surplus/(deficit)	(A-B)	2,491	1,903	1,865
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		1,277	820	724
Increase/(decrease) in debt		374	2,836	332
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	1,651	3,656	1,056
Applications of capital funding				
Capital expenditure				
• to meet additional demand		181	950	663
• to improve the level of service		690	1,122	1,525
• to replace existing assets		3,271	3,487	733
Increase/(decrease) in reserves		-	-	-
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	4,142	5,559	2,921
Capital funding - surplus/(deficit)	(C-D)	(2,491)	(1,903)	(1,865)
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

FUNDING IMPACT STATEMENT

Stormwater

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,274	1,260	171
Targeted rates (other than a targeted rate for water supply)		3,541	3,571	2,709
Subsidies and grants for operating purposes		-	160	-
Fees, charges and targeted rates for water supply		1	-	-
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		2	-	12
Total operating funding	(A)	4,818	4,990	2,891
Applications of operating funding				
Payments to staff and suppliers		643	752	548
Finance costs		1,669	1,728	1,830
Internal charges and overhead costs applied		530	585	620
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	2,842	3,065	2,999
Operating funding - surplus/(deficit)	(A-B)	1,977	1,925	(108)
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		551	733	671
Increase/(decrease) in debt		(2,311)	(950)	585
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(1,760)	(217)	1,256
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	100	756
• to improve the level of service		96	640	1,085
• to replace existing assets		121	968	81
Increase/(decrease) in reserves		-	-	(774)
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	217	1,708	1,148
Capital funding - surplus/(deficit)	(C-D)	(1,977)	(1,925)	108
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

SUMMARY FUNDING IMPACT STATEMENT

Natural environment

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		190	175	127
Targeted rates (other than a targeted rate for water supply)		316	313	16
Subsidies and grants for operating purposes		-	-	-
Fees, charges and targeted rates for water supply		-	-	-
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	51
Total operating funding	(A)	506	487	194
Applications of operating funding				
Payments to staff and suppliers		648	676	314
Finance costs		(2)	(38)	-
Internal charges and overhead costs applied		42	45	35
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	688	684	349
Operating funding - surplus/(deficit)	(A-B)	(182)	(197)	(155)
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		158	111	115
Increase/(decrease) in debt		(45)	1	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	113	112	115
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		(69)	(84)	(40)
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	(69)	(84)	(40)
Capital funding - surplus/(deficit)	(C-D)	182	197	155
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

FUNDING IMPACT STATEMENT

Wastewater

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		1,394	1,418	380
Targeted rates (other than a targeted rate for water supply)		9,323	9,338	9,145
Subsidies and grants for operating purposes		-	-	-
Fees, charges and targeted rates for water supply		5	2	2
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		29	-	207
Total operating funding	(A)	10,751	10,757	9,734
Applications of operating funding				
Payments to staff and suppliers		3,766	3,728	3,112
Finance costs		3,539	3,651	4,474
Internal charges and overhead costs applied		1,509	1,497	1,496
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	8,813	8,876	9,082
Operating funding - surplus/(deficit)	(A-B)	1,938	1,881	652
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		1,545	1,382	1,271
Increase/(decrease) in debt		(2,031)	(2,255)	(772)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	2,531
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(485)	(872)	3,030
Applications of capital funding				
Capital expenditure				
• to meet additional demand		7	100	376
• to improve the level of service		121	180	2,531
• to replace existing assets		1,308	729	263
Increase/(decrease) in reserves		17	-	512
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	1,452	1,009	3,682
Capital funding - surplus/(deficit)	(C-D)	(1,938)	(1,881)	(652)
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

FUNDING IMPACT STATEMENT

Solid waste

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		272	617	587
Targeted rates (other than a targeted rate for water supply)		1,069	1,055	1,015
Subsidies and grants for operating purposes		168	65	140
Fees, charges and targeted rates for water supply		93	67	70
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		119	10	-
Total operating funding	(A)	1,721	1,814	1,812
Applications of operating funding				
Payments to staff and suppliers		789	1,216	1,056
Finance costs		22	30	77
Internal charges and overhead costs applied		463	490	478
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	1,274	1,736	1,611
Operating funding - surplus/(deficit)	(A-B)	447	78	201
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		-	-	-
Increase/(decrease) in debt		(330)	(78)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(330)	(78)	-
Applications of capital funding				
Capital expenditure				
• to meet additional demand		-	-	-
• to improve the level of service		-	-	-
• to replace existing assets		118	-	-
Increase/(decrease) in reserves		-	1	201
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	118	1	201
Capital funding - surplus/(deficit)	(C-D)	(447)	(78)	(201)
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

SUMMARY FUNDING IMPACT STATEMENT

Economic

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		675	715	861
Targeted rates (other than a targeted rate for water supply)		259	276	528
Subsidies and grants for operating purposes		43	-	-
Fees, charges and targeted rates for water supply		-	-	-
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		3	2	50
Total operating funding	(A)	980	993	1,439
Applications of operating funding				
Payments to staff and suppliers		826	603	964
Finance costs		(85)	(83)	35
Internal charges and overhead costs applied		101	124	121
Other operating funding applications		-	-	-
Total applications of operating funding	(B)	842	645	1,120
Operating funding - surplus/(deficit)	(A-B)	138	348	319
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		-	-	-
Increase/(decrease) in debt		35	(28)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	35	(28)	-
Applications of capital funding				
Capital expenditure				
• to meet additional demand		(339)	1,151	282
• to improve the level of service		73	-	-
• to replace existing assets		-	-	-
Increase/(decrease) in reserves		439	(831)	37
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	173	320	319
Capital funding - surplus/(deficit)	(C-D)	(138)	(348)	(319)
Funding balance	((A-B) + (C-D))	-	-	-

OTHER LEGISLATIVE DISCLOSURES

SUMMARY FUNDING IMPACT STATEMENT

Support services

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
Sources of operating funding				
General rates, uniform annual charges, rates penalties		2,956	932	2,948
Targeted rates (other than a targeted rate for water supply)		914	914	1,337
Subsidies and grants for operating purposes		-	-	-
Fees, charges and targeted rates for water supply		14	-	-
Internal charges and overhead costs recovered		13,398	13,461	13,307
Local authority and fuel tax, fines, infringement fees, and other receipts		2,400	1,992	13,238
Total operating funding	(A)	19,682	17,299	30,830
Applications of operating funding				
Payments to staff and suppliers		14,085	13,923	13,720
Finance costs		1,169	680	11,459
Internal charges and overhead costs applied		1,802	2,103	1,952
Other operating funding applications		31	-	-
Total applications of operating funding	(B)	17,087	16,706	27,131
Operating funding - surplus/(deficit)	(A-B)	2,595	594	3,699
Sources of capital funding				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		-	-	-
Increase/(decrease) in debt		(1,624)	(578)	(102)
Gross proceeds from sale of assets		89	85	91
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding	(C)	(1,535)	(493)	(11)
Applications of capital funding				
Capital expenditure				
• to meet additional demand		1,432	69	-
• to improve the level of service		680	832	-
• to replace existing assets		429	475	1,332
Increase/(decrease) in reserves		(1,481)	(1,275)	2,356
Increase/(decrease) in investments		-	-	-
Total applications of capital funding	(D)	1,060	101	2,688
Capital funding - surplus/(deficit)	(C-D)	(2,595)	(594)	(3,699)
Funding balance	((A-B) + (C-D))	-	-	-