

# Chapter Three

# Financials



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### Financials

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## Statement of comprehensive revenue and expense for year ended 30 June 2015

	Note	Actual \$'000 2015	Budget \$'000 2015	Actual \$'000 2014
<b>Revenue from non-exchanged transactions</b>				
Fees and charges from activities including targeted rates for water supply	4 & 7	8,690	6,487	7,666
Rate revenue excluding target water supply rates	5 & 6	55,500	54,920	54,017
Fines		260	281	318
Vested assets	9	720	2,240	979
Financial contributions	11	2,607	4,577	4,177
Subsidies and grants	10	6,746	8,415	7,486
Other revenue	11	580	360	378
Gains	21	27,093	-	1,283
<b>Total revenue non-exchanged transactions</b>		<b>102,196</b>	<b>77,280</b>	<b>76,304</b>
<b>Revenue from exchange transactions</b>				
Finance revenue	8	1,069	1,028	5,870
Dividends		265	-	233
Rental revenue		1,119	1,082	1,124
Other exchange revenue	11	377	356	358
<b>Total revenue</b>	<b>2</b>	<b>105,026</b>	<b>79,746</b>	<b>83,889</b>
<b>Expenditure</b>				
Other expenses	12	46,652	34,155	35,267
Personnel costs	13	13,982	13,241	13,009
Depreciation	21	17,968	17,584	18,015
Amortisation	22	402	500	138
Impairment expense		364	-	1,892
Finance costs	8	15,251	9,600	9,789
<b>Total operating expenditure</b>	<b>3</b>	<b>94,619</b>	<b>75,080</b>	<b>78,110</b>
Share of associates retained surplus/ (deficit)		(69)	-	345
<b>Net surplus / (deficit)</b>		<b>10,338</b>	<b>4,666</b>	<b>6,124</b>
<b>Other comprehensive revenue and expense</b>				
Gains/(Losses) on asset revaluations	31	94,984	19,602	(11,190)
Other assets at fair value through other comprehensive revenue and expense	28	12	-	10
<b>Total other comprehensive revenue and expense for the year</b>		<b>94,996</b>	<b>19,602</b>	<b>(11,180)</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>105,334</b>	<b>24,268</b>	<b>(5,056)</b>

Explanations of major variances against budget are detailed in note 47 from page 189 - 190.

The accompanying notes form part of these financial statements.

## Statement of financial position as at 30 June 2015

	Note	Actual \$'000 2015	Budget \$'000 2015	Actual \$'000 2014
<b>Equity</b>				
Retained earnings	28	714,847	687,976	680,850
Restricted reserves	29	255	227	251
Council-created reserves	30	22,178	22,579	20,898
Asset revaluation reserves	31	341,242	311,930	271,188
<b>Total equity</b>		<b>1,078,522</b>	<b>1,022,712</b>	<b>973,188</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	14	12,813	6,614	21,033
Debtors and other receivables	15	8,374	8,548	7,575
Non-current assets held for sale	17	952	-	957
Prepayments	15	364	-	359
<b>Total current assets</b>		<b>22,503</b>	<b>15,162</b>	<b>29,924</b>
<b>Non-current assets</b>				
Other financial assets	18	1,426	1,780	1,161
Investments in associates	19	452	521	521
Investment in CCO's and other similar entities	20	3,119	3,417	3,117
Intangible assets	22	3,269	3,108	3,395
Forestry asset	23	5,176	4,821	4,821
Property, plant and equipment	21	1,205,563	1,163,742	1,102,494
<b>Total non-current assets</b>		<b>1,219,005</b>	<b>1,177,389</b>	<b>1,115,509</b>
<b>Total assets</b>		<b>1,241,508</b>	<b>1,192,551</b>	<b>1,145,433</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	24	12,641	13,315	10,194
Employee entitlements	26	1,710	1,510	1,513
Borrowings	25	10,000	10,000	18,000
Derivative financial instruments	16	9,946	7,626	3,831
Current portion provisions	27	310	308	308
<b>Total current liabilities</b>		<b>34,607</b>	<b>32,759</b>	<b>33,846</b>
<b>Non-current liabilities</b>				
Employee entitlements	26	22	150	27
Provisions	27	357	379	369
Borrowings	25	128,000	136,505	138,003
Other non-current liabilities		-	46	-
<b>Total non-current liabilities</b>		<b>128,379</b>	<b>137,080</b>	<b>138,399</b>
<b>Total liabilities</b>		<b>162,986</b>	<b>169,839</b>	<b>172,245</b>
<b>Net assets</b>		<b>1,078,522</b>	<b>1,022,712</b>	<b>973,188</b>

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 2015

	Retained Earnings	Asset Revaluation Reserve	Council Reserves	Total Equity
<b>Balance at 1 July 2013</b>	<b>683,585</b>	<b>276,382</b>	<b>17,735</b>	<b>977,702</b>
Total comprehensive income for the year	(2,735)	(5,194)	3,414	(4,514)
<b>Balance at 30 June 2014</b>	<b>680,850</b>	<b>271,188</b>	<b>21,149</b>	<b>973,188</b>
Total comprehensive income for the year	33,997	70,054	1,284	105,334
<b>Balance at 30 June 2015</b>	<b>714,847</b>	<b>341,242</b>	<b>22,433</b>	<b>1,078,522</b>

The accompanying notes form part of these financial statements.



## Statement of cash flows for year ended 30 June 2015

	Note	Actual \$'000 2015	Budget \$'000 2015	Actual \$'000 2014
<b>Cash flows from operating activities</b>				
Receipts from rates revenue		58,651	54,324	53,568
Regional Council rates		5,203	4,350	4,632
Interest received		450	410	1,417
Dividends received		265	360	233
Receipts from other revenue		16,977	21,197	22,406
Payments to suppliers and employees		(42,325)	(47,203)	(48,410)
Interest paid		(9,301)	(9,600)	(9,483)
Regional Council rates		(5,203)	(4,350)	(4,632)
Goods and services tax (net)		11	450	570
<b>Net cash from operating activities</b>	<b>33</b>	<b>24,728</b>	<b>19,938</b>	<b>20,301</b>
<b>Cash flows from investing activities</b>				
Receipts from sale of property, plant and equipment		287	85	373
Purchase of property, plant and equipment		(15,080)	(20,902)	(15,562)
Purchase of intangible assets		(152)	(400)	(58)
Sale of investments		-	-	25,000
<b>Net cash from investing activities</b>		<b>(14,945)</b>	<b>(21,217)</b>	<b>9,753</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		-	-	24,965
Repayment of borrowings		(18,003)	(10,000)	(43,467)
<b>Net cash from financing activities</b>		<b>(18,003)</b>	<b>(10,000)</b>	<b>(18,502)</b>
Net (decrease)/increase in cash held		(8,220)	(11,279)	11,552
Cash, cash equivalents and bank overdrafts at the beginning of the year		21,033	17,893	9,482
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>14</b>	<b>12,813</b>	<b>6,614</b>	<b>21,033</b>

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

## Statement of accounting policies for the year ended 30 June 2015

### 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 2015. The financial statements were authorised for issue by Council on 24 September 2015.

### 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 2015 financial statements.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 46.

### Presentation currency and rounding

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

### Standards issued and not yet effective and not early adopted

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Western Bay Council will apply these updated standards in preparing its 30 June 2016 financial statements. The Western Bay Council expects that there will be minimal or no change in applying these updated accounting standards.

### 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 50% ownership in Western Bay Moana Rural Fire Authority and a 9.7% share in Bay of Plenty Local Authority Shared Services Limited (BOPLASS). The Council also has a 50% ownership in Western Bay of Plenty Tourism and Visitors' Trust.

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

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

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

#### Revenue

Revenue is measured at fair value.

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

### *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 on page 130.

**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, and
- ▶ the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

### Equity

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

- ▶ accumulated funds
- ▶ restricted reserves
- ▶ property revaluation reserve
- ▶ fair value through other comprehensive revenue and expense reserve, and
- ▶ council created reserves

### Restricted reserves

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

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

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

#### **Property revaluation reserve**

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

#### **Fair value through other comprehensive revenue and expense reserve**

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

#### **Council created reserves**

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

#### **Goods and services tax**

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 2014/15 annual plan. 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 modelling 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 modelling 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 2015:

#### **Treatment of airport land**

Western Bay Council has an interest in jointly owned land surrounding the Tauranga Airport. This land is jointly owned with Tauranga City Council and the Crown. Due to there being some uncertainty around the exact composition of the joint ownership and the Crown's share. Western Bay has elected not to revalue this asset. Once the ownership structure has been determined a revaluation movement will be taken up to reflect the correct value of Western Bay Council's share. Management are satisfied that the carrying value approximates fair value.

#### **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 2015	Budget \$'000 2015	Actual \$'000 2014
<b>Significant activities</b>			
Representation	2,495	2,480	2,695
Planning for the future	2,382	2,422	2,144
Communities	5,477	4,891	5,074
Recreation and leisure	14,825	7,381	8,156
Regulatory services	5,044	5,112	5,254
Transportation	39,044	24,808	23,317
Water supply	10,587	9,610	9,651
Stormwater	3,090	3,390	3,889
Natural environment	245	295	242
Wastewater	10,233	10,629	9,993
Solid waste	1,650	1,724	1,491
Economic	1,422	1,380	1,529
Council services	8,532	5,624	10,452
<b>Total operating revenue by activity</b>	<b>105,026</b>	<b>79,746</b>	<b>83,889</b>
<b>Council services</b>	<b>105,026</b>	<b>79,746</b>	<b>83,889</b>

### 3 Total operating expenditure

	Actual \$'000 2015	Budget \$'000 2015	Actual \$'000 2014
<b>Significant activities</b>			
Representation	2,395	2,419	2,544
Planning for the future	2,770	2,255	1,875
Communities	5,535	4,614	4,654
Recreation and leisure	17,492	5,865	6,417
Regulatory services	4,731	4,957	4,488
Transportation	19,105	21,496	23,014
Water supply	10,226	9,918	9,862
Stormwater	4,753	4,035	4,083
Natural environment	407	296	393
Wastewater	12,524	11,804	11,679
Solid waste	1,152	1,366	1,080
Economic	1,071	1,000	1,455
Council services	12,458	5,056	6,566
<b>Total operating expenditure by activity</b>	<b>94,619</b>	<b>75,080</b>	<b>78,110</b>
<b>Council Services</b>	<b>94,619</b>	<b>75,080</b>	<b>78,110</b>

## 4 Fees and charges from activities

	Actual \$'000 2015	Budget \$'000 2015	Actual \$'000 2014
<b>Significant activities</b>			
Representation	2	-	92
Planning for the future	20	-	48
Communities	194	478	463
Recreation and leisure	950	333	655
Regulatory services	3,264	2,646	2,968
Transportation	583	133	169
Water supply	16	-	116
Stormwater	1	-	1
Natural environment	-	-	-
Wastewater	2	62	120
Solid waste	104	-	-
Economic	30	1	85
Support services	178	139	204
<b>Total revenue from significant activities</b>	<b>5,344</b>	<b>3,792</b>	<b>4,921</b>

## General rate income

### 5 General rate income

	Actual \$'000 2015	Budget \$'000 2015	Actual \$'000 2014
Representation	1,942	1,943	2,082
Planning for the future	2,349	2,349	2,083
Communities	2,687	2,687	2,632
Recreation and leisure	4,425	4,425	4,297
Regulatory services	1,261	1,894	1,683
Transportation	14,380	14,145	14,043
Water supply	-	-	-
Stormwater	194	54	197
Natural environment	172	172	133
Wastewater	957	476	903
Solid waste	289	507	273
Economic	801	801	928
Support services	2,800	2,421	2,042
<b>Total general rates</b>	<b>32,257</b>	<b>31,873</b>	<b>31,296</b>

## Rates remissions

Rates revenue is shown net of rates remissions of \$63,849 (2014: \$40,866). 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 2015	Budget \$'000 2015	Actual \$'000 2014
<b>General rates</b>	32,257	31,873	31,296
<b>Separate rates attributable to activities</b>			
Representation	551	537	521
Planning for the future	13	13	14
Communities	1,629	1,602	1,598
Recreation and leisure	122	188	168
Regulatory services	-	-	-
Transportation	44	43	44
Water supply	6,413	6,301	6,052
Stormwater	2,742	2,743	3,080
Natural environment	15	15	15
Wastewater	8,819	8,776	8,347
Solid waste	1,023	1,001	973
Economic	581	575	513
Support services	1,291	1,254	1,396
<b>Total separate rates</b>	<b>23,243</b>	<b>23,048</b>	<b>22,721</b>
<b>Total rates</b>	<b>55,500</b>	<b>54,920</b>	<b>54,017</b>

*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 2015	Budget \$'000 2015	Actual \$'000 2014
Metered water charges	3,346	2,695	2,738
<b>Total targeted rates for water supply</b>	<b>3,346</b>	<b>2,695</b>	<b>2,738</b>

## 8 Finance income and finance costs

	Actual \$'000 2015	Budget \$'000 2015	Actual \$'000 2014
<b>Finance income</b>			
Interest income	1,052	1,019	2,061
Rates postponement scheme	17	10	14
Unrealised hedge movement	-	-	3,796
<b>Total finance income</b>	<b>1,069</b>	<b>1,029</b>	<b>5,870</b>
<b>Finance costs</b>			
Interest expense:			
- unrealised hedge	6,115	-	-
- interest on bank borrowings	7,126	9,600	7,224
- interest rate swap expense	2,010	-	2,566
<b>Total finance costs</b>	<b>15,251</b>	<b>9,600</b>	<b>9,789</b>
<b>Net finance income/(costs)</b>	<b>(14,182)</b>	<b>(8,571)</b>	<b>(3,919)</b>

## 9 Vested assets

	Actual \$'000 2015	Budget \$'000 2015	Actual \$'000 2014
<b>Significant activities</b>			
Recreation and leisure	428	-	-
Transportation	8	1,400	289
Water supply	10	200	183
Stormwater	10	300	418
Wastewater	12	340	88
Council services	252	-	-
<b>Total significant activities</b>	<b>720</b>	<b>2,240</b>	<b>979</b>

## 10 Subsidies and grants

	Actual \$'000 2015	Budget \$'000 2015	Actual \$'000 2014
Otawhiwhi Marae Wastewater Scheme	-	404	-
First Sovereign	50	-	-
Ministry for the Environment - territorial authority levy for trade waste	151	130	134
Land Transport NZ subsidy	6,545	7,881	7,352
<b>Total subsidies and grants</b>	<b>6,746</b>	<b>8,415</b>	<b>7,486</b>

*There are no unfulfilled conditions or other contingencies attached to subsidies recognised (2014:nil).*

## 11 Other revenue

	Actual \$'000 2015	Budget \$'000 2015	Actual \$'000 2014
Petrol tax	402	360	378
Sales of Goods and Services	301	318	318
Cost recoveries	254	38	40
<b>Total other revenue</b>	<b>957</b>	<b>706</b>	<b>736</b>
Made up of:			
Exchange	580	360	378
Non exchange	377	356	358
<b>Financial contributions</b>			
Planning for the future	-	60	-
Communities	-	51	-
Recreation & Leisure	815	1,766	1,327
Transportation	1,023	1,254	1,420
Water Supply	389	414	542
Stormwater	65	293	191
Natural Environment	57	108	93
Wastewater	258	631	604
<b>Total revenue from financial contributions</b>	<b>2,607</b>	<b>4,577</b>	<b>4,177</b>

## 12 Other expenses

	Actual \$'000 2015	Actual \$'000 2014
Fees to principal auditor:		
- audit fees for financial statement audit	132	124
- audit fees for Long Term Plan	96	-
Insurance premiums	401	453
Consultant and legal fees	1,389	1,489
Impairment of receivables (Note 15)	953	1,046
Loss on sale of property, plant and equipment	2,678	343
Asset revaluation	13,549	-
Minimum lease payments under operating leases	88	134
Other operating expenses	27,366	31,678
<b>Total other expenses</b>	<b>46,652</b>	<b>35,267</b>

## 13 Personnel costs

	Actual \$'000 2015	Actual \$'000 2014
Salaries and wages	13,857	12,910
Employer contributions to health insurance scheme	125	99
<b>Total personnel costs</b>	<b>13,982</b>	<b>13,009</b>

Council's total Kiwisaver contributions to 30 June 2015 were \$317k (2014: \$283k).

## 14 Cash and cash equivalents

	Actual \$'000 2015	Actual \$'000 2014
Cash at bank and on hand	3,135	922
Petty cash	2	3
Term deposits with maturities less than 3 months	9,676	20,108
<b>Total cash and cash equivalents</b>	<b>12,813</b>	<b>21,033</b>

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:

	2015	2014
Short-term deposits	2.21%	3.97%

## 15 Debtors and other receivables

	Actual \$'000 2015	Actual \$'000 2014
Rates debtors	7,610	7,008
Metered water debtors	1,515	1,144
Other trade debtors	1,363	1,475
Sundry debtors	1,575	1,261
GST Receivable	393	403
Debtors and other receivables prior to impairment	<b>12,456</b>	<b>11,291</b>
Less provision for impairment of receivables	4,082	3,716
	<b>8,374</b>	<b>7,575</b>
Prepayments	364	359
	<b>8,738</b>	<b>7,934</b>
<sup>1</sup> Receivables from non-exchange transactions	8,148	6,890
Receivables from exchange transactions	226	685
	<b>8,374</b>	<b>7,575</b>

<sup>1</sup>This 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 (2014:\$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 2015 and 2014 are detailed below:

	2015			2014		
	Gross Impairment \$'000	\$'000	Net \$'000	Gross Impairment \$'000	\$'000	Net \$'000
Not past due	7,759	670	7,089	6,032	511	5,521
Past due 90 days - 2 years	1,468	769	699	1,290	668	622
Past due 2-3 years	1,001	729	272	924	714	211
Past due > 3 years	2,228	1,914	314	3,045	1,823	1,222
<b>Total</b>	<b>12,456</b>	<b>4,082</b>	<b>8,374</b>	<b>11,291</b>	<b>3,716</b>	<b>7,575</b>

Receivables greater than 90 days are considered past due.



## 15 Debtors and other receivables (continued)

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

	Actual \$'000 2015	Actual \$'000 2014
Individual impairment	1,914	1,823
Collective impairment	2,168	1,893
<b>Total provision for impairment</b>	<b>4,082</b>	<b>3,716</b>

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

	Actual \$'000 2015	Actual \$'000 2014
Past due 30-59 days	-	-
Past due 60-89 days	-	-
Past due > 90 days	1,914	1,823
<b>Total individual impairment</b>	<b>1,914</b>	<b>1,823</b>

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

	Actual \$'000 2015	Actual \$'000 2014
As at 1 July	3,716	3,339
Additional provisions made during the year	1,319	1,580
Provisions reversed during the year	-	(158)
Receivables written off during the year	(953)	(1,046)
<b>At 30 June</b>	<b>4,082</b>	<b>3,716</b>

## 16 Derivative financial instruments

	Actual \$'000 2015	Actual \$'000 2014
Current portion		
Interest rate swaps – fair value hedges	(9,946)	(3,831)
<b>Total derivative financial instruments</b>	<b>(9,946)</b>	<b>(3,831)</b>

### 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 \$200.5m (2014: \$129.5m). At 30 June 2015, the fixed interest rates of cash flow hedge interest rate swaps vary from 4.15% to 5.99% (2014: 3.30% to 6.38%).

## 17 Non-current assets held for sale

Western Bay Council owns four residential sections (2014: 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 2015	Actual \$'000 2014
Non-current assets held for sale are:		
- land	952	957
<b>Total non-current asset held for sale</b>	<b>952</b>	<b>957</b>

## 18 Other financial assets

	Actual \$'000 2015	Actual \$'000 2014
<b>Non-current portion</b>		
<b>Zespri Group Limited</b>		
17,660 shares (no change from 2014) with a market value as at 30 June 2015 of \$1.68 (\$1.15 in 2014) per share.	30	20
Te Tumu investment (note 42)	1,396	1,141
<b>Total non-current portion</b>	<b>1,426</b>	<b>1,161</b>
<b>Total other financial assets</b>	<b>1,426</b>	<b>1,161</b>

### 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 2015	Actual \$'000 2014
<b>Share in associates</b>		
Western Bay of Plenty Tourism and Visitors' Trust (50%)	452	521
<b>Total share in associates</b>	<b>452</b>	<b>521</b>

## 20 Investment in Council Controlled Organisations (CCO's) and other similar entities

	Actual \$'000 2015	Actual \$'000 2014
Western Bay Moana Rural Fire Authority (50%)	86	86
Bay of Plenty Local Authority Shared Services Limited BOPLASS Limited 9.7% share (2014: 11.1%)	13	14
<b>NZ Local Government Insurance Company Limited</b> 28,142 shares (2014:no change) with a market value as at 30 June 2015 of \$1.20 per share (2014:\$1.12)	34	31
<b>Local Government Funding Agency Limited</b> 3,731,958 shares (2014: no change) at \$1 per share \$0.50 share paid up capital (2014: no change)	1,866	1,866
Local Government Funding Agency Borrower Notes	1,120	1,120
<b>Total Investment in Council Controlled Organisations (CCO's) and other similar entities</b>	<b>3,119</b>	<b>3,117</b>

	Actual \$'000 2015	Actual \$'000 2014
<b>Western Bay Moana Rural Fire Authority</b>		
Assets	159	213
Liabilities	30	2
Revenues	236	198
Surplus / (deficit)	(42)	24
<b>Western Bay's % interest</b>	<b>50.0%</b>	<b>50.0%</b>

	Actual \$'000 2015	Actual \$'000 2014
<b>Bay of Plenty Local Authority Shared Services (BOPLASS)</b>		
Assets	1,105	1,190
Liabilities	1,046	1,130
Revenues	1,560	1,504
Surplus / (deficit)	2	5
<b>Western Bay's % interest</b>	<b>9.7%</b>	<b>11.1%</b>

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.
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
	2015	2014
Representation	12	11
Planning for the future	6	12
Communities	458	391
Recreation and leisure	1,446	1,594
Regulatory services	61	79
Transportation	7,875	7,725
Water supply	2,762	2,766
Stormwater	1,149	1,138
Natural environment	7	3
Wastewater	3,465	3,381
Solid waste	28	27
Economic	-	1
<b>Total depreciation and amortisation by activity</b>	<b>17,269</b>	<b>17,128</b>
<b>Depreciation and amortisation related to support services</b>	<b>1,101</b>	<b>1,025</b>
<b>Total depreciation and amortisation expense</b>	<b>18,370</b>	<b>18,153</b>
Made up of:		
Depreciation	17,968	17,724
Amortisation	402	429
Gains	Actual \$'000	Actual \$'000
	2015	2014
Transport	16,440	-
Water supply	296	(19)
Communities	512	-
Recreation and leisure	7,187	1,338
Waste	224	-
Stormwater	76	-
Support services	1,920	-
<b>Property plant and equipment gains</b>	<b>26,655</b>	<b>1,319</b>
Intangibles (Emission Trading Scheme NZ Units)	84	-
Forestry	354	(36)
<b>Total gains</b>	<b>27,093</b>	<b>1,283</b>
<p>The 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.</p>		
Work in progress	Actual \$'000	
	2015	
Transportation	385	
Water supply	515	
Communities	1,768	
Recreation and leisure	393	
Waste water	1,183	
Storm water	587	
<b>Total</b>	<b>4,831</b>	

2015	Cost /	Accumulated	Carrying	Current	Current	Current year	Current year	Transfers	Current year	Revaluation	Revaluation	Cost /	Accumulated	Carrying
	Valuation	depreciation	amount	year	year	disposals	disposal		depreciation		depreciation	Valuation	depreciation	amount
		and		additions	vested		depreciation						and	
	1 July 2014	1 July 2014	1 July 2014		assets								charges	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Council 2015</b>														
<b>Operational assets</b>														
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
<b>Total operational assets</b>	<b>59,720</b>	<b>(7,652)</b>	<b>52,069</b>	<b>3,563</b>	<b>115</b>	<b>(1,420)</b>	<b>408</b>	<b>376</b>	<b>(1,671)</b>	<b>1,609</b>	<b>(2,487)</b>	<b>61,476</b>	<b>(6,428)</b>	<b>55,048</b>
<b>Infrastructural assets</b>														
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
<b>Total infrastructural assets</b>	<b>975,527</b>	<b>(15,066)</b>	<b>960,461</b>	<b>10,902</b>	<b>40</b>	<b>(1,002)</b>	<b>-</b>	<b>-</b>	<b>(15,239)</b>	<b>108,087</b>	<b>(15,014)</b>	<b>1,078,538</b>	<b>(15,291)</b>	<b>1,063,247</b>
<b>Restricted assets</b>														
Land	71,995	-	71,995	-	324	(454)	-	-	-	(6,276)	-	65,589	-	65,589
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
<b>Total restricted assets</b>	<b>92,895</b>	<b>(2,931)</b>	<b>89,964</b>	<b>1,009</b>	<b>566</b>	<b>(957)</b>	<b>60</b>	<b>(376)</b>	<b>(1,059)</b>	<b>(1,940)</b>	<b>(2,801)</b>	<b>88,397</b>	<b>(1,129)</b>	<b>87,268</b>
<b>Total Council</b>	<b>1,128,142</b>	<b>(25,648)</b>	<b>1,102,494</b>	<b>15,474</b>	<b>720</b>	<b>(3,380)</b>	<b>467</b>	<b>(0)</b>	<b>(17,968)</b>	<b>107,756</b>	<b>(20,301)</b>	<b>1,228,411</b>	<b>(22,848)</b>	<b>1,205,563</b>

# 2014

	Cost / Valuation	Accumulated depreciation and impairment charges	Carrying amount	Current year additions	Current year vested assets	Current year disposals	Current year disposal depreciation	Transfers	Current year depreciation	Revaluation	Revaluation depreciation	Cost / Valuation	Accumulated depreciation and impairment charges	Carrying amount
	1 July 2013	1 July 2013	1 July 2013									30 June 2014	30 June 2014	30 June 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Council 2014</b>														
<b>Operational assets</b>														
Land	28,889	-	28,889	7	-	-	-	-	-	-	-	28,896	-	28,896
Buildings	13,094	(431)	12,663	722	-	-	-	-	(229)	-	-	13,816	(660)	13,156
Coastal marine	6,577	(831)	5,746	27	-	-	-	-	(433)	-	-	6,604	(1,264)	5,339
Libraries	1,803	(419)	1,384	257	-	-	-	-	(261)	-	-	2,060	(680)	1,380
Office equipment	5,493	(4,176)	1,352	541	-	(424)	424	-	(323)	-	-	5,610	(4,075)	1,535
Plant and equipment	373	(277)	96	-	-	(185)	185	-	(18)	-	-	188	(111)	78
Mobile plan & vehicles	1,874	(803)	1,071	539	-	(501)	266	-	(324)	-	-	1,912	(862)	1,051
Work in progress	3,316	-	3,316	(2,681)	-	-	-	-	-	-	-	515	-	515
<b>Total operational assets</b>	<b>61,418</b>	<b>(6,937)</b>	<b>54,516</b>	<b>(588)</b>	<b>-</b>	<b>(1,110)</b>	<b>875</b>	<b>-</b>	<b>(1,589)</b>	<b>-</b>	<b>-</b>	<b>59,601</b>	<b>(7,652)</b>	<b>51,949</b>
<b>Infrastructural assets</b>														
Land	14,713	-	14,713	13	-	(69)	-	-	-	-	-	14,657	-	14,657
Buildings	1,776	(76)	1,700	57	-	-	-	-	(43)	-	-	1,834	(118)	1,715
Water - treatment	2,254	(163)	2,091	-	-	(10)	1	-	(151)	3	(163)	2,085	(151)	1,934
Water - other	76,949	(2,480)	74,469	2,205	183	(40)	8	-	(2,599)	2,430	(2,480)	79,247	(2,591)	76,656
Stormwater	78,808	(1,068)	77,739	577	418	-	-	-	(1,137)	580	(1,068)	79,313	(1,137)	78,176
Wastewater - treatment	11,298	(614)	10,684	397	88	-	-	-	(713)	2,575	(614)	13,744	(713)	13,031
Wastewater - other	109,366	(2,751)	106,615	436	-	-	-	-	(2,656)	(954)	(2,751)	106,098	(2,656)	103,442
Land under roads	156,774	-	156,774	254	39	-	-	-	-	-	-	157,067	-	157,067
Roading - Other	48,627	(1,598)	47,029	1,143	62	-	-	-	(1,575)	(2,468)	(1,598)	45,766	(1,575)	44,190
Roading - Surfaces	485,908	(5,645)	480,263	6,899	188	-	-	-	(6,124)	(13,884)	(5,645)	473,466	(6,124)	467,342
Work in progress	2,358	-	2,358	(108)	-	-	-	-	-	-	-	2,250	-	2,250
<b>Total infrastructural assets</b>	<b>988,832</b>	<b>(14,395)</b>	<b>974,437</b>	<b>11,874</b>	<b>979</b>	<b>(120)</b>	<b>8</b>	<b>-</b>	<b>(14,998)</b>	<b>(11,719)</b>	<b>(14,319)</b>	<b>975,646</b>	<b>(15,066)</b>	<b>960,580</b>
<b>Restricted assets</b>														
Land	71,884	-	71,884	590	-	(479)	-	-	-	-	-	71,995	-	71,995
Buildings	16,927	(1,811)	15,115	3,713	-	(253)	17	-	(1,137)	-	-	20,386	(2,931)	17,455
Work in progress	579	-	579	(65)	-	-	-	-	-	-	-	514	-	514
<b>Total restricted assets</b>	<b>89,389</b>	<b>(1,811)</b>	<b>87,578</b>	<b>4,238</b>	<b>-</b>	<b>(732)</b>	<b>17</b>	<b>-</b>	<b>(1,137)</b>	<b>-</b>	<b>-</b>	<b>92,895</b>	<b>(2,931)</b>	<b>89,964</b>
<b>Total Council</b>	<b>1,139,639</b>	<b>(23,143)</b>	<b>1,116,531</b>	<b>15,523</b>	<b>979</b>	<b>(1,961)</b>	<b>901</b>	<b>-</b>	<b>(17,724)</b>	<b>(11,719)</b>	<b>(14,319)</b>	<b>1,128,142</b>	<b>(25,648)</b>	<b>1,102,494</b>

## 21 Property, plant and equipment (continued)

### Valuations

#### Operational and restricted land and buildings

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

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

	Actual \$'000 2015	Actual \$'000 2014
Aecom	284,676	274,669
Opus	525,921	511,533
Landmass	379,272	305,011
Tonkin and Taylor	6,560	5,339
Interpine Forestry Limited	5,176	4,821
<b>Total</b>	<b>1,201,605</b>	<b>1,101,373</b>

**Insurance disclosure as required under Local Government Amendment (No3) Act**

	Carry Amount 30 June 2015 \$'000	Insured Amounts 30 June 2015 \$'000
<b>Category A Insurance Contracts</b>		
Water	78,769	156,316
Wastewater	121,198	178,501
Stormwater	78,491	99,563
Mobile Plant & Vehicles	1,132	1,359
Forestry	5,176	4,814
	<b>284,766</b>	<b>440,553</b>
<b>Category B Financial Risk Sharing Arrangements assets</b>		
Material damage cover	-	39,181
Buildings	36,590	-
Coastal marine	6,419	-
Libraries	1,361	-
Office equipment	1,687	-
Plant & equipment	59	-
	<b>46,116</b>	<b>39,181</b>
<b>Category A Total</b>	-	-
<b>Category B Financial Risk Sharing Arrangements assets</b>		
Nil	-	-
<b>Category B Total</b>	-	-
<b>Category C Financial Risk Sharing Arrangements assets</b>		
Disaster Contingency Reserve	-	-
Land under roads	241,902	-
Roading - Other	44,066	-
Roading - Surfaces	482,595	-
Land	107,638	-
<b>Category C Total</b>	<b>876,201</b>	-
	<b>1,207,082</b>	<b>479,733</b>

**Work in progress**

The total amount of property, plant and equipment in the course of construction is \$4.83m (2014: \$3.28 million).

**Impairment**

There were no impairment losses in the year to 30 June 2015 (2014: \$nil).



## 22 Intangible assets

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

Property subdivision rights – refer to Note 42.

	Computer Software		Resource Consents		Emissions Trading Scheme NZ Units		Property Subdivision Rights		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Balance at 1 July</b>										
Cost	3,901	3,847	600	596	219	219	2,627	2,627	7,347	7,394
Accumulated amortisation and impairment	(2,736)	(2,468)	(125)	(102)	(124)	(195)	(967)	(829)	(3,952)	(3,699)
	1,165	1,379	475	494	95	24	1,660	1,798	3,395	3,695
Work in progress	-	-	-	-	-	-	-	-	-	-
Opening carrying amount	1,165	1,379	475	494	95	24	1,660	1,798	3,395	3,695
<b>Year ended 30 June</b>										
Additions	154	54	-	4	-	-	-	-	154	58
Amortisation & impairment charge	(243)	(268)	(21)	(23)	0	-	(140)	(138)	(402)	(429)
Gains	-	-	-	-	124	71*	-	-	124	71
Disposals	-	-	-	-	-	-	-	-	-	-
Closing carrying amount	1,076	1,165	454	475	219	95	1,520	1,660	3,271	3,395
<b>Balance as 30 June</b>										
Cost	4,055	3,901	600	600	219	219	2,627	2,627	7,501	7,452
Accumulated amortisation and impairment	(2,979)	(2,736)	(146)	(125)	0	(124)	(1,107)	(967)	(4,232)	(4,057)
	1,076	1,165	454	475	219	95	1,520	1,660	3,269	3,395
Work in progress	-	-	-	-	-	-	-	-	-	-
<b>Closing carrying amount</b>	<b>1,076</b>	<b>1,165</b>	<b>454</b>	<b>475</b>	<b>219</b>	<b>95</b>	<b>1,520</b>	<b>1,660</b>	<b>3,269</b>	<b>3,395</b>

Carbon credits were vested by the Council in 2011. Fair value initial recognition was \$219k. 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 \$'000 2015	Actual \$'000 2014
Balance at 1 July	4,821	3,610
Gains/(losses) arising from changes attributable to physical changes	439	1,522
Gains/(losses) arising from changes attributable to price changes	330	(260)
Decrease due to sale	-	-
Decrease due to harvest	(414)	(51)
<b>Balance at 30 June</b>	<b>5,176</b>	<b>4,821</b>

### TECT All Terrain Park Forest

The TECT all terrain park owns 416.8 hectares of Pinus Radiata forest, 44.7 hectares of Douglas Fir, 10.4 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 20 years. The total value of the forestry stand is \$5.42 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 20 years and 4.0 hectares have a maturity of 19 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 \$501,926.

### Matakana Island Forest

Council owns 126.4 hectares of Pinus Radiata forest which are at varying stages on maturity ranging from 3 to 31 years with an average age of 16.5 years. The total value of the forestry stand is \$1.96 million.

### Valuation assumptions

Independent registered valuer, Interpine Forestry Limited, valued Councils forestry assets as at 30 June 2015. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- ▶ a discount rate of 8.9 % (2014: 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% (2014: 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 2015, 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 \$'000 2015	Actual \$'000 2014
<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	5,962	4,772
Employee entitlements	1,710	1,513
Other income in advance	137	106
Sundry payables	448	330
<b>Total</b>	<b>8,257</b>	<b>6,721</b>
<i>Payables and deferred revenue under non-exchanged transactions</i>		
Rates in advance	2,572	2,183
Bonds and deposits	1,408	910
Environment Bay of Plenty Regional Council rates	404	380
<b>Total</b>	<b>4,384</b>	<b>3,473</b>
<b>Total current portion</b>	<b>12,641</b>	<b>10,194</b>

### Non-current portion

	Actual \$'000 2015	Actual \$'000 2014
<i>Payables and deferred revenue under non-exchange transactions</i>		
Employment entitlements	22	27
<b>Total payables and deferred revenue</b>	<b>14,373</b>	<b>11,734</b>

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

## 25 Borrowings

### Current

	Actual \$'000 2015	Actual \$'000 2014
Secured loans fixed	-	10,000
Secured loans floating	10,000	8,000
<b>Total current secured loans</b>	<b>10,000</b>	<b>18,000</b>
<b>Total current borrowings</b>	<b>10,000</b>	<b>18,000</b>

## 25 Borrowings (continued)

### Non-current

	Actual \$'000 2015	Actual \$'000 2014
Secured loans fixed	20,000	20,000
Secured loans floating	108,000	118,003
<b>Total non-current secured loans</b>	<b>128,000</b>	<b>138,003</b>
<b>Total non-current borrowings</b>	<b>128,000</b>	<b>138,003</b>
<b>Total public debt</b>	<b>138,000</b>	<b>156,003</b>

Western Bay Council's secured debt of \$108.000m (2014: \$126.003m) 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 \$10.000m (2014: \$8.000m) is issued at a margin of 18bps and 229 bps (2014 18bps and 253bps) 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 2015	Actual \$'000 2014
Payable no later than one year	10,000	18,000
<i>Weighted average interest rate</i>	<i>4.78%</i>	<i>4.01%</i>
Later than one, not later than five years	108,000	118,003
<i>Weighted average interest rate</i>	<i>4.45%</i>	<i>4.54%</i>
Later than five years	20,000	20,000
<i>Weighted average interest rate</i>	<i>5.67%</i>	<i>5.67%</i>
	<b>138,000</b>	<b>156,003</b>

### Fair values of non-current borrowings

	Carrying amounts \$'000 2015	Carrying amounts \$'000 2014	Fair values \$'000 2015	Fair values \$'000 2014
Secured loans	128,000	138,003	129,222	140,771
<b>Total</b>	<b>128,000</b>	<b>138,003</b>	<b>129,222</b>	<b>140,771</b>

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 2015	Actual 2014
Secured loans and debentures	4.65%	5.22%

## 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 2015 Western Bay Council had \$30.0 million of undrawn cash facilities available (2014: \$30.0 million).

## Debentures

Western Bay Council's secured debt of \$138.0 million (2014: \$156.0 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 (2014: \$600,000). There are no restrictions on the use of this facility.

## 26 Employee entitlements

	Actual \$'000 2015	Actual \$'000 2014
Accrued pay	368	279
Annual leave and accrued entitlements	1,317	1,209
Retirement gratuities	21	27
Sick leave	26	25
	<b>1,732</b>	<b>1,540</b>
Made up of:		
Current	1,710	1,513
Non-current	22	27
<b>Total employee entitlements</b>	<b>1,732</b>	<b>1,540</b>

## 27 Provisions

	Actual \$'000 2015	Actual \$'000 2014
<b>Current portion</b>		
Landfill aftercare provision	10	8
Weathertight Homes Resolution Service	300	300
<b>Total current portion</b>	<b>310</b>	<b>308</b>
<b>Non-current portion</b>		
Landfill aftercare provision	357	369
<b>Total non-current portion</b>	<b>357</b>	<b>369</b>
<b>Total provisions</b>	<b>667</b>	<b>677</b>

### Movements for each class of provision are as follow:

	Landfill \$'000	Weathertight Homes \$'000	Total \$'000
Balance at 1 July 2013	386	300	686
Additional provisions	-	-	-
Amounts used	(9)	-	(9)
<b>Balance at 30 June 2014</b>	<b>377</b>	<b>300</b>	<b>677</b>
<b>2015</b>			
Balance at 1 July 2014	377	300	677
Additional provisions	-	-	-
Amounts used	(10)	-	(10)
<b>Balance at 30 June 2015</b>	<b>367</b>	<b>300</b>	<b>667</b>

### 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 \$0.38 (2014: \$0.40 million) and for post-closure of Te Puke of \$0.29 million (2014: \$0.30 million) over the remaining life (Athenree 20 years, Te Puke 17 years) of the resource consents. This liability has been discounted back to a current value of \$0.37m (2014: \$0.38 million) using a discount rate of 7% (2014: 7%).

### Weathertight Homes Resolution Services

Note 35 on page 169 provides additional information regarding this provision.

## Equity

### 28 Retained earnings

	Actual \$'000 2015	Actual \$'000 2014
Opening balance	680,850	683,585
<b>Surplus / (deficit)</b>	10,338	6,124
Other surplus /(deficit) through comprehensive income	12	10
Reclassification from prior year	-	503
Reclassification of reserves to equity	24,446	(5,996)
	<b>715,646</b>	<b>684,226</b>
<b>Transfers to:</b>		
Restricted reserves	(15)	(14)
Council created reserves	(18,553)	(21,298)
	<b>(18,568)</b>	<b>(21,312)</b>
<b>Transfers from:</b>		
Restricted reserves	11	9
Council created reserves	17,758	17,888
Asset revaluation reserve	-	39
	<b>17,769</b>	<b>17,936</b>
<b>Closing balance</b>	<b>714,847</b>	<b>680,850</b>

### 29 Restricted reserves

	Actual \$'000 2015	Actual \$'000 2014
Opening balance	251	246
<b>Transfers to:</b>		
Accumulated funds	(11)	(9)
<b>Transfers from:</b>		
Accumulated funds	15	14
<b>Closing balance</b>	<b>255</b>	<b>251</b>

### 30 Council-created reserves

	Actual \$'000 2015	Actual \$'000 2014
Opening balance	20,898	17,488
<b>Transfers to:</b> Accumulated funds	(6,817)	(17,888)
	(6,817)	(17,888)
<b>Transfers from:</b> Accumulated funds	8,097	21,298
	8,097	21,298
<b>Closing balance</b>	<b>22,178</b>	<b>20,898</b>

For a breakdown of Council created reserves see note 32 on page 160.

### 31 General asset revaluation reserve

	Actual \$'000 2015	Actual \$'000 2014
Opening balance	271,188	276,382
Change in asset value	94,984	(11,151)
Transfer to retained earnings on disposal of property	-	(39)
Reclassification of reserves to equity	(24,930)	5,996
<b>Closing balance</b>	<b>341,242</b>	<b>271,188</b>
<b>Comprising</b>		
Land	-	13
Buildings	-	156
Water supply	28,014	30,252
Roading	214,797	147,197
Wastewater	51,153	47,280
Stormwater	42,215	41,735
Coastal marine structures	3,896	4,052
Library books	909	503
Improvements	258	-
<b>Total asset revaluation reserve</b>	<b>341,242</b>	<b>271,188</b>



**Asset revaluation reserves**

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

	Actual \$'000 2015	Actual \$'000 2014
<b>Infrastructural:</b>		
Land	-	-
Water Supply	28,014	30,252
Road Reserves	68,500	15,403
Road Surface	135,952	121,816
Other Roothing	10,345	9,978
Wastewater	51,153	47,280
Stormwater	42,215	41,735
<b>Operational assets:</b>		
Land	-	13
Buildings	-	156
Coastal Marine	3,896	4,052
Library Books	909	503
Improvements	258	-
<b>Total general asset revaluation reserve</b>	<b>341,242</b>	<b>271,188</b>



## 32 Reserve funds

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
<b>Restricted Reserves</b>	<b>Restricted reserves have been established from public bequests and are only able to be spent in the manner specified by the donor</b>					
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
I'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
<b>Total Restricted Reserves</b>			<b>250,851</b>	<b>15,050</b>	<b>(11,080)</b>	<b>254,821</b>
<b>Asset Replacement Reserves</b>						
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
<b>Total Asset Replacement Reserves</b>			<b>5,818,302</b>	<b>3,066,916</b>	<b>(2,538,692)</b>	<b>6,346,526</b>

Reserve name	Purpose	Activity	Opening balance 1 July 2013	Deposits to fund to 30 June 2014	Withdrawals from fund to 30 June 2014	Closing balance 30 June 2014
<b>Restricted Reserves</b>	<b>Restricted reserves have been established from public bequests and are only able to be spent in the manner specified by the donor</b>					
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	28,074	1,684	-	29,758
I'Anson Park Trust	The accumulated interest is available for both operational and capital expenditure undertaken in the Te Puna area.	Recreation and Leisure	4,515	271	-	4,786
Hastie Bequest	The principle settlement amount of \$100,000 is maintained and the interest can be used for Te Puke area library purchases.	Communities	200,821	12,050	(9,285)	203,586
CE Miller Estate	The interest on the capital of \$9,763 is available for the beautification of Katikati.	Recreation and Leisure	12,721	-	-	12,721
<b>Total Restricted Reserves</b>			<b>246,131</b>	<b>14,005</b>	<b>(9,285)</b>	<b>250,851</b>
<b>Asset Replacement Reserves</b>						
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	418,256	515,886	(482,567)	451,575
District Reserves		Support Services	995,906	908,120	(360,295)	1,543,731
Huharua Sub Regional Park		Recreation and Leisure	70,259	13,844	-	84,103
TECT All Terrain Park		Recreation and Leisure	319,345	100,643	-	419,988
Asset Replacement - office buildings		Recreation and Leisure	1,028,213	291,220	(272,277)	1,047,156
Asset Replacement - vehicles		Support Services	290,030	319,815	(281,778)	328,067
Asset Replacement - civil defence vehicle		Communities	96,422	24,490	-	120,912
Asset Replacement - telemetry		Communities	64,994	-	-	64,994
Asset Replacement - swimming pool		Recreation and Leisure	79,029	22,125	-	101,154
Asset Replacement - library books		Communities	1,050,734	326,980	-	1,377,714
Asset Replacement - library computers		Communities	1,393	84	-	1,477
Asset Replacement - Cemetery		Communities	54,532	28,356	-	82,888
Asset Replacement - coast marine		Recreation and Leisure	145,969	133,068	(84,495)	194,542
<b>Total Asset Replacement Reserves</b>			<b>4,615,083</b>	<b>2,684,631</b>	<b>(1,481,412)</b>	<b>5,818,302</b>

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
<b>Community Board Reserves</b>						
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
<b>Total Community Board Reserves</b>			<b>967,766</b>	<b>137,572</b>	<b>(153,793)</b>	<b>951,545</b>
<b>Other Community Reserves</b>						
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
<b>Total Other Community Reserves</b>			<b>2,350,544</b>	<b>191,104</b>	<b>(5,195)</b>	<b>2,520,232</b>

Reserve name	Purpose	Activity	Opening balance 1 July 2013	Deposits to fund to 30 June 2014	Withdrawals from fund to 30 June 2014	Closing balance 30 June 2014
<b>Community Board Reserves</b>						
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	240,313	32,799	(24,680)	248,432
Katikati Community Board		Communities	176,816	33,278	(32,345)	177,749
Omokoroa Community Board		Communities	250,928	42,010	(570)	292,368
Te Puke Community Board		Communities	69,776	37,749	-	107,525
Maketu Community Board		Communities	228,375	24,114	(110,796)	141,693
<b>Total Community Board Reserves</b>			<b>966,206</b>	<b>169,950</b>	<b>(168,391)</b>	<b>967,766</b>
<b>Other Community Reserves</b>						
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	10,580	635	-	11,215
Waihi Beach Town Centre Development	For town centre development.	Economic	506,566	46,847	(581,959)	(28,546)
Katikati Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	332,960	45,143	-	378,103
Omokoroa Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.	Economic	33,898	2,034	-	35,932
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	777,945	46,676	(270,834)	553,787
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	380,789	51,497	-	432,286
<b>Total Other Community Reserves</b>			<b>2,042,738</b>	<b>192,832</b>	<b>(852,793)</b>	<b>1,382,777</b>

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
<b>Financial Contributions Reserves</b>						
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
<b>Total Financial Contribution Reserves</b>			<b>(1,978,062)</b>	<b>938,194</b>	<b>(996,202)</b>	<b>(2,036,070)</b>
<b>General Reserves</b>						
<b>Established reserves for specific purposes</b>						
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
<b>Total General Reserves</b>			<b>5,174,578</b>	<b>3,123,271</b>	<b>(2,529,063)</b>	<b>5,768,786</b>

Reserve name	Purpose	Activity	Opening balance 1 July 2013	Deposits to fund to 30 June 2014	Withdrawals from fund to 30 June 2014	Closing balance 30 June 2014
<b>Financial Contributions Reserves</b>						
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	569,443	-	(5,598)	563,844
Ecological financial contributions - operational	As above	Natural Environment	175,153	98,875	(208,221)	65,807
Parks and Community financial contributions	To provide for teaching and public education/awareness raising purposes.	Recreation and Leisure	(3,888,486)	1,335,594	(435,227)	(2,988,119)
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
<b>Total Financial Contribution Reserves</b>			<b>(2,763,485)</b>	<b>1,434,469</b>	<b>(649,046)</b>	<b>(1,978,062)</b>
<b>General Reserves</b>						
<b>Established reserves for specific purposes</b>						
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	1,889,513	1,874,296	(1,067,504)	2,696,304
Environmental Protection Rate	For the accumulation of any net surplus arising from the Environmental Protection Rate account Deficits are not permitted in this reserve.	All	1,772,972	610,950	(68,910)	2,315,012
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	140,448	8,427	-	148,875
<b>Total General Reserves</b>			<b>3,817,320</b>	<b>2,493,673</b>	<b>(1,136,414)</b>	<b>5,174,578</b>



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
<b>Special Reserves</b>						
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
<b>Total Special Reserves</b>			<b>9,532,910</b>	<b>640,284</b>	<b>(594,242)</b>	<b>9,578,952</b>
<b>Total Council Created Reserves</b>			<b>20,898,271</b>	<b>8,097,341</b>	<b>(6,817,187)</b>	<b>22,178,425</b>
<b>Total All Council Reserves</b>			<b>21,149,122</b>	<b>8,112,391</b>	<b>(6,828,267)</b>	<b>22,433,246</b>

Reserve name	Purpose	Activity	Opening balance 1 July 2013	Deposits to fund to 30 June 2014	Withdrawals from fund to 30 June 2014	Closing balance 30 June 2014
<b>Special Reserves</b>						
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	6,581,177	394,871	-	6,976,048
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	1,941,101	284,526	(115,362)	2,110,265
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	(364,221)	158,020	-	(206,201)
Panepane Point Development Reserve			362,000	-	-	362,000
<b>Total Special Reserves</b>			<b>8,810,855</b>	<b>837,417</b>	<b>(115,362)</b>	<b>9,532,910</b>
<b>Total Council Created Reserves</b>			<b>17,488,718</b>	<b>7,812,972</b>	<b>(4,403,419)</b>	<b>20,898,271</b>
<b>Total All Council Reserves</b>			<b>17,734,849</b>	<b>7,826,977</b>	<b>(4,412,704)</b>	<b>21,149,122</b>

### 33 Reconciliation of net surplus / (deficit) to net cash flow from operating activities

	Actual \$'000 2015	Actual \$'000 2014
<b>Net surplus / (deficit)</b>	10,338	6,124
<b>Add/(less) non-cash items</b>		
Depreciation and amortisation	18,370	18,153
Vested assets	(720)	(979)
Gain on revaluation of assets	(26,738)	(58)
Gain on valuation of forestry assets	(355)	(1,212)
Investment in associates movement	-	363
Loss on sale of assets	2,678	343
Loss on valuation of assets	13,549	-
Landfill aftercare provision movement	(10)	(9)
Provision for doubtful debts movement	366	377
Unrealised interest	(619)	(558)
Employee expenses	-	(3)
Unrealised hedging movement	6,116	(3,795)
Impairment of financial instrument	364	1,892
<b>Add/(less) movements in working capital items:</b>		
Accounts receivable	(1,129)	55
Accounts payable	2,506	(382)
<b>Add/(less) items classified as investing activities</b>		
Revaluation of shares	12	(10)
<b>Net cash inflow (outflow) from operating activities</b>	<b>24,728</b>	<b>20,301</b>

### 34 Capital commitments and operating leases

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

	Actual \$'000 2015	Actual \$'000 2014
<b>Operational</b>		
Land	131	20
Building	380	11
Coastal Marine	250	144
<b>Infrastructure</b>		
Water	297	202
Wastewater	332	38
Stormwater	180	35
Roading	26,865	3,928
<b>Restricted</b>		
Building	155	605
<b>Total capital commitments</b>	<b>28,590</b>	<b>4,983</b>

### 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 2015	Actual \$'000 2014
Not later than one year	161	103
Later than one year and not later than two years	154	21
Later than two years and not later than five years	299	63
Later than five years	976	880
<b>Total non-cancellable operating leases</b>	<b>1,590</b>	<b>1,067</b>

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 2015 \$69.47 million remained committed on this contract for the remaining 76 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. 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 2015	Actual \$'000 2014
Building Act claims	50	50
Weatheright Homes Resolution Service (WHRS)	600	600
Katikati Heritage Museum Charitable Trust	-	550
Athenree Property Limited	-	2,433
Weatherightness claim	1,500	-
Local Authority Protection Programme Disaster Fund (LAPP)	380	380
<b>Total contingent liabilities</b>	<b>2,530</b>	<b>4,013</b>

## 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 (2014: \$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 was one additional claim lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2015 (2014: 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 nine claims that are still open as at balance date (2014: eight).

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

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

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

### Katikati Heritage Museum Charitable Trust

The property owned by the Trust was sold in 2014 and the Guarantee was discharged by the Bank of New Zealand.

### 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 is outside the Weathertight Homes Resolution Service (WHRS) process. The CCC was issued eight years after completion of the property. Council is defending the claim. The Hearing is set down for November 2015.

### Athenree Property Limited

Council were previously being sued by Athenree Property Limited in the High Court. They had claimed \$2,433,000 plus interest and costs for alleged negligent preparation of plan change documents and promulgation of incorrect information on planning maps and in LIM reports. This claim was closed during the year.

### New Zealand Local Government Funding Agency (LGFA)

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

As at 30 June 2015 there were 31 (2014: 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 \$3,889 (2014: \$3,695m) at 30 June.

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

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

### 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 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

There were no prior year adjustments.

## 37 Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and 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 2015	Actual \$'000 2014
Salaries and other short term employee benefits	975	996
Termination benefits	335	-
<b>Total senior management remuneration</b>	<b>1,310</b>	<b>996</b>

Key management personnel include the Chief Executive Officer and other senior management personnel. Current Chief Executive Officer Miriam Taris was appointed Chief Executive Officer on 30 July 2014. Former Chief Executive Officer Glenn Snelgrove was employed by Western Bay of Plenty District Council until 7 July 2014.

	Actual \$'000 2015	Actual \$'000 2014
Full-time equivalent members	6	4
<b>Total full-time equivalent members</b>	<b>6</b>	<b>4</b>

## 37 Related party transactions (continued)

### 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 2015

Actual \$'000 2013/14		Actual \$'000 2014/15
1,504	Revenue	1,560
(1,499)	Expenditure	(1,558)
5	Surplus / (deficit)	2
5	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 2015/16 and associated budget formally adopted by the directors at the meeting held on 29 May 2015.

On page 172 and 173 is a report of performance against targets set in the Statement of Intent for 2014/15.

Performance Targets for 2014-2015		
Outcomes	Measure	Result
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils. Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings and/ or improved service levels to the participating councils.	<p>Joint procurement initiatives undertaken for:</p> <ul style="list-style-type: none"> <li>• Print Media Copyright Agency – group agreement providing consistent licensing level to all councils and discounted pricing.</li> <li>• Travel Services Management – discounted travel services and improved reporting and management of council travel expenses.</li> <li>• Air Travel – Air NZ Direct Connect Portal available to all BOPLASS councils, providing preferential booking services and discounted national and international airfares.</li> <li>• Radio Telephony Strategy – collaboration in development of regional-wide RT strategy, providing improved coordination of civil defence and emergency services, reduction in duplication of services, sharing of infrastructure and cost savings.</li> <li>• Aerial Photography – managed tender for new collaborative flying programme, providing savings in capture and production of imagery.</li> <li>• Archiving Services – opportunities for collaborative archiving service and shared facility undertaken.</li> <li>• Joint procurement of High-Volume Print and Mail Services initiated, e.g. rates, water, dog notices.</li> <li>• On-line Services – investigation of collaborative development of online delivery of council services to communities.</li> </ul>

Performance Targets for 2014-2015		
Outcomes	Measure	Result
Provide support to BOPLASS councils that are managing or investigating Shared Services projects. BOPLASS to provide resource and expertise to assist councils in shared services developments and projects.	0.25 FTE assigned to directly developing councils' shared service opportunities.	Support provided to councils in development of the following services: <ul style="list-style-type: none"> <li>• After-hours telephone services – BOPLASS council appointed, providing consistent regional service and direct input of service requests.</li> <li>• Inter Council Network (ICN) Management – monitoring and management of ICN established, including design and architecture, monitoring services and support services – ensuring reliability of network for councils and delivery of services.</li> <li>• Council submissions on Government's Ultra-Fast Broadband (UFB), Rural Broadband Initiative (RBI) and mobile blackspot supported by BOPLASS – assisting councils to promote priority areas and a regional approach to supporting better broadband in communities.</li> <li>• GIS services – collaboration in development of council and regional GIS services.</li> <li>• Regionally based Data Centre – supporting councils and local economic development agencies investigation into a local data centre.</li> <li>• 35% of IT Manager's time directly committed to supporting council projects – measured by job-racking timesheets.</li> </ul>
Develop a Collaboration Portal for access to, and sharing of, project information from BOPLASS councils and the greater Local Government community. Build and establish an electronic portal utilising technology to provide secure access for all BOPLASS councils.	Shared portal providing upload and download capabilities to all participating BOPLASS councils is operational within 12 months.	<ul style="list-style-type: none"> <li>• Collaboration portal established, content populated and portal live and operational.</li> <li>• Training initiated with pilot BOPLASS councils.</li> <li>• Unacceptable performance from external hosting services created poor user experience. Delayed resolution from provider produced delay in completing final rollout to all BOPLASS councils.</li> <li>• Exception Report provided to councils outlining cause of delay, steps taken to resolve issues, and learnings.</li> <li>• Hosting has now been moved from the environment causing the performance issues and has been established and tested in Office365 Sydney.</li> <li>• Portal is now operational and being rolled out to BOPLASS councils.</li> </ul>
Manage and/or renegotiate existing contracts.	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"> <li>• Media Monitoring Services</li> <li>• Office Supplies</li> <li>• Video Conferencing Services</li> <li>• GIS software – FME, Optimizer, Essentials, ERDAS, X-Tools, ESRI, NZAA</li> <li>• Postal services</li> <li>• Insurance broker services</li> <li>• Infrastructure Insurance.</li> </ul>
Perform self-assessment reviews of governance.	Affirmative feedback received from shareholding councils at least annually.	<ul style="list-style-type: none"> <li>• Strategic reviews completed by the board.</li> <li>• Board structure altered to include independent director with incremental skills. Independent director recruited and appointed.</li> <li>• Changes made to operations governance structure. Statement of Intent, including governance changes, accepted by all shareholding councils.</li> </ul>
Communicate with each shareholding council at appropriate levels.	At least one meeting per year.	<ul style="list-style-type: none"> <li>• Executive-level meetings held with councils.</li> </ul>
Ensure current funding model is appropriate.	Performance against budgets reviewed quarterly. Company remains financially viable.	<ul style="list-style-type: none"> <li>• Council contributions levied, contributions received from activities producing savings, vendor rebates collected. Monthly and quarterly performance reviewed.</li> </ul>

Above performance targets are unaudited preliminary results.



## 37 Related party transactions (continued)

### Council controlled organisation

#### 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 2015

Actual \$'000 2013/14		Actual \$'000 2014/15
10,200	Revenue	10,219
3,280	Expenditure	(3,245)
6,920	Surplus/(deficit)	6,974
6,920	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 2015/16 and associated budget formally adopted by the company on 30 June 2015.

The following is a report of performance against targets set in the Statement of Intent for 2014/15.

Performance Targets for 2014-2015		
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 2012-2013.	LGFA measures the pricing performance of bond tenders against two key benchmarks.	<ul style="list-style-type: none"> <li>▶ LGFA has met its primary objective by achieving significant improvements in the pricing of the benchmark 15 December 2017, 15 March 2019, 15 May 2021 and April 2023 bonds.</li> <li>▶ There has been significant improvement in LGFA's margin to both NZGB swap over the past year is due to strong credit market conditions and growing offshore investor interest in LGFA bonds.</li> </ul>
Making longer-term borrowings available to Participating Local Authorities.	Maturities available to participating local authorities.	<ul style="list-style-type: none"> <li>▶ Over the course of the June quarter, LGFA lent to Councils in maturities ranging from two and a half years to twelve years (2017 to 2027). The weighted average term of lending for the June 2015 quarter was 9.3 years.</li> <li>▶ Over the past year a new twelve year maturity (April 2027) was first issued in the March 2015 tender. Total outstanding in this new maturity by the end of June 2015 was \$285 million.</li> </ul>
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"> <li>▶ Access to debt markets has been enhanced by the consistently strong cover ratios achieved at most LGFA bond tenders with an average bid to volume ratio of 3.6 times.</li> </ul>
Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities.	Credit rating of AA+ is maintained	<ul style="list-style-type: none"> <li>▶ Strong council support for LGFA. After the 12th bond tender in June 2015, 43 participating councils had borrowed from LGFA. The LGFA market share during 2014/15 was 78.1% after adjusting Auckland Council's domestic bond issuance.</li> </ul>
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating.	Credit rating of AA+ is maintained	<ul style="list-style-type: none"> <li>▶ Met</li> </ul>

Above performance targets are unaudited preliminary results.

## Council controlled organisation

### 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 2013/14		Actual \$'000 2014/15
1,988	Revenue	1,841
1,843	Expenditure	(1,930)
145	Surplus/(deficit)	(89)
145	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 2015/16 and associated budget formally adopted by the company on 30 June 2015.

On page 175 and 176 is a report of performance against targets set in the Statement of Intent for 2014/15.

Performance Targets for 2014-2015		
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.	<p>Key deliverables met throughout July 2014 - June 2015 such as;</p> <ul style="list-style-type: none"> <li>▶ Strengthened relationship and increased activity with Tourism New Zealand (TNZ). Activity with TNZ including media &amp; trade famils, training, workshops and international tradeshows / campaigns</li> <li>▶ International Guest Nights (July 2014 – May 2015) 248,796 a 1.46% decrease on target. As at August 2015 one month of reporting not yet available</li> <li>▶ International Visitor Spend \$126M (March 2014). Reporting methodology has changed since the target was set at \$91.8M</li> <li>▶ Sustained PR activity including Bachelor NZ – 4 episodes on TV3 filmed in BoP with airtime value of over \$1M per episode</li> <li>▶ Pacific Coast Highway IMA recognised by TNZ</li> <li>▶ APR monitor growth of 30% increase in use of attractions from 114,170 in Nov 2013 to 148,864 in Nov 2014</li> <li>▶ The "Plenty for Everyone" Campaign continued</li> <li>▶ Domestic Guest nights July 2014 – May 2015- 752,954 decrease on target but one month of reporting not yet available</li> <li>▶ Domestic spend increased by 4.81% from 437M to \$458M to Dec 2014</li> <li>▶ Length of stay increased from 2.48 nights to 2.58 nights YOY to Nov 2014</li> </ul>

## 37 Related party transactions (continued)

Performance Targets for 2014-2015		
Outcomes	Measure	Result
Destination Management	Grow the capability of the tourism industry in a sustainable way. Implement the TBoP strategic plan, manage human and financial resources and act in accordance with Council code of conduct.	Key deliverables met throughout July 2014 - June 2015, such as; <ul style="list-style-type: none"> <li>▶ Plans completed &amp; implementation in progress</li> <li>▶ Reporting occurring at 6 month &amp; 12 month intervals</li> <li>▶ Smart Growth strategy review yet to begin</li> <li>▶ Profit &amp; Loss managed better than budget</li> <li>▶ Vision to 2030 set and agreed.</li> </ul>
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.	<ul style="list-style-type: none"> <li>▶ Ongoing work regarding cycleway developments</li> <li>▶ Continued support of events strategy</li> <li>▶ Assistance with development of core projects</li> <li>▶ Ride.co website now in development with promotion of "Urban Trails" in Tauranga plus Oropi and TECT All Terrain Park</li> <li>▶ Ongoing liaison with Iwi regarding White Island, Mount Mauao Trust and Mana Trust</li> <li>▶ Estimated 50-55% of all cruise passengers do not take a tour and spend the day exploring the Mount and Tauranga. 32% growth in local tours sold</li> </ul>
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 2014 - June 2015 such as; <ul style="list-style-type: none"> <li>▶ Discussions &amp; meetings regarding economic development and supporting operators across the Western Bay</li> <li>▶ Monthly newsletters sent to trade</li> <li>▶ Quarterly forums achieved, stakeholders engaged</li> <li>▶ Regular communication and meeting with Tourism New Zealand and across regional initiatives e.g. ECNI Australia "North campaign, Pacific Coast Highway promotions at trade shows and other international co-op activity</li> <li>▶ Ongoing involvement in international relationships review.</li> </ul>

Above performance targets are unaudited preliminary results.

## 38 Remuneration

### Chief Executive (until 7 July 2014)

The Chief Executive of Western Bay of Plenty District Council appointed under section 42 of the Local Government Act 2002 received a salary of \$140,701 which includes holiday pay settlement (2014: \$331,516).

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

	Actual \$ 2015	Actual \$ 2014
Salary	140,701	331,516
Employer contributions to superannuation fund	14,277	-
Vehicle (Market Value plus FBT)	-	28,519
Other benefits (including medical insurance)	1,694	3,670
Gratuity	335,000	-
<b>Total remuneration</b>	<b>491,672</b>	<b>363,705</b>

### Chief Executive (from 30 July 2014)

The Chief Executive of Western Bay of Plenty District Council appointed under section 42 of the Local Government Act 2002 received a salary of \$268,558 (2014: \$nil)

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

	Actual \$ 2015	Actual \$ 2014
Salary	268,558	-
Employer contributions to superannuation fund	8,073	-
Vehicle (Market Value plus FBT)	20,700	-
Other benefits (including medical insurance)	1,522	-
<b>Total remuneration</b>	<b>298,853</b>	<b>-</b>

## Elected Representatives

Elected representatives received the following remuneration:

	Actual \$ 2015	Actual \$ 2014
<b>Councillors</b>		
Burgess, Maureen	-	8,444
Gilmer, Anne Esther	-	8,444
Goudie, Andrew Ian Ross	29,359	18,738
Gunn-Thomas, Karyl	29,359	21,934
Mackay, Peter	29,874	18,738
Marsh, Kevin Alexander	28,879	27,669
Matthews, Susan	29,119	18,352
Mayo, Norm Frederick	-	8,444
Merriman, Gwenda	40,431	34,118
Murray-Benge, Margaret Elizabeth	28,879	27,183
Paterson, Ross James	104,387	100,687
Pittar, Michael	-	8,444
Scrimgeour, John Rob	28,879	18,738
Thomas, Paul Geoffrey	-	11,908
Thwaites, Donald Alan	36,099	28,260
Webber, Garry John	37,299	28,260
Williams, Michael	37,671	28,746
<b>Total Councillors</b>	<b>460,235</b>	<b>414,135</b>

## Community Board Members

Community board members received the following remuneration:

	Actual \$ 2015	Actual \$ 2014
<b>Community Board Members</b>		
Bain, Richard Wayne	-	1,065
Beech, Shane William	5,195	4,020
Cameron, Donald Richard	7,000	5,575
Cantlon, Gary Lewis	2,598	1,673
Clark, Rachel Ann	2,598	2,472
Dally, Grant Ronald	4,293	3,777
Dodd, Carol Margaret	-	1,065
Dunlop, Sam	8,586	6,219
Duske, Bruce	-	3,196
Gibbs, Brendan	4,293	3,742
Gunn, Karyl	-	2,973
Hassell, Peter	-	1,065
Henderson, Kelly Marie	2,598	1,673
Hobbs, Jennifer Robyn	4,293	3,027
Mason, Kathy Anne	-	1,065
Maurice, Timothy Edward	3,500	2,342
Miller, Peter	8,783	6,219
Mills, Derek	3,793	2,315
Nielsen, Fernley-Ann	4,293	2,887
Palmer, John Richard	3,500	2,342
Parsons, Ruth Miriam	3,793	2,412
Roberts, Marilyn Kathleen	3,793	2,342
Sole, Allan James	7,586	4,510
Spratt, Ronald Parker	4,293	2,677
Van Dyke, George	-	1,065
Whittaker, Glenn	-	3,196
Woods, Christopher	3,500	3,408
Wratt, Keith Allan	4,293	2,677
<b>Total Community Board Members</b>	<b>92,581</b>	<b>81,001</b>
<b>Non-monetary remuneration</b>		
Paterson, Ross James	21,809	30,823

## Remuneration scale

	Actual \$ 2015	Actual \$ 2014
<\$60,000	93	88
\$60,000 - \$79,999	48	43
\$80,000 - \$99,000	28	23
\$100,000 - \$120,000	12	8
>\$120,000	12	10
<b>Total employees</b>	<b>193</b>	<b>172</b>

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

At balance date, the Council employed 153 (2014:147) full-time employees, with the balance of staff representing 21 (2014:19) 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 2015 Western Bay of Plenty District Council made two (2014: nil) severance payments to employees totalling \$18,214 (2014: Nil).

The value of each of the severance payments made in 2015 was;

\$10,214

\$8,000

**\$18,214**

### 40 Events after the balance date

There were no significant events after balance date.

## Financial instruments

### 41 Financial instrument categories

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

	Note	Actual \$'000 2015	Actual \$'000 2014
<b>Financial assets</b>			
Fair value through surplus and deficit			
- Te Tumu investment	18	1,396	1,141
- Local Government Funding Agency Limited	20	1,866	1,866
<b>Total fair value through surplus and deficit</b>		<b>3,262</b>	<b>3,007</b>
<b>Loans and receivables</b>			
Cash and cash equivalents	14	12,813	21,139
Debtors and other receivables	15	8,374	7,470
LGFA Borrower Notes	20	1,120	1,120
<b>Total loans and receivables</b>		<b>22,307</b>	<b>29,729</b>
<b>Fair value through other comprehensive income</b>			
Other financial assets:			
- local authority stock	20	34	31
- listed shares	18	30	20
<b>Total Fair value through other comprehensive income</b>		<b>64</b>	<b>51</b>
<b>Financial liabilities</b>			
<b>Fair value through surplus and deficit</b>			
Derivative financial instrument liability	16	9,946	3,831
<b>Total Fair value through surplus and deficit</b>		<b>9,946</b>	<b>3,831</b>
<b>Financial liabilities at amortised cost</b>			
Creditors and other payables	24, 26 & 27	14,661	10,697
Borrowings:			
- secured loans	25	138,000	153,006
<b>Total financial liabilities at amortised cost</b>		<b>152,661</b>	<b>163,703</b>



## 42 Te Tumu financial instrument

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
<b>30 June 2015</b>				
<b>Financial assets</b>				
Local authority stock	34	34		
Shares	30	30		
Te Tumu investment	1,396			1,396
New Zealand Local Government Funding Agency	2,986		2,986	
<b>Financial liabilities</b>				
Derivatives	9,946	9,946		
<b>30 June 2014</b>				
<b>Financial assets</b>				
Local authority stock	31	31		
Shares	20	20		
Te Tumu investment	1,141			1,141
New Zealand Local Government Funding Agency	2,986		2,986	
<b>Financial liabilities</b>				
Derivatives	3,831	3,831		

There were no transfers between the different levels of the fair value hierarchy.

## 43 Fair value hierarchy disclosures (continued)

### 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 2015	Actual \$'000 2014
Balance at 1 July	1,141	2,480
Gains/(losses) recognised in surplus and deficit	255	(1,340)
<b>Balance at 30 June</b>	<b>1,396</b>	<b>1,140</b>

## 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.

## 44 Financial instrument risks (continued)

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.

### Maximum exposure to credit risk

Western Bay's maximum credit exposure for each class of financial instrument is as follows:

	Actual \$'000 2015	Actual \$'000 2014
Cash at bank and term deposits	12,813	21,033
Debtors and other receivables	8,374	7,575
Local authority, government stock and Zespri shares	64	51
New Zealand Local Government Funding Agency	2,986	2,986
Derivative financial instrument assets	(9,946)	(3,831)
Financial instruments	1,396	1,141
<b>Total credit risk</b>	<b>15,687</b>	<b>28,956</b>

### 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.

	\$'000 2015	\$'000 2014
Counterparties with credit ratings		
Cash at bank and term deposits:		
A-1+	12,813	21,033
<b>Total cash at bank and term deposits</b>	<b>12,813</b>	<b>21,033</b>
Local authority and government stock:		
AA+	2,986	2,986
A	31	31
<b>Total local authority and government stock</b>	<b>3,017</b>	<b>3,017</b>
Derivative financial instrument assets:		
AA	-	-
<b>Total derivative financial instrument assets</b>	<b>-</b>	<b>-</b>
Financial instrument assets		
No rating	1,396	1,141
<b>Total derivative financial instrument assets</b>	<b>1,396</b>	<b>1,141</b>
Counterparties without credit ratings		
Existing community and related party loans with no defaults in the past	20	20
<b>Total counterparties without credit ratings</b>	<b>20</b>	<b>20</b>

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 (2014: \$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.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>Council 2015</b>						
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
<b>Total</b>	<b>162,607</b>	<b>185,353</b>	<b>32,097</b>	<b>18,922</b>	<b>107,059</b>	<b>27,275</b>
<b>Council 2014</b>						
Creditors and other payables	10,697	10,697	10,697	-	-	-
Net settled derivative liabilities	3,831	4,188	344	81	1,778	1,985
Secured loans	153,006	185,601	25,596	16,215	119,412	24,378
<b>Total</b>	<b>167,534</b>	<b>200,486</b>	<b>36,637</b>	<b>16,296</b>	<b>121,190</b>	<b>26,363</b>

### 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 \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>Council 2015</b>						
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
<b>Total</b>	<b>25,620</b>	<b>41,183</b>	<b>21,187</b>	<b>-</b>	<b>-</b>	<b>23,033</b>
<b>Council 2014</b>						
Cash and cash equivalents	21,033	21,139	21,139	-	-	-
Debtors and other receivables	7,575	7,470	7,470	-	-	-
Net settled financial instruments	1,141	19,996	-	-	-	19,996
Other financial assets:						
- Local authority and government stock	3,037	-	-	-	-	3,037
<b>Total</b>	<b>32,787</b>	<b>48,605</b>	<b>28,609</b>	<b>-</b>	<b>-</b>	<b>23,033</b>

## 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	2015 \$'000				2014 \$'000			
		Profit	- 100bps Other Equity	Profit	+ 100bps Other Equity	Profit	- 100bps Other Equity	Profit	+ 100b Other Equity
<b>Financial assets</b>									
Cash and cash equivalents	1	(128)		128		(211)		211	
Financial instruments	2	(14)		14		(11)		11	
Other financial assets:									
- Local authority stock	3		(12)		12		(11)		11
<b>Financial liabilities</b>									
Derivatives - interest rate swaps	4	(6,394)		5,986		(5,800)		5,448	
Borrowings:									
Debentures	5	1,180		(1,180)		1,230		(1,230)	
<b>Total sensitivity to interest rate risk</b>		<b>(5,356)</b>	<b>(12)</b>	<b>4,948</b>	<b>12</b>	<b>(4,792)</b>	<b>(11)</b>	<b>4,440</b>	<b>11</b>
<b>Equity Price Risk</b>									
Financial assets									
Other financial assets:									
- quoted share investments	6		(3)		(3)		(2)		2
<b>Total sensitivity to equity price risk</b>			<b>(3)</b>		<b>(3)</b>		<b>(2)</b>		<b>2</b>

## Explanation of sensitivity analysis

### 1 Cash and cash equivalents

Cash and cash equivalents include deposits on call totalling \$12,813,026 (2014: \$21,033,358) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$128,130 (2014: \$210,333).

### Derivatives

#### 2 Financial instruments

Financial instruments include Te Tumu land purchase totalling \$1.40m (2014: \$1.14m). A movement in interest rates of 1.0% has an effect of \$13,959 (2014: \$11,410) on the unrealised value of the financial instruments.

#### 3 Financial liabilities

Derivative financial assets not hedge accounted includes interest rate swaps with a fair value totalling \$9.95m (2014: \$3.83m). A movement in interest rates of plus 1.0 % has an effect of reducing the swap deficit value by \$6.39m (2014: \$5.80m). A movement in interest rates of minus 1.0% has an effect of increasing the swap deficit value by \$5.99m (2014: \$5.45m).

**4 Local authority stock**

A total of \$1,154,000 (2014: \$1,151,000) 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 \$11,540 (2014: \$11,510) on the fair value through other comprehensive income reserve.

**5 Debentures - secured loans**

Council has floating rate debt with a principal amount totalling \$118.00 million (2014: \$123.03m).

A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$1,180,000 (2014: \$1,230,000). 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 \$30,000 (2014: \$20,000), these are not 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 \$3,000 (2014: \$2,000).

**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 changes to reporting

The Western Bay Council has adjusted its comparative year financial statements for the year ended 30 June 2014 due to reclassification adjustments as a result of the transition to the new PBE accounting standards, and the correction of a period error. The adjustments are shown in the table below:

	Notes	Before adjustments \$'000	Reclassification adjustments \$'000	Correction of error	After adjustments \$'000
<b>Council</b>					
<b>Revenue</b>					
Fees and charges from activities including targeted rates for water supply	(a)	8,270	(604)		7,666
Fines	(a)	-	318		318
Other revenue	(a)	1,807	(1,429)		378
Dividends	(a)	-	233		233
Rental revenue	(a)	-	1,124		1,124
Other exchange revenue	(a)	-	358		358
<b>Current liabilities</b>					
Trade creditors and other payables	(b)	10,697		(503)	10,194
<b>Explanatory notes</b>					
<i>Reclassification adjustments</i>					

- a) Sales of goods and services has been reclassified from fees and charges to other revenue.  
The Council has changed the presentation of other revenue \$1,807k to disclose fines \$318k, dividends \$233k, rental revenue \$1,124k and other exchange revenue \$358k, as this is considered more appropriate under the new PBE accounting standards.
- b) Trade creditors under note 24 was incorrect and did not agree to the Statement of Financial Position as at 30 June 2014.

## 47 Explanation of major variances

Explanations for major variations from Western Bay's estimated figures in the 2013/2014 Annual Plan and 2014 actuals are as follows:

### Statement of Comprehensive Income

**Actual 2015 surplus of \$10.338 million versus 2015 budget surplus of \$4.666 million. A favourable variance of \$5.672 million.**

The major contributors to the variance were:

**Total revenue was \$25.280 million over budget.**

	\$'000
<b>Revenue variances positive / (negative):</b>	
<sup>1</sup> Fees and charges from activities	2,203
<sup>2</sup> Rates revenue excluding targeted rates for water supply	580
<sup>3</sup> Financial contributions received	(1,970)
<sup>4</sup> Vested assets (non cash)	(1,520)
<sup>5</sup> Subsidies and grants	(1,669)
<sup>6</sup> Gains (non cash)	27,093
<sup>7</sup> Other revenue	563
	<b>25,280</b>

**Total operating expenditure was \$19.54 million over budget**

	\$'000
<b>Expenditure positive / (negative):</b>	
<sup>8</sup> Other expenses	12,497
<sup>9</sup> Personnel costs	741
<sup>10</sup> Depreciation and amortisation	286
<sup>11</sup> Impairment expense	364
<sup>12</sup> Finance cost	5,651
	<b>19,539</b>

<sup>1</sup> Fees and charges from activities were \$2.203m higher than the budget of \$3.792m assisted by income from forestry harvesting of \$709k.

<sup>2</sup> Rate income of \$55.500m is \$580k higher than the \$57.615m budget. This is due to rating penalties charged in July 2014 and the timing of additional connections to Council services.

<sup>3</sup> Financial contribution revenue of \$2.607m is \$1.970m lower than the \$4.577m budget due to lower than expected subdivision.

<sup>4</sup> Vested assets income of \$0.720m is \$1.520m lower than the \$2.240m budget. This was due to less land and infrastructure being vested to Council from developers. This income is non-cash.

<sup>5</sup> Subsidies & grants income of \$6.746m was \$1.669m lower than budget of \$8.415m due to lower transportation capital expenditure.

<sup>6</sup> Gains income of \$27.093m relates to the increase in value of Council owned assets. Included in the movement are pavement at TECT All Terrain Park \$401k, Waihi Beach rock revetment \$365k and a \$16.340m recovery in transport assets written down in prior years through the income statement.

<sup>7</sup> Other revenue of \$3.670m is \$563k higher than the budget of \$3.107m and this includes dividends of \$265k.

<sup>8</sup> Other expenses of \$46.652m were \$12.497m higher than the \$34.155m budget. This variance is the result \$13.549m non cash revaluation movement in Council assets.

<sup>9</sup> Personnel costs of \$13.982m were \$0.741m higher than the \$13.241m budget.

<sup>10</sup> Depreciation and amortisation costs of \$18.370m were \$286k higher than the budget of \$18.084m. This is due to an increases in council asset valuation.

<sup>11</sup> Council recognised an impairment cost of \$364k during the year. This relates to the valuation of the Te Tumu land.

<sup>12</sup> Finance costs of \$15.251m were \$5.651m higher than the budget of \$9.600m. This is due to Loan Swap premium of \$2.010m and non-cash unrealised hedging movement of \$6.115m offset by \$2.474m interest on public debt savings.



## 47 Explanation of major variances (continued)

### Statement of Financial Position

**Actual net equity of \$1,078.522 million versus \$973.188 million in 2014.**

There was an increase in overall net equity from actual 2014 of \$105.334 million. The majority of this movement was due to:

	\$'000
Decrease in cash held at year end	(8,220)
Increase in debtors and prepayments	804
Decrease in investments and financial assets	(5)
Increase in non-current assets held for sale	198
Increase in forestry assets	355
Decrease in intangible assets	(126)
Increase in property plant and equipment	103,069
	<b>96,075</b>
Decrease in debt for the year	18,003
Increase in interest rate swap liability	(6,115)
Increase in creditors and other payables	(2,646)
Decrease in other liabilities	17
	<b>9,259</b>
<b>Net movement</b>	<b>105,334</b>

The major variances to budget were:

- ▶ Property, plant and equipment was \$103.069m higher than 2013/14. This was due to Council asset revaluations.
- ▶ Debtors and other receivables increased by \$804k.
- ▶ Borrowings were \$18.003m lower than 2013/2014 due to debt maturities and expenditure control.
- ▶ Councils unrealised interest rate swaps liability increased to \$6.115m from \$3.796m in 2013/14 as a result of reduction in interest rates.

### Statement of Cash flows

**2015 actual movement was a net decrease in cash held of \$8.220m versus a budgeted net decrease of \$14.419m and actual 2014 net decrease in cash held \$11.552m.**

**Net cash flows from operating activities of \$24.728m versus \$19.938m budget and 2014 actual of \$20.301m.**

This favourable variance to budget is due to higher receipts from rates and lower payments to suppliers.

**Net cash flows from investing activities of (\$14.945)m versus (\$21.217)m budget and 2014 actual of \$9.753m.**

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

**Net cash flows from financing activities of (\$18.003)m versus (\$10.000)m budget and 2014 actual of (\$18.502)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 Statement

#### Western Bay of Plenty District Council

For the years ended 30 June	Actual \$'000 2015	Annual	Actual	Annual
		Plan \$'000 2015	\$'000 2014	Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	18,536	18,373	18,349	17,988
Targeted rates (other than a targeted rate for water supply)	37,006	36,569	32,396	31,497
Subsidies and grants for operating purposes	3,156	4,523	3,675	4,481
Fees, charges and targeted rates for water supply	7,189	6,012	9,723	9,426
Interest and dividends from investments	265	-	233	100
Local authority and fuel tax, fines, infringement fees, and other receipts	4,631	3,276	5,170	3,403
<b>Total operating funding (A)</b>	<b>70,783</b>	<b>68,752</b>	<b>69,546</b>	<b>66,715</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	46,912	47,369	49,877	46,168
Finance costs	9,136	9,600	9,789	9,946
Other operating funding applications	173	27	1,892	183
<b>Total applications of operating funding (B)</b>	<b>56,221</b>	<b>56,996</b>	<b>61,558</b>	<b>56,297</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>14,562</b>	<b>11,756</b>	<b>7,987</b>	<b>10,418</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	3,824	3,773	4,118	3,911
Financial contributions	2,607	4,577	4,177	5,546
Increase/(decrease) in debt	(7,068)	3,157	(656)	(1,201)
Gross proceeds from sale of assets	1,706	85	800	85
Lump sum contributions	-	404	-	-
Other dedicated capital funding	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>(1,069)</b>	<b>11,996</b>	<b>8,439</b>	<b>8,341</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	7,010	10,860	2,013	2,928
• to improve the level of service	4,191	5,164	4,139	5,926
• to replace existing assets	4,437	5,278	9,122	12,099
Increase/(decrease) in reserves	(76)	2,460	1,522	(2,193)
Increase/(decrease) in investments	69	-	(370)	-
<b>Total applications of capital funding (D)</b>	<b>15,631</b>	<b>23,762</b>	<b>16,426</b>	<b>18,760</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(14,562)</b>	<b>(11,756)</b>	<b>(7,987)</b>	<b>(10,418)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Operating funding per Funding Impact Statement</b>	70,783	72,626	68,100
Add: Subsidies and grants for capital expenditure	3,823	4,188	4,118
Swap revaluation movement	-	-	-
Financial contributions	2,607	6,478	6,296
Lump sum contributions	-	2,531	156
Revaluation adjustments	27,093	-	-
<b>Total</b>	<b>104,306</b>	<b>85,823</b>	<b>78,671</b>
<b>Total Revenue per Statement of Comprehensive Income</b>	105,026	88,221	80,986
<b>Less: Loss on shares adjustment</b>	-	-	-
<b>Less: Vested Assets</b>	720	2,398	2,315
<b>Less: Gains</b>	-	-	-
<b>Total</b>	<b>104,306</b>	<b>85,823</b>	<b>78,671</b>
<b>Variance</b>	-	-	-
Application of operating funding per Funding Impact Statement	56,221	58,359	56,381
Total expenditure per Statement of Comprehensive Income	94,619	76,065	73,770
Less depreciation and amortisation	18,370	17,705	17,388
Less revaluation movement	13,549	-	-
Less unrealised hedging movement	6,115	-	-
Less asset impairment	364	-	-
Less other adjustments	-	-	-
	<b>56,221</b>	<b>58,359</b>	<b>56,381</b>
<b>Variance</b>	-	-	-
<b>Net variance</b>	-	-	-

## Other legislative disclosures

### Funding Impact Statement

#### Representation

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	2,493	2,415	2,514
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 overheads recovered	454	482	469
Local authority and fuel tax, fines, infringement fees, and other receipts	2	61	58
<b>Total operating funding</b>	<b>(A) 2,949</b>	<b>2,959</b>	<b>3,041</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,330	1,488	1,450
Finance costs	(63)	-	-
Internal charges and overheads applied	1,396	1,376	1,343
Other operating funding applications	173	29	189
<b>Total applications of operating funding</b>	<b>(B) 2,836</b>	<b>2,893</b>	<b>2,981</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) 113</b>	<b>66</b>	<b>60</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	7	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(C) 7</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase/(decrease) in reserves	120	66	60
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 120</b>	<b>66</b>	<b>60</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) (113)</b>	<b>(66)</b>	<b>(60)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>

## Other legislative disclosures

### Funding Impact Statement

#### Planning for the future

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	2,349	2,424	2,110
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 overheads recovered	-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts	20	73	69
<b>Total operating funding</b>	<b>(A) 2,382</b>	<b>2,497</b>	<b>2,179</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,967	1,690	1,370
Finance costs	(27)	-	-
Internal charges and overheads applied	824	792	765
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 2,764</b>	<b>2,483</b>	<b>2,136</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) (382)</b>	<b>15</b>	<b>43</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	-	64	31
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(C) -</b>	<b>64</b>	<b>31</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	12	-	-
• to replace existing assets	-	-	-
Increase/(decrease) in reserves	(394)	78	74
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>(D) (382)</b>	<b>78</b>	<b>74</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) 382</b>	<b>15</b>	<b>(43)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>

## Other legislative disclosures

### Funding Impact Statement

#### Communities

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	2,687	2,372	2,358
Targeted rates (other than a targeted rate for water supply)	1,629	1,688	1,904
Subsidies and grants for operating purposes	37	15	15
Fees, charges and targeted rates for water supply	71	77	74
Internal charges and overheads recovered	735	719	698
Local authority and fuel tax, fines, infringement fees, and other receipts	540	908	881
<b>Total operating funding (A)</b>	<b>5,699</b>	<b>5,779</b>	<b>5,930</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,213	3,040	2,896
Finance costs	(66)	31	32
Internal charges and overheads applied	2,127	2,316	2,070
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>5,274</b>	<b>5,207</b>	<b>4,998</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>425</b>	<b>572</b>	<b>932</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	-	54	30
Increase/(decrease) in debt	(65)	(32)	(19)
Gross proceeds from sale of assets	222	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>157</b>	<b>22</b>	<b>11</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	20	54	309
• to improve the level of service	-	-	-
• to replace existing assets	304	343	412
Increase/(decrease) in reserves	258	197	221
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>585</b>	<b>594</b>	<b>942</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(425)</b>	<b>(572)</b>	<b>(931)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Other legislative disclosures

### Funding Impact Statement

#### Recreation and leisure

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	4,425	4,494	4,442
Targeted rates (other than a targeted rate for water supply)	148	70	68
Subsidies and grants for operating purposes	247	717	365
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	886	927	902
Local authority and fuel tax, fines, infringement fees, and other receipts	1,219	753	703
<b>Total operating funding</b>	<b>(A) 6,925</b>	<b>6,960</b>	<b>6,480</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,656	3,247	3,168
Finance costs	81	403	386
Internal charges and overheads applied	1,717	1,671	1,624
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 6,454</b>	<b>5,321</b>	<b>5,178</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) 471</b>	<b>1,639</b>	<b>1,302</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	815	1,806	1,755
Increase/(decrease) in debt	(580)	(71)	(49)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(C) 235</b>	<b>1,735</b>	<b>1,706</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	404	1,572	1,139
• to improve the level of service	89	64	126
• to replace existing assets	1,071	817	496
Increase/(decrease) in reserves	(858)	922	1,247
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 706</b>	<b>3,374,</b>	<b>3,008</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) (471)</b>	<b>(1,639)</b>	<b>(1,302)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>

## Other legislative disclosures

### Funding Impact Statement

#### Regulatory services

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	1,261	1,489	1,578
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	3,713	3,410	3,176
Internal charges and overheads recovered	-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts	70	33	31
<b>Total operating funding (A)</b>	<b>5,044</b>	<b>4,932</b>	<b>4,786</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,005	3,184	3,096
Finance costs	4	(9)	(7)
Internal charges and overheads applied	1,661	1,549	1,499
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,670</b>	<b>4,724</b>	<b>4,587</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>374</b>	<b>208</b>	<b>199</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	5	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5</b>	<b>(39)</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase/(decrease) in reserves	379	208	199
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>379</b>	<b>208</b>	<b>199</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(374)</b>	<b>(208)</b>	<b>(199)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Other legislative disclosures

### Funding Impact Statement

#### Transportation

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	14,423	16,046	14,486
Subsidies and grants for operating purposes	2,721	4,302	4,086
Fees, charges and targeted rates for water supply	11	1	1
Internal charges and overheads recovered	-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts	594	122	116
<b>Total operating funding (A)</b>	<b>17,749</b>	<b>20,471</b>	<b>18,689</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	8,123	11,170	11,167
Finance costs	1,134	1,993	1,925
Internal charges and overheads applied	1,214	1,434	1,390
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>10,471</b>	<b>15,177</b>	<b>14,481</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>7,278</b>	<b>5,294</b>	<b>4,208</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	3,824	4,188	4,118
Financial contributions	1,023	1,772	1,822
Increase/(decrease) in debt	(4,009)	(358)	(324)
Gross proceeds from sale of assets	973	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,811</b>	<b>5,602</b>	<b>5,615</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	6,186	3,186	309
• to improve the level of service	2,878	2,887	2,775
• to replace existing assets	-	7,512	8,005
Increase/(decrease) in reserves	25	(2,689)	(1,266)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>9,089</b>	<b>10,896</b>	<b>9,823</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(7,278)</b>	<b>(5,294)</b>	<b>(4,208)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Other legislative disclosures

### Funding Impact Statement

#### Water supply

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	6,412	2,801	2,555
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	3,340	6,585	6,095
Internal charges and overheads recovered	-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts	58	-	-
<b>Total operating funding (A)</b>	<b>9,810</b>	<b>9,386</b>	<b>8,650</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,170	4,006	3,729
Finance costs	1,641	1,831	1,747
Internal charges and overheads applied	1,494	1,684	1,635
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>7,304</b>	<b>7,521</b>	<b>7,111</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>2,506</b>	<b>1,865</b>	<b>1,539</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	389	724	695
Increase/(decrease) in debt	(813)	332	652
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	663	269
• to improve the level of service	627	1,525	651
• to replace existing assets	1,454	733	1,948
Increase/(decrease) in reserves	-	-	17
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,081</b>	<b>2,921</b>	<b>2,885</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(2,506)</b>	<b>(1,865)</b>	<b>(1,538)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Other legislative disclosures

### Funding Impact Statement

#### Stormwater

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	301	171	159
Targeted rates (other than a targeted rate for water supply)	2,636	2,709	2,537
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts	4	12	10
<b>Total operating funding (A)</b>	<b>2,940</b>	<b>2,891</b>	<b>2,706</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	883	548	525
Finance costs	1,821	1,830	1,736
Internal charges and overheads applied	555	620	603
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,259</b>	<b>2,999</b>	<b>2,864</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>(319)</b>	<b>(108)</b>	<b>(158)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	65	671	658
Increase/(decrease) in debt	366	585	(128)
Gross proceeds from sale of assets	25	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>456</b>	<b>1,256</b>	<b>530</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	756	-
• to improve the level of service	-	1,085	440
• to replace existing assets	137	81	78
Increase/(decrease) in reserves	-	(774)	(146)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>137</b>	<b>1,148</b>	<b>372</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>319</b>	<b>108</b>	<b>158</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Other legislative disclosures

### Funding Impact Statement

#### Natural environment

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	172	127	125
Targeted rates (other than a targeted rate for water supply)	15	16	15
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts	-	51	48
<b>Total operating funding (A)</b>	<b>188</b>	<b>194</b>	<b>188</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	361	314	298
Finance costs	(0)	-	-
Internal charges and overheads applied	39	35	34
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>400</b>	<b>349</b>	<b>332</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>(212)</b>	<b>(155)</b>	<b>(144)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	57	115	112
Increase/(decrease) in debt	0	-	-
Gross proceeds from sale of assets	(8)	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>49</b>	<b>115</b>	<b>112</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase/(decrease) in reserves	(163)	(40)	(32)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(163)</b>	<b>(40)</b>	<b>(32)</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>212</b>	<b>155</b>	<b>144</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Other legislative disclosures

### Funding Impact Statement

#### Wastewater

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	957	380	346
Targeted rates (other than a targeted rate for water supply)	8,819	9,145	8,320
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	2	2	2
Internal charges and overheads recovered	-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts	43	207	194
<b>Total operating funding (A)</b>	<b>9,821</b>	<b>9,734</b>	<b>8,862</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,375	3,112	2,913
Finance costs	3,876	4,474	4,307
Internal charges and overheads applied	1,286	1,496	1,454
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,537</b>	<b>9,082</b>	<b>8,674</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>1,284</b>	<b>652</b>	<b>188</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	258	1,271	1,193
Increase/(decrease) in debt	(1,033)	(772)	(272)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	2,531	156
Other dedicated capital funding	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>(776)</b>	<b>3,030</b>	<b>1,077</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	156	376	1,043
• to improve the level of service	33	2,531	356
• to replace existing assets	320	263	789
Increase/(decrease) in reserves	-	512	(923)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>509</b>	<b>3,682</b>	<b>1,265</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(1,284)</b>	<b>(652)</b>	<b>(188)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Other legislative disclosures

### Funding Impact Statement

#### Solid waste

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	289	587	561
Targeted rates (other than a targeted rate for water supply)	1,023	1,015	926
Subsidies and grants for operating purposes	151	140	135
Fees, charges and targeted rates for water supply	52	70	67
Internal charges and overheads recovered	-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts	52	-	21
<b>Total operating funding</b>	<b>(A) 1,568</b>	<b>1,812</b>	<b>1,710</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	576	1,056	1,031
Finance costs	19	77	85
Internal charges and overheads applied	445	478	465
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 1,041</b>	<b>1,611</b>	<b>1,581</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) 527</b>	<b>201</b>	<b>129</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	-	-	-
Increase/(decrease) in debt	(526)	-	(13)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(C) (526)</b>	<b>-</b>	<b>(13)</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase/(decrease) in reserves	1	201	116
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 1</b>	<b>201</b>	<b>116</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) (527)</b>	<b>(201)</b>	<b>(129)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>

## Other legislative disclosures

### Funding Impact Statement

#### Economic

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	801	861	864
Targeted rates (other than a targeted rate for water supply)	581	528	511
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts	40	50	19
<b>Total operating funding</b>	<b>(A) 1,422</b>	<b>1,439</b>	<b>1,394</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	996	964	935
Finance costs	(72)	35	33
Internal charges and overheads applied	147	121	117
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 1,071</b>	<b>1,120</b>	<b>1,085</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) 351</b>	<b>319</b>	<b>309</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	-	-	-
Increase/(decrease) in debt	41	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(C) 41</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	150	282	273
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase/(decrease) in reserves	173	37	36
Increase/(decrease) in investments	69	-	-
<b>Total applications of capital funding</b>	<b>(D) 392</b>	<b>319</b>	<b>309</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) (351)</b>	<b>(319)</b>	<b>(309)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>

## Other legislative disclosures

### Funding Impact Statement

#### Support services

For the years ended 30 June	Actual \$'000 2015	LTP \$'000 2015	LTP \$'000 2014
<b>Sources of operating funding</b>			
General rates, uniform annual charges, rates penalties	2,800	2,948	2,880
Targeted rates (other than a targeted rate for water supply)	1,307	1,337	1,296
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	12,769	13,307	12,908
Local authority and fuel tax, fines, infringement fees, and other receipts	2,254	13,238	12,742
<b>Total operating funding (A)</b>	<b>19,130</b>	<b>30,830</b>	<b>29,826</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	14,268	13,720	13,402
Finance costs	789	11,459	11,419
Internal charges and overheads applied	1,929	1,952	1,891
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>16,986</b>	<b>27,131</b>	<b>26,712</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>2,144</b>	<b>3,699</b>	<b>3,114</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Financial contributions	-	-	-
Increase/(decrease) in debt	(449)	(102)	(92)
Gross proceeds from sale of assets	484	91	88
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>35</b>	<b>(11)</b>	<b>(4)</b>
<b>Applications of capital funding</b>			
Capital expenditure			
• to meet additional demand	93	-	-
• to improve the level of service	552	-	-
• to replace existing assets	1,151	1,332	1,527
Increase/(decrease) in reserves	383	2,356	1,583
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,179</b>	<b>3,688</b>	<b>3,110</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(2,144)</b>	<b>(3,699)</b>	<b>(3,114)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>