



# ANNUAL — REPORT —

*For Year Ended 30 June 2016*



*Western Bay of Plenty  
District Council*



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# INTRODUCTION



# INTRODUCTION

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# OUR DISTRICT

## OUR HISTORY

The Western Bay of Plenty has a long history of settlement by Māori. The western area of the District (Tauranga Moana) was occupied by the iwi of Ngati Ranginui, Ngaiterangi and Ngati Pukenga from the waka Takitumu and Mataatua. Te Arawa descendants from the waka Te Arawa inhabited much of the eastern area of the District and south to Rotorua.

Traders and missionaries were among the first European settlers who developed communities at Maketu and Tauranga. George Vesey Stewart founded Ulster settlements at both Katikati in 1875 and Te Puke in 1880. Tauranga, Te Puke and Katikati formed the nucleus for subsequent expansion of European pastoral farms. Te Puke and Katikati have grown steadily over the years and are the largest settlements in the District.



## OUR PEOPLE

Western Bay of Plenty District is one of the faster growing areas in New Zealand with its current estimated population of just over 46,000 people expected to reach around 55,500 by 2033. Between the 2006 and 2013 censuses, the population of the District grew by 4.5%; it is estimated that the population will grow by 5.9% in the next five years. Most of this growth has come from migration from other parts of New Zealand.

### AT A GLANCE

- Of the District's population 18% identify themselves as Māori, which is a little lower than the national average of 19%.
- 19% of residents in the District are over 65 years old, higher than the national average of 14%.
- Unlike the rest of New Zealand the most common family type in the District is couples without children (50%), reflecting the older age structure of the population.
- The average household size in the District is slightly lower at 2.6 than the national average of 2.7.
- In 2013 there were 16,941 occupied dwellings in the Western Bay of Plenty District, an increase of 1,284 dwellings or 8% compared with the 2006 Census.
- Overall the District has a lower level of socio-economic deprivation than the country as a whole.
- District residents had a lower than the national average personal income of \$26,300, compared to the national average income of \$28,500 in 2013.
- 70% of the District's residents own their own home, compared with 65% nationally.
- Weekly average rent is considerably lower than nationally (\$250 compared to \$280 nationally, based on 2013 census data).

## OUR ENVIRONMENT

The Western Bay of Plenty District surrounds Tauranga, a fast-growing city of 115,000 people. The District covers 212,000 hectares of coastal, rural and urban areas. Almost half of the District is covered by forest, both planted (12.8%) and indigenous (35.4%) and a further 40% is pastoral land. Less than 1% of the total area of the District is urban and includes the townships of Waihi Beach, Katikati, Omokoroa, Te Puna, Te Puke and Maketu. Smaller rural settlements are at Paengaroa, Pongakawa and Pukehina in the east and at Kauri Point, Tanners Point, Ongare, Tuapiro and Athenree in the western part of the District.

The District has a warm, sunny climate with an average of 1,900 - 2,300 sunshine hours per year with moderate rainfall of 1,200 - 2,400 mm per year. This diverse landscape, combined with a favourable temperate climate, provides an area rich in resources such as indigenous flora and fauna, highly versatile soils, rivers and harbours.

The land of the Western Bay of Plenty faces north-east to the sea. To the west are the rugged bush-covered Kaimai Ranges. Numerous streams drain the Kaimais, flowing down through the hills and coastal lowlands, into the swampy estuaries and mudflats of the Tauranga Harbour.

In the east, the Kaituna River drains the lakes of Rotorua and Rotoiti into the Maketu Estuary and out to sea, while smaller streams drain the eastern District into the Waihi Estuary.

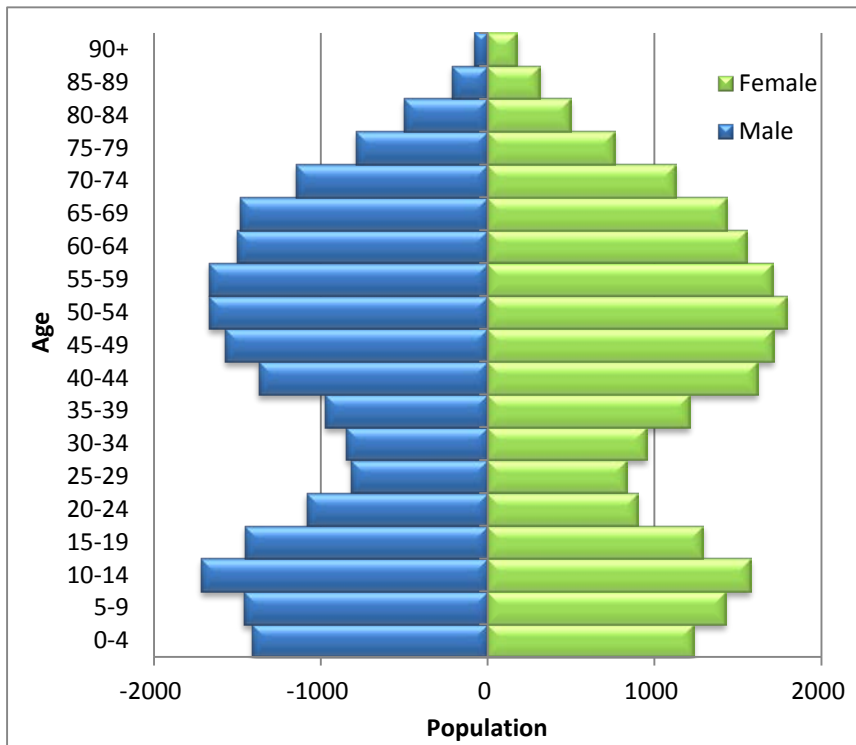
Matakana Island forms a natural barrier between Tauranga Harbour and the Pacific Ocean.

## OUR ECONOMY

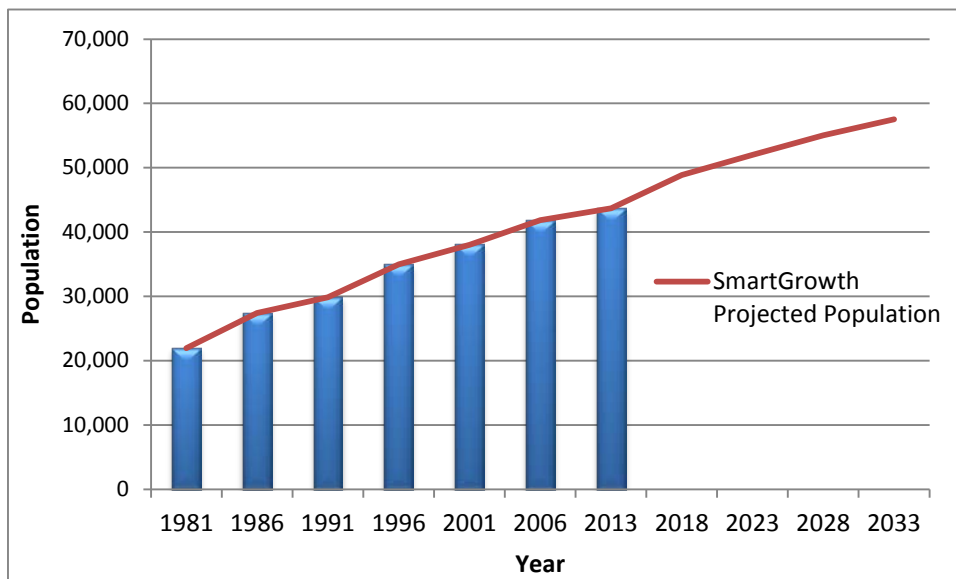
Agriculture and horticulture are the main economic drivers of the Western Bay of Plenty District and the greater Tauranga and Western Bay sub-region. These two primary sectors fuel a multitude of professional businesses and service industries, employing a diverse labour force. Our environment, soils and climate are not only attractive for agricultural production but are also a magnet for people wanting a relaxed outdoor lifestyle. We are close to the amenities of Tauranga, yet we retain a rural and small town atmosphere. Manufacturing, commerce and trades are also vital to the sub-region's economic growth.

Our District is three times more reliant on horticulture and agriculture for its economic output than New Zealand as a whole. This dependence presents challenges for the District, as well as opportunities. The outbreak of the kiwifruit vine disease Psa-V in November 2010 is an example of the risks associated with economic dependence on single crops.

**Age sex distribution (as at the 2013 Census)**



**Population projection as at the 2013 Census**



# STATEMENT OF COMPLIANCE

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Western Bay of Plenty District Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.



**Ross Paterson**  
**His Worship The Mayor**  
**Western Bay of Plenty District**



**Miriam Taris**  
**Chief Executive Officer**  
**Western Bay of Plenty District Council**



# THE CHIEF EXECUTIVE'S INTRODUCTION

*2015/16 has been a year of opportunity and challenge for Council operations.*

**Debt has been reduced; regulatory income significantly increased; most sectors of the District's economy are doing well and Council is financially stable enough to manage any shocks that may come through in the medium term.**

After several years of low growth and financial insecurity following the global downturn, 2015/16 has seen growth related income exceed budget by \$1.67m.

This turnaround is evident in regulatory fees being \$1.2m ahead of forecast. This income has offset additional costs of employing more staff to manage increased demand and had a positive impact on Council's General Rate Reserve.

Rates income was also \$1m ahead of budget following strong growth in subdivision activity and market pressure increasing the value of land and improvements.

While growth has had a positive impact on Council's balance sheet, the four per cent rate cap set in the Long Term Plan 2015-2025 has been breached. Having said this, additional rates revenue will have a positive flow-on as a greater number of ratepayers absorb rate costs.

**During the year Council's net debt reduced by \$14 million taking it to \$111m compared to \$125m in 2014/15.**

This stronger financial position has been fundamental to forging ahead with a \$41m capital works programme in 2016/17 that includes construction of a new library and community hub in Katikati and a major upgrade of Omokoroa Road. The upgrade of Omokoroa Road is fundamental to growth management on this coastal peninsula, which has also seen work progress on the development of the Special Housing Area.

In Waihi Beach, funding of the Events and Promotions Association has delivered economic benefit through increased visitor occupancy.

2015/16 also marked the start of parts of the Tauranga Moana Cycleway. This is an urban/coastal cycleway jointly funded by Central Government, Western Bay of Plenty District Council and Tauranga City Council.

On the flipside, Council has experienced some challenges during the year.

Interest rates swap liability increased by \$4.5m due to continue low global interest rates. While this is a non-cash adjustment it is required to accurately reflect liability.



**Miriam Taris**  
Chief Executive Officer

Council continued to benefit from its shareholding in the New Zealand Local Government Funding Agency (LGFA). The Agency was established five years ago to lend money to local authorities at a lower rate than could be accessed from mainstream lending institutions.

Implementation of the western Bay of Plenty sub-region growth management strategy (SmartGrowth) continued to build momentum during the year.

**The wealth of research and leadership that formed this 50-year blueprint for sustainable land use, settlement and infrastructural placement is bearing fruit as the western Bay of Plenty experiences a development boom.**

In closing, Council's 2015/16 results validate the financial strategy put in place in the Long Term Plan and positions the organisation well for the future.

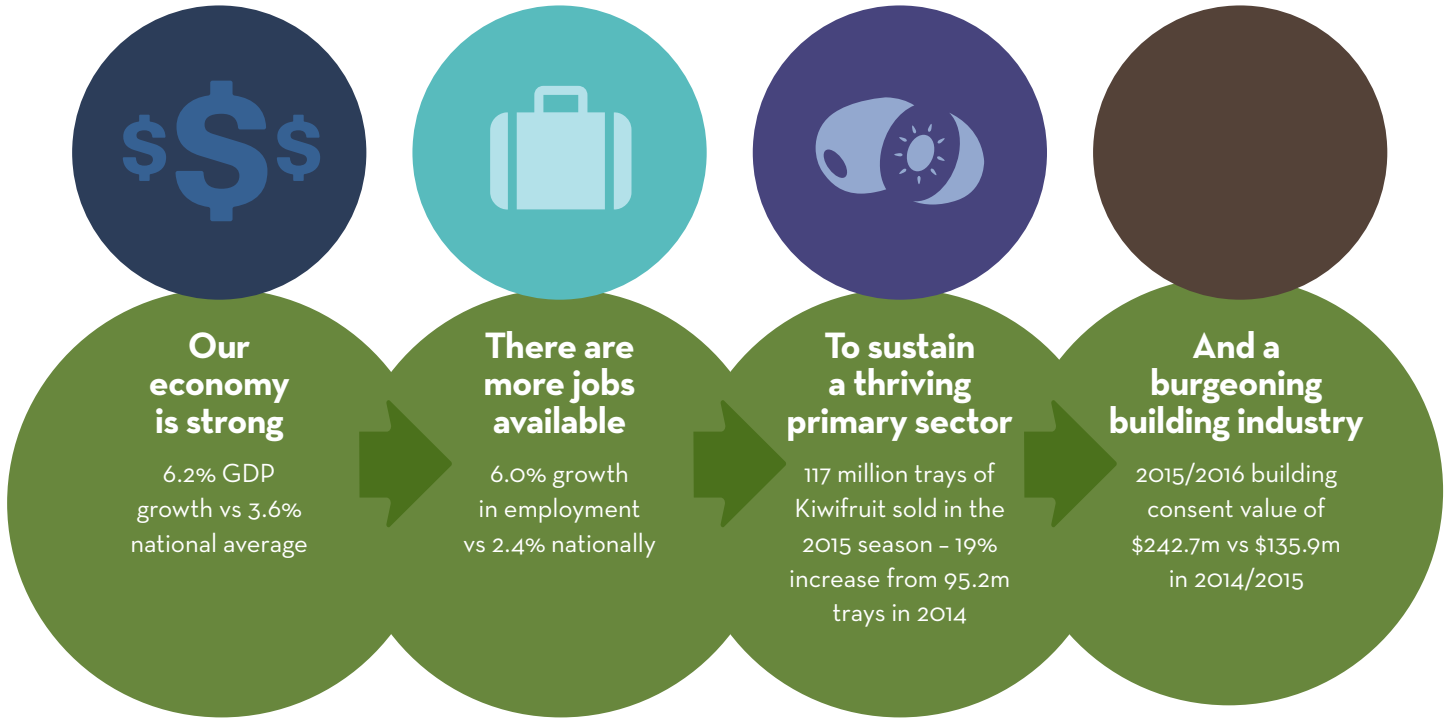
My thanks to elected members and Council staff for their cooperation, expertise and willingness to work as a team for the benefit of residents across the Western Bay of Plenty.

A handwritten signature in black ink, appearing to read 'Miriam Taris'.

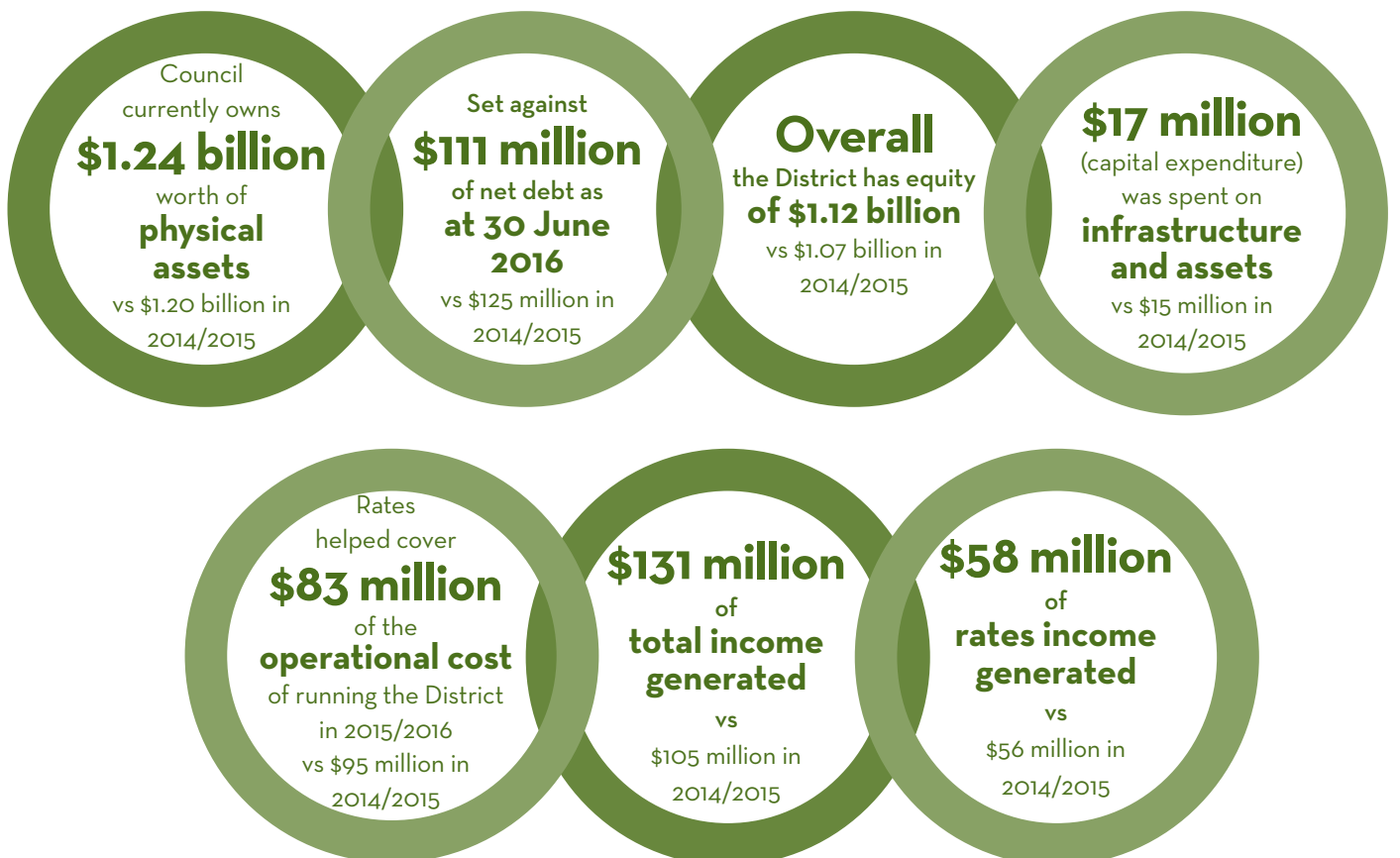
**Miriam Taris**  
Chief Executive Officer  
Western Bay of Plenty District Council



## A DISTRICT FORGING AHEAD



## PLAYING OUR PART

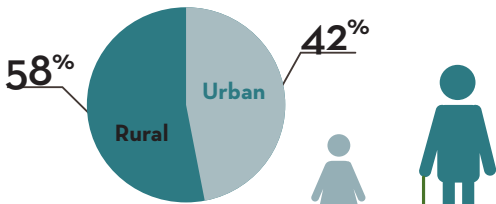


# COUNCIL AT A GLANCE - KEY FACTS

## OUR PEOPLE



Population 43,695



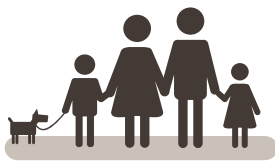
- 18% Māori
- Median age - 44.8 years



0-14 yrs  
20%



65+ yrs  
19%



## OUR COMMUNITIES

- Rich tapestry of small thriving communities.
- Three wards - Katikati/Waihi Beach, Kaimai, Maketu/Te Puke.
- An incredibly strong sense of place, resilience and ability to adapt.
- An expectation to engage at a community level - grass roots, town hall, road side.



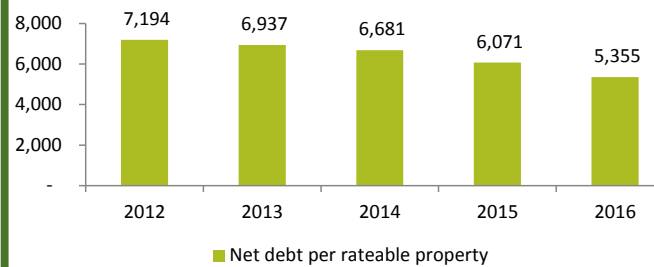
## OUR LAND

- 212,000 hectares
- 202 kilometres of harbour
- 55 kilometres of ocean beach
- Outstanding soil conditions that grow a basket of 'super foods' - from Kiwifruit to some of the world's highest grade dairy, beef and lamb products



## OUR DEBT

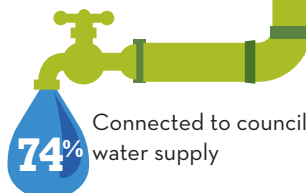
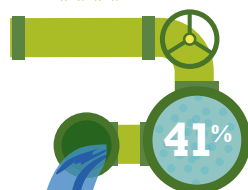
Net debt per rateable property



## OUR CUSTOMERS



Ratepayers  
20,696



Connected to council water supply

Connected to council wastewater treatment and disposal

- Travel on 122 kilometres of state highway and 1,053 kilometres of local roads

# ROLE OF THIS ANNUAL REPORT

*This Annual Report is provided to compare Western Bay of Plenty Council's actual performance for the year against what was forecast in the Long Term Plan or Annual Plan*

## PLANNING AND REPORTING FRAMEWORK

Under the Local Government Act 2002, a Local Authority must prepare and adopt the following documents:

### LONG TERM PLAN (LTP)

**(Section 93)** identifies Western Bay Council's plans for the Western Bay over a 10 year period. It is reviewed every three years. Western Bay Council's latest LTP was agreed in 2015.

### ANNUAL PLAN

**(Section 95)** is produced in the two intervening years between each LTP. It outlines any significant changes Council has made to the LTP and contains the annual budget.

### ANNUAL REPORT

**(Section 98)** provides details of Council's actual performance for all activities against the plans for a specific year of the LTP or Annual Plan.

### SUMMARY ANNUAL REPORT

**(Section 98(4)(b))** provides a summary of information contained in Council's Annual Report.

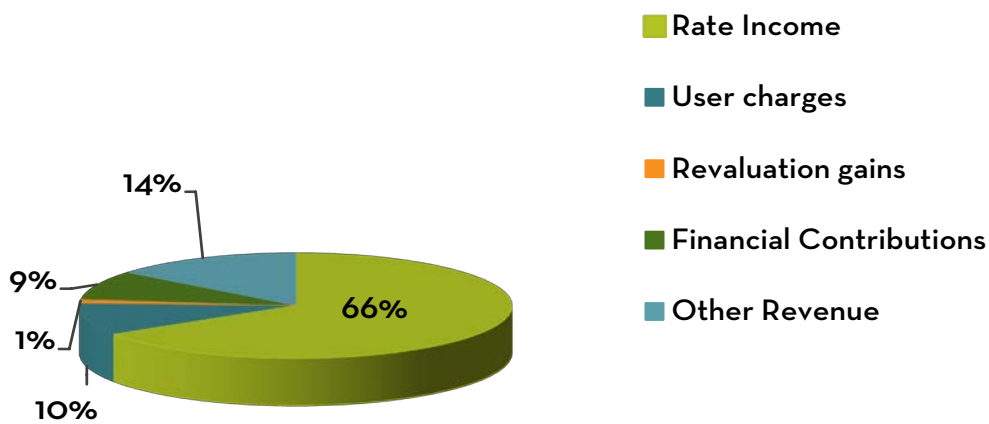
## BRINGING THE PLANNING PROCESS TOGETHER



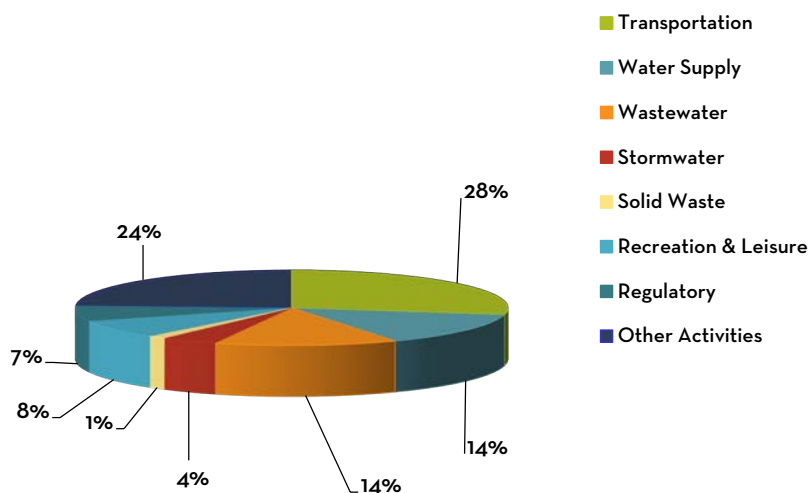
# FINANCE SUMMARY OVERVIEW

Council has reported a net surplus of \$47.73 million compared with a budgeted operating surplus of \$7.98 million. The major contributor to this increased surplus was the vesting of the Te Puke Highway (formerly SH2) of \$39.5m from NZTA.

## Council Revenue 2015/16 (excluding vested assets) \$88.7m



## Council Capital and Operating Expenditure 2015/16 \$83.4m



# CHAPTER ONE

## Overview



# CHAPTER ONE

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# OVERVIEW OF COUNCIL'S PERFORMANCE

## FIVE YEAR SUMMARY - FINANCIAL OVERVIEW

### COUNCIL'S FIVE YEAR FINANCIAL PERFORMANCE SUMMARY

	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000
Rate revenue (excluding water by meter)	47,958	50,014	54,017	55,500	58,416
Vested assets revenue	184	1,345	979	720	42,408
Financial contributions revenue	4,876	4,833	4,177	2,607	7,862
Total expenditure	107,532	74,578	78,110	94,619	83,388
Total operating revenue	79,703	80,119	83,889	105,026	131,146
Operating surplus/(deficit)	(27,843)	5,541	6,124	10,338	47,733
Capital expenditure	39,947	15,424	18,378	15,449	17,142
Working capital/(deficit)	(8,156)	(15,478)	(4,425)	(12,104)	(17,068)
Total external debt	155,508	174,505	156,003	138,000	128,000
Net external debt	144,274	140,023	134,970	125,187	110,819
Fixed assets (net book value)	1,066,945	1,116,531	1,102,494	1,200,946	1,239,804
Cash on hand	11,234	9,482	21,033	12,813	17,181

### COUNCIL'S FIVE YEAR FINANCIAL STATISTICS SUMMARY

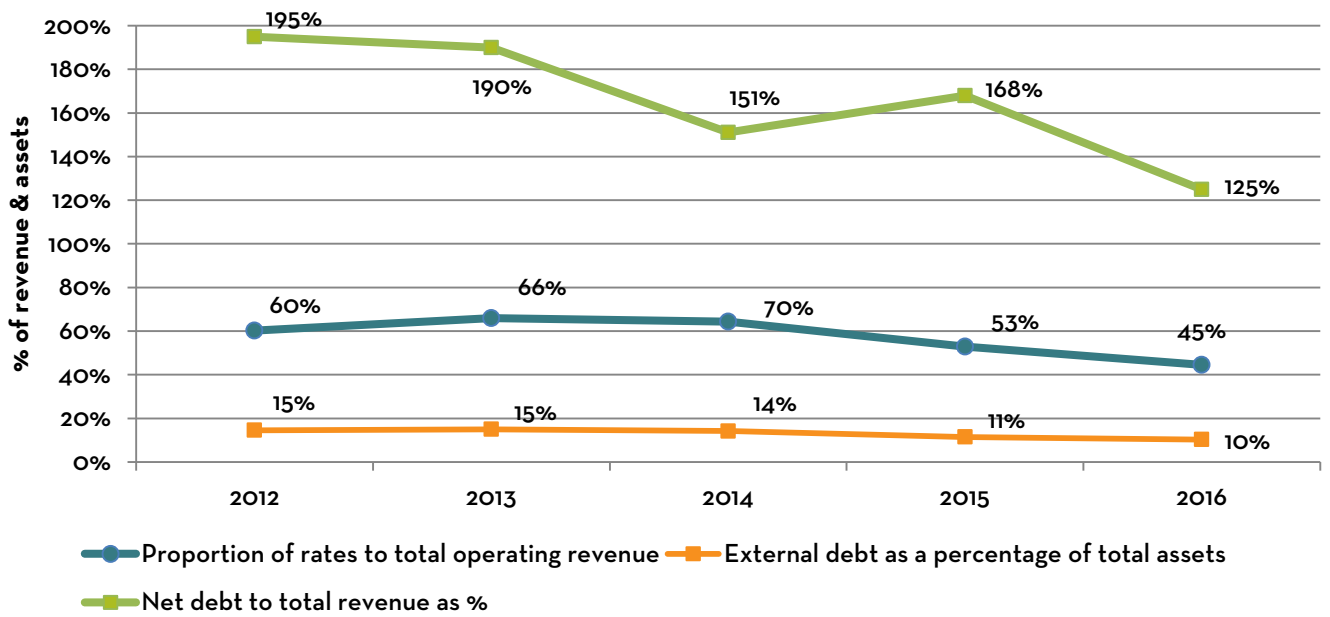
	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000
<sup>1</sup> Proportion of rates to revenue	61%	68%	70%	72%	45%
Total external debt as a percentage of total assets	15%	15%	14%	11%	10%
External debt per rateable property (\$'000s)	7.75	8.65	7.72	6.69	6.19
Net external debt per rateable property (\$'000)	7.19	6.94	6.67	6.07	5.35
<sup>2</sup> Net debt to revenue as a percentage	195%	190%	151%	168%	125%
Total capital value of rating units within the District (\$m)	15,190	12,525	12,594	14,207	14,820
Total land value of rating units within the District (\$m)	9,234	7,216	7,216	7,828	7,851
Rateable properties	20,054	20,185	20,207	20,621	20,696

<sup>1</sup>Restated. Now agrees with Rates Income (affordability) Benchmark Revenue which excludes financial contributions, gains and vested assets (refer to page 26).

<sup>2</sup>Restated. Now agrees with Debt Affordability Benchmark Revenue which excludes financial contributions, gains and vested assets (refer to page 26).



## TREASURY RATIOS



This graph shows that for each rateable property in the District there was \$5,355 of net debt at 30 June 2016 this is a reduction of \$716 per property.

## SERVICE DELIVERY PERFORMANCE

Council has structured its activities into 12 groups which comprise a total of 32 activities. The 12 Activity Groups provide the main means of delivering Council's services and work programmes. Our Achievements section of this document (from page 34 provides a detailed assessment of how well Council's activities performed during 2015/16).

## PERFORMANCE AGAINST 2015/16 TARGETS

The LTP 2015 - 2025 identifies performance measures and targets for each activity. These measures reflect the diversity of the activities and were developed from a range of sources. Opportunities to benchmark Council activities with other local authorities or external agencies have been used where data is available.

Our Achievements section (from page 34) provides detailed financial and non-financial results for each activity. A summary of Council's performance against the 2015/16 targets is shown in the table below.

ACTIVITY GROUP	TARGET MET	PARTIAL MET*	NOT MET	TOTAL
Representation	11	-	2	13
Planning for future	5	-	1	6
Communities	15	4	1	20
Recreation and Leisure	13	3	-	16
Regulatory services	5	3	3	11
Transportation	6	5	2	13
Water supply	12	2	-	14
Stormwater	14	-	-	14
Natural environment	3	-	2	5
Wastewater	7	-	3	10
Solid waste	6	-	-	6
Economic	8	-	1	9
<b>TOTAL</b>	<b>105</b>	<b>17</b>	<b>15</b>	<b>137</b>

Target Met	Target has been achieved.
Partial Met	Target has not been fully achieved, it is within 5% of target.
Not Met	Target was not achieved.

# REPORT ON DEVELOPMENT OF MĀORI CAPACITY TO CONTRIBUTE TO DECISION MAKING 2015/2016

ON-GOING PROCESSES		
Māori representation arrangements	Tauranga Moana Partnership Forum Te Arawa ki Takutai Partnership Forum	<p>The Forums have been working collectively on the development of an “issues of significance framework” which includes the work programme for the forums.</p> <p>This document is titled “Te Ara Mua” and was adopted in principle at the May/June meetings of the Partnership Forums.</p> <p>Te Ara Mua outlines the issues that the Partnership Forums see as ones that they need to address to improve outcomes for iwi/hapū and Māori within the District.</p>
Formal relationship agreements	Te Arawa Māori Trust Board Maketu Committee	Te Arawa Māori Trust Board is not part of the newly established Partnership Forums.
Engagement with Māori communities	Tangata Whenua Consultation Guidelines	The Workforce Development and Cultural Advisor is in the process of reviewing the guidelines and protocols and how they are being used by staff members.
	Consultation Protocols	<p>The Takawaenga unit (Māori Relationships and Engagement Advisor and Workforce Development and Cultural Advisor) are in the process of rolling out training of key Managers and staff on how to hold meetings with tangata whenua.</p> <p>A new approach to Te Reo Māori training will also focus on consultation with particular regard to appropriate ways to hold meetings.</p>
	Consideration of Māori Interests - Roading	Status quo.

## ON-GOING PROCESSES

<p>Building relationships with our Māori communities</p>	<p>Marae Maintenance Fund</p>	<p>The Takawaenga Unit works closely with staff on issues requiring engagement with our Māori communities ensuring that we provide appropriate support. The unit also acts as a conduit for our Māori Communities as a means of building confidence for members of that community to engage with staff.</p> <p>A working example of this support can be seen in Council's recent application for a renewal of the Discharge Consents for Te Puke and Katikati Wastewater Treatment Plants. The Takawaenga Unit worked closely with staff involved in those applications as the Maori communities within those two areas were heavily involved in progressing the respective consent applications.</p> <p>Māori communities typically use Marae for community purposes (as opposed to community halls) despite paying the community hall rates. In recognition of this, the Marae Maintenance Fund provides a contestable fund for those Marae that have interests in Council's district to get financial support for maintenance work on their Marae. The fund is currently \$32,000.00 per annum</p>
<p>Co-management regimes</p>	<ul style="list-style-type: none"> <li>• Papamoa Hills Cultural Heritage Regional Park</li> <li>• TECT All Terrain Park</li> <li>• Panepane Point</li> </ul>	<p>Council is represented on Te Maru o Kaituna (the statutory co-governance established over the Kaituna River).</p> <p>Council will be represented on the Tauranga Moana Harbour co-governance body which has yet to be established.</p> <p>Council has been approached regarding possible co-management regimes outside of ones provided by statute. These have triggered consideration of a policy for managing requests of this nature that may come up in the future. In the meantime Council must consider such requests on their merits having regard to Council's role and obligations to its Māori communities and the community at large.</p> <p>In December 2015 Council resolved to initiate work towards promoting a Local Act of Parliament that would provide for the transfer of ownership of Panepane/ Purakau to an entity representative of relevant tangata whenua subject to certain principles including the ability of Council to administer the land as a local purpose reserve, in partnership with tangata whenua, and retention of access to harbour navigational aids and certain identified parts of the land.</p>

## ON-GOING PROCESSES

Co-management regimes (continued)		A Panepane project group was established to progress the above resolution. This project group is made up of Council staff and representatives of the five hapū of Matakana and Rangiwaea Islands. Work on this matter is ongoing and will ultimately involve a formal community consultation process.
SmartGrowth	Combined Tangata Whenua	<p>The Māori Relationships and Engagement Advisor provides support to the SmartGrowth Combined Tangata Whenua Forum, through attendance at meetings and advocating within Council relevant issues raised by the Forum.</p> <p>The Māori Relationships and Engagement Advisor together with colleagues from TCC and BOPRC meets with CTWF members that are on the SG implementation committee to provide support to those members where needed.</p>
Policy Development	Input to reviews of policies and strategies through Māori Forum workshops.	<p>Te Ara Mua has identified opportunities for policy development in line with the scope of the Partnership Forums' responsibilities.</p> <p>The Takawaenga Unit also seek out opportunities to improve or build Council policy that has a bearing on relationships with our Māori communities e.g. review of Council's koha policy.</p>
Strategic Planning	Hapū and Iwi management plans	<p>Council continues to support the development of Hapū and Iwi Management Plans through the provision of funding for this purpose.</p> <p>Council is in the process of developing clear procedural guidelines about the development and implementation of these plans, ensuring that iwi and hapū are involved in the process to ensure expectations are aligned.</p>

# ANNUAL REPORT DISCLOSURE STATEMENT

## ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

### What is the purpose of this statement

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

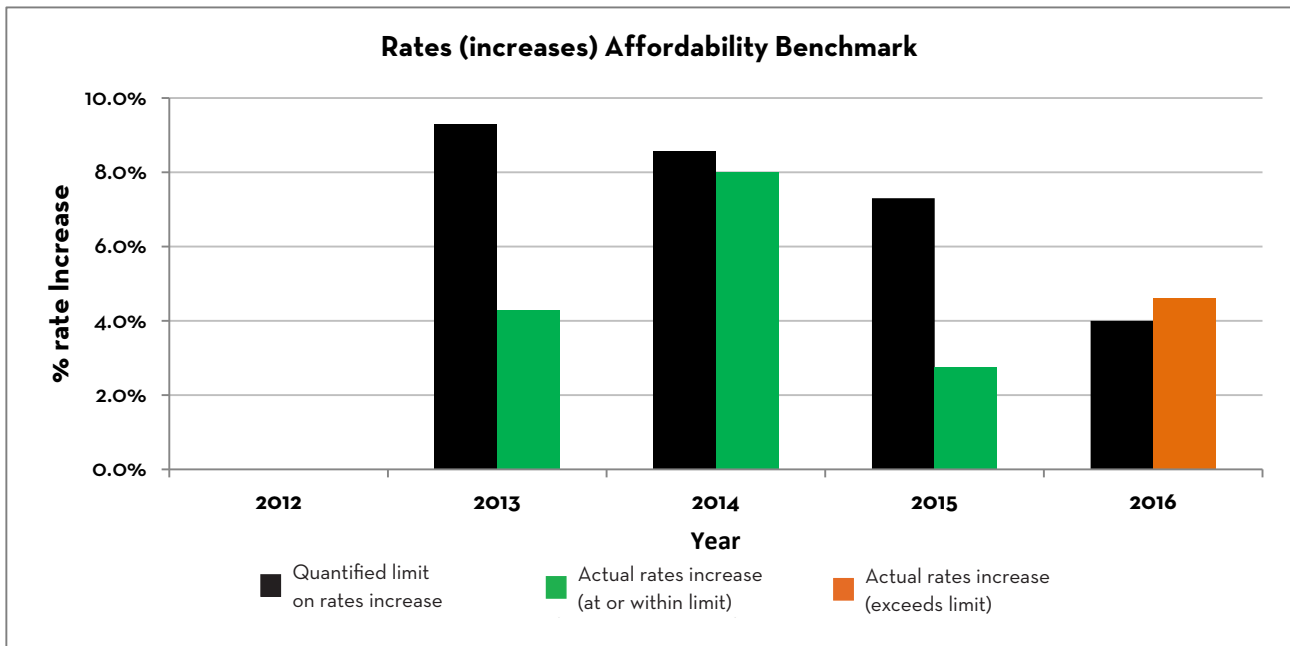
Page 26 provides a breakdown of how these benchmarks were calculated for 2015 and 2016.

### Rates Affordability Benchmark

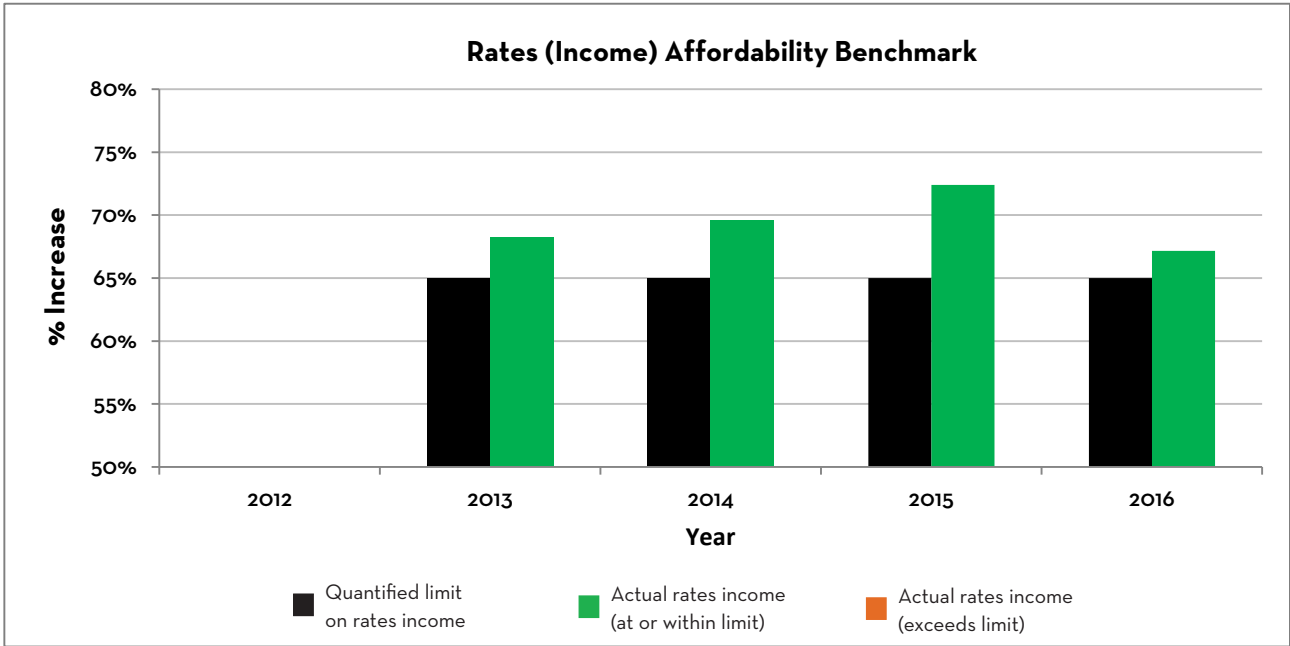
The Council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit for 2016 is 4%.



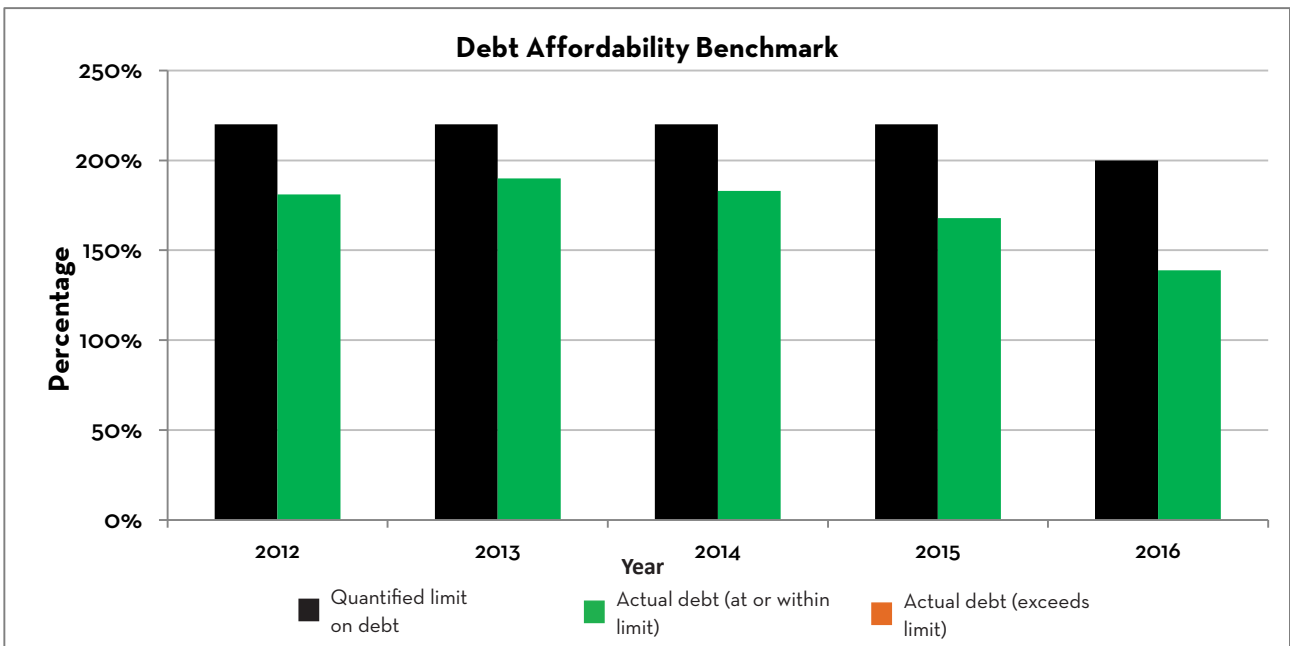
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is that rates will be at least 65% of revenue. Revenue is defined as total revenue as per the Statement of Comprehensive Revenue and Expenditure less Financial Contributions, Gains and Vested Assets.



#### Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

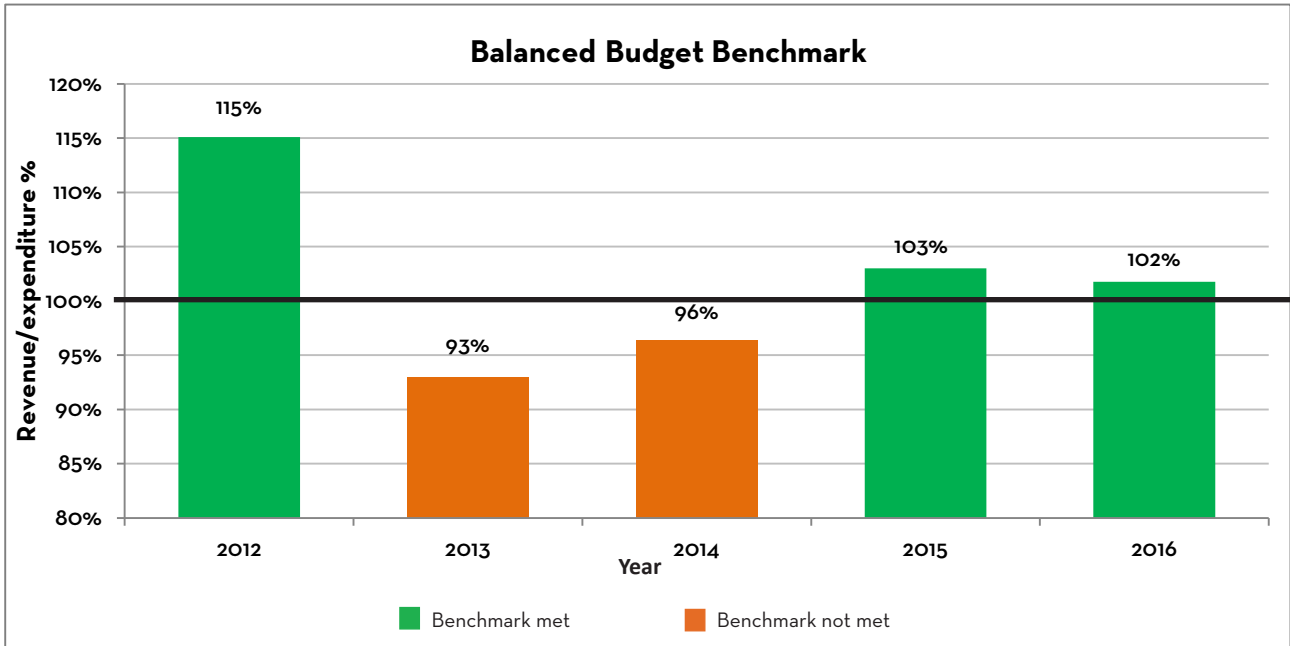
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is that debt will not exceed 200% of revenue in 2016, reduced from 220% in previous years.



**Balanced budget benchmark**

The following graph displays the Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

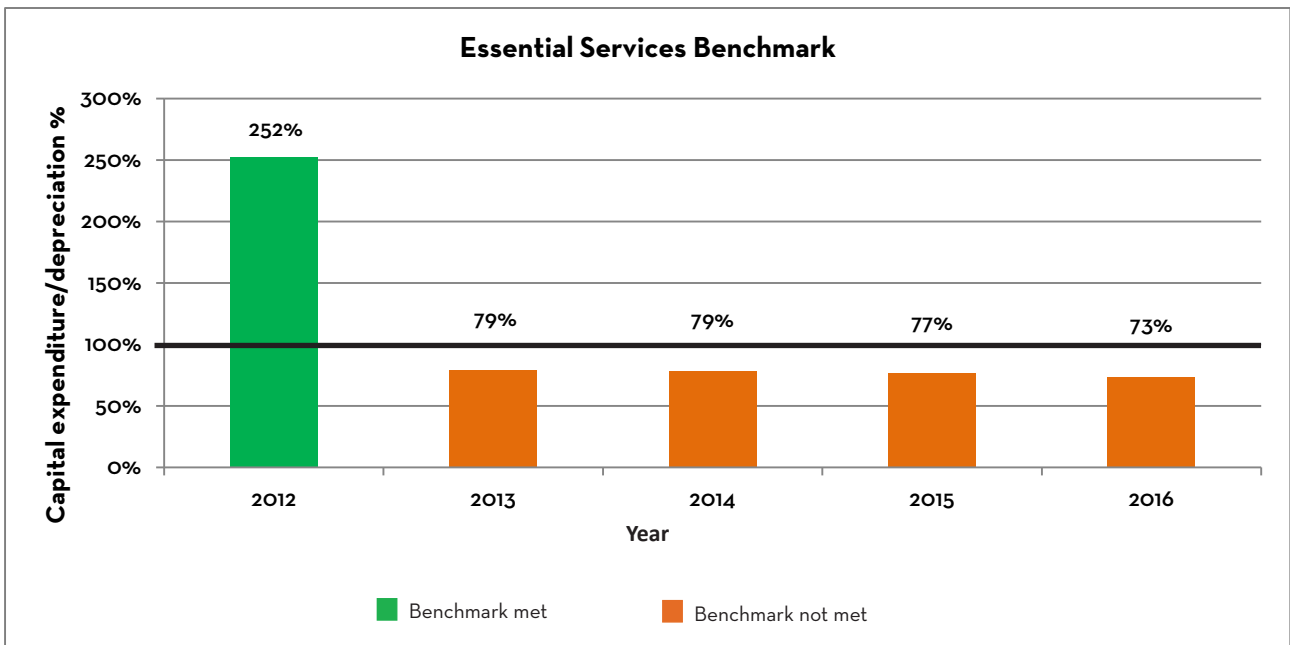
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



**Essential services benchmark**

The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services (being; transportation, water, wastewater and Stormwater) equals or is greater than depreciation on network services.

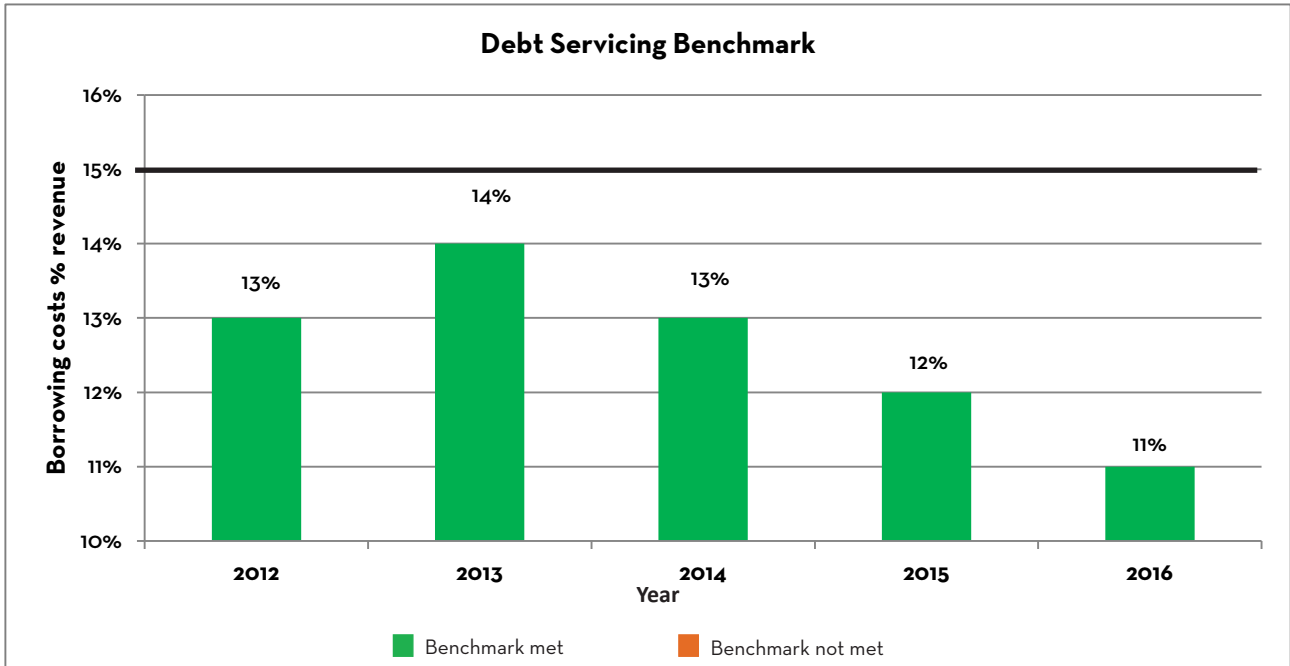




### Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

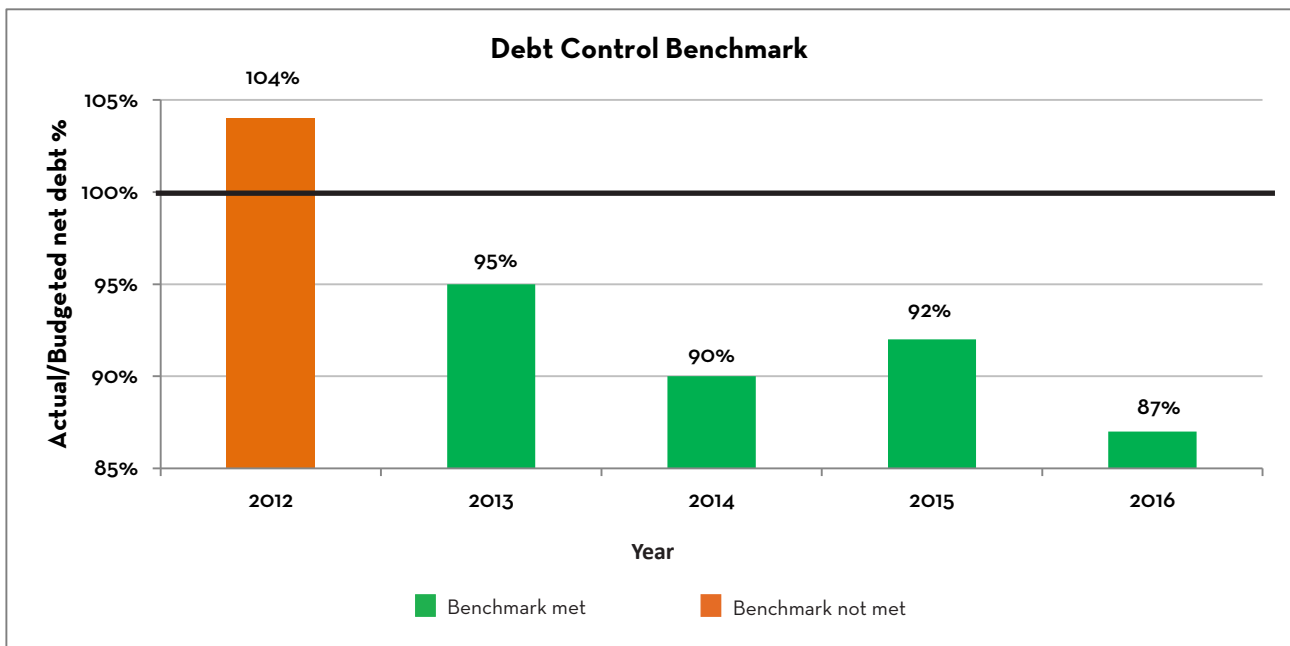
Because Statistics New Zealand projects the council's population will grow faster than, the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



### Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

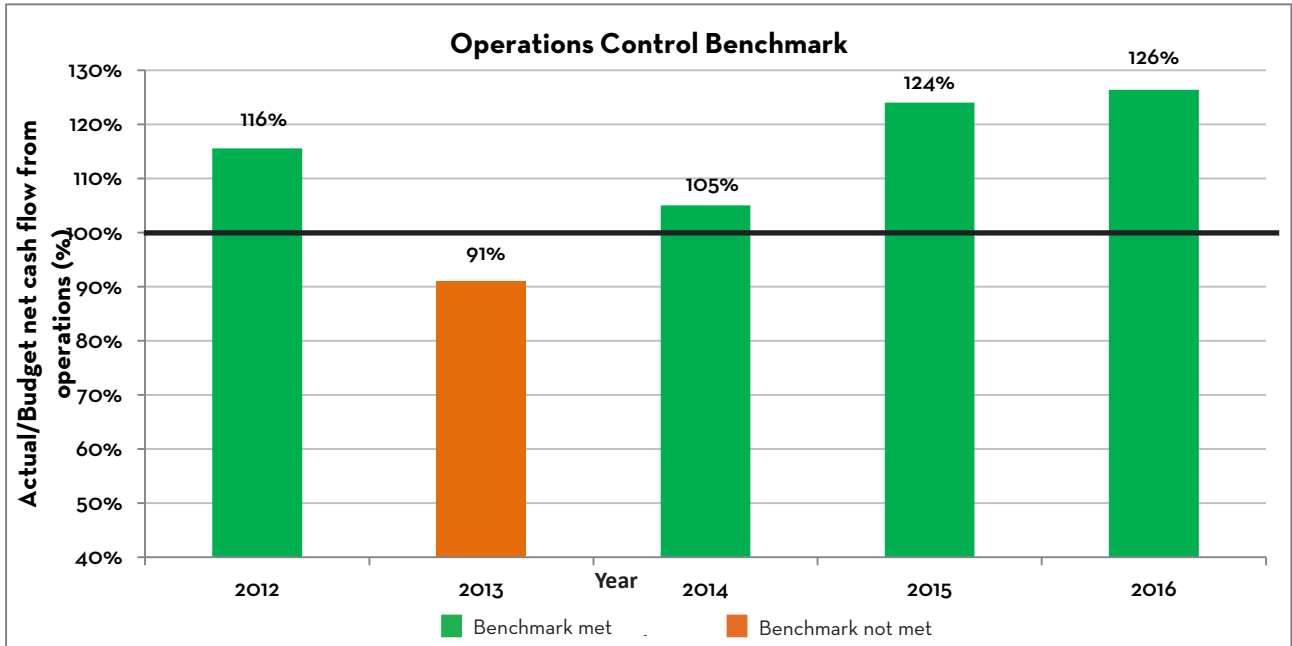
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



### Additional information

Increased properties in the District and increased values of these properties has contributed to a 4.6% increase in rates income over the 2015 financial year. Rating penalties have been removed from the calculations as these are the result of non-payment of rates rather than an actual charge made up front.

The balanced budget benchmark was not met in 2013 and 2014. This is due to the exclusion of financial contribution revenue from the benchmark. Had this income been included Council would have complied with the benchmark in all years.

The essential services benchmark was not met in 2013, 2014, 2015 and 2016. This was due to the completion of large scale infrastructure works in previous years, with the majority of works undertaken being renewals. In addition some growth related capital works were deferred as they were not required.

The debt control benchmark was not met in 2012. This was due to the movement in Councils interest rate swap derivatives being greater than budget. Given the volatile nature of interest rates and any interest rate based derivatives it is not practicable to determine their movement over a twelve month period. If these liabilities are excluded from the measure Council is compliant in all years.

# DISCLOSURE STATEMENT CALCULATIONS

	ACTUAL \$'000	ACTUAL \$'000
	2015	2016
Rates income	55,500	58,416
Penalty rates	(853)	(1,250)
Rates income excluding penalties	54,647	57,166
<b>Rates affordability benchmark</b>	<b>3.9%</b>	<b>4.6%</b>
Rates income	55,500	58,416
Total revenue	105,026	131,146
less - vested assets	(720)	(42,408)
less - unrealised income	(553)	(692)
less - gains	(27,093)	(1,079)
Revenue for benchmark	76,660	82,116
<b>Rates income affordability benchmark</b>	<b>72%</b>	<b>67%</b>
Total revenue	105,026	131,146
Less financial contributions	(2,607)	(7,862)
Less gains	(27,093)	(1,079)
Less vested assets	(720)	(42,408)
Revised revenue	74,606	79,798
Total external debt	138,000	128,000
Less cash	(12,813)	(17,181)
Net borrowings	125,187	110,819
<b>Debt affordability benchmark</b>	<b>168%</b>	<b>139%</b>
Total revenue	105,026	131,146
Less - financial contributions	(2,607)	(7,862)
Less - vested assets	(720)	(42,408)
Less - revaluation adjustments	(27,093)	(1,079)
Revenue for benchmark	74,606	79,798
Total expenditure	94,552	83,388
Less - revaluation adjustments	(16,525)	(124)
Less - unrealised interest/derivative loss	(6,115)	(4,851)
Expenditure for benchmark	71,912	78,413
<b>Balanced budget benchmark</b>	<b>104%</b>	<b>102%</b>
<b>Capital expenditure</b>		
Roading	9,043	6,639
Water	2,081	4,142
Wastewater	509	1,436
Stormwater	137	217
<b>Total capital expenditure</b>	<b>11,770</b>	<b>12,433</b>
<b>Depreciation expense</b>		
Roading	7,875	9,452
Water	2,762	2,828
Wastewater	3,465	3,501
Stormwater	1,149	1,156
<b>Total depreciation</b>	<b>15,251</b>	<b>16,936</b>

	ACTUAL	ACTUAL
	\$'000	\$'000
	2015	2016
<b>Essential services benchmark</b>	<b>77%</b>	<b>73%</b>
Total revenue	105,026	131,146
Less - financial contributions	(2,607)	(7,862)
Less - vested assets	(720)	(42,408)
Less - revaluation adjustments	(27,093)	(1,079)
Less - derivative gains	-	-
Revenue for benchmark	74,606	79,798
Interest expense	9,136	8,709
<b>Debt servicing benchmark</b>	<b>12%</b>	<b>11%</b>
<b>Actual</b>		
<b>Liabilities</b>		
Debt	138,000	128,000
Payables	12,641	11,413
Interest rate swaps	9,946	14,797
<b>Assets</b>		
Cash	(12,813)	(17,181)
Investment	(3,571)	(3,466)
Financial assets	(1,426)	(1,698)
Actual net debt	142,777	131,865
<b>Budget</b>		
<b>Liabilities</b>		
Debt	146,505	148,003
Payables	13,315	10,855
Interest rate swaps	3,831	3,831
<b>Assets</b>		
Cash	(6,614)	(5,940)
Investments	(3,938)	(3,357)
Financial assets	(1,780)	(957)
Budget net debt	155,114	152,435
<b>Debt control benchmark</b>	<b>92%</b>	<b>87%</b>
Budgeted cashflow from operations	19,938	23,753
Actual cashflow from operations	24,728	30,012
<b>Operations control benchmark</b>	<b>124%</b>	<b>126%</b>

# AUDIT REPORT

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Western Bay of Plenty District Council's annual report for the year ended 30 June 2016

The Auditor-General is the auditor of Western Bay of Plenty District Council (the District Council). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, on her behalf, to:

- audit the information included in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the audited information); and
- report on whether the District Council has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 130 to 195:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2016;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 196, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;
- the Service Performance Results on pages 38 to 127:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 198 to 210, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan;

# AUDIT REPORT

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- the funding impact statement for each group of activities on pages 197 to 210, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan; and
- the disclosures on pages 21 to 25 required by the Local Government (Financial Reporting and Prudence Regulations 2014) represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

## Compliance with requirements

The District Council has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 21 to 25 which are required by the Local Government (Financial Reporting and Prudence Regulations 2014) which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

Our audit was completed on 15 September 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

## Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;

# AUDIT REPORT

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- determining the appropriateness of the reported Service Performance Results within the District Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the District Council complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## Responsibilities of the Council

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

## Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. In addition to this audit which includes our report on Other Requirements, we have carried out an assignment in the area of the Debenture Trust Deed, which is compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the District Council.



Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand





# CHAPTER TWO

## Council Activities



# CHAPTER TWO

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# COUNCIL'S GROUP OF ACTIVITIES

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## GUIDE TO THIS SECTION OF THE ANNUAL REPORT

Chapter Two - Our achievements reports on how well Council's activities performed during 2015/16 against the goals and targets set out in Chapter three of the 2015-25 LTP. The reporting covers how effectively services have been delivered to the community and financial results.

Reporting on service performance is provided for each activity group and includes the following information:

### Overview

This provides a high level overview or explanation of the activity and the outcomes agreed in Western Bay of Plenty District Council's 2015-2025 LTP.

### 2015/16 highlights

Highlights can include key initiatives undertaken, projects completed, and milestones achieved for the activity. A graph will also be included to show the results and trends for Western Bay Council's measures for performance and customer satisfaction.

Service performance results

- Results trends for key measures
- How we have tracked progress towards our goals
- How we have tracked progress - levels of service

The 2015-2025 LTP identifies performance measures and targets to monitor Council's achievement of the agreed outcomes and levels of service. This section reports the results and provides explanation for any significant variances. Results are classified as follows:

 Target met

 Partial met (within 5% of target)

 Not met

### Future initiatives

This section looks ahead and identifies key initiatives planned for the next 2-3 years.

### Cost of service statements

The cost of service statement shows financial information for that activity, comparing actual expenditure against budget and the previous year's actual. The statements provide details of income and expenditure and, where relevant, capital expenditure.

### Major variances

Where there are major variances between actual expenditure and budget a further explanation is provided.

### Customer satisfaction

In the statements of service performance there are references to an Annual Resident Survey.

This survey was undertaken by Key Research and the sample included all residents within the Western Bay of Plenty District Council area with a sample size of 726 and margin of error of +/- 3.6%, with a confidence level of 95%.

### Effects on community wellbeing

The table overleaf identifies the activity groups and their primary contribution to the Community Outcome.

The Long Term Plan (LTP) has identified significant or potential negative effects that may occur as a result of providing the following activities:

- Wastewater
- Solid waste
- Communities (Interment)
- Transportation
- Water supply
- Stormwater
- Economic

Council has structured its activities into 12 groups. These activity groups are comprised on individual activities which have a similar nature. The following table identifies each of the Activity Groups and their corresponding activities. It also shows the Community Outcomes the activity primarily contributes to.

ACTIVITY GROUPS	ACTIVITIES	PRIMARY COMMUNITY OUTCOMES	PAGE
Representation	<ul style="list-style-type: none"> <li>• Sub-regional, District and Community representation</li> <li>• Financial Planning</li> </ul>	<ul style="list-style-type: none"> <li>▪ Effective, informed and inclusive leaders</li> </ul>	38
Planning for the future	<ul style="list-style-type: none"> <li>• Policy and planning</li> <li>• Resource management planning</li> <li>• Infrastructure planning</li> </ul>	<ul style="list-style-type: none"> <li>▪ Vibrant and welcoming communities</li> <li>▪ Effective, informed and inclusive leaders</li> <li>▪ Thriving economy</li> </ul>	45
Communities	<ul style="list-style-type: none"> <li>• Community development</li> <li>• Cultural development</li> <li>• Information centres</li> <li>• Emergency management</li> <li>• Community facilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Healthy and safe lifestyle</li> <li>▪ Vibrant and welcoming communities</li> </ul>	51
Recreation and leisure	<ul style="list-style-type: none"> <li>• Coastal and marine</li> <li>• Recreation reserves and facilities</li> <li>• Sub-regional reserves</li> </ul>	<ul style="list-style-type: none"> <li>▪ Vibrant and welcoming communities</li> <li>▪ Clean, green and valued environment</li> </ul>	62
Regulatory services	<ul style="list-style-type: none"> <li>• Animal control</li> <li>• Building and health services</li> <li>• Compliance</li> <li>• Regulatory services</li> <li>• Resource consents</li> </ul>	<ul style="list-style-type: none"> <li>▪ Healthy and safe lifestyle</li> </ul>	68
Transportation	<ul style="list-style-type: none"> <li>• Roding</li> <li>• Network development</li> <li>• Network optimisation</li> <li>• Environmental mitigation</li> <li>• Transportation health and safety</li> </ul>	<ul style="list-style-type: none"> <li>▪ Healthy and safe lifestyle</li> <li>▪ Thriving economy</li> </ul>	75
Water supply	<ul style="list-style-type: none"> <li>• Council water supply</li> </ul>	<ul style="list-style-type: none"> <li>▪ Healthy and safe lifestyle</li> <li>▪ Thriving economy</li> </ul>	81
Stormwater	<ul style="list-style-type: none"> <li>• Stormwater network</li> <li>• Waihi Beach coastal protection</li> </ul>	<ul style="list-style-type: none"> <li>▪ Healthy and safe lifestyle</li> </ul>	91
Natural environment	<ul style="list-style-type: none"> <li>• Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>▪ Clean, green and valued environment</li> </ul>	97
Wastewater	<ul style="list-style-type: none"> <li>• Wastewater</li> </ul>	<ul style="list-style-type: none"> <li>▪ Healthy and safe lifestyle</li> <li>▪ Clean, green and valued environment</li> </ul>	103
Solid waste	<ul style="list-style-type: none"> <li>• Solid waste</li> </ul>	<ul style="list-style-type: none"> <li>▪ Healthy and safe lifestyle</li> <li>▪ Clean, green and valued environment</li> </ul>	114
Economic	<ul style="list-style-type: none"> <li>• Economic development</li> <li>• Land drainage</li> </ul>	<ul style="list-style-type: none"> <li>▪ Thriving economy</li> </ul>	120

# COUNCIL'S BUSINESS SCORECARD

Council's business scorecard ensures an integrated approach to delivering the environmental, economic, cultural and social outcomes in its Long Term Plan (LTP).

Achieving the outcomes in the business scorecard involves focusing on seven perspectives:



The seven perspectives are linked to the District Vision (where the people of the Western Bay of Plenty District want to go), Council's operational mission (what Council is doing to help meet the District Vision) and the organisation's values (how Council staff work to deliver the operational mission).

The business scorecard diagram illustrates how the vision, mission and values line up with the perspectives that underpin the environmental, economic, cultural and social outcomes in the LTP.

Monitoring trends in the business scorecard

For each of the Activity Groups key measures have been identified to monitor Council's performance and resident perception.

For each activity two key measures have been identified. These measures monitor Council's performance and resident perception. Many of these measures show Council's achievements over a number of years.



# REPRESENTATION

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# REPRESENTATION

## OVERVIEW

The Representation Strategy underpins Council's democratic processes and provides the community and the organisation with leadership and direction. The Strategy informs decisions about our representation arrangements, for example, the number of wards and their boundaries, community boards and number of Councillors.

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

Leaders are informed by the views of residents to make effective decisions which improve our communities and environment, now and for the future.

### OUR GOALS

- We have effective representation arrangements for our communities
- We engage with our communities, listen well, lead effectively and make well informed decisions
- We actively seek and consider the full range of residents' views on our plans, policies and projects
- We have strong relationships with Tangata Whenua and work together in a range of ways so that Tangata Whenua perspectives inform our decisions
- Our strategic relationships at all levels are maintained and strengthened
- Our financial management is prudent, effective and efficient.

## 2015/2016 HIGHLIGHTS

Growth has been the most pressing issue this year as the Western Bay has experienced an influx of permanent residents from Auckland and elsewhere. This is a complete turnaround from the dormancy of the previous six years during the Global Financial Crisis. We are in the fortunate position of having invested heavily over the past 15 years in wastewater, water and stormwater infrastructure to cater for future growth. While this investment put Council in considerable debt – it is now in a strong position to cope with development demand and in so doing reduce its debt through the increased income from development activity.

It has been a significant year for progressing longer term projects that provide major assets for our communities in the future. Population and development growth in the Western Bay has been escalating over the past year and elected members are continually lobbying the case of Western Bay with Central Government. Significant achievements include:

- The opening in August of the Tauranga Eastern Link. A \$455 million NZ Transport Agency project of 21 kilometres, four-lane, median divided highway between Tauranga and Paengaroa. The Tauranga Eastern Link is the second of seven Roads of National Significance (RoNS)
- A \$3.8 million funding boost from Central Government for the Urban Cycleways'. This was well-timed in the wake of our Council and Tauranga City agreeing to fund parts of the Tauranga Moana Cycleway over the next 10 years. Our Council decided to put \$3m (\$300,000 a year) in our Long Term Plan 2015-2025 toward the three planned cycle routes – Omokoroa to Tauranga, Maketu to Paengaroa and Waihi to Waihi Beach

- Launched the first section of Western Bay Cycleways in Paengaroa with Transport Minister Simon Bridges. This is the first section of the \$600,000 Papamoa to Paengaroa Trail that will eventually run from Te Tumu Road and follow the Te Puke Highway into Paengaroa. Council also signed a Memorandum of Understanding with Hauraki District Council for a cycleway from Waihi Beach to Waihi to link with the Hauraki Cycle Trail
- NZ Transport Agency's \$591 million transport package for State Highway 2 between Te Puna and Katikati, to grow industry and jobs, improve safety and support economic development and population growth. Our Council is continually working with the Transport Agency to prioritise local projects that will improve the safety and travel times for our commuters
- Omokoroa has been designated as a Special Housing Area (SHA) under the Housing Accord. Council signed the Housing Accord with Government in August 2015. Omokoroa is one of the District's growth areas in which Council has already invested substantial infrastructure to cater for a future population capacity of 12,000.

A recent change in the Local Government Act removed the requirement for councils to consult on their annual plan if there is no material or significant difference from the LTP. However elected members chose to hold numerous workshops and Annual Plan sessions leading up to the 2016/17 Annual Plan where the public were welcomed for round-the-table informal discussions. This was well received by our communities and resulted in constructive conversations with a wide range of people in our communities.

## WHAT WE PROVIDE

REPRESENTATION IS PROVIDED BY:



**1** MAYOR



**11** COUNCILLORS



### PARTNERSHIP FORUMS

Comprising iwi and hapu representatives

### Participation in a range of COMMUNITY ORGANISATIONS, BOARDS & CO-GOVERNANCE STRUCTURES

*within the Western Bay of Plenty District*

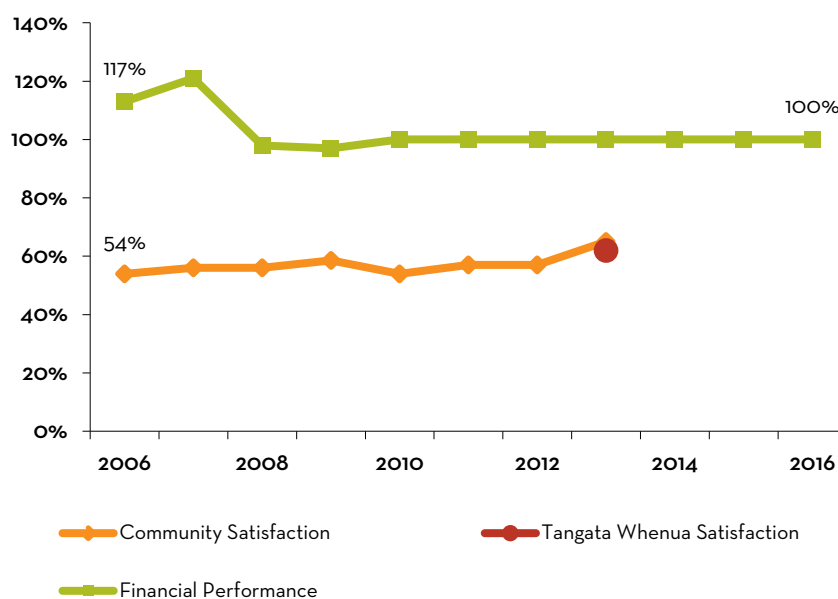




# SERVICE PERFORMANCE RESULTS

## RESULT TRENDS FOR KEY MEASURES

### REPRESENTATION - TRENDS



## HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
<b>Key Performance Measure</b> Percentage achievement in the financial performance index which monitors Council's financial stewardship.  <i>(the index monitors Council's financial trends and level of compliance with 5 key treasury ratios. 100% is total compliance).</i>	100%	100%	100%		😊
<b>Supporting Measures</b> Level of satisfaction with representation provided by Councillors and Community Boards members:					
• Community	NO SURVEY	NO SURVEY	NO SURVEY	The next survey is scheduled for 2017.	
• Māori	NO SURVEY	NO SURVEY	NO SURVEY	The next survey is scheduled for 2017.	
Level of Māori satisfaction with representation provided by the Partnership Forums (Te Arawa - East and Tauranga Moana - West).	NO SURVEY	NO SURVEY	NO SURVEY	The next survey is scheduled for 2017.	
Percentage of residents confident that Council makes decisions that are in the best interest of the District.	NO SURVEY	NO SURVEY	53%	The next survey is scheduled for 2017.	
<b>Affordability of rates</b> Percentage movement in total rates income (after allowance for growth).	≤5%	4.6%	4.2%		😊

# SERVICE PERFORMANCE RESULTS

## HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
Representation will be provided by:					
<ul style="list-style-type: none"> <li>• 1 Mayor</li> <li>• 11 Councillors</li> <li>• 5 Community Boards</li> <li>• 2 Partnership Forums</li> </ul>					
Number of meetings held per annum:					
• Council based on 6 weekly cycle.	≥8	12	16		😊
• Community Boards based on 6 weekly cycle.	≥8	9	8		😊
Partnership Forum based on quarterly meeting cycle.	≥2	3	NEW	The two Partnership Forums held three meetings each (6 meetings in total).	😊
Percentage attendance of elected members (Councillors and Mayor) at Council and Committee meetings.	≥80%	82%	87%		😊
Percentage attendance of Community Board members at Community Board meetings.	≥80%	87%	92%		😊
Level of compliance with statutory timeframes.	100%	100%	100%		😊
Council will engage with communities about decisions that impact on their community					
Level of community satisfaction with the opportunities to participate in decision making.	NO SURVEY	NO SURVEY	NO SURVEY	The next survey is scheduled for 2017.	
Number of Council Committee meetings held in the community.	≥4	2	11	As a result of changes to the Local Government Act 2002 there has been a move away from formal meetings with the community. This has enabled more 'have your say' meetings between Elected Members and the community.  Approximately 10 informal gatherings were held in all of our communities during the year.	😞
Finances will be managed to comply with the limits identified in the Treasury Policy					
Interest expense on external debt as a percentage of rates revenue (Maximum identified in Treasury Policy is 25%).	≤25%	14.9%	15.5%		😊
Liquidity ratio - this ratio monitors Council's ability to pay all current liabilities if they became due immediately.	≥110%	127%	124%		😊
Percentage of net external debt to total revenue.	≤200%	139%	168%		😊
Council will be financially prudent in the management of rates levied					
The percentage of District rates income not spent or committed at the end of the financial year.	≤2%	2.3%	1.8%	Reduced expenditure on rate funded activities.	😞

## FUTURE INITIATIVES

### We will continue to:

- Engage with ratepayers, residents and other stakeholders in each of our communities. This outreach is achieved through our Community Committee and has proven to be an extremely effective way of bringing elected members and their communities around the table to discuss issues of concern and interest
- Represent the District in regard to matters of sub-regional importance such as the growth management strategy SmartGrowth and the Bay of Plenty Regional Strategy (Bay of Connections)
- Work alongside the economic development agency Priority One and Bay of Plenty Tourism to promote the sub-region's economic and tourism benefits
- Support economic and tourist organisations within our own District (Katch Katikati; Waihi Beach Events and Promotions, Te Puke Economic Development Group) to ensure there is synergy between all agencies promoting the economic and tourist benefits of the sub-region
- Progress initiatives with Central Government including transportation improvements; affordable housing programmes and the Government's local government reform programme.

## COST OF SERVICE STATEMENT

### REPRESENTATION

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Representation	2,834	2,943	2,395
<b>Total operating expenditure</b>	<b>2,834</b>	<b>2,943</b>	<b>2,395</b>
<b>Analysis of expenditure by class</b>			
Direct costs	1,503	1,671	1,471
Overhead costs	1,323	1,264	912
Depreciation	8	8	12
<b>Total operating expenditure</b>	<b>2,834</b>	<b>2,943</b>	<b>2,395</b>
<b>Analysis of funding required</b>			
Community Board	392	388	551
Other income	5	-	2
<b>Total revenue</b>	<b>397</b>	<b>388</b>	<b>553</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(2,437)</b>	<b>(2,555)</b>	<b>(1,842)</b>
<b>Capital expenditure</b>		-	-
<b>Total other funding required</b>	<b>(2,437)</b>	<b>(2,555)</b>	<b>(1,842)</b>
<b>Other funding provided by</b>			
General rate	2,493	2,555	1,943
Reserves and future surpluses	(56)	-	(101)
<b>Total other funding</b>	<b>2,437</b>	<b>2,555</b>	<b>1,842</b>

## MAJOR VARIANCES

Additional General Rate to fund overhead allocation.

# PLANNING FOR THE FUTURE

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# PLANNING FOR THE FUTURE

## OVERVIEW

The Planning for the Future activity includes policy and planning, resource management and infrastructure planning activities. These activities plan for the future guided by our sustainable development approach and the SmartGrowth Strategy.

## SMARTGROWTH - AN OVERVIEW

SmartGrowth is the growth management strategy for the western Bay of Plenty sub-region. The sub-region encompasses both the Western Bay of Plenty District and Tauranga City. This area has experienced rapid population growth since the 1950s.

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

In consultation with our communities and guided by our sustainable development approach, we plan for the future.

### OUR GOAL

- Develop, monitor, review and advocate policy and plans that support the achievement of our vision for the District, our community outcomes and the direction provided by SmartGrowth.

## 2015/2016 HIGHLIGHTS

During the year the District experienced a significant level of growth. In response to this we completed a review of our structure plans for Waihi Beach, Katikati and Te Puke. These reviews ensured the plans were updated to respond to the growth and development in those areas. We also experienced a significant increase in the 'Package of Plan' meetings that we have with developers.

SmartGrowth is a key component in the management of growth within the Bay of Plenty sub-region. In collaboration with Tauranga City Council, Bay of Plenty Regional Council, Tangata Whenua and key agencies we continued to update the various strategy components in response to growth throughout the sub-region. The review of the SmartGrowth Settlement Pattern review resulted in an investigation into options for the Western Corridor and the Keenan Road urban growth area. We continue to work on this with our partners and once the areas are chosen structure plans will be prepared. We also provided input into the compact city and Te Tumu projects.

We are also involved with the establishment of the SmartGrowth Social Infrastructure Providers Forum which aims to improve coordination of social infrastructure planning amongst providers. We have also been involved in overseeing research undertaken to give voices to those not normally heard by local government and SmartGrowth i.e. Māori, youth and immigrants.

Housing affordability has become a significant issue. Government introduced legislation to facilitate Council's ability to create Special Housing Areas (SHA). This initiative is progressing as we have identified a development partner and anticipate construction will commence in 2016/17. It is anticipated that this subdivision will ultimately provide 255 homes. SmartGrowth is also initiating an affordable housing pilot project within the Omokoroa special housing area to demonstrate to developers, the building industry, and the public good quality affordable housing.

In response to changes in Government legislation we continue to collaborate with Bay of Plenty Councils to represent the interests of the Bay. This includes the Resource Legislation Amendment Bill where we made a joint presentation to the Select Committee. We anticipate their decision will be released

in September 2016. We also made submissions to the National Policy Statement on Urban Capacity which will impact on our current monitoring activity and the SmartGrowth Settlement Pattern Review.

### Other District Plan changes and planning reviews included:

- A private plan change for the Rangiuru Business Park
- The Coastal Hazard review which resulted in plan changes to reflect the requirements of the NZ Coastal Policy Statement and increased knowledge in regard to environmental changes. Our three partner Councils have developed an agreed charter and framework for programme alignment in our planning approaches to coastal hazards
- A review of Financial Contributions to achieve affordable smaller lots. This plan change has been notified and 14 submissions were received. Hearings will be held in August 2016
- Investigations commenced in the supply of accommodation for seasonal workers. In collaboration with industry, community and government departments we are currently identifying issues.

We are nearing the completion of the Te Ara Mua plan. This plan is being developed by the two Partnership Forums, Tauranga Moana and Te Arawa Ki Takutai. This plan will determine priorities for the Partnership Forum's to work on with Council to better meet the needs of Māori in the District.

Our 'Healthy Whare' project continued. This is a three year pilot project where 89 homes were assessed in the Maketu area and resulted in major repairs to 14 homes, many homes have had insulation installed and minor repairs undertaken. This is another collaborative initiative in which Te Runanga o Ngati Whauae ke Maketu, Te Puna Kokiri, Bay Trust, the Bay of Plenty District Health Board, public health, sustainability options and Council have worked together and provided funding. Related to this is 'Project Wai Ora' which is an initiative to address water, wastewater and housing conditions in five highly deprived Māori communities in the District. We led a delegation including the Bay of Plenty Regional Council, Community Representatives, and Public Health to Wellington to meet with Ministers from Social Development, Māori Development, Ministry of Health and our local Members of Parliament.

The focus being to identify solutions and work collaboratively with the communities involved.

**We continued to review our plans, policies and by-laws. This included:**

- Freedom Camping Bylaw review. The focus was Anzac Bay to address tensions between freedom campers and locals/day visitors resulting from freedom camping
- Dog Control Policy and Bylaw - our community engagement resulted in successful 'Dog Day Outs' and a dog walk at Te Puna Quarry Park
- Liquor Ban Bylaw review which resulted in establishing a liquor ban in the Te Puke Town Centre
- Kaimai Reserves Management Plan review
- Rates Remission Policy review.

## WHAT WE PROVIDE

### PLANNING FOR THE FUTURE INCLUDES:



## POLICY & PLANNING

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## RESOURCE MANAGEMENT

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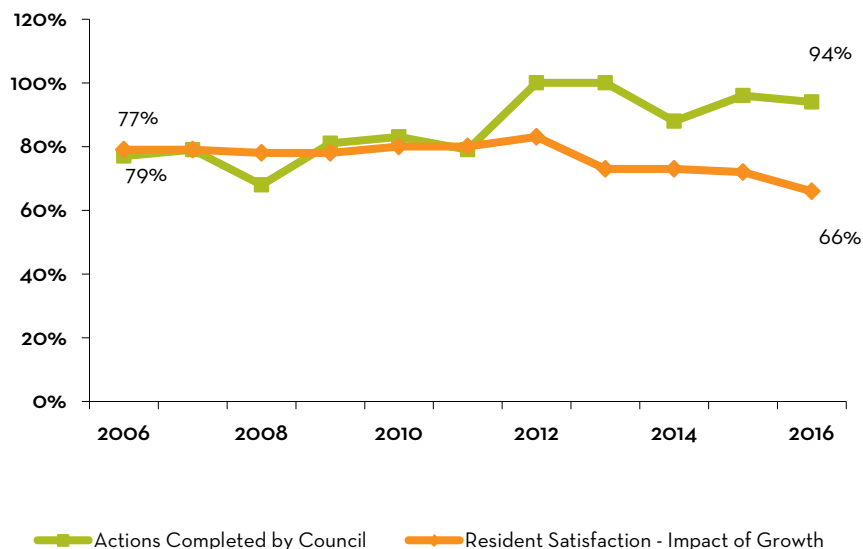
## INFRASTRUCTURE PLANNING ACTIVITIES

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# SERVICE PERFORMANCE RESULTS

## RESULT TRENDS FOR KEY MEASURES

### PLANNING FOR THE FUTURE - TRENDS



### HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
<b>Key Performance Measure</b> Percentage completion of the annual work programme as identified in the Leadership - Planning for the Future Strategy and Action Plan	≥90%	94%	96%		😊
<b>Key Resident Measure</b> Resident satisfaction with the impact of growth on: <ul style="list-style-type: none"> <li>• Range of housing choices</li> <li>• Personal safety</li> <li>• Time taken to travel around their area</li> <li>• Employment opportunities</li> <li>• Road safety</li> <li>• Overall pleasantness.</li> </ul> *Based on a two yearly surveys.	≥75%	66%	72%	The target and result were calculated excluding those surveyed who 'don't know'. The survey result including those that don't know is 63%.  The survey revealed that growth has had a significant negative effect on the range of housing choices, travel time and road safety.  *Due to the 2015-2025 Long Term Plan there was a change of sequence. Surveys will be held on a two yearly basis.	😞



## HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
District Plan updated to meet the needs of our District					
Number of sustained challenges by the Environment Court to District Plan changes.	NIL	NIL	NIL	Plan Change 65 Matakana Island decision ruled in Council's favour.	😊
Structure Plans are developed and reviewed to ensure there is 'greenfield' land to accommodate growth.	≥5 YEARS SUPPLY	11.5	≥5 YEARS SUPPLY	During the year the Waihi Beach and Katikati structure plans were reviewed. The supply of greenfields remaining for each community: <ul style="list-style-type: none"> <li>• Waihi Beach - 5.1 years</li> <li>• Katikati - 16.1 years</li> <li>• Omokoroa - 10.7 years</li> <li>• Te Puke - 14.6 years.</li> </ul>	😊
Our strategies are aligned with direction provided in SmartGrowth Strategy					
Percentage of Council's strategies aligned with SmartGrowth direction.	100%	100%	100%		😊
We will work with communities to develop and review Community Development Plans. These detailed plans set the vision for the community and actions required to achieve it					
The number of community plans developed or reviewed where Council has provided support to the community.	≥1	1	1	The Te Puke Community Plan was completed and successfully launched in February 2016.	😊

## FUTURE INITIATIVES

We anticipate growth will continue within the district. As a result we will continue to review and update our plans, urban growth studies and structure plans. This will include the finalisation and implementation of the Settlement Pattern review (a SmartGrowth initiative), and the review of the Katikati urban growth study with the objective of providing more urban land.

We will be working through the Environment Court appeal process in regard to the Rangiuru Business Park private plan change and the Regional Coastal Environment Plan in regard to Matakana Island's outstanding natural features and landscapes.

Work will continue with the implementation of Te Ara Mua as well as the development of a policy to define an approach for the transfer / co-management of Council land.

### Other scheduled reviews include:

- Seasonal worker accommodation - identification and assessment of options to address issues
- Coastal and Harbour Erosion Policy
- Waste Management & Minimisation Plan
- Gambling Class 4 and TAB venues Policy review
- Long Term Plan 2018 - 2028, preparatory work on our Community Engagement approach.

## COST OF SERVICE STATEMENT

### PLANNING FOR THE FUTURE

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Policy and planning	1,017	1,140	1,405
Resource management	923	1,055	1,392
District development	(27)	(160)	(27)
<b>Total operating expenditure</b>	<b>1,913</b>	<b>2,035</b>	<b>2,770</b>
<b>Analysis of expenditure by class</b>			
Direct costs	1,233	1,329	2,073
Overhead costs	672	696	691
Depreciation	8	10	6
<b>Total operating expenditure</b>	<b>1,913</b>	<b>2,035</b>	<b>2,770</b>
<b>Revenue</b>			
Target rates	13	-	13
Other income	1	-	20
<b>Total revenue</b>	<b>14</b>	<b>-</b>	<b>33</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(1,899)</b>	<b>(2,035)</b>	<b>(2,737)</b>
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>12</b>
<b>Total other funding required</b>	<b>(1,899)</b>	<b>(2,035)</b>	<b>(2,749)</b>
<b>Other funding provided by</b>			
General rate	1,939	2,195	2,349
Reserves and future surpluses	(40)	(160)	400
<b>Total other funding</b>	<b>1,899</b>	<b>2,035</b>	<b>2,749</b>

## MAJOR VARIANCES

Expenditure on strategic planning was \$388k lower than last year which included two major projects - policy review and investigations for coastal erosion and land instability \$92k, and expenditure associated with the Long Term Plan development and adoption \$124k.

Expenditure on Resource management was \$472k lower than last year which included \$74k spent on coastal hazards line review.

Direct costs were lower than budget with salary savings of \$183k due to resource reallocations.

# COMMUNITIES

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# COMMUNITIES

## OVERVIEW

The importance of sustainable, resilient communities is paramount. In these communities residents feel included, support and look out for each other, influence decisions that affect them, collaborate to achieve the collective good and foster tolerance and acceptance of others.

Sustainable and resilient communities need strong social and cultural infrastructure to be able to respond to challenges and changes in society. We aim to ensure that the things needed for individuals, families, groups and communities to meet their social needs, maximise their potential for development and enhance their well-being are in place, such as community facilities, services and networks or social infrastructure. Not all social infrastructure in a community is provided by Council but we make a significant contribution to community well-being in the following ways:

- Providing places to learn, meet and socialise, for example halls and libraries (for further information see Libraries and Service Centres [page 140](#) and Community Facilities [page 149](#) in our Long Term Plan 2015-2025)
- Supporting communities through a range of community building activities (for further information see the Community Building section [page 129](#) in our Long Term Plan 2015-2025)
- Encouraging communities to be prepared and able to look after themselves in a civil defence emergency (for further information see the Civil Defence and Emergency Management section [page 162](#) in our Long Term Plan 2015-2025).

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

Social infrastructure (community facilities, services and networks that help individuals, families, groups and communities) meets the diverse needs of communities; communities are strong and can influence their futures.

### OUR GOALS

- Communities are healthy and safe
- Communities are vibrant and diverse
- Communities participate in the development of their futures.

## 2015/2016 HIGHLIGHTS

The Katikati Library and Community Hub was an important focus for us this year. In year one of this project we undertook the necessary planning and initiated a community engagement process in order to identify and define what was required. A Community Reference Group has worked closely with us to identify requirements, assist with community engagement, and provide inputs to the concept plan.

Council has committed to funding the library development, but in order to fund a community hub we had to apply to other funding providers. NZ Lotteries provided a grant of \$350k which was matched by the Katikati Community Board. This funding is for the development of a community hub. Key conditions of the grant is that it needs to be a technology enabled space which will fill a void for young people, provide an exhibition and display space as well as a community meeting space. The community hub is a flexible space for the community and there will be no one tenant.

Our libraries continued to develop programmes to respond to identified needs in communities. The Te Puke Library has extended their holiday programme to include other activities for all ages in our community. For example, a Lego club was established at the request of a young customer, and tablet classes held for the retired.

We continued to review and enhance the services provided. In collaboration with other Bay of Plenty Councils we outsourced the selection, cataloguing and processing of our collections including our e-collection and are working with consortium partners to be in a position to invite schools within our district to share our online content.

In May we launched our archive software, 'Recollect'. This currently contains Katikati community archives, documents and images which are accessible to the community. There are plans to grow the database to include archives from the wider district; individuals are invited to add to the archives knowledge base.

This was the first year of our Community Matching Fund. This fund replaced the Community Grants and is designed to support communities and promote stronger community input in the development of their various projects and initiatives. Applications are considered on a 50:50 basis. In this first year, a process was developed to administer the fund and the allocation of the \$99,000 budget. A total of 42 applications were received from throughout the district and 33 of these applications were successful in obtaining funds.

The review of the Te Puke Community Plan was completed and successfully launched in February 2016. The Te Puke Community Board led this project with support from us. The process engaged a wide and comprehensive list of participants and provided the opportunity for community led development and planning for Te Puke.

**We continued our support and work in regard to community safety. Key initiatives included:**

- A Youth in Emergency Services (YES) programme was launched in Katikati and Maketu. This engages all local emergency services and identifies 30 local youth to train in aspects of all emergency services. The purpose of this is to support building resilient communities and inspire youth leadership in the community. We were able to secure funding from the Ministry of Youth Development to make it happen
- The Katikati Resource Centre launched MPOWA a youth initiative to support youth development and encourage collaboration of local service providers. Council partnered with the Resource Centre and provided funding for the facilitation and advocacy support resulting in the development of a local Youth Action Plan. One of the main goals of this plan is to develop a local youth centre
- In Katikati the Māori Wardens are the Youth at Risk service provider. We are able to provide support and advice as well as advocacy for funding and funding grants. As a result the Māori Wardens are able to provide support to families and youth at risk
- Safer Community Forums have been operating since 2001. These forums provide the opportunity for community safety practitioners to meet and identify priorities. Council continued to provide a facilitation and advocacy role
- We partnered in the sub regional approach to the safer communities forum. The Tauranga Moana Safe City programme is a collaboration for those in community safety. The Emergency Services, Health, ACC and Councils are involved in the governance of this initiative.

The Special Housing Act 2013 was implemented to enhance housing affordability by facilitating an increase in land and housing supply in certain areas. Western Bay was highlighted in schedule one of the act as having significant housing affordability and supply issues. We commenced work on the development of a Special Housing Area on land owned by Council in Omokoroa. We have entered into a joint venture with a developer to build properties on Council's land. During the year we completed the necessary planning stage and construction will commence in the new financial year. In conjunction with this we have allocated 4000m2 for the Housing Affordability Forum to develop a social housing pilot.

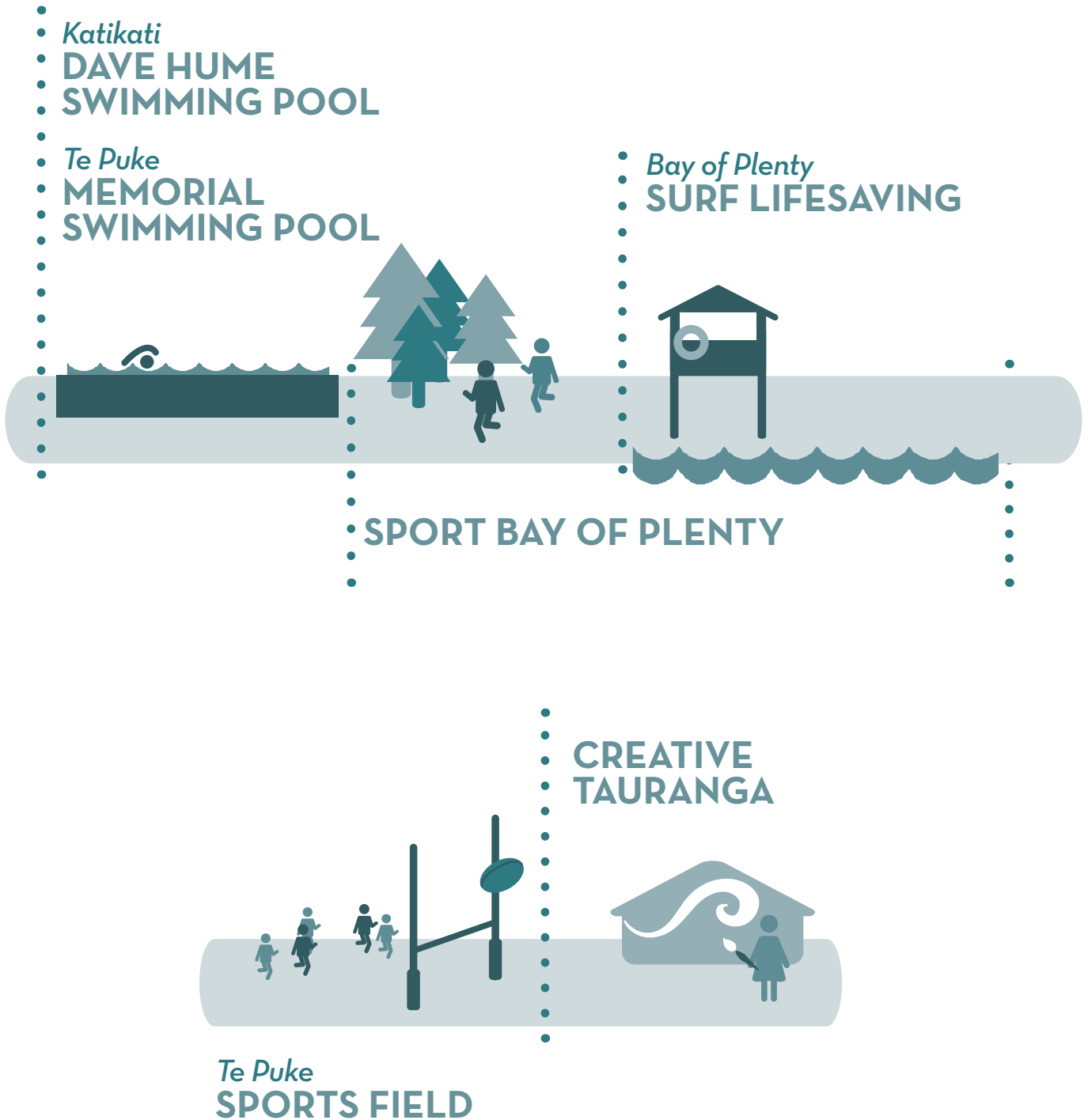
Due to the increased demand in rental property and for pensioner tenancy we have achieved near 100% of potential occupancy. The operation of the pensioner housing facilities has been impacted by the review of the Residential Tenancies Act 1986 which came into effect on 1 July 2016. Our Good Landlord Policy has ensured we have been proactive in upgrading the insulation of units where required, ensuring fire alarms are installed and implemented a methamphetamine testing regime which already meets the Act's requirements.

# WHAT WE PROVIDE - COMMUNITY BUILDING

## SERVICE DELIVERY CONTRACTS

### OVERVIEW

Working with our communities and local organisations we achieve healthy, safe, vibrant and diverse communities. Our Community Development Team is fundamental to achieving this outcome.

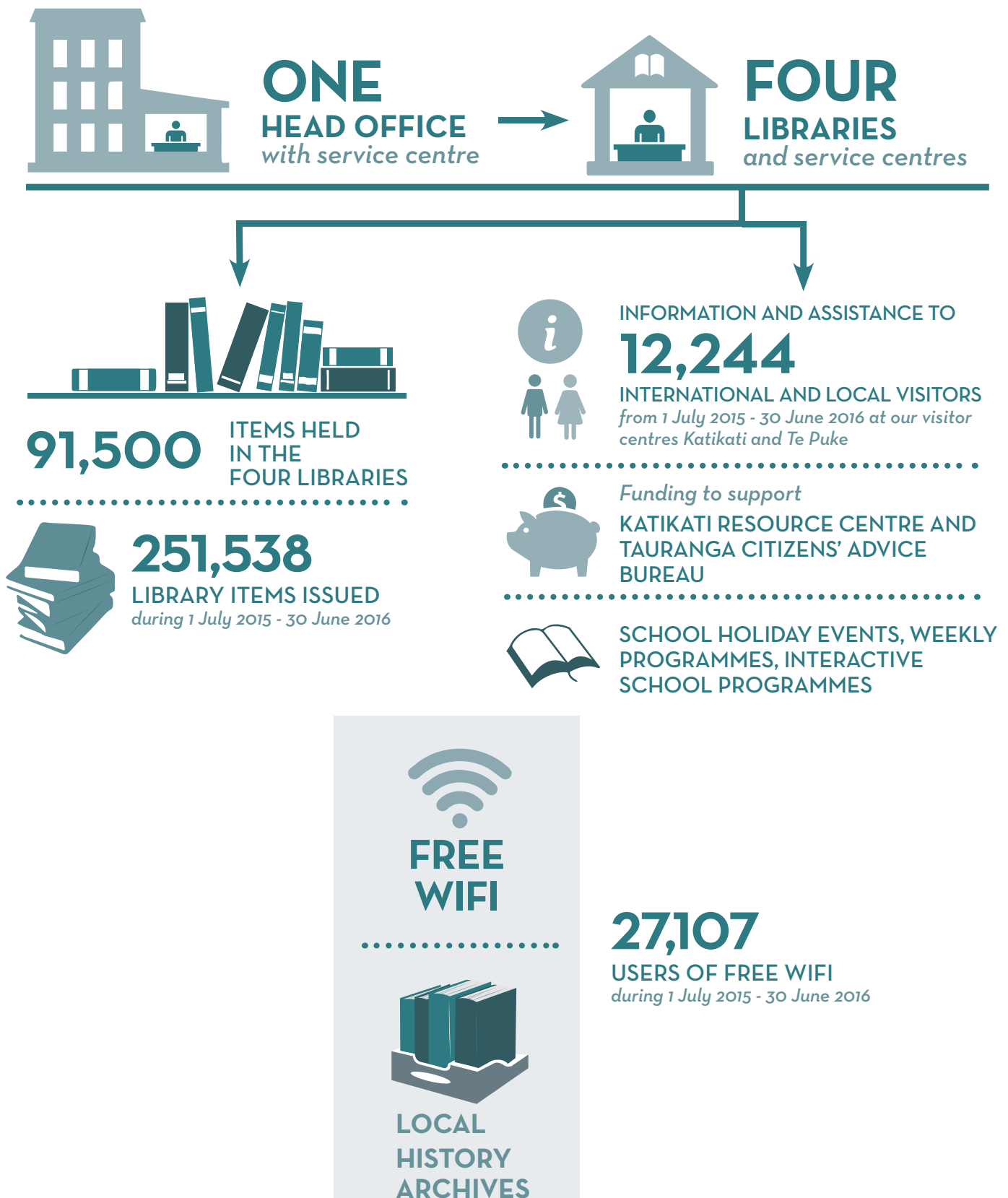


## WHAT WE PROVIDE - LIBRARIES AND SERVICE CENTRE

### OVERVIEW

Our libraries fulfil an important community function across the District by informing and encouraging people to meet and socialise. Libraries have been described as well-insulated public squares or 'community anchors' demonstrating their value as important community assets. Libraries can contribute to a sense of belonging by collecting and displaying the history of an area.

### WHAT WE PROVIDE



## WHAT WE PROVIDE - COMMUNITY FACILITIES

### OVERVIEW

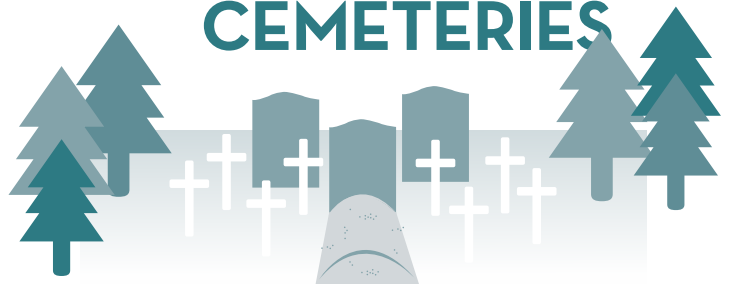
Public spaces and community facilities enable recreation, bring people together and create a sense of belonging, all of which is essential for healthy and vibrant communities. We are a key provider of indoor and outdoor community facilities, for example libraries, parks, playgrounds and halls.

## HOUSING FOR OLDER PEOPLE



**34** UNITS in Te Puke  
**17** UNITS in Katikati  
**19** UNITS in Waihi Beach

## CEMETERIES



**KATIKATI** Cemetery  
**MAKETU** Cemetery  
**OROPI** Cemetery  
**TE PUKE** Cemetery  
*(and old Te Puke Cemetery where further plots are unavailable)*

## HELP SUPPORT COMMUNITY HALLS

KAIMAI HALL  
 KATIKATI WAR MEMORIAL HALL  
 OHAUITI HALL OMANAWA HALL  
 OMOKOROA SETTLERS HALL  
 OROPI HALL  
 TE PUNA COMMUNITY CENTRE  
 TE PUNA WAR MEMORIAL HALL  
 TE RANGA HALL  
 WAIHI BEACH COMMUNITY CENTRE  
 WHAKAMARAMA HALL

PAHOIA COMMUNITY HALL  
 PAENGAROA HALL  
 PUKEHINA BEACH COMMUNITY CENTRE  
 PYES PA HALL  
 TE PUKE WAR MEMORIAL HALL  
 & Settlers Lounge & Pioneer Room



## WHAT WE PROVIDE - CIVIL DEFENCE AND EMERGENCY MANAGEMENT

### OVERVIEW

Global natural disasters such as the Christchurch earthquakes and tsunami in Japan, combined with the increased frequency of extreme weather events have heightened awareness among Bay of Plenty communities to the risk of tsunami, earthquakes and floods in particular. It is vital that the community and Council are prepared to respond to, effectively manage and recover in emergency situations.



### RURAL FIRE RESPONSE

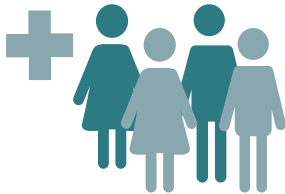
*including for Matakana Island*



### COUNCIL STAFF

*trained to respond*

### WELFARE STAFF



### RESCUE TEAM



**2** VEHICLES



### SUPPORT

TO THE EMERGENCY  
OPERATIONS  
CENTRE



### CIVIL DEFENCE

WELFARE  
CO-ORDINATOR

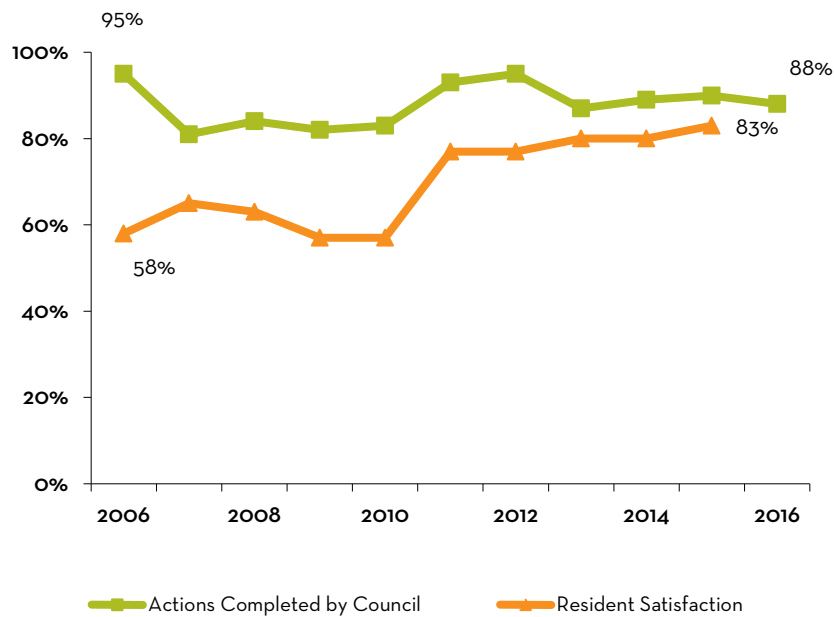
BAY OF PLENTY  
CIVIL DEFENCE  
AND EMERGENCY  
MANAGEMENT  
GROUP *and Plan*



# SERVICE PERFORMANCE RESULTS

## RESULT TRENDS FOR KEY MEASURES

### COMMUNITIES - TRENDS



### HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	
	TARGET	RESULT	RESULT		
<p><b>Key Performance Measure</b> Percentage completion of the annual work programme as identified in the Community Strategy and Action Plan.</p>	≥90%	88%	90%	Target not achieved as works were delayed at Katikati Cemetary and the Marae Maintenance programme. At the District libraries the percentage of total loans that were virtual was 3%, the target was ≥5%.	☹️
<p><b>Key Resident Measure</b> Level of resident satisfaction with Community Services based on two-yearly survey. This includes community development, library services and cemeteries. (Monitored by the Annual Residents' Survey, those that are 'satisfied' and 'very satisfied').</p>	NO SURVEY	NO SURVEY	83%	The next survey is scheduled for 2017.	

## HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	
	TARGET	RESULT	RESULT		
Develop and deliver a coordinated Community Safety Programme in accordance with the Community Safety Policy					
Number of community safety initiatives supported by Council	9	9	10		😊
We will actively build capability in community organisations					
Number of capability building workshops held.	≥2	2	2	The Community Committee held a Housing workshop and a Migrant and Ethnic Communities workshop.	😊
We will engage with Tangata Whenua					
Number of engagement initiatives with Tangata Whenua.	≥4	29	NEW	Engagement initiatives undertaken in regard to Hapu Management Plans, specific projects e.g. resource consents for Katikati and Te Puke wastewater, Panepane Point, as well as building relationships and introducing key Council staff.	😊
Number of new or reviewed iwi/hapu management plans received.	≥2	5	NEW		😊
Library services will be maintained at Katikati, Omokoroa, Te Puke and Waihi Beach					
Number of library items available per person	≥1.95	2	1.8		😊
Library space (m2) available per 1,000 residents.	26M <sup>2</sup>	20	26M <sup>2</sup>	The district libraries currently have a total of 928m <sup>2</sup> . This includes a share of 'shared services' space.	😞
Number of physical visits per annum.	≥300,000	310,889	316,762	Electronic gates which count customers were operating intermittently until repaired.	😊
We will be responsive to customers requests for service					
Percentage of service requests resolved within specified timeframe.	≥95%	94%	94%	Benchmark of 95% not achieved due to activities impacted by growth (e.g. building services) not achieving their targets.	😞
Percentage of customers that lodged a request for service who are satisfied with action taken.	≥95%	94%	NEW	This result excluded the 27 incidents where action was taken but not within the agreed timeframes. If these were included our result is 96%.	😞
Percentage customer satisfaction with service provided by frontline staff based on two-yearly survey.	≥90%	89.5%	86%	Key reasons for dissatisfaction were related to the complexity of Council processes and the need to expand our on-line interactions.	😞
We will provide cemeteries at Katikati, Maketu, Oropi and Te Puke (excludes old Te Puke cemetery as there are no further plots available for purchase)					
Number of cemeteries where plot availability is >30% of annual plot requirements or 5 plots at any one time.	4	4	4		😊
Partnerships with hall committees will be maintained					
Number of partnership agreements in place with existing hall committees. Three halls are not on Council's land so no agreement in place.	15	15	13		😊

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	
	TARGET	RESULT	RESULT		
Minimum number of notifications (per year) each hall committee will receive regarding annual budget and policy changes.	2	3	1		😊
We will provide and maintain 70 pensioner units in Katikati, Te Puke and Waihi Beach					
Percentage of service requests actioned within agreed timeframes.	≥90%	100%	0		😊
Pensioner housing occupancy rates.	≥90%	97%	97%		😊
Percentage of pensioner housing annual inspections completed.	100%	100%	73%		😊
Emergency Management services will be provided					
Percentage of Emergency Operations Centre (EOC) staff trained to operate the emergency operations centre.	≥75%	134%	55%	More people have been trained that are required to operate an Emergency Operations Centre. This ensures there is capacity to manage staff turnover or absences.	😊
Percentage of roles in the Emergency Operation Centre that are filled.	≥75%	75%	NEW	The number of positions required for operation of the Emergency Operations centre is 32.	😊
Number of community initiatives to promote emergency readiness and response (i.e. emergency plans and actions identified).	8	8	22		😊

## FUTURE INITIATIVES

We will support our communities as they develop their Community Plans. Te Puna and Omokoroa have indicated they will be reviewing their plans in light of the recent development and growth in their respective communities and in the sub region.

In collaboration with the Maketu community and key interest groups we are looking to assist the development of a community hub. We will also continue to provide support, advocacy and funding as we respond to a changing landscape in each of our communities.

Construction of the Special Housing Area will commence in the 2016/17 financial year. We will also continue to look at opportunities to develop land in response the significant growth in the District.

# COST OF SERVICE STATEMENT

## COMMUNITIES

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Libraries, information and service centers	2,743	2,701	2,605
Community building and service contracts	1,268	1,253	901
Housing for older people	471	454	839
Cemeteries	156	157	190
Community halls	251	273	423
Civil defence emergency management	602	575	577
Gibraltar water scheme	-	(1)	-
<b>Total operating expenditure</b>	<b>5,490</b>	<b>5,413</b>	<b>5,535</b>
<b>Analysis of expenditure by class</b>			
Direct costs	3,736	3,680	3,212
Overhead costs	1,432	1,262	1,392
Interest	(73)	(47)	(66)
Asset revaluation	-	-	539
Depreciation	395	518	458
<b>Total operating expenditure</b>	<b>5,490</b>	<b>5,413</b>	<b>5,535</b>
<b>Revenue</b>			
Targeted rates	1,846	1,780	1,629
User fees	75	75	71
Financial contributions	-	-	-
Subsidies	37	-	37
Asset revaluation	-	-	512
Other income	522	458	540
<b>Total revenue</b>	<b>2,480</b>	<b>2,313</b>	<b>2,789</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(3,010)</b>	<b>(3,100)</b>	<b>(2,746)</b>
<b>Capital expenditure</b>	<b>342</b>	<b>2,818</b>	<b>324</b>
<b>Total other funding required</b>	<b>(3,352)</b>	<b>(5,919)</b>	<b>(3,070)</b>
<b>Other funding provided by</b>			
General rate	3,288	3,098	2,687
Debt increase/(decrease)	(4)	1,304	(29)
Proceeds from sale of assets	63	-	-
Reserves and future surpluses	5	1,517	412
<b>Total other funding</b>	<b>3,352</b>	<b>5,919</b>	<b>3,070</b>

## MAJOR VARIANCES

Capital expenditure was \$2,48m lower than budget with work re-budgeted to 2016/17. This includes the Katikati Library and community hub, and the Te Puke hall strengthening.

Depreciation was \$123k lower than budget due to changes in the timing of capital works.

There were no revaluations in 2016. Revaluations are carried out every three years, the last revaluation being 2015, the next scheduled for 2018.

General rate allocation was \$190k higher than budget, funding the increase in overhead costs allocated to this activity. General rate allocation was \$601k higher than last year, funding \$399k increase in salaries after reallocation of staff resources and \$74k increase in payment of grants.

# RECREATION AND LEISURE

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# RECREATION AND LEISURE

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## OVERVIEW

A sustainable, liveable community is one which can draw on well-planned recreational opportunities which are part of the 'live, learn, work, play' SmartGrowth philosophy. Whether it's fishing, hunting, swimming at the beach, river rafting, a concert in a park, strolling along the harbour edge, kicking a ball around, the outdoors is the place to do it.

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

Recreation and leisure facilities are well planned and safe to meet the diverse and changing needs of our community.

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### OUR GOALS

- Provide safe, healthy and appropriate facilities
- Provide a basic range of public facilities across our District
- Work and collaborate with the wider community including Tangata Whenua to provide and promote recreation and leisure facilities
- Support provision of sub-regional recreation and leisure opportunities
- Protect important natural environment, cultural and heritage values
- Ensure resources are secured to provide for future public recreation and leisure needs in response to population growth, changing recreational trends and the changing demographics of our communities.

## 2015/16 HIGHLIGHTS

Our focus again this year was to work with community groups in the development of recreational facilities. This included:

- Omokoroa Skate Path - an environmentally sustainable skate path for the Omokoroa Community was opened in May 2016. This was a result of a very successful partnership with the Omokoroa Community Skate Group (OCSG), Council and the Omokoroa Community Board. The community raised nearly \$100,000 towards this project while Council and the Community Board provided funding of \$50,000 each
- Waihi Beach Wilson Road Toilets - increased capacity toilets were built (to replace existing facility) in response to local demand for better facilities.

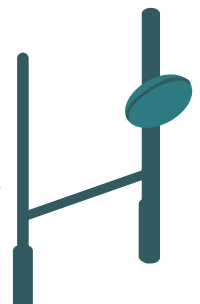
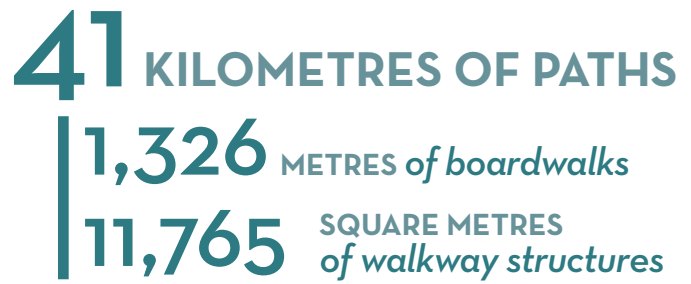
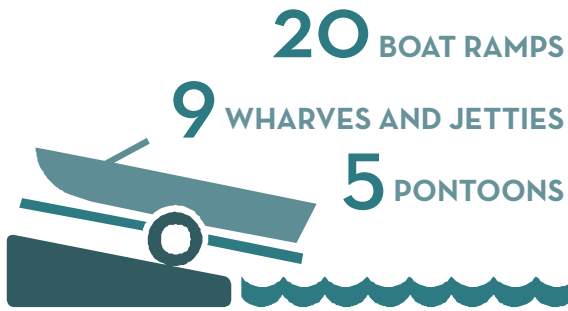
In conjunction with other Bay of Plenty Councils we were involved with the development of the Regional Spaces and Places Plan. This plan is designed to focus our thinking at a network wide sport and recreation facilities level. It is intended that this plan provide a framework to help guide regional provision and individual Council's levels of service for sport and recreation facilities. It is anticipated that this plan will be released for public consultation and final ratification later in 2016.

This year saw the commencement of the districts cycleway project. This was year one of a three year project. We are working in partnership with cycleway groups in Waihi Beach, Pukehina, Katikati and Te Puke.

Work continued at TECT All Terrain Park as user groups continue to develop their facilities. The dog 'off leash' area was completed and opened in September 2015. A 'Dogs Breakfast' event was held to mark the occasion, with approximately 100 participants with their dogs enjoying the facilities.

As part of our ongoing maintenance programme renewal work was completed on various seawalls and boat-ramps as well as our playgrounds through out the District.

## WHAT WE PROVIDE

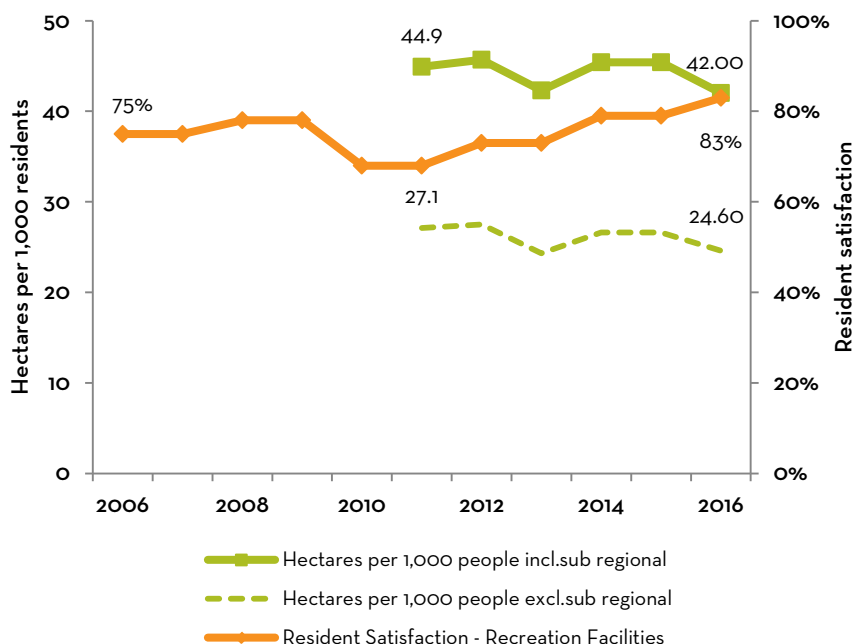




# SERVICE PERFORMANCE RESULTS

## RESULT TRENDS FOR KEY MEASURES

### RECREATION AND LEISURE - TRENDS



## HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
<p><b>Key Performance Measure</b></p> <p>Total hectares of park land provided for recreation or conservation purposes per 1,000 residents.</p> <ul style="list-style-type: none"> <li>Excluding sub regional parks (TECT All Terrain Park and Huharua Harbour Park)</li> <li>Including Council's share of sub-regional parks.</li> </ul>	<p>≥25.0 HA</p> <p>≥40.0 HA</p>	<p>24.6</p> <p>42.0</p>	<p>26.6</p> <p>45.4</p>	<p>No new reserve land has been developed. Due to the population growth in the District park land available per 1,000 residents is reducing.</p>	<p>☹️</p> <p>😊</p>
<p><b>Please note:</b> The decreasing trend is recognising population growth in the District and that facilities will be shared by more people.</p>					
<p><b>Key Resident Measure</b></p> <p>Two-yearly survey of resident satisfaction with reserves and recreational facilities and amenities. Based on residents who are 'very satisfied' and 'satisfied'.</p>	<p>≥75%</p>	<p>83%</p>	<p>NO SURVEY</p>	<p>The target and result were calculated excluding those surveyed who 'don't know'. The survey result including those that don't know is 58%.</p>	<p>😊</p>
<p><b>Supporting Measures</b></p> <p>Percentage of recreational facilities that have a condition rating ≤ 3 (1 excellent, 5 very poor as defined in the NZ Park and Recreation Asset Grading Standard manual).</p>	<p>≥90%</p>	<p>94.7%</p>	<p>94%</p>		<p>😊</p>
<p>Percentage of annual work programme completed as identified in the Recreation and Leisure Strategy and Action Plan. This identifies the total annual actions required for this strategy.</p>	<p>≥90%</p>	<p>97%</p>	<p>98%</p>		<p>😊</p>

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
Percentage of reserve management plans that have been reviewed (3 yearly cycle) in accordance with the Reserve Management Act 1977.	100%	100%	100%		😊

## HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
We will provide a basic range of public facilities across our District					
Number of community safety initiatives supported by Council,					
• Actively maintained parkland (excludes sports parks)	≥5	5.0	5.4	No new reserve land has been developed. The level of park land available per 1,000 residents has reduced due to the population growth throughout the District.	😊
• Natural land	≥20	19.1	20.7		😐
• Sports parks.	≥1.5	1.5	1.6		😊
<i><b>Please note:</b> this excludes the joint sub-regional TECT All Terrain Park and Huharua Harbour Park.</i>					
Number of recreational facilities provided:					
• Playgrounds per 1,000 children (under 15 years old)	≥3	2.9	3.1	Increased population has reduced the number of playgrounds available per 1,000 children.	😐
• Skateparks/paths facilities	6	6	NEW		😊
• Boat ramps	18	18	NEW		😊
• All tide boat ramps.	2	2	NEW		😊
Number of Council funded swimming pools (Katikati and Te Puke).	2	2	NEW		😊
Number of toilet facilities provided.	67	71	NEW		😊
Level of reserve-user satisfaction as monitored by the two-yearly intercept surveys ('satisfied' or 'very satisfied').	≥85%	NO SURVEY	NO SURVEY	This intercept survey has been reconfigured to an on-line survey for more regular or target information. This will be operating in the 2016/17 year.	
<i><b>Please note:</b> the decreasing trend is recognising population growth in the District and that existing facilities will be shared by more people.</i>					
We will provide sub-regional parks per the joint partnership with Tauranga City Council					
Achieve Green Flag accreditation for the TECT All Terrain Park on a three yearly basis.	NO APPLICATION	ACHIEVED	NEW	Our accreditation has been reconfirmed by the Accreditation Authority through a mystery shopper visit.	😊

## FUTURE INITIATIVES

Work will continue on our three year cycleway project. In 2016/17 the focus will be on the Omokoroa to Tauranga link.

The development and upgrading of facilities will continue. Key projects include the development of additional sports fields and facilities at Moore Park, the Jubilee Park Skate Path, infrastructure development at TECT All Terrain Park and new toilets at Digglemann Park.

We will continue to promote the collaborative model as we seek to work with community groups throughout the district to deliver local projects.

# COST OF SERVICE STATEMENT

## RECREATION AND LEISURE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
District reserves	4,027	4,288	14,144
Motor camps	48	48	720
Swimming pools	377	292	310
Harbour structures	814	902	1,346
Sub-regional parks	689	920	972
<b>Total operating expenditure</b>	<b>5,955</b>	<b>6,449</b>	<b>17,492</b>
<b>Analysis of expenditure by class</b>			
Direct costs	3,331	3,636	4,655
Overhead costs	931	865	831
Interest	9	60	81
Revaluation movement	-	-	10,479
Depreciation	1,684	1,888	1,446
<b>Total operating expenditure</b>	<b>5,955</b>	<b>6,449</b>	<b>17,492</b>
<b>Revenue</b>			
Targeted rates	-	170	122
User fees	28	24	26
Financial contributions	1,788	1,554	815
Subsidies	124	70	247
Vested assets	220	-	428
Asset revaluation	-	-	7,188
Forestry revaluation	847	-	355
Other income	750	687	1,219
<b>Total revenue</b>	<b>3,757</b>	<b>2,504</b>	<b>10,400</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(2,199)</b>	<b>(3,945)</b>	<b>(7,092)</b>
<b>Capital expenditure</b>	<b>1,979</b>	<b>2,102</b>	<b>1,564</b>
<b>Vested assets</b>	<b>220</b>	<b>-</b>	<b>428</b>
<b>Total other funding required</b>	<b>(4,398)</b>	<b>(6,047)</b>	<b>(9,084)</b>
<b>Other funding provided by</b>			
General rate	4,329	4,986	4,425
Debt increase/(decrease)	(10)	(10)	(10)
Reserves and future surpluses	79	1,071	4,669
<b>Total other funding</b>	<b>4,398</b>	<b>6,047</b>	<b>9,084</b>

## MAJOR VARIANCES

Financial contributions were \$235k higher than budget due to increased growth in the District.

Direct costs were \$305k lower than budget due to reduced expenditure on site maintenance and plant and pest control.

Depreciation was \$204k lower than budget due to changes in the timing of capital works.

There were no asset revaluations in 2016. Council assets such as road, reserves and utilities are revalued every three years, the last revaluation being 2015 and the next one due in 2018.

General rate allocation was \$665k below budget due to \$235k increase in financial contributions and \$305k reduction in direct costs, primarily salaries \$73k and site and plant maintenance \$128k and maintenance \$248k.

# REGULATORY SERVICES

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# REGULATORY SERVICES

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## OVERVIEW

As a regulator we are required to take a balanced response to decision-making by considering the competing rights of individuals and groups to undertake particular activities.

### Our decisions on these activities are influenced by:

- Legislation, regulations and national standards that we are required to comply with
- The opportunities we take to develop local policies, plans and by-laws to regulate local issues.

Our Regulatory Services Strategy includes activities which protect people and the environment by regulating and licensing aspects of commercial services and private behaviour where well-being issues arise. These activities include:

- Animal control services
- Building services
- Resource consent services
- Community protection.

Overall we aim to provide high quality regulatory services in a fair and impartial manner, ensuring that customers are kept fully informed at key stages in the service delivery process.

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

Regulatory services support community well-being.

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### OUR GOALS

- Animal control services - provide a safe environment for the public taking into account the needs of animal owners
- Building services - building work is regulated to ensure the health and safety of people and sustainability in design and construction methods
- Resource consent services - the quality of the environment enjoyed by residents and visitors is maintained and enhanced
- Community protection - protect and preserve the environment and public health and safety by minimising risks from nuisance and offensive behaviour.

## 2015/16 HIGHLIGHTS

### ANIMAL SERVICES

This year we have sought to increase dog owner engagement with a focus on dog and owner behaviour. To do this we have held two Dog Day Out events. The first was held in Te Puke (August 2015) which focused on dog registration through late registration amnesty, microchipping and dog owner education. The second in Omokoroa (March 2016) which focused on dog behaviour where owner education sessions were held with an internationally known behaviourist.

As well as these events we have also introduced a dog owner newsletter. This is designed to improve communication and engagement with dog owners, and provide behaviour tips.

Our dog adoption programme which focuses on rehoming of suitable dogs from our shelter, resulted in 57 dogs being rehomed. This initiative recognises the positive contribution of well behaved dogs in our community as well as enhancing our reputation of a 'dog friendly' council. A dog foster programme has been introduced to support the rehoming/dog adoption initiative.

### COMPLIANCE AND MONITORING

This year we held two District Licensing Committee hearings for liquor licence applications that were opposed. One licence was approved with no variations, the other is currently under appeal at the Alcohol Regulatory Licensing Authority.

The Food Act 2014 came into force this year. As a result our focus has been on communication and education to ensure food operators understand how the new act applies to them. We also held a joint workshop with the Ministry for Primary Industries and Tauranga City Council for industry representatives.

The level of noise complaints increased 12% from the previous year as well as our District Plan compliance complaints which increased 440%.

### BUILDING CONSENTS

In February 2016 we retained our Building Consent Authority (BCA) status as a result of a thorough audit by International Accreditation NZ (IANZ). This is required as only registered BCA are permitted to perform building consenting and certifying functions as required by the Building Act 2004. These audits are undertaken on a two yearly basis.

The substantial growth in the District has had a significant impact on building consents. The number of building consent applications increased 66% from last year. The consequence of this was the challenge of obtaining suitably qualified staff to process consents and undertake the required inspections. At year end we have increased our staff numbers by 35% and managed to process 81% of building consents within the statutory 20 working day timeframe. In the last four months of the financial year 100% of building consents were processed within the statutory timeframes. Builders are also able to book inspections within four working days.

We continue to develop systems to enable an end to end online digital process. This means that building consents lodgement through to issue and inspection will be digital. Digital LIMs are also being developed and will be live by the end of 2016.

We participated in the 'Go Shift' cluster group which is an initiative between coalition Councils and the Ministry of Business, Innovation and Employment. The purpose of this is the standardisation of forms and processes to achieve national consistency with building consent processes.

The Papakainga Housing is a joint agency group which we chair. This is co-funded by our partner councils (Tauranga City and Bay of Plenty Regional) and Te Puna Kokiri. This year twelve trusts from our District participated and the two trusts selected to progress to design and build are from the Western Bay.

#### **RESOURCE CONSENTS**

This also has been impacted by growth in the District. As a result the number of subdivision applications received has increased by 17% and land use consents by 20%.

WHAT WE PROVIDE



RESOURCE CONSENT AND MONITORING

BUILDING INSPECTIONS

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BUILDING CONSENT PROCESSING

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PARKING WARDENS

MOBILITY CAR PARKS



FOOD PREMISES INSPECTION LICENSING - FOOD AND LIQUOR

NOISE CONTROL



DOG POUNDS

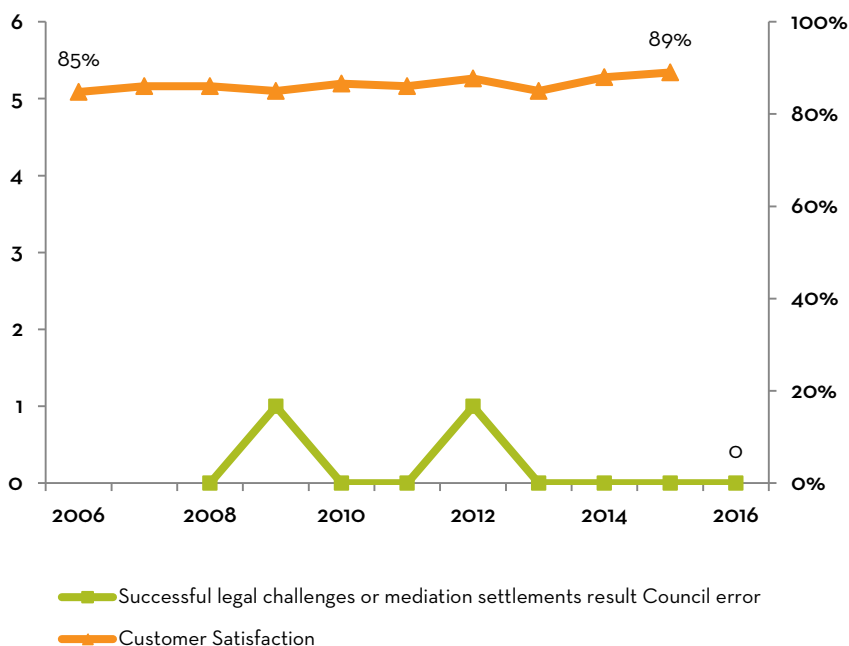
ANIMAL CONTROL OFFICERS



# SERVICE PERFORMANCE RESULTS

## RESULT TRENDS FOR KEY MEASURES

### REGULATORY SERVICES - TRENDS



### HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
<b>Key Performance Measure</b> Number of successful legal challenges or mediation settlements made as a result of Council staff error (excludes weathertightness claims).	0	0	0		☺
<b>Key Resident Measure</b> Percentage level of customer satisfaction based on customer survey of regulatory services. (This survey includes resource consents, building and animal control services, liquor licencing and registered premises).	≥85%	NO SURVEY	89%	The Animal Services survey was not completed before 30 June 2016. The survey format has been revised and will be completed in July 2016.	



## HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
Resource consent applications will be processed within the statutory timeframe and their compliance monitored					
Percentage of all resource consent applications processed within statutory timeframes.	100%	99%	98.8%	A total of 565 applications were processed of which 5 were not within the statutory timeframe.	☹️
Percentage resource consents monitoring schedule completed to ensure compliance with consent conditions	100%	96%	NEW	The coastal toe monitoring was not completed. As part of resource consent conditions houses must be more than 8m from the toe of the sand dune.	☹️
Number of successful resource consent appeals.	0	0	NEW		😊
Building and health applications and plan checking will be processed within statutory timeframes					
Percentage of building and health applications and plan checking processed within the statutory timeframes	100%	81%	96.1%	Building consent applications increased by 51% from 2015 and new dwellings increased by 78%. Due to limited resources only 81% of processed applications were within statutory timeframes.	☹️
Land Information Memoranda (LIM) and Project Information Memoranda (PIM) will be processed within the statutory timeframe (10 days)					
Percentage of LIM and PIM applications processed within the statutory timeframe (10 days).	100%	99.8%	99.6%	1 LIM and 5 PIM's were not processed within statutory time. LIM's received increased by 25% from previous financial year and PIMs 21%.	☹️
Known dogs in our District are registered					
Percentage of known dogs in our District that are registered.	≥98%	98.4%	97.6%		😊
We will respond to customer service requests in a timely manner					
Percentage of service requests received that are actioned within specified timeframe.				Building consents exceeded timeframes due to resource constraints and staff turnover.	
• Animal	≥90%	98%	NEW		😊
• Building	≥90%	73%	NEW		☹️
• Health	≥90%	89%	NEW		☹️
• Resource consent compliance and enforcement.	≥90%	99%	NEW		😊

## FUTURE INITIATIVES

We will continue to respond to growth issues as we anticipate growth will remain strong for the next two years. This will also require the streamlining of our processes to ensure consent applications are processed and monitored in a timely and efficient manner. This will be achieved through the continual review, digitisation and standardisation of building and resource consent processes. We will also be developing on-line forms for liquor and food licensing.

The Resource Legislation Amendment Bill is currently being reviewed and we anticipate it will be enacted before the end of 2016. As Government is seeking to reduce the processing times and what requires a resource consent our current processes will be reviewed to ensure compliance with this new legislation. Alongside this we will be holding stakeholder workshops for building and resource consents. This is a two-way initiative to educate the building and development community and identify how we can work together to improve the process for all concerned.

We will continue our dog adoption initiative and the Dog Day Out events. New animal shelters are being built at both Te Puke and Katikati. These will be completed in 2017.

# COST OF SERVICE STATEMENT

## REGULATORY

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
District Plan implementation	1,495	1,343	1,528
Building and health	3,709	2,688	2,072
Animal control	689	496	590
Compliance and monitoring	800	650	541
<b>Total operating expenditure</b>	<b>6,693</b>	<b>5,177</b>	<b>4,731</b>
<b>Analysis of expenditure by class</b>			
Direct costs	4,899	3,553	3,081
Overhead costs	1,748	1,582	1,585
Interest	(8)	(10)	4
Depreciation	54	51	61
<b>Total operating expenditure</b>	<b>6,693</b>	<b>5,177</b>	<b>4,731</b>
<b>Revenue</b>			
User fees	5,350	3,387	3,713
Interest	-	-	-
Other income	72	37	70
<b>Total revenue</b>	<b>5,422</b>	<b>3,424</b>	<b>3,783</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(1,271)</b>	<b>(1,753)</b>	<b>(948)</b>
<b>Capital expenditure</b>		-	-
<b>Total other funding required</b>	<b>(1,271)</b>	<b>(1,753)</b>	<b>(948)</b>
<b>Other funding provided by</b>			
General rate	1,938	2,025	1,261
Reserves and future surpluses	(667)	(273)	(313)
<b>Total other funding</b>	<b>1,271</b>	<b>1,753</b>	<b>948</b>

## MAJOR VARIANCES

Increased activity in the housing market has seen higher levels of expenditure as we expand to cope with the additional transactions. This cost increase has been more than offset by a rise in user fees.

User fees are \$1.96m higher than budget. Resource consents have generated an additional \$663k, and building services an additional \$1.33m.

Direct costs were \$1.35m higher than budget. This includes an additional \$343k in salaries to handle the extra volume in transactions generated by the growth in the housing market, and a weathertight homes settlement.

Animal control costs have increased \$192k over budget. \$100k being increased overhead allocation and \$57k increased dog control costs.

# TRANSPORTATION

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# TRANSPORTATION

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## OVERVIEW

Provision of a safe and effective transportation network contributes to the health and well-being of the community. An efficient transport network enables economic development that is of district, regional and national importance. The network provides strategic transport links to the major Port of Tauranga that has the largest maritime import/export freight volumes in New Zealand.

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

Transportation networks are safe, affordable, sustainable and planned to meet our Community's needs and support economic development.

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### OUR GOALS

- Transportation networks support and promote economic development
- The impact on the environment of the transportation system is mitigated where practicable
- Transport systems enable healthy activity and reduce transport-related public health risks
- Transport systems improve access and mobility
- Land use and transportation network planning are integrated.

## 2015/16 HIGHLIGHTS

The One Network Maintenance Contract continues to operate successfully. We have enjoyed the continuation of significant savings of approximately \$2m in the 2015/16 financial year without compromising service delivery.

In conjunction with NZ Transport Agency (NZTA) major works are being undertaken on the Te Puke Highway (revoked section of SH2). This work will bring the road up to the required standard and should address the poor safety record along this section of road.

Throughout the year maintenance and capital work is normally undertaken as part of the seal widening and seal extension programme.

This year no seal widening was completed as there were no rehabilitation projects undertaken that meet the width criteria for widening. There were also no seal extension projects due to delays caused by property issues on the intended project, the Burd Road seal extension. We are raising the level of service for footpaths with the aim of eliminating trip hazards and this work will be completed over the 2016/17 financial year.

We have commenced the development of a comprehensive programme of cycle-ways. The Tauranga Eastern Link to Paengaroa cycleway was completed in December 2015. We also completed a recreational walking and cycleway in Omokoroa.

WHAT WE PROVIDE

**1,053** KILOMETRES

*of network with connections to state highways*



Urban roads:  
**154.9** KILOMETRES

Rural roads:  
**897.7** KILOMETRES

Sealed roads:

**862.07** KILOMETRES

Un-sealed roads:

**190.53** KILOMETRES

**80**  
BRIDGES

**36**  
CULVERTS  
*greater than 1.4m diameter*

**160.6** KILOMETRES  
HARD SURFACED FOOTPATHS

**1,371** METRES  
METALLED SURFACED FOOTPATHS

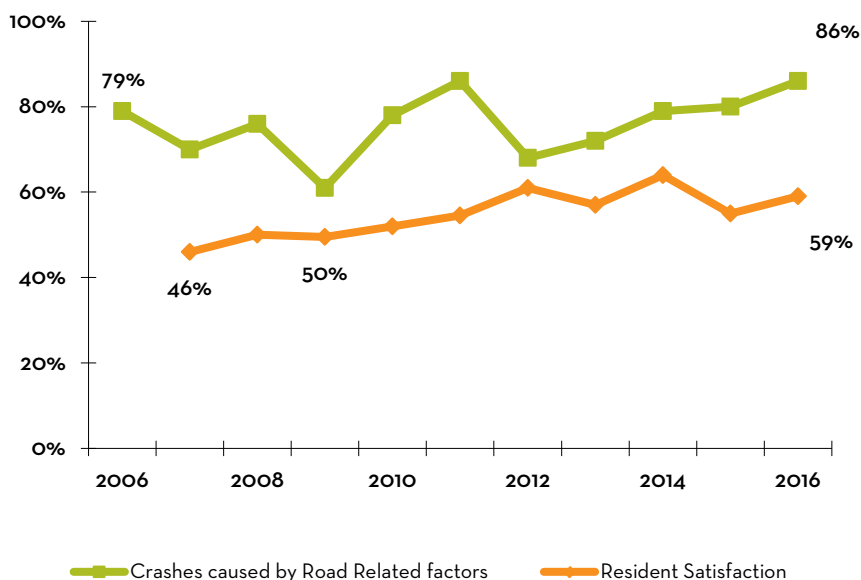
**2,591**  
STREETLIGHTS

**5,032**  
ROAD SIGNS

# SERVICE PERFORMANCE RESULTS

## RESULT TRENDS FOR KEY MEASURES

### TRANSPORTATION - TRENDS



### HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVE
	TARGET	RESULT	RESULT		
<p><b>Key Performance Measure</b> The percentage of crashes caused by road-related factors compared to Council's peer group. (Small-medium councils as grouped by the New Zealand Transport Agency). Note: (A lower percentage is a favourable result for us).</p>	≤90%	62%	80%		😊
<p><b>Key Resident Measure</b> Facilities and services provide social benefits to the whole community. The level of satisfaction with our Transportation activities (roading, cycling and walkways) as monitored by the Annual Residents' Survey, the percentage of residents who are 'very satisfied' and 'satisfied'.</p>	≥60%	59%	55%	The target and result was calculated excluding those surveyed who 'don't know'. The survey result including those that don't know is 57%. Key reasons for dissatisfaction were related to road seal, pot holes and roughness.	😞
<p><b>Supporting Measure</b> The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.</p>	0	4	NEW	There were 15 fatal/serious injury crashes during the year compared to 11 the previous year.	😞

## HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVE
	TARGET	RESULT	RESULT		
We will respond to customers transport related issues					
The percentage of customer service requests relating to roads and footpaths to which Council responds within 10 days.	≥90%	92%	NEW		😊
Level of customer satisfaction with action taken to resolve service requests.	≥90%	93%	90.8%		😊
The network and its facilities are up to date, in good condition and fit for purpose					
The average quality ride on a sealed local road network, measured by smooth travel exposure.	96%	94%	NEW		😐
There are a number of potential defects that develop within the pavement structure and its surface. This condition index is a weighted measure of the fault types.					
• Sealed Roads	0.3	0.28	0.22		😊
• Unsealed roads	3.0	2.51	2.72		😐
Please note: (0 = defect free; 5 = unsatisfactory).					
The percentage of the sealed local road network that is resurfaced.	≥7%	7.6%	NEW		😊
Adverse environmental effects, such as dust, noise and vibration are managed effectively					
Length of unsealed roads (km).	188KM	190 KM	191KM		😐
Number of successful prosecutions for non-compliance with Resource Management Consents and Heritage New Zealand Pouhere Taonga Act 2014 by the Bay of Plenty Regional Council or Heritage New Zealand.	0	0	0		😊
The road network is convenient, offers choices for travel and is available to the whole community					
The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths as identified in the transportation asset management plan.	100%	94.4%	NEW	The scheduled maintenance to address footpath issues will be completed by October 2016.	😞
Total length of cycleways and walkways	167,000M	165,997M	NEW	Several cycleways in planning phase. The programme is behind schedule.	😐

## FUTURE INITIATIVES

We anticipate that growth in the district will continue. As result we will monitor development and implement the structure plans in response to this growth. An upgrade of Omokoroa Road is scheduled for 2017 in response to the development in Omokoroa and the planned special housing area. We will also continue to work with NZTA in the development of state highways in response to growth throughout the District.

We plan to increase delivery of the seal extension programme. The annual level of seal extension is currently 3km and this will increase to 7km. We will also continue our development of walkways and cycle-ways throughout the District.

# COST OF SERVICE STATEMENT

## TRANSPORTATION

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Transportation	21,451	19,767	19,104
<b>Total operating expenditure</b>	<b>21,451</b>	<b>19,767</b>	<b>19,104</b>
<b>Analysis of expenditure by class</b>			
Direct costs	9,771	8,914	8,151
Overhead costs	1,161	1,215	1,186
Interest	1,066	1,369	1,134
Asset revaluation	-	-	758
Depreciation	9,453	8,269	7,875
<b>Total operating expenditure</b>	<b>21,451</b>	<b>19,767</b>	<b>19,104</b>
<b>Revenue</b>			
Targeted rates	44	43	44
User fees	36	-	11
Subsidies	6,764	6,881	6,545
Roading rate	13,490	13,000	14,379
Financial contributions	2,542	2,791	1,023
Vested assets	40,936	1,400	8
Asset revaluation	-	-	16,440
Other income	1,440	262	594
<b>Total revenue</b>	<b>65,252</b>	<b>24,377</b>	<b>39,044</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>43,802</b>	<b>4,610</b>	<b>19,940</b>
<b>Capital expenditure</b>	<b>6,639</b>	<b>12,346</b>	<b>9,065</b>
<b>Vested assets</b>	<b>40,936</b>	<b>1,400</b>	<b>8</b>
<b>Total other funding required</b>	<b>(3,773)</b>	<b>(9,136)</b>	<b>10,867</b>
<b>Other funding provided by</b>			
General rate	50	50	-
Debt increase (decrease)	(363)	(363)	(340)
Proceeds from sale of assets	4	-	-
Reserves and future surpluses	4,083	9,449	(10,527)
<b>Total other funding</b>	<b>3,773</b>	<b>9,136</b>	<b>(10,867)</b>

## MAJOR VARIANCES

Direct costs are \$857k higher than budget. Maintenance work is carried out as required and additional expenditure this year will be offset by reduced expenditure in future years under the One Network Maintenance Contract.

Vested assets includes Te Puke Highway (formally State Highway 2) vested from the New Zealand Transport Authority. This is a non cash transaction.

Other income was \$1.18m higher than budget and includes \$738k compensation from the New Zealand Transport Authority for the Tauranga Eastern Link (TEL) construction traffic effect on local roads, TEL cycleway contribution of \$225k, and \$237k bond retention for work not completed to standard.

Capital expenditure was \$5.71m under budget with a number of projects rescheduled to 2017/18. These include work on the Omokoroa structure plan \$3.60m and seal extensions \$1.50m.

Depreciation was \$1.18m higher than budget due to additional depreciation on the Te Puke Highway that was not budgeted for.

There were no revaluations in 2016. Revaluations are carried out every three years, the last revaluation being 2015, the next revaluation is scheduled for 2018.



# WATER SUPPLY

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# WATER SUPPLY

## OVERVIEW

We supply potable (drinking) water to approximately 37,000 people in our District through the water infrastructure operating in the Western, Central and Eastern supply zones. We have a varied customer base including residential, commercial, horticultural and agricultural users.

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

Water supply is provided to our Community in a sustainable manner.

### OUR GOALS

- Provide potable water of an appropriate standard and quality to meet the needs of consumers within the three supply zones
- Sustainably manage our water resource, water supply infrastructure and consumer use of water across the three supply zones.

## 2015/16 HIGHLIGHTS

Work continued on the installation of water meters in the District. The eastern supply zone was completed and this will enable the implementation of a demand management programme which will lead to better water usage, identification of losses and supply information. It is envisaged that the real benefits will occur when the meters have been in place for at least two years as information gathered can identify key trends and provide history of water usage.

Our focus is to ensure customers have access to an adequate water supply. To achieve this a number of projects were undertaken. Key initiatives included:

- Tahawai - installation of a water line that links two major supplies in the western supply zone. This was a replacement of pipes that had failed prematurely
- Douglas Reservoir - installation of a pump station from the reservoir to Gnome water tanks to provide a supplementary supply. This will alleviate demand pressure on the bush supply scheme
- John Bird Road - installation of supply tanks to optimise pumping from the supply to John Bird Road
- Athenree - upgrade to supply pipeline from Athenree to the state highway, which remedied a number of significant breaks
- Manoeka Road - work commenced on a booster pump station to pump up Manoeka Road ensuring water is supplied to our customers living at the top of the road
- Maketu - installation of a booster pump station.

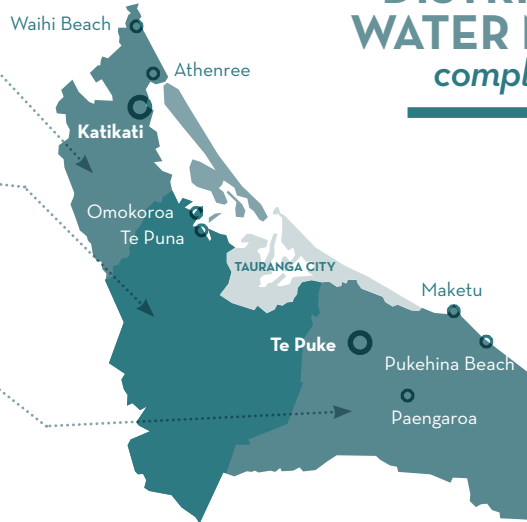
We continue to seek opportunities to educate our communities on water supply usage and conservation. In March we joined with the Regional Council in the 'Hands on Water Expo' in which 16 schools from across the region took part. Our interactive stand was focused on water leaks with key messages on water conservation, and the need to report/fix identified water leaks.

## WHAT WE PROVIDE



Water reticulation operated in three supply zones:

- 
- **WESTERN** ●  
*Waihi Beach, Katikati*
- **CENTRAL** ●  
*Omokoroa, Te Puna*
- **EASTERN** ●  
*Te Puke, Maketu, Pukehina Beach, Paengaroa*

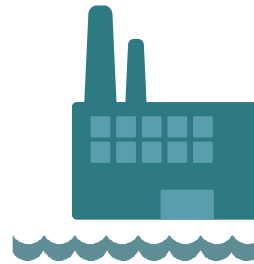


**DISTRICT-WIDE WATER METERING**  
*completed 2018*

**24** BOOSTER PUMP STATIONS

**9** BORE FIELDS

**10** WATER TREATMENT PLANTS



**1** SURFACE SUPPLY  
*(Bush Dam)*



**24** RESERVOIRS & TANK SITES

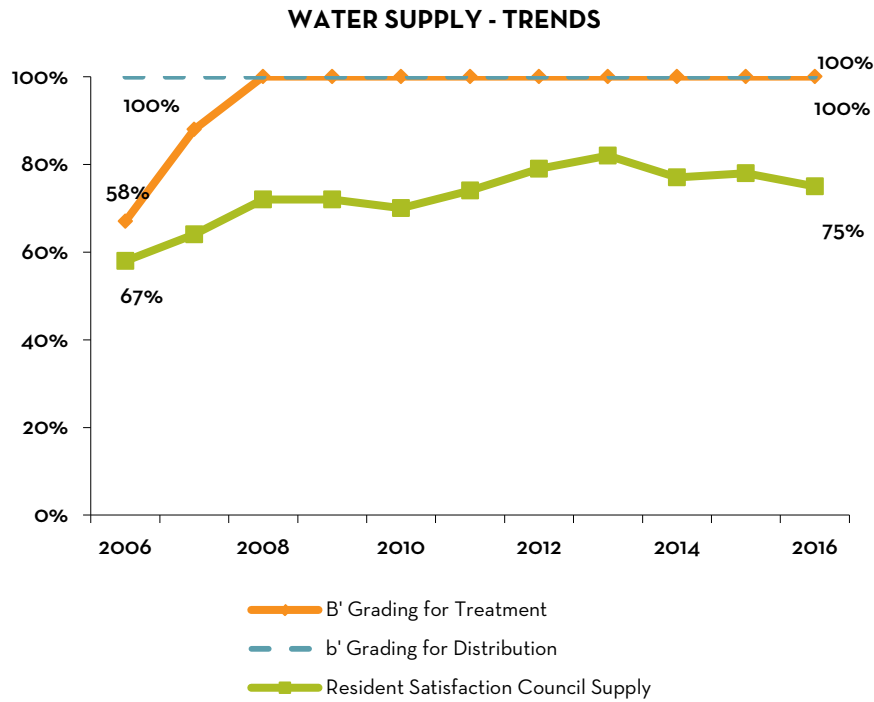


**15,200** out of **15,900**

water main fronting properties are connected to Council's water supply

# SERVICE PERFORMANCE RESULTS

## RESULT TRENDS FOR KEY MEASURES




## HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
<b>Key Performance Measure</b> For the three supply zones the percentage of Council's treated water supply with a Ministry of Health grading as per the New Zealand Drinking Water Standards 2005 (amended 2008).					
B or better for treatment	100%	100%	100%		😊
b or better for reticulation	100%	100%	100%		😊
<b>Key Resident Measure</b> Level of resident satisfaction with the quality of Council's water supply as monitored by the Annual Residents' Survey, percentage of residents who are 'very satisfied' and 'satisfied'.	79%	75%	78%	Three key reasons for dissatisfaction were taste, colour/cloudy and chemicals.	😞
<b>Supporting Measure</b> In a one-in-50-year drought event the ability to supply water to meet the normal daily water demand (1,100 litres per person per day).	100%	100%	100%		😊
Ability of reservoirs to provide a minimum of 24 hour average daily demand.	100%	100%	100%		😊

## HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
We will provide good quality water to service growth within the three supply zones					
Percentage of year where reservoirs are maintained at a minimum of 50% full, in accordance with Ministry of Health requirements.	100%	100%	98%		😊
We will monitor sustainable delivery and effectively manage the risks associated with the quality and quantity of the public water supply					
The extent to which Council's drinking water supply complies with: <ul style="list-style-type: none"> <li>• Part 4 of the drinking-water standards (bacterial compliance criteria), and</li> <li>• Part 5 of the drinking-water standards (protozoal compliance criteria).</li> </ul>	≥99%	100%	NEW	Level of compliance by water supply area: Western - 100% Central - 100% Eastern - 100%  The Drinking Water Standards identify requirements for frequency of testing. While we achieved full compliance the Ministry of Health gave leniency to us as testing exceeded the required timeframe. There were enough samples taken to ensure compliance.	😊
The percentage of real water loss from Council's networked reticulation system. (this will be monitored through the water metering for the central supply area. Until water metering is completed in the eastern and western supply areas water loss will be based on a pre-defined calculation.)	≤25%	19%	NEW	District results calculated using the Water NZ water balance calculation.	😊
The average consumption of drinking water per day per resident.	≤270 LITRES	180 LITRES	NEW		😊
Respond to customer issues with the water supply					
The median response time for Council to respond to a fault or unplanned interruption to the networked reticulation system. Attendance for call-outs: from the time notification is received to the time service personnel reach the site					
• Urgent call outs	≤2 HOURS	38 MINUTES	NEW		😊
• Non urgent call outs	≤8 HOURS	6.2 HOURS	NEW		😊
Resolution of call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption.					
• Urgent call outs	≤8 HOURS	2 HOURS & 46 MINUTES	NEW		😊
• Non urgent call outs	≤24 HOURS	24 HOURS & 11 MINUTES	NEW		😞

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
<p>Total number of complaints received by Council about drinking water:</p> <ul style="list-style-type: none"> <li>• clarity</li> <li>• taste</li> <li>• odour</li> <li>• pressure or flow</li> <li>• continuity of supply and</li> </ul> <p>Council's response to any of these issues expressed per 1000 connections to the networked reticulation system.</p>	≤40	21	NEW		

## FUTURE INITIATIVES

The final stage of the water metering project, Western Supply Zone will commence in the 2016/17 year. This is a two year project, and it is envisaged this will be completed in 2018.

We will continue water reticulation improvement programme in all three supply zones, as well as commission a second bore at Pongakawa and upgrade the Pongakawa treatment plant to ensure water supplied is compliant with water standards. We need to obtain a resource consent regarding the allocation of water and will focus on our role in the supply of water for the wider community. This complements the ongoing project, 'Wai Ora' which facilitates water supply to areas in the District that currently have sub standard water supply.

In conjunction with the Bay of Plenty Regional Council, we are involved in the Freshwater Future Community Groups initiative. The focus of this is to identify key stakeholders and determine what level of water quality and management is required to maintain future supplies. This is a two to three year programme.

Water metering will encourage the conservative use of water as all our customers will pay for the water they use. Water conservation will help ensure that sufficient water supply is available for all current users and provide for future generations.

## COST OF SERVICE STATEMENT

### WATER SUPPLY (DISTRICT-WIDE)

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Western water supply	3,494	3,462	3,583
Central water supply	2,521	2,573	2,586
Eastern water supply	4,068	4,380	4,057
<b>Total operating expenditure</b>	<b>10,083</b>	<b>10,415</b>	<b>10,226</b>
<b>Analysis of expenditure by class</b>			
Direct costs	4,380	4,447	4,170
Overhead costs	1,398	1,446	1,493
Interest	1,476	1,594	1,641
Asset revaluation	-	-	160
Depreciation	2,829	2,929	2,762
<b>Total operating expenditure</b>	<b>10,083</b>	<b>10,415</b>	<b>10,226</b>
<b>Revenue</b>			
Targeted rates	6,414	6,258	6,412
User fees	3,281	3,080	3,340
Financial contributions	1,277	820	389
Vested assets	236	200	10
Forestry revaluation	180	-	378
Other income	51	51	58
<b>Total revenue</b>	<b>11,439</b>	<b>10,410</b>	<b>10,587</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>1,356</b>	<b>(6)</b>	<b>361</b>
<b>Capital expenditure</b>	<b>4,142</b>	<b>5,559</b>	<b>2,081</b>
<b>Vested assets</b>	<b>236</b>	<b>200</b>	<b>10</b>
<b>Total other funding required</b>	<b>(3,022)</b>	<b>(5,765)</b>	<b>(1,730)</b>
<b>Other funding provided by</b>			
Debt increase (decrease)	(761)	253	(703)
Reserves and future surpluses	3,783	5,512	2,433
<b>Total other funding</b>	<b>3,022</b>	<b>5,765</b>	<b>1,730</b>

## MAJOR VARIANCES

Financial contributions were \$457k higher than budget due to increased growth in the District.

User fees were \$201k higher than budget as a result of additional water meter connections throughout the district. User fees were \$60k lower than last year, 2015 included a one off increased year end accrual.

Capital expenditure was \$1.42m under budget with a number of projects rescheduled to 2017/18. These include western water reticulation improvements \$862k and Pongakawa Water Treatment Plant enhancements \$631k. This is consistent with Council's "just in time" delivery of infrastructure.

Depreciation was \$101k lower than budget due to changes in the timing of capital works.

Targeted rates were \$156k higher than budget, the extra revenue coming from increased properties in the District.

There were no revaluations in 2016. Revaluations are carried out every three years, the last revaluation being 2015, the next revaluation is scheduled for 2018.

# COST OF SERVICE STATEMENT

## WATER SUPPLY (WESTERN WATER)

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Western water supply	3,494	3,462	3,583
<b>Total operating expenditure</b>	<b>3,494</b>	<b>3,462</b>	<b>3,583</b>
<b>Analysis of expenditure by class</b>			
Direct costs	1,600	1,481	1,535
Overhead costs	515	525	562
Interest	354	412	417
Asset revaluation	-	-	64
Depreciation	1,025	1,044	1,005
<b>Total operating expenditure</b>	<b>3,494</b>	<b>3,462</b>	<b>3,583</b>
<b>Revenue</b>			
Targeted rates	2,787	2,684	2,693
User fees	925	889	1,067
Financial contributions	591	242	143
Vested assets	78	100	10
Forestry revaluation	180	-	227
Other income	19	-	16
<b>Total revenue</b>	<b>4,580</b>	<b>3,915</b>	<b>4,156</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>1,086</b>	<b>453</b>	<b>573</b>
<b>Capital expenditure</b>	<b>1,306</b>	<b>1,403</b>	<b>422</b>
<b>Vested assets</b>	<b>78</b>	<b>100</b>	<b>10</b>
<b>Total other funding required</b>	<b>(298)</b>	<b>(1,050)</b>	<b>141</b>
<b>Other funding provided by</b>			
Debt increase (decrease)	(261)	(268)	(247)
Reserves and future surpluses	559	1,318	106
<b>Total other funding</b>	<b>298</b>	<b>1,050</b>	<b>(141)</b>



## COST OF SERVICE STATEMENT

### WATER SUPPLY (CENTRAL WATER)

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Central water supply	2,521	2,573	2,586
<b>Total operating expenditure</b>	<b>2,521</b>	<b>2,573</b>	<b>2,586</b>
<b>Analysis of expenditure by class</b>			
Direct costs	1,115	1,153	1,117
Overhead costs	365	386	385
Interest	371	392	416
Asset revaluation	-	-	5
Depreciation	670	643	663
<b>Total operating expenditure</b>	<b>2,521</b>	<b>2,573</b>	<b>2,586</b>
<b>Revenue</b>			
Targeted rates	1,073	1,058	1,015
User fees	962	858	1,089
Financial contributions	351	289	196
Vested assets	74	50	-
Asset revaluation	-	-	34
Other income	14	-	16
<b>Total revenue</b>	<b>2,474</b>	<b>2,255</b>	<b>2,350</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(47)</b>	<b>(318)</b>	<b>(236)</b>
<b>Capital expenditure</b>	<b>678</b>	<b>963</b>	<b>116</b>
<b>Vested assets</b>	<b>74</b>	<b>50</b>	<b>-</b>
<b>Total other funding required</b>	<b>(799)</b>	<b>(1,330)</b>	<b>(352)</b>
<b>Other funding provided by</b>			
Debt increase (decrease)	(168)	10	(152)
Reserves and future surpluses	967	1,320	504
<b>Total other funding</b>	<b>799</b>	<b>1,330</b>	<b>352</b>

## COST OF SERVICE STATEMENT

### WATER SUPPLY (EASTERN WATER)

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Eastern water supply	4,068	4,380	4,057
<b>Total operating expenditure</b>	<b>4,068</b>	<b>4,380</b>	<b>4,057</b>
<b>Analysis of expenditure by class</b>			
Direct costs	1,665	1,813	1,517
Overhead costs	518	535	547
Interest	751	790	808
Asset revaluation	-	-	91
Depreciation	1,134	1,242	1,094
<b>Total operating expenditure</b>	<b>4,068</b>	<b>4,380</b>	<b>4,057</b>
<b>Revenue</b>			
Targeted rates	2,554	2,516	2,704
User fees	1,394	1,334	1,185
Financial contributions	335	288	49
Vested assets	84	50	-
Asset revaluation	-	-	117
Other income	18	51	25
<b>Total revenue</b>	<b>4,385</b>	<b>4,239</b>	<b>4,080</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>317</b>	<b>(141)</b>	<b>23</b>
<b>Capital expenditure</b>	<b>2,158</b>	<b>3,194</b>	<b>1,543</b>
<b>Vested assets</b>	<b>84</b>	<b>50</b>	<b>-</b>
<b>Total other funding required</b>	<b>(1,925)</b>	<b>(3,385)</b>	<b>(1,520)</b>
<b>Other funding provided by</b>			
Debt increase (decrease)	(332)	511	(303)
Reserves and future surpluses	2,257	2,874	1,823
<b>Total other funding</b>	<b>1,925</b>	<b>3,385</b>	<b>1,520</b>

# STORMWATER

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# STORMWATER

## OVERVIEW

Stormwater systems are built to protect buildings and property from the effects of flooding and coastal erosion. These systems include watercourses, open channels, swales and structures that channel stormwater to a final discharge point. Our systems include primary and secondary overland flow paths, stormwater detention and stormwater treatment.

There are legislative requirements regarding the quality and quantity of stormwater released and we must meet these statutory obligations. Under the Resource Management Act 1991 district councils must manage land use in a way that minimises environmental effects.

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

Stormwater approaches are innovative, affordable and sustainable and lead to a reduction in flooding events. (Flooding events are defined as an overflow of stormwater from a stormwater system that enters a habitable floor).

### OUR GOALS

To develop a catchment based flood risk management framework that recognises and allows for the nature and behaviour of surface water systems to improve community resilience from potential flooding; by ensuring that:

- There is a localised reduction of the risk of flooding events in existing floodable areas
- There is no increase in flooding event risk to existing development from new development or land use change
- Urban development is avoided in flood-prone areas unless mitigation measures can be provided that do not affect the capacity / effective functioning of existing downstream stormwater systems
- Communities are engaged and informed about various approaches to stormwater management and their views are sought and taken into account
- Compliance and monitoring activities are carried out
- Communities are engaged and informed about various approaches to coastal erosion management and their views are sought and taken into account.

## 2015/16 HIGHLIGHTS

This year there was a reduction in the number of stormwater / flooding issues during significant weather events. This is attributed to our proactive approach when significant weather events are forecast. This involved visiting known trouble spots and taking corrective and precautionary action before the event occurs.

We prepared the central catchment comprehensive stormwater consent application. This involved developing a catchment management plan for the Te Puna West Urban Zone and Minden. Pirirakau undertook a cultural impact assessment for the application and we held a number of meetings within the community to discuss stormwater issues for the Te Puna / Minden area. We will be lodging this consent in late 2016.

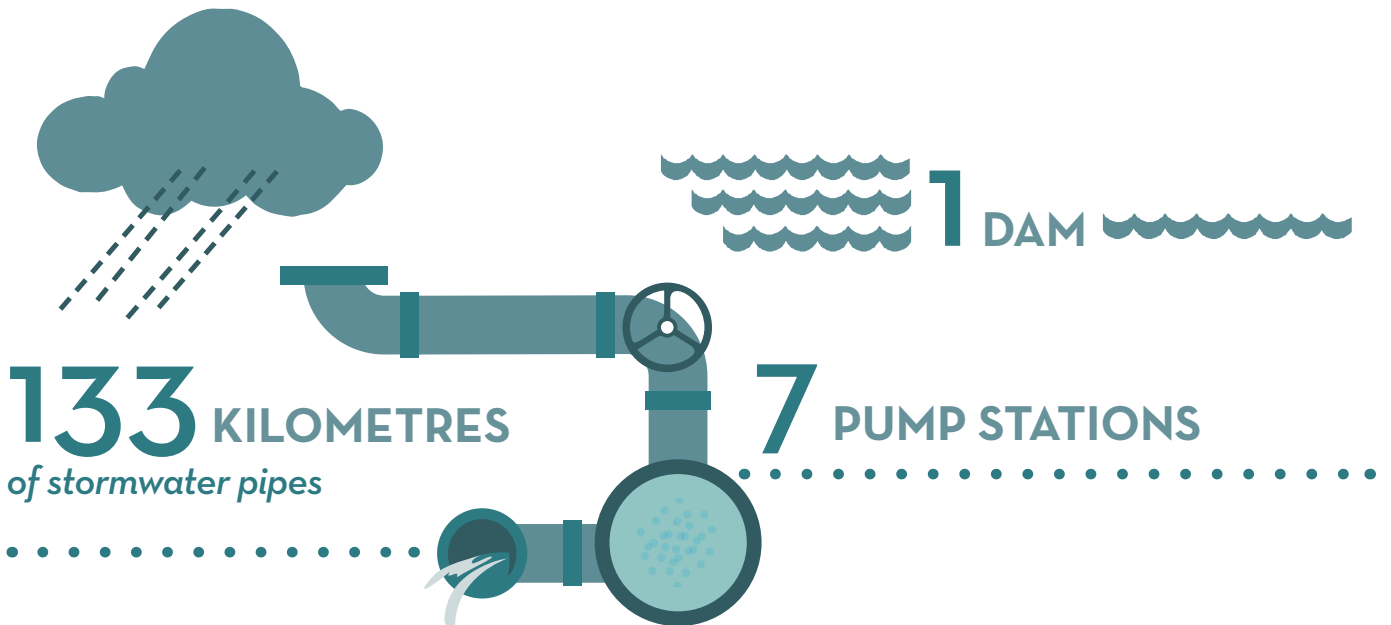
A stormwater model for Te Puke was completed and the flood hazard maps have been revised. Information from this will be used to inform our District Plan.

Significant stormwater works were completed in Waihi Beach to address flooding and erosion issues. This included:

- Obtaining resource consent for construction of bank protection works along Two Mile Creek down stream of Dillon Street bridge
- Working with community as part of resource consent process to undertake construction upstream of Two Mile Creek
- Installation of a rectangular boxed culvert to replace twin culverts to address the undersized flow restriction which caused flooding

Other protection works identified in our 2013/14 Annual Plan have been reprioritised as part of the bigger picture for Waihi Beach community. The planned expense will now occur over the next ten years.

## WHAT WE PROVIDE



2,551 MANHOLES  
13 SOAKHOLES  
505 CATCHPITS

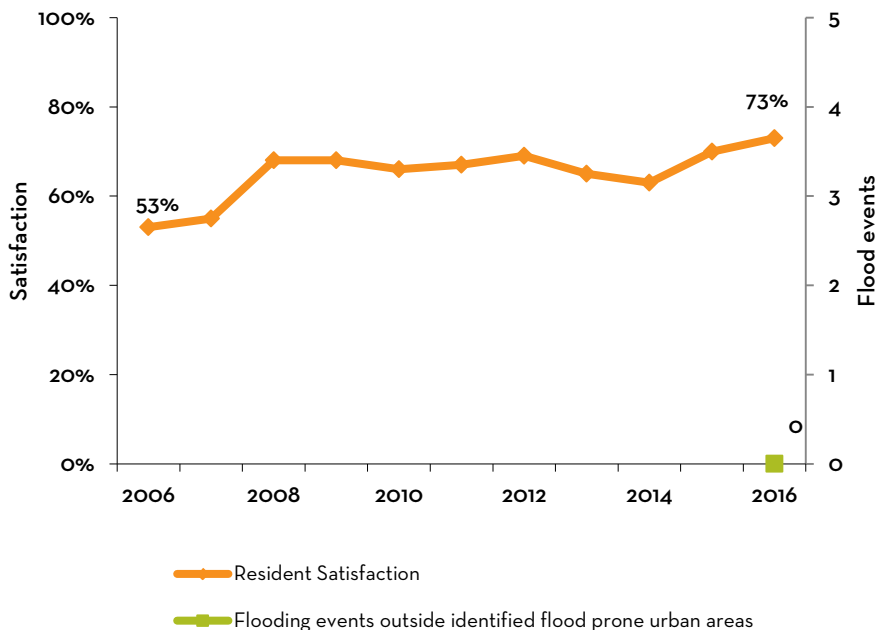
34.6 KILOMETRES  
*of open drains*

1.2 KILOMETRES  
*of rising mains*

# SERVICE PERFORMANCE RESULTS

## RESULT TRENDS FOR KEY MEASURES

### STORMWATER - TRENDS



### HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
<p><b>Key Performance Measure</b> The number of times flooding occurs outside identified flood-prone urban areas during a one-in-50 year or less storm event.</p> <p>This performance measure is assessed on a per event basis i.e. flooding in more than one location in a single event will be counted as 1.</p>	≤3 EVENTS	0 (EVENTS)	0 (EVENTS)	There were no flooding events in the 2015/16 year.	😊
<p><b>Key Resident Measure</b> Resident satisfaction level with stormwater systems, as monitored by the Annual Residents Survey; percentage of residents who are “very satisfied” or “satisfied”.</p>	≥65%	73%	70%	The target and result were calculated excluding those surveyed who ‘don’t know’. The survey result including those that don’t know is 62%	😊

## HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
We will provide stormwater assets to minimise risks of flooding events					
Based on the number of flooding events that occur within the District. For each flooding event (district wide), the number of habitable floors affected (expressed per 1000 properties connected to Council's stormwater system).	≤30 (3%) PER EVENT	0	NEW	There were no flooding events in the 2015/16 year.	😊
For a one in ten year flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to Council's stormwater system).	PER EVENT				
Waihi Beach	≤60 (6%)	0	NEW	There were no flooding events in the 2015/16 year.	😊
Katikati	≤10 (1%)	0	NEW		😊
Omokoroa	≤10 (1%)	0	NEW		😊
Te Puke	≤30 (3%)	0	NEW		😊
Maketu	≤30 (3%)	0	NEW		😊
Compliance with Council's resource consents for discharge from our stormwater system, measured by the number of:					
• Abatement notices	0	0	NEW		😊
• Infringement notices	0	0	NEW		😊
• Enforcement orders, and	0	0	NEW		😊
• Convictions	0	0	NEW		😊
received by Council in relation to those resource consents					
We will be responsive to customer's stormwater issues					
The median response to attend a flooding event, measured from the time that Council receives the notification to the time that service personnel reach the site.	≤120 MINUTES	NO EVENTS	NEW		😊
The number of complaints received by Council about the performance of its stormwater system, expressed per 1000 properties connected to the Council's stormwater system.	≤30	0.8	NEW		😊

## FUTURE INITIATIVES

We will complete the comprehensive District-wide (western, central and eastern) stormwater application with the exclusion of Omokoroa as a stormwater consent is already held for this community. The consent for the western area will be progressed through the Environment Court due to one appellant. The eastern area consent has been lodged and requires further consultation with Iwi. This is planned to occur in at the beginning of 2017.

A flood mapping exercise will be undertaken in conjunction with the Bay of Plenty Regional Council for Waihi Beach.

This entails the development of a stormwater model and a review and update of the flood hazard zoning required for our District Plan and for the Regional Council's Regional Policy Statement.

As part of our stormwater maintenance and renewal programme there will be significant upgrades to the stormwater network in Te Puna and at Washer Place Te Puke to address flooding and erosion.

Apply for consent above Dillon Street bridge - to construct erosion control in Two Mile Creek at Waihi Beach.

# COST OF SERVICE STATEMENT

## STORMWATER

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Stormwater	3,882	4,082	4,618
Waihi Beach coastal protection	115	150	135
<b>Total operating expenditure</b>	<b>3,997</b>	<b>4,232</b>	<b>4,753</b>
<b>Analysis of expenditure by class</b>			
Direct costs	643	752	882
Overhead costs	530	585	555
Interest	1,669	1,728	1,821
Asset revaluation	-	-	346
Depreciation	1,155	1,167	1,149
<b>Total operating expenditure</b>	<b>3,997</b>	<b>4,232</b>	<b>4,753</b>
<b>Revenue</b>			
Targeted rates	3,681	3,696	2,742
User fees	1	-	-
Financial contributions	551	733	65
Vested assets	629	300	10
Asset revaluation	-	-	76
Other income	2	160	3
<b>Total revenue</b>	<b>4,864</b>	<b>4,890</b>	<b>2,896</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>867</b>	<b>657</b>	<b>(1,857)</b>
<b>Capital expenditure</b>	<b>217</b>	<b>1,708</b>	<b>137</b>
<b>Vested assets</b>	<b>629</b>	<b>300</b>	<b>10</b>
<b>Total other funding required</b>	<b>21</b>	<b>(1,351)</b>	<b>(2,004)</b>
<b>Other funding provided by</b>			
General rate	1,134	1,134	194
Debt increase/(decrease)	(401)	103	(435)
Reserves and future surpluses	(754)	114	2,245
<b>Total other funding</b>	<b>(21)</b>	<b>1,351</b>	<b>2,004</b>

## MAJOR VARIANCES

Financial contributions were \$182k lower than budget due to distribution of growth in the District, however they were \$486k higher than 2015 reflecting the upturn in growth around the District.

Vested assets were \$329k higher than budget as a result of increased development growth in the District. These assets which include gravity mains, and manholes, are installed by developers and vested to Council on completion.

Other income budget of \$160k includes subsidies and grants to fund capital expenditure. This capital expenditure was deferred.

An increase in the stormwater uniform annual charge and an increase in the number of rateable properties resulted in a \$939k increase in targeted rates compared to 2015. This was consulted on as part of the 2015-2025 Long Term Plan.

Capital expenditure was \$1.49m under budget. Waihi Beach Two Mile Creek downstream was \$431k under budget pending further consultation with land owners and design finalisation, and Otawhiwi Marae stormwater drain \$400k was not started and is subject to external funding.

General rate contribution reflects the amended revenue and finance policy for stormwater, where 90% of rating income is provided by the stormwater UAC and 10% is contributed from the General rate.

There is also a contribution from the General rate to fund growth related debt. This was consulted on, and is incorporated in the financial strategy included in the 2015-25 Long Term Plan.



# NATURAL ENVIRONMENT

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# NATURAL ENVIRONMENT

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## OVERVIEW

The natural environment of the Western Bay is one of our most valuable assets covering 212,000 hectares of coastal, rural and urban areas. The land of the Western Bay of Plenty faces north-east to the sea. To the West are the rugged bush-covered Kaimai ranges. Numerous streams drain the Kaimais, flowing down through the hills and coastal lowlands into the swampy estuaries and mudflats of the Tauranga Harbour.

The activities that are provided within the Natural Environment Strategy include:

- Environmental education programmes and initiatives delivered mostly through service delivery contracts with Wild About New Zealand and Coastcare
- Support for community based environmental projects provided by our Environmental Development Officer who helps communities to realise their capacity to drive and implement environmental projects
- Fencing subsidies to encourage the protection of important ecological areas on private land
- A small fund that can be used to support projects or initiatives that enhance the quality of the environment.

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

Areas of our natural environment with important environmental, cultural and heritage values are protected.

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### OUR GOALS

- Support the provision of environmental education and information across our District
- Support community based environmental projects.

## 2015/16 HIGHLIGHTS

During the year we continued to support and assist community based groups in their work on environmental projects. Our assistance ranged from administration support to helping to translocate endangered bird species.

To help stimulate environmental activity within the Te Puke area we sponsored the Te Puke Environment Expo. This expo was held on 2nd July 2016 and resulted in a number of people volunteering to assist various projects around Te Puke.

Through our Community Matching Fund the largest grant went to the Aongatete Outdoor Education Centre who were partnering with the Aongatete Forest Restoration Trust. They obtained funding to erect 29 interpretative panels covering geology, rongoa (medicinal plants); interesting aspects of the ecosystem; and conservation. This one grant answered the needs of several groups including Forest and Bird. The official unveiling of the nature trail is scheduled for September 2016.

We continued to support the Biodiversity Management Plans for environmental care groups. There are currently four plans in place. Our support involves a 25% cost share on many of the project costs. We also continued our support for private land owners with subsidies for fencing off and planting of ecological features and water ways and the rehabilitation of wetland remnants.

We supported various community projects by supplying plants. These projects included: Pongakawa School wetlands, Ngamuwahine School Camp, Te Arakahikatea walkway (Te Puke) and the Maketu Taiapure's 'Borrow Pits' project on the Kaituna River that aims to restore whitebait habitat and populations.



## EDUCATION PROGRAMMES & INITIATIVES

Support for  
**ENVIRONMENTAL  
SERVICE DELIVERY  
PROVIDERS**

**FENCING SUBSIDIES**  
*(protected bush lots)*



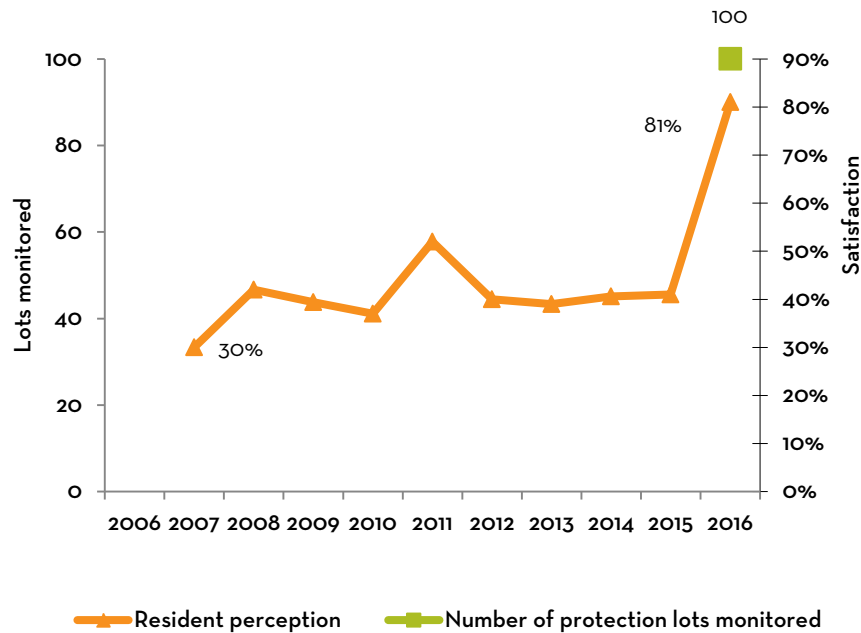
## COMMUNITY GROUP SUPPORT

**LIAISON WITH THE REGIONAL COUNCIL  
AND PARTNERS**  
*with a focus on environmental issues*

# SERVICE PERFORMANCE RESULTS

## RESULT TRENDS FOR KEY MEASURES

### NATURAL ENVIRONMENT - TRENDS



### HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	
	TARGET	RESULT	RESULT		
<b>Key Performance Measure</b> Number of protection lots monitored to ensure compliance with covenants.	≥40	100	NEW		😊
<b>Key Resident Measure</b> Percentage of residents surveyed who perceive the environmental attributes monitored have improved or being maintained.  <i>Please note: the environmental features monitored include the quality of streams and rivers, harbours and estuaries, air quality, the amount of noxious weeds, protection of historic places, general level of cleanliness and the amount and quality of native plants and animals.</i>	≥40%	81%	41%	This result exceeds the target as this measure now includes those who perceive the environmental attributes have been maintained i.e. it is neither better or worse.  The target and result were calculated excluding those surveyed who 'don't know'. The survey result including those that don't know is 73%.	😊
<b>Supporting Measure</b> Annual number of training initiatives supported.	≥5	5	NEW		😊

### HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
Facilitate and support community involvement in protecting and enhancing the natural environment					
Percentage of environmental groups that Council actively supports.	≥50%	37.5%	NEW	Only 15 groups are actively supported.	😞
Number of individual landowners actively supported to protect remnant bush and riparian zones.	≥50	21	30	This result is dependent upon the number of contracts successfully negotiated by Regional Council.	😞

## FUTURE INITIATIVES

We will continue to explore opportunities to increase the level of support provided to environmental groups particularly in relation to the completion of larger projects which often incur some project management costs.

We will assist the Otanewainuku Kiwi Trust in the second translocation of Kokako from the Kaharoa forest in Rotorua. The Kokako is an endangered species and does not survive where there is no protection from pests.

The Otanewainuku forest is pest free and the first introduction of the Kokako are now breeding successfully.

The Community Matching Fund continues to provide a valid option for funding of environmental projects with \$39,000 allocated each year. This has been underspent for two years. More work will be done with environmental groups on promoting this fund.



# COST OF SERVICE STATEMENT

## NATURAL ENVIRONMENT

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Environment protection grants	96	101	97
Natural environment support	271	235	274
Coastcare	46	55	36
Ecological impact fees	5	-	-
Waihi District Drainage - drains	110	126	-
Waihi District Drainage - pumps	168	173	-
<b>Total operating expenditure</b>	<b>696</b>	<b>691</b>	<b>407</b>
<b>Analysis of expenditure by class</b>			
Direct costs	646	639	361
Overhead costs	42	45	39
Depreciation	8	7	7
<b>Total operating expenditure</b>	<b>696</b>	<b>691</b>	<b>407</b>
<b>Revenue</b>			
Targeted rates	316	313	15
Financial contributions	158	111	58
Other income	-	-	-
<b>Total revenue</b>	<b>474</b>	<b>424</b>	<b>73</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(222)</b>	<b>(267)</b>	<b>(334)</b>
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other funding required</b>	<b>(222)</b>	<b>(267)</b>	<b>(334)</b>
<b>Other funding provided by</b>			
General rate	146	130	142
Environmental protection rate	45	45	30
Reserves and future surpluses	31	92	162
<b>Total other funding</b>	<b>222</b>	<b>267</b>	<b>334</b>

# WASTEWATER

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# WASTEWATER

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## OVERVIEW

Our long term goal for wastewater is to ensure that wastewater treatment and disposal systems are sustainable and continue to meet environmental and health and safety standards. We will continue to encourage households to explore and implement measures that reduce wastewater volume per person.

We have five wastewater treatment plants at Katikati, Omokoroa, Maketu/Little Waihi, Te Puke and Waihi Beach.

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

Wastewater services are well planned and maintained to ensure a clean and healthy environment.

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### OUR GOALS

- All areas in our District served by reticulated wastewater disposal systems meet acceptable health, safety and environmental standards
- Assist small urban communities along the Tauranga Harbour to ensure that the wastewater disposal options available to them meet health and safety requirements.

## 2015/2016 HIGHLIGHTS

We finished our pre-application work for our resource consent renewals for the Katikati and Te Puke treatment plants. These discharge consents have now been lodged with Regional Council and we are seeking a 20 year consent for Katikati and 35 year consent for Te Puke. Extensive community and iwi consultation has been undertaken in conjunction with the consent applications. We also applied for a 20 year resource consent to allow us to inspect the Katikati pipeline which goes through the harbour. The consent, if granted will allow us to gain a better understanding of the condition of the pipeline and its expected life.

This year in Katikati we monitored the wastewater flows to identify where stormwater may be entering the network. When stormwater gets into the network it increases the flow to the treatment plant, resulting in increased operating expenditure and the potential for wastewater overflows. Where issues are identified remedial action is taken or scheduled to address the problem. The Katikati treatment plant undertook a number of significant upgrades. In doing this the treatment plant discharge quality has been improved and the treatment plant meets resource consent conditions. Landscaping and fencing was also completed around the treatment plant.

At Waihi Beach we installed an additional sludge storage pond to address the sludge build up at the treatment plant. The ultra violet sterilisation scheme was also upgraded and riparian landscaping was completed at the treatment plant.

At the Maketu treatment plan we planted a buffer zone between the irrigation and the Hilltop Holiday Park. The decant pond was covered to prevent algal growth in the summer, and the sludge trailer was covered to control flies and odour in the summer months.

At Te Puke wastewater treatment plant netting was placed over the curation zone, to address health and safety issues. Other treatment plants are also being monitored in terms of the new health and safety legislation and issues identified are addressed on an ongoing basis.



## WHAT WE PROVIDE

### MAKETU

37.8

- KILOMETRES
- of pipes

522

HOUSEHOLD PUMPS

2

BOOSTER PUMPS

- treatment plant with two sequential batch reactor tanks and emergency pond
- discharge to land via subsurface drip irrigation

### OMOKOROA

64.4

- KILOMETRES
- of pipes

14

PUMP STATIONS

- sewage is pumped to the Tauranga City Chapel Street plant for treatment

### TE PUKE

71.5

- KILOMETRES
- of pipes

7

PUMP STATIONS

- treatment plant with a sequentially activated sludge system, ultraviolet disinfection and wetland

### KATIKATI

73.2

- KILOMETRES
- of pipes

14

PUMP STATIONS

- treatment plant with aerated lagoons, ultraviolet disinfection and wetland

### WAIHI BEACH

79.0

- KILOMETRES
- of pipes

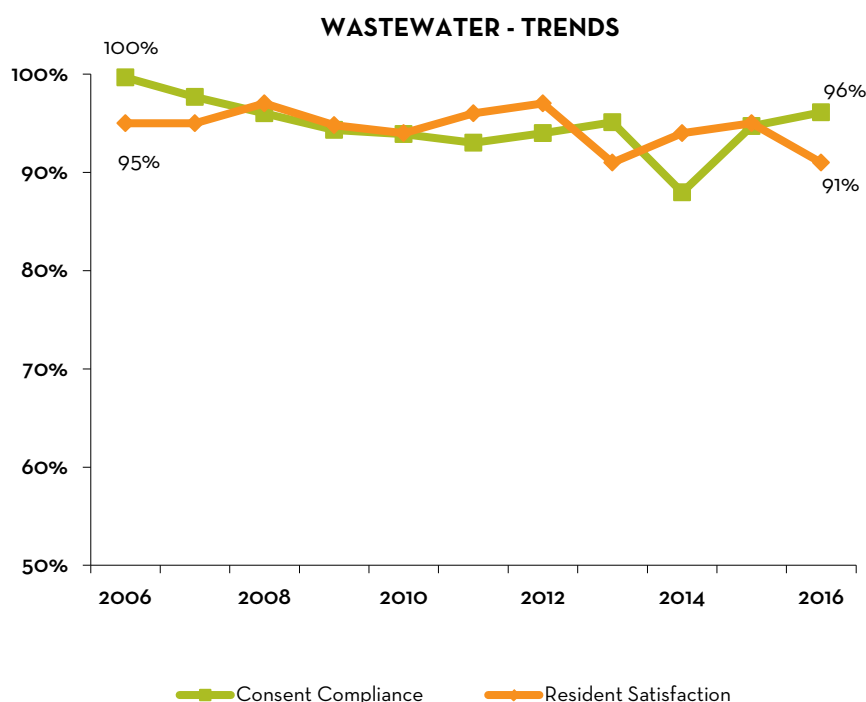
23

PUMP STATIONS

- treatment plant with aerated lagoons, ultraviolet disinfection and wetland

# SERVICE PERFORMANCE RESULTS






## RESULT TRENDS FOR KEY MEASURES



## HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
<b>Key Performance Measure</b> Percentage compliance with Resource Consents for each wastewater scheme:					
• Katikati	≥93%	96.9%	93%	The Te Puke wastewater treatment plant did not reach the target due to equipment failure. This was a result of unidentified substance entering the plant as well as mechanical issues with the de-watering units.	😊
• Maketu/Little Waihi	≥92%	95.8%	97%		😊
• Te Puke	≥97%	92.5%	94%		😞
• Waihi Beach	≥97%	99.2%	97%		😊
<b>Key Resident Measure</b> Level of resident satisfaction with Councils reticulated wastewater disposal system as monitored by the Annual Residents' Survey, those residents who are 'very satisfied' and 'satisfied'.	≥95%	91%	95%	The target and result were calculated excluding those surveyed who 'don't know'. The survey result including those that don't know is 87%.  Key reasons for dissatisfaction are based on cost and reliability.	😞

## HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
Maintain wastewater systems and have capacity to meet demand					
<p>The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p> <p>NOTE: only applies when, 1mm of rain has fallen in a 24 hr period.</p>	≤2	3.3	NEW	Dry weather overflows occur where there is less than 1mm of rain. This is usually a result of system abuse where items that are not compatible (e.g. fat, clothing etc) are disposed of in the system.	
<p>Compliance with resource consents for discharge from the sewerage system measured by the number of;</p> <ul style="list-style-type: none"> <li>• Abatement notices</li> <li>• Infringement notices</li> <li>• Enforcement orders</li> <li>• Convictions.</li> </ul> <p>received in relation to those resource consents.</p>	0	0	NEW		
Provide wastewater services that meet customer needs					
<p>The median response time for Council to attend to sewerage overflows resulting from a blockage or other fault in the Council sewerage system.</p> <ul style="list-style-type: none"> <li>• Attendance time: from the time that Council receives notification to the time that service personnel reach the site.</li> </ul>	≤1 HOUR	31 MINUTES	NEW		
<ul style="list-style-type: none"> <li>• Resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.</li> </ul>	≤24 HOURS	2 HOURS & 40 MINUTES	NEW		
<p>The total number of complaints received by Council about:</p> <ul style="list-style-type: none"> <li>• Sewerage odour</li> <li>• Sewerage system faults</li> <li>• Sewerage system blockages</li> <li>• Council's response to issues with sewerage system.</li> </ul> <p><i>Expressed per 1000 connections to the Councils sewerage system.</i></p>	≤45	22.6	NEW		

## FUTURE INITIATIVES

The reticulation for the Te Puna West wastewater scheme will begin in November 2016. This will be linking into the Omokoroa pipeline to Tauranga. We will undertake the design and investigations for Ongare Point wastewater in 2016 with the aim of completing the reticulation in 2017.

We will continue to work with the iwi, community members and the working group in regard to the resource consent renewal discharge options for Katikati and Te Puke. Upgrade work will also be undertaken at the Te Puke treatment plant.

At Waihi Beach we will undertake an infiltration and inflow study as part of the wastewater treatment plant resource consent conditions. We will also complete a wastewater model to enhance our understanding of capacity issues.

We will be developing a District-wide bio-solids road map. This will enable us to understand how we manage bio-solids from the various wastewater treatment plants.

We will continue to work with the Bay of Plenty Regional Plan in the review of the On Site Effluent Treatment Plan. This is a 2 - 3 year project regarding property owners wastewater systems.

# COST OF SERVICE STATEMENT

## DISTRICT-WIDE WASTEWATER

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Waihi Beach wastewater	3,427	3,424	3,350
Katikati wastewater	1,856	1,900	1,708
Omokoroa wastewater	3,938	4,060	4,481
Te Puke wastewater	1,796	1,737	1,817
Maketu wastewater	1,291	1,190	1,168
Ongare wastewater	6	50	-
<b>Total operating expenditure</b>	<b>12,314</b>	<b>12,360</b>	<b>12,524</b>
<b>Analysis of expenditure by class</b>			
Direct costs	3,981	3,915	3,375
Overhead costs	1,294	1,310	1,286
Interest	3,539	3,651	3,876
Asset revaluation	-	-	522
Depreciation	3,500	3,484	3,465
<b>Total operating expenditure</b>	<b>12,314</b>	<b>12,360</b>	<b>12,524</b>
<b>Revenue</b>			
Targeted rates	9,323	9,338	8,819
User fees	5	2	2
Financial contributions	1,545	1,382	258
Vested assets	386	340	12
Asset revaluation	-	-	142
Other income	30	-	43
<b>Total revenue</b>	<b>11,289</b>	<b>11,062</b>	<b>9,276</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(1,025)</b>	<b>(1,298)</b>	<b>(3,248)</b>
<b>Capital expenditure</b>	<b>1,436</b>	<b>1,009</b>	<b>509</b>
<b>Vested assets</b>	<b>386</b>	<b>340</b>	<b>12</b>
<b>Total other funding required</b>	<b>(2,847)</b>	<b>(2,647)</b>	<b>(3,769)</b>
<b>Other funding provided by</b>			
General rate	950	950	482
Environmental protection rate	444	468	476
Debt increase/(decrease)	(803)	(739)	(1,141)
Reserves and future surpluses	2,256	1,969	3,952
<b>Total other funding</b>	<b>2,847</b>	<b>2,647</b>	<b>3,769</b>

## MAJOR VARIANCES

Financial contributions were \$163k higher than budget and \$1.29m higher than 2015 due to increased growth in the District.

Capital expenditure was \$426k higher than budget, including Katikati wastewater where timing has been brought forward from 2016/17.

Interest is lower than budget by \$94k and lower than last year by \$319k. This is a result of paying down debt more quickly than forecast and the contribution from the General Rate as set out in Council's Financial Strategy.

An increase in the wastewater uniform annual charge and an increase in the number of rateable properties resulted in an additional \$504k being collected from wastewater targeted rates over last year.

General rate - Council policy is to fund from the general rate an average of \$2.5m per year to cover the shortfall in financial contributions income that would have funded interest on growth related debt. Funding for wastewater was \$950k.

There were no revaluations in 2016. Revaluations are carried out every three years, the last revaluation being 2015, the next revaluation is scheduled for 2018.

# COST OF SERVICE STATEMENT

## WAIHI BEACH WASTEWATER

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Waihi Beach wastewater	3,427	3,424	3,350
<b>Total operating expenditure</b>	<b>3,427</b>	<b>3,424</b>	<b>3,350</b>
<b>Analysis of expenditure by class</b>			
Direct costs	1,158	1,091	790
Overhead costs	273	279	268
Interest	1,098	1,152	1,225
Asset revaluation	-	-	177
Depreciation	898	902	890
<b>Total operating expenditure</b>	<b>3,427</b>	<b>3,424</b>	<b>3,350</b>
<b>Revenue</b>			
Targeted rates	3,159	3,169	3,073
User fees	3	-	1
Financial contributions	344	79	60
Vested assets	44	200	12
Other income	11	-	12
<b>Total revenue</b>	<b>3,561</b>	<b>3,448</b>	<b>3,158</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>134</b>	<b>24</b>	<b>(192)</b>
<b>Capital expenditure</b>	<b>194</b>	<b>173</b>	<b>221</b>
<b>Vested assets</b>	<b>44</b>	<b>200</b>	<b>12</b>
<b>Total other funding required</b>	<b>(104)</b>	<b>(349)</b>	<b>(425)</b>
<b>Other funding provided by</b>			
General rate	350	350	140
Environmental protection rate	124	124	127
Debt increase/(decrease)	(513)	(530)	(450)
Reserves and future surpluses	143	405	608
<b>Total other funding</b>	<b>104</b>	<b>349</b>	<b>425</b>

# COST OF SERVICE STATEMENT

## KATIKATI WASTEWATER

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Katikati wastewater	1,856	1,900	1,708
<b>Total operating expenditure</b>	<b>1,856</b>	<b>1,900</b>	<b>1,708</b>
<b>Analysis of expenditure by class</b>			
Direct costs	718	700	567
Overhead costs	293	296	293
Interest	115	162	138
Depreciation	730	742	710
<b>Total operating expenditure</b>	<b>1,856</b>	<b>1,900</b>	<b>1,708</b>
<b>Revenue</b>			
Targeted rates	1,830	1,834	1,774
User fees	1	-	1
Financial contributions	560	275	75
Vested assets	116	70	-
Asset revaluation	-	-	127
Other income	9	-	11
<b>Total revenue</b>	<b>2,516</b>	<b>2,179</b>	<b>1,988</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>660</b>	<b>279</b>	<b>280</b>
<b>Capital expenditure</b>	<b>930</b>	<b>270</b>	<b>195</b>
<b>Vested assets</b>	<b>116</b>	<b>70</b>	<b>-</b>
<b>Total other funding required</b>	<b>(386)</b>	<b>(61)</b>	<b>85</b>
<b>Other funding provided by</b>			
Environmental protection rate	76	76	75
Debt increase/(decrease)	(60)	(92)	(137)
Reserves and future surpluses	370	76	(23)
<b>Total other funding</b>	<b>386</b>	<b>61</b>	<b>(85)</b>

# COST OF SERVICE STATEMENT

## OMOKOROA WASTEWATER

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Omokoroa wastewater	3,938	4,060	4,480
<b>Total operating expenditure</b>	<b>3,938</b>	<b>4,060</b>	<b>4,480</b>
<b>Analysis of expenditure by class</b>			
Direct costs	685	806	760
Overhead costs	283	280	270
Interest	2,230	2,264	2,376
Asset revaluation	-	-	335
Depreciation	740	709	739
<b>Total operating expenditure</b>	<b>3,938</b>	<b>4,060</b>	<b>4,480</b>
<b>Revenue</b>			
Targeted rates	1,464	1,473	1,406
User fees	1	-	-
Financial contributions	557	779	122
Vested assets	161	70	-
Other income	2	-	9
<b>Total revenue</b>	<b>2,184</b>	<b>2,322</b>	<b>1,537</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(1,754)</b>	<b>(1,737)</b>	<b>(2,943)</b>
<b>Capital expenditure</b>	<b>2</b>	<b>100</b>	<b>-</b>
<b>Vested assets</b>	<b>161</b>	<b>70</b>	<b>-</b>
<b>Total other funding required</b>	<b>(1,917)</b>	<b>(1,907)</b>	<b>(2,943)</b>
<b>Other funding provided by</b>			
General rate	600	600	342
Environmental protection rate	118	118	169
Debt increase/(decrease)	(181)	(82)	(153)
Reserves and future surpluses	1,379	1,271	2,585
<b>Total other funding</b>	<b>1,917</b>	<b>1,907</b>	<b>2,943</b>

## COST OF SERVICE STATEMENT

### TE PUKE WASTEWATER

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Te Puke wastewater	1,796	1,737	1,817
<b>Total operating expenditure</b>	<b>1,796</b>	<b>1,737</b>	<b>1,817</b>
<b>Analysis of expenditure by class</b>			
Direct costs	838	810	814
Overhead costs	299	301	298
Interest	(49)	(52)	(9)
Asset revaluation	-	-	10
Depreciation	708	678	704
<b>Total operating expenditure</b>	<b>1,796</b>	<b>1,737</b>	<b>1,817</b>
<b>Revenue</b>			
Targeted rates	2,422	2,456	2,124
Financial contributions	82	237	-
Vested assets	65	-	-
Asset revaluations	-	-	15
Other income	7	-	9
<b>Total revenue</b>	<b>2,576</b>	<b>2,693</b>	<b>2,148</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>780</b>	<b>957</b>	<b>331</b>
<b>Capital expenditure</b>	<b>217</b>	<b>366</b>	<b>62</b>
<b>Vested assets</b>	<b>65</b>	<b>-</b>	<b>-</b>
<b>Total other funding required</b>	<b>498</b>	<b>591</b>	<b>269</b>
<b>Other funding provided by</b>			
Environmental protection rate	102	102	89
Debt increase/(decrease)	(49)	(35)	(401)
Reserves and future surpluses	(551)	(658)	43
<b>Total other funding</b>	<b>(498)</b>	<b>(591)</b>	<b>(269)</b>



## COST OF SERVICE STATEMENT

### MAKETU WASTEWATER

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Maketu wastewater	1,291	1,190	1,168
<b>Total operating expenditure</b>	<b>1,291</b>	<b>1,190</b>	<b>1,168</b>
<b>Analysis of expenditure by class</b>			
Direct costs	576	457	443
Overhead costs	146	154	156
Interest	145	126	146
Depreciation	424	453	423
<b>Total operating expenditure</b>	<b>1,291</b>	<b>1,190</b>	<b>1,168</b>
<b>Revenue</b>			
Targeted rates	448	406	441
User fees	-	2	-
Financial contributions	2	11	-
Other income	2	-	3
<b>Total revenue</b>	<b>452</b>	<b>419</b>	<b>444</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(839)</b>	<b>(771)</b>	<b>(724)</b>
<b>Capital expenditure</b>	<b>92</b>	<b>100</b>	<b>30</b>
<b>Vested assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other funding required</b>	<b>(931)</b>	<b>(871)</b>	<b>(754)</b>
<b>Other funding provided by</b>			
Environmental protection rate	17	17	17
Reserves and future surpluses	914	854	737
<b>Total other funding</b>	<b>931</b>	<b>871</b>	<b>754</b>

# SOLID WASTE

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# SOLID WASTE

## OVERVIEW

Human activity is inextricably linked to the health of our natural environment. A healthy environment is essential for overall well-being and prosperity. With our population growing, so demands on our natural resources will increase. The challenge is to lessen our impacts on the environment and reduce consumption and waste. Our Solid Waste Strategy sets out our sustainable development approach to the management of solid waste activities across our District.

The primary aim of this Strategy is to reduce the amount of waste produced by reducing, reusing, recycling and recovering.

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

Efficient waste management practices minimise environmental harm and waste.

### OUR GOALS

- Minimise the total quantity of residual waste for disposal through effective planning, education and enforcement so people reduce, reuse and recycle
- Provide good information so people dispose of residual waste in an environmentally acceptable manner
- Work with our communities to create a clean environment by encouraging and recognising innovative solutions to waste problems.

## 2015/2016 HIGHLIGHTS

This year we have enjoyed a 20% increase in usage of our recycling centres, with over 200 vehicles using the centre every three hours. In recognising the increased usage we have continued to refine our processes and modify our facilities. This includes the upgrade of the Athenree recycling centre to increase storage area available for product. At Katikati we have investigated a new system to receive glass and cardboard, in order to comply with the new Health and Safety Legislation. This will be rolled out to all the recycling centres in the New Year. New product signage has also been installed at the centres.

The Matakana Island community in conjunction with the Ministry of Environment have established a recycling facility on Matakana Island. It has been a challenge for them to move product off the island. However, by utilising the trucks to deliver compost to the island for their nursery we are able to backload recycling product back to Katikati for processing. We have also arranged with the metal recycler to remove the metal collected at the recycling centre off the island.

Our first Waste Management & Minimisation Plan (WMMP) was completed jointly with Tauranga City Council in 2010. This plan must be reviewed every six years as a legislative requirement under the Waste Minimisation Act 2008 that requires Councils to promote effective and efficient waste management and minimisation within its district. The review of this plan has commenced and while a joint vision, objectives and goals were agreed by the Joint Governance Committee in May 2016, the plan will be developed separately. As a result we won't meet the deadline and our waste levy will be retained until the plan is reviewed.

The number of abandoned vehicles we are required to dispose has increased and this has been attributed to the decline in metal prices. We anticipate this trend will continue.

To discourage the disposal of household waste on the road side a 'sting' operation was undertaken on Te Matai Rd. Based on the evidence found this provided the opportunity to identify and fine the offenders.

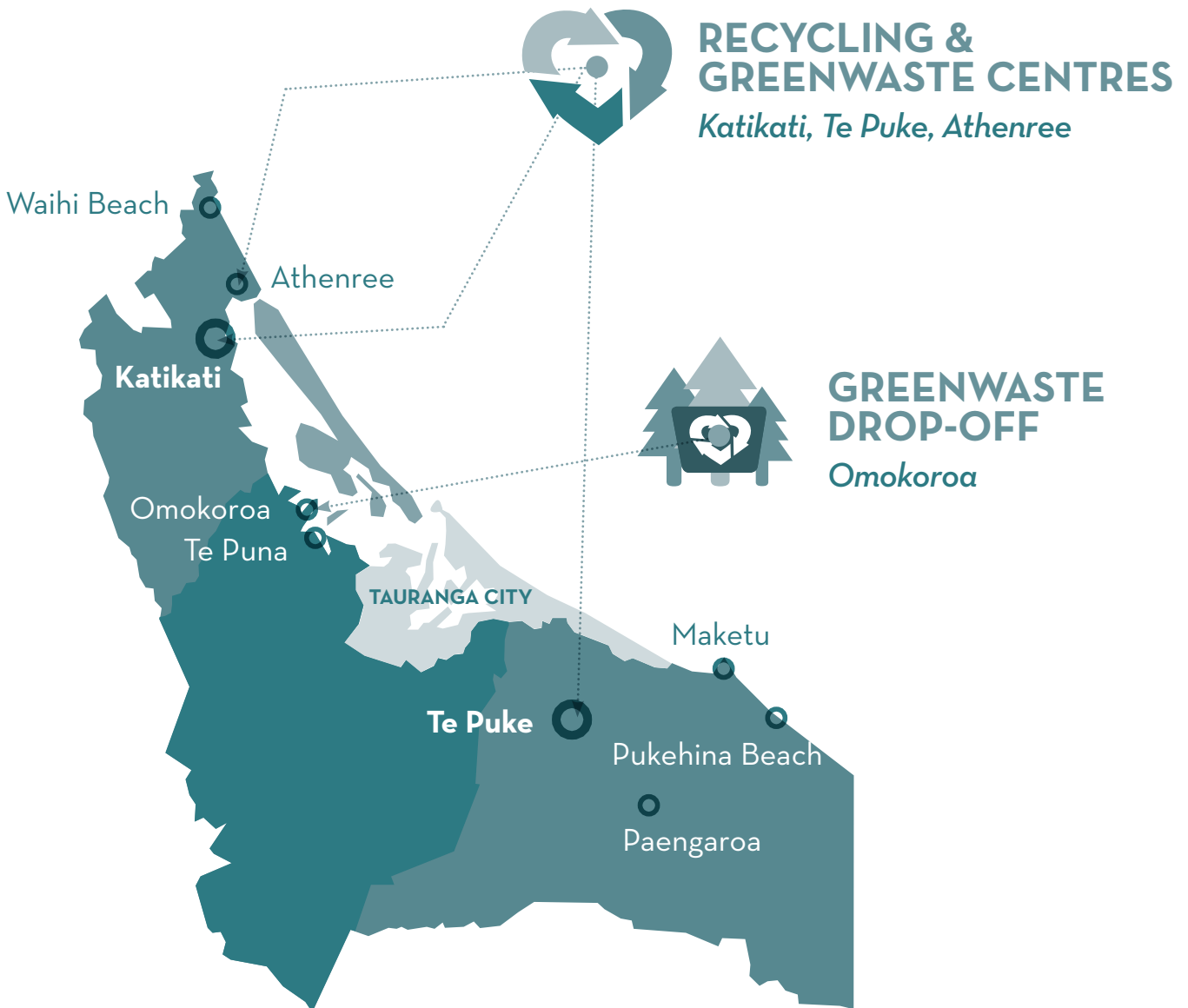
### Other initiatives undertaken include:

- A rural waste survey to find out how rural properties and farms dispose of their waste
- Supporting the national 'Love Food, Hate Waste' initiative which commenced in June 2016. This is a three year initiative to reduce the amount of household food waste
- Provision of recycling facilities at key events held in the district. This includes the Summer Fair in Waihi Beach, the Wine and Avocado Festival in Katikati and the Kaimoana Festival in Maketu.

### Our sponsorship and/or support for waste minimisation programmes extend to:

- The Enviro challenge for Bay of Plenty secondary schools
- 'Waste free Parenting' workshops by the Nappy Lady
- Paper 4 Trees and Zero Waste Education for pre-school to secondary schools
- Para Kore - implementation of recycling systems on marae in the District
- Business waste minimisation which is a free programme to businesses in how to reduce waste and increase recycling through Waste Watchers.

## WHAT WE PROVIDE



## EDUCATION PROGRAMMES

ONGOING MONITORING OF  
**CLOSED & CAPPED  
LANDFILLS**

*Athenree, Te Puke, Waihi Beach*

MONITOR  
**ILLEGAL DUMPING  
(FLY-DUMPING)**

*across our District*

# SERVICE PERFORMANCE RESULTS

## RESULT TRENDS FOR KEY MEASURES

### SOLID WASTE - TRENDS



### HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	
	TARGET	RESULT	RESULT		
<b>Key Performance Measure</b> Percentage of actions, identified in the Solid Waste Action Plan for the year that have been completed. This identifies the total annual actions required for this strategy. Actions are required within specification and budget.	97%	100%	100%		😊
<b>Key Resident Measure</b> Percentage level of customer satisfaction with household rubbish disposal methods. As measured through our Annual Residents' Survey, those customers who are 'very satisfied' and 'satisfied'.	78%	80%	79%	The target and result were calculated excluding those surveyed who 'don't know'. The survey result including those that don't know is 59%.	😊
<b>Supporting Measures</b> Percentage of waste recycled or recovered as estimated and reported by licensed operators (excludes waste disposed of privately).  We include estimates because we do not have weighbridges.	36%	NOT REPORTED	25%	Due to the delay in the review of the Waste Management & Minimisation Plan (WMMP) the relicensing of trade waste operators has also been delayed. The review of the plan will be finalised early 2017 and then relicensing of waste operators will occur.	
Number of initiatives funded by the Ministry for the Environment Waste Minimisation Scheme.	1	1	1		😊

## HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
All Council-owned solid waste facilities, including closed landfills, meet environmental standards					
Number of abatement/infringement notices received.	0	0	0		😊
Provide and maintain drop-off recycling services					
Number of greenwaste and/or recycling facilities provided.	4	4	4		😊
Assist in the provision of opportunities for the removal of hazardous waste					
Number of hazardous waste drop off points.	3	3	0		😊

## FUTURE INITIATIVES

We intend to complete our Waste Management & Minimisation Plan (WMMP). This will involve a significant level of consultation with our community and stakeholders, a review of our levels of service and identify how we deliver our service i.e. private (outsourced) or rates funded (in house). In conducting this review we are mindful that Tauranga City Council is undertaking the same review and their outcome may impact on us.

Our participation in the national campaign 'Love Food, Hate Waste' will continue for the next two years.

# COST OF SERVICE STATEMENT

## SOLID WASTE

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
District solid waste	349	682	289
Western solid waste	479	465	352
Eastern solid waste	348	461	370
Omokoroa greenwaste	129	155	140
<b>Total operating expenditure</b>	<b>1,305</b>	<b>1,763</b>	<b>1,151</b>
<b>Analysis of expenditure by class</b>			
Direct costs	789	1,216	576
Overhead costs	463	490	445
Interest	22	30	19
Asset revaluation	-	-	83
Depreciation	31	28	28
<b>Total operating expenditure</b>	<b>1,305</b>	<b>1,763</b>	<b>1,151</b>
<b>Revenue</b>			
Targeted rates	1,069	1,055	1,023
User fees	93	67	52
Subsidies	168	65	151
Asset revaluation	-	-	82
Other income	119	10	52
<b>Total revenue</b>	<b>1,449</b>	<b>1,197</b>	<b>1,360</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>144</b>	<b>(566)</b>	<b>209</b>
<b>Capital expenditure</b>	<b>118</b>	<b>-</b>	<b>-</b>
<b>Total other funding required</b>	<b>26</b>	<b>(566)</b>	<b>209</b>
<b>Other funding provided by</b>			
Environmental protection rate	271	617	289
Debt increase / (decrease)	-	-	-
Reserves and future surpluses	(297)	(51)	(498)
<b>Total other funding</b>	<b>(26)</b>	<b>566</b>	<b>(209)</b>

## MAJOR VARIANCES

Direct costs were \$427k lower than budget and includes savings on maintenance cost of \$249k, waste eradication program \$36k and consultants \$29k.

Reduction in the Environmental Protection rate funding reflecting reduced operating expenses of \$458k.

# ECONOMIC

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# ECONOMIC

## OVERVIEW

Economic development focuses on promoting the standard of living and economic health of a specific area. This strategy focuses on Councils role in supporting economic development, tourism, promotions, events and town centre development.

At a more strategic level Council is also a funder of Priority One, the Western Bay of Plenty subregion economic development agency who is focused on attracting businesses to the subregion and has been instrumental in progressing the development of a university campus in the central business district of Tauranga. Tourism Bay of Plenty, to which Council provides funding, has been instrumental in increasing the number of tourists to the District.

## WHY WE PROVIDE IT

### OUR COMMUNITY OUTCOME

To encourage the sustainable use of local resources in a way which strengthens economic opportunities and improves social outcomes.

### OUR GOALS

- Foster partnerships between organisations, including local and central government and businesses to support economic, social, cultural and environmental development
- Council services are committed to being business friendly to encourage and enable businesses to flourish and contribute to building vibrant communities
- Enable an environment where community groups and business can collaborate and work together on shared outcomes for communities.

## 2015/2016 HIGHLIGHTS

The Government is seeking to expand access to broadband to 75% of all New Zealanders. In March 2015 they announced three funding initiatives available - Ultra-Fast Broadband, Rural Broadband and a Mobile Black Spot Fund. We lodged a Registration of Interest for these three initiatives. As part of this we identified gaps in supply throughout the District and surveyed residents on various connection issues. The next phase was the creation of a Digital Enablement Plan to leverage this broadband infrastructure. This plan contains proposed actions to address issues identified as part of our community engagement process and aims to help the sub-region reach its full potential using digital technology to improve business productivity and people's lives. In conjunction with Tauranga City Council we submitted a sub-regional plan to the Ministry of Business Innovation and Employment in September 2015.

We also approved funding in next year's annual plan and budget for projects that will assist business, industry and community groups with improved access to and utilisation of digital technology.

The Service Delivery Contracts (SDC) enable specific organisations to focus on economic development in our respective communities, the District and the sub-region on our behalf. Katch Katikati, Te Puke EDG and Waihi Beach Events and Promotions all work within their communities to promote economic development and facilitate events and promotions.

In Te Puke a 'M' pilot, was run for six months by Shop Te Puke. The purpose was to deliver events and promotions in alternative ways. Due to its success this is now a permanent initiative.

In Katikati the refurbishment and earthquake strengthening of the old first station was completed. This enabled the building to house the very successful Unexpected Heroes exhibition from April - June 2016.

For the Waihi Beach Town Centre we are still looking to progress sale of land and construction of a footbridge across Two Mile Creek. This work is on hold, subject to the flood control works on Two Mile Creek being completed.

## WHAT WE PROVIDE



### TOWN CENTRE PROMOTION

*Te Puke, Katikati Waihi Beach*

SUPPORT FOR  
EXTERNAL  
ORGANISATIONS

### FOCUSED ON STRENGTHENING

*our local economics*

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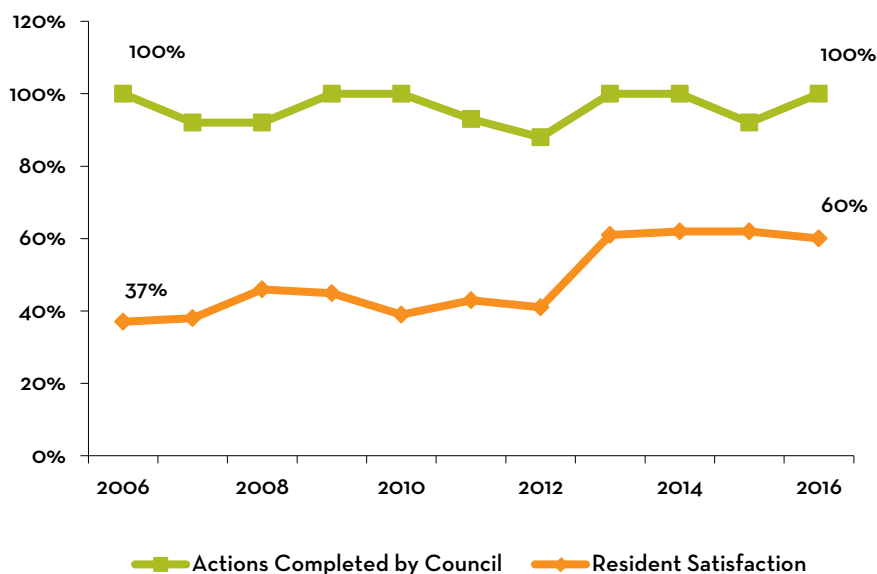
SUPPORTING

### ECONOMIC DEVELOPMENT & TOURISM

# SERVICE PERFORMANCE RESULTS

## RESULT TRENDS FOR KEY MEASURES

### SUPPORTING THE ECONOMY - TRENDS



### HOW WE HAVE TRACKED PROGRESS TOWARDS OUR GOALS

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
<b>Key Performance Measure</b> Percentage completion of the annual work programme as identified in our Economic Strategy and Action Plan.	≥90%	100%	92%		😊
<b>Key Resident Measure</b> Level of resident satisfaction with our role in promoting employment, tourism and business opportunities within the sub-region. Monitored by the Annual Residents' Survey, those residents that are 'satisfied' and 'very satisfied'.	≥60%	60%	62%	The target and result were calculated excluding those surveyed who 'don't know'. The survey result including those that don't know is 45%.	😊

## HOW WE HAVE TRACKED PROGRESS - LEVELS OF SERVICE

PERFORMANCE MEASURES	2015/16		2014/15	NARRATIVE	ACHIEVED
	TARGET	RESULT	RESULT		
Council will support external organisations tasked with developing economic activity in the District					
Level of resident satisfaction with the promotion of town centres and events in Katikati, Te Puke and Waihi Beach. Monitored by the Annual Residents' Survey, those Residents that are 'satisfied' and 'very satisfied'.	≥65%	65%	68%		😊
Number of service delivery contracts related to economic development activity.	4	7	4		😊
Percentage of economic contracts where contract requirements have been achieved.	≥90%	90%	NEW		😊
Number of joint economic initiatives identified in the service delivery contracts that have been implemented.	2	4	NEW		😊
Council will facilitate economic development through the community development plans that have been developed for the District's urban growth node towns or communities					
Satisfaction of businesses with Councils role in economic development (two yearly survey).	≥60%	69%	NEW		😊
Number of economic action plans derived from our Community Development Plans.	6	8	7		😊

## FUTURE INITIATIVES

We are awaiting a response from Ministry of Business Innovation and Employment (MBIE) to our Digital Enablement Plan. In the meantime we will continue to progress this initiative.

The new service delivery arrangement in Te Puke will take effect in the 2016/17 financial year. This will enable one agency to focus on economic development while the other agency focuses on events and promotions.

We will continue to collaborate with TCC in the economic development of the sub-region. This includes the development of a Sub-Regional Art and Culture Strategy which is an overarching plan for the sub-region. Arts and culture are seen as drivers of economic development, promoting social good as well as promoting the identity of the sub-region. This process will be led by Creative Tauranga through our existing service delivery contract.

## COST OF SERVICE STATEMENT

### ECONOMIC

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Economic support	383	424	487
Visitor information	63	58	60
Town centre promotion	372	163	234
*Waihi Land Drainage Society	-	-	290
<b>Total operating expenditure</b>	<b>818</b>	<b>645</b>	<b>1,071</b>
<b>Analysis of expenditure by class</b>			
Direct costs	802	603	996
Overhead costs	101	124	147
Interest	(85)	(83)	(72)
Depreciation	-	-	-
<b>Total operating expenditure</b>	<b>818</b>	<b>645</b>	<b>1,071</b>
<b>Revenue</b>			
Targeted rates	259	276	581
Interest	-	-	-
Other income	46	2	40
<b>Total revenue</b>	<b>305</b>	<b>278</b>	<b>621</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(513)</b>	<b>(367)</b>	<b>(450)</b>
<b>Capital expenditure</b>	<b>(266)</b>	<b>1,151</b>	<b>151</b>
<b>Total other funding required</b>	<b>(247)</b>	<b>(1,518)</b>	<b>(601)</b>
<b>Other funding provided by</b>			
General rate	675	715	801
Interest in associates	(25)	-	(69)
Reserves and future surpluses	(403)	802	(131)
<b>Total other funding</b>	<b>247</b>	<b>1,518</b>	<b>601</b>

\*Waihi Land Drainage Society has been moved to Natural Environment.

## MAJOR VARIANCES

Direct costs were \$218k higher than budget with \$216k of operational expenditure on the Katikati town centre development brought forward from future years.

Capital expenditure on the Katikati town centre development was \$1.42m underspent, work now being scheduled for 2016/17.

# SUPPORT SERVICES

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# SUPPORT SERVICES

## OVERVIEW

A number of internal corporate services support the delivery of services and activities to the community. Our Long Term Plan contains strategies that determine the activities Council provides to serve our community, for example water supply and transportation. Our Corporate Plan contains strategies for our support services. Corporate support activities have a crucial part to play in enabling staff to produce their best work and deliver the highest standards of service to customers. The key strategic approach for each of the corporate support activities is broadly described below:

CORPORATE SUPPORT ACTIVITY	WHAT THIS ACTIVITY DOES	STRATEGIC APPROACH
Customer services	Ensure customers receive timely, accurate and user friendly information, service and advice.	Focus on understanding the diversity of customers, and their needs and respond to them more effectively.
Communications	Ensure customers and communities are kept informed.	Provide communications that are targeted to identified customer needs.
Relationship management	Maintain effective relationships with residents and key communities of interest.	The purpose of the relationships is clearly understood, diversity is recognised and our obligations to Māori under the Treaty of Waitangi are fulfilled.
Human resources	Manage workforce capability and capacity.	Future workforce needs are understood so that staffing levels, skills and competencies are retained to deliver the agreed services to the community.
Information management	Ensure data is accessible, clear and secure.	Information is managed to ensure it is easily accessible and the integrity of the data is maintained
Information technology	Ensure information systems are integrated, secure and responsive to business needs.	Smart use of technology to achieve agreed strategic initiatives and optimise the customer experience.
Financial management	Provide comprehensive financial planning and monitoring services.	Timely, accessible and reliable information is available to inform decision-making, both for staff and elected members.
Corporate assets	Sustainably manage Council's corporate buildings, equipment, vehicles and land.	Assets, planning and property staff work together to enable the sustainable development of infrastructure.
Procurement	Ensure services purchased provide the best value for money, are sustainable and environmentally responsible.	Sustainable purchasing practices that demonstrate value for money and are environmentally responsible.
Risk management	Identify, minimise or mitigate risks.	Integrated risk management information to inform decision making and ensure continuity of Council services.
Quality management	Document and review key processes to ensure knowledge is maintained and opportunities for improvement identified.	Documentation of key processes secures knowledge and facilitates opportunities for improvement.

## 2015/16 HIGHLIGHTS

Council is a shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). This entity was created to provide more cost effective financing specifically to local authorities, and Western Bay estimates that the on-going and enduring impact of the LGFA has saved \$400,000 - \$500,000 per annum in interest costs that would not have been made had the LGFA not been established.

Council has continued to work on the digitisation of its property files and key records.

## FUTURE INITIATIVES

Council will continue to participate in the BOPLASS initiatives.

# COST OF SERVICE STATEMENT

## SUPPORT SERVICES

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>Analysis of expenditure by activity</b>			
Support services	912	1,420	1,948
Corporate assets	2,006	1,447	2,715
Treasury	6,953	1,359	7,795
<b>Total operating expenditure</b>	<b>9,871</b>	<b>4,226</b>	<b>12,458</b>
<b>Analysis of expenditure by class</b>			
Direct costs*	13,651	13,450	14,353
Overhead recoveries	(11,095)	(10,885)	(10,562)
Interest**	6,020	680	6,904
Depreciation	1,295	982	1,102
Asset revaluation	-	-	661
<b>Total operating expenditure</b>	<b>9,871</b>	<b>4,226</b>	<b>12,458</b>
<b>Revenue</b>			
Targeted rates	153	(229)	496
General rate	3,717	2,062	3,595
User fees	13	14	16
Vested assets	-	-	253
Interest**	1,087	1,100	1,068
Asset revaluation	-	-	1,920
Other income including General Rates	1,337	892	1,196
<b>Total revenue</b>	<b>6,307</b>	<b>3,838</b>	<b>8,544</b>
<b>Net cost of service - surplus/(deficit)</b>	<b>(3,564)</b>	<b>(388)</b>	<b>(3,914)</b>
<b>Capital expenditure</b>	<b>2,541</b>	<b>1,376</b>	<b>1,795</b>
<b>Vested assets</b>	<b>-</b>	<b>-</b>	<b>253</b>
<b>Total other funding required</b>	<b>(6,105)</b>	<b>(1,764)</b>	<b>(5,962)</b>
<b>Other funding provided by</b>			
Debt increase / (decrease)	(2,993)	(75)	(232)
Proceeds from sale of assets	89	85	254
Reserves and future surpluses	9,009	1,754	5,940
<b>Total other funding</b>	<b>6,105</b>	<b>1,764</b>	<b>5,962</b>

\*Net direct cost of support services after overhead recoveries

\*\* Net interest income/expense after internal interest recoveries

## MAJOR VARIANCES

Interest expense of \$6.02m was \$5.35m higher than budget. This includes \$4.85m of unrealised hedging movement which is a non-cash accounting cost and when removed interest expense was \$1.17m.

Depreciation was \$313k higher than budget and includes an additional \$237k computer software amortisation not budgeted.

Capital expenditure was \$1.16m higher than budget and includes strategic and corporate property purchases not budgeted.

General Rate of \$3.72m includes unallocated rates transferred to the General Rate reserve.

There were no revaluations in 2016. Revaluations are carried out every three years, the last revaluation being 2015, the next revaluation is scheduled for 2018.



# CHAPTER THREE

## Finances



# CHAPTER THREE

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

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

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

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

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

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

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

The accompanying notes form part of these financial statements.

## STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2016

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

## 1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2016

### Reporting entity

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

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

Western Bay Council has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of Western Bay Council are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on 15 September 2016.

### Basis of preparation

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

### Statement of compliance

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

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

These financial statements comply with PBE Standards.

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Western Bay Council has applied these standards in preparing the 30 June 2016 financial statements.

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

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

### Presentation currency and rounding

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

### Statement of Significant Accounting Policies

#### Basis of consolidation

##### Associate

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

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

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

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

#### Revenue

Revenue is measured at fair value.

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

##### Rates revenue

The following policies for rates have been applied:

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

##### Financial contributions

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

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

### *New Zealand Transport Agency roading subsidies*

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

### *Other grants received*

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

### *Building and resource consent revenue*

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

### *Entrance fees*

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

### *Sales of goods*

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

### *Infringement fees and fines*

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

### *Vested or donated physical assets*

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

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

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

### *Donated and bequeathed financial assets*

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

### *Interest and dividends*

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

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

## **Construction contracts**

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

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

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

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

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

## **Borrowing costs**

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

## **Grant expenditure**

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

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

## **Foreign currency transactions**

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

## **Income tax**

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

## **Leases**

### *Finance leases*

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

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial



position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

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

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

Western Bay Council does not currently have any finance leases.

#### *Operating leases*

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

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

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

#### **Cash and cash equivalents**

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

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

#### **Receivables**

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

#### **Derivative financial instruments and hedge accounting**

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

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

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

Western Bay Council has elected not to hedge account.

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

#### **Other financial assets**

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

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

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

- fair value through surplus or deficit
- loans and receivables
- held-to-maturity investments; and
- fair value through other comprehensive revenue and expense.

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

#### **Financial assets at fair value through surplus or deficit**

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

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

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

#### **Loans and receivables**

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

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

#### **Held-to-maturity investments**

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

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

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

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

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

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

#### **Impairment of financial assets**

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

#### **Loans and receivables, and held-to-maturity investments**

Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired.

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

#### **Financial assets at fair value through other comprehensive revenue and expense**

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

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

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

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

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

#### **Non-current assets held for sale**

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

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

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

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

#### **Property, plant, and equipment**

Property, plant, and equipment consist of:

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

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

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

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

#### **Revaluation**

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

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

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

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

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

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

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

All other asset classes are carried at depreciated historical cost.

### **Additions**

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

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

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

### **Disposals**

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

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

### **Depreciation**

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

<b>Buildings</b>		
• 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
<b>Infrastructure</b>		
<b>Roading network</b>		
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)		
<b>Bridges</b>		
• concrete	100 years	Straight line
• steel	50 years	Straight line
<b>Reticulation</b>		
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
<b>Other structures</b>		
Wooden reservoirs	80 years	Straight line
Concrete reservoirs	100 years	Straight line
Dams	100 years	Straight line
Bores	100 years	Straight line

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

## Intangible assets

### Software acquisition and development

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

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

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

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

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

### Easements

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

### Carbon credits

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

### Amortisation

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

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

Computer software	3 to 5 years	20% to 33.3%
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### Impairment of property, plant, and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

## Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs and takes into consideration environmental, operational, and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

### Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

### Payables

Short-term creditors and other payables are recorded at their face value.

### Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

## Employee entitlements

### Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retirement gratuity and long-service leave expected to be settled within 12 months and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Western Bay Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

### Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement

gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

#### **Presentation of employee entitlements**

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

#### **Provisions**

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

#### **Landfill post-closure provision**

Western Bay Council as operator of the Te Puke and Athenree landfills, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfills post-closure.

#### **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the Western Bay Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that Western Bay Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- the present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee, or
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

#### **Equity**

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

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

#### **Restricted reserves**

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

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

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

#### **Property revaluation reserve**

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

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

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

#### **Council created reserves**

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

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

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

#### **Budget figures**

The budget figures are those approved by the Council in its Long Term Plan 2015-2025. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.



### Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

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

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

### Cost of service statement policies

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

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

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

### Critical accounting estimates and assumptions

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

#### Infrastructural assets

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

- the physical deterioration and condition of an asset, for example Western Bay could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example, stormwater, wastewater and water supply pipes which are underground. This risk is minimised by Council performing a combination of physical inspections and condition modeling assessments of underground assets.
- estimating any obsolescence or surplus capacity of an asset.
- estimates being made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the assets, then Western Bay could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk Western Bay's infrastructural assets useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines, published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modeling are also carried out regularly as part of the Western Bay's asset management planning activities, which gives Western Bay further assurance over its useful life estimates.

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

### Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2016:

#### Treatment of airport land

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

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

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

#### Classification of property

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

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

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

## SUMMARY OF COST OF SERVICES

### 2. TOTAL OPERATING REVENUE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>Significant activities</b>			
Representation	2,890	2,943	2,495
Planning for the future	1,951	2,195	2,382
Communities	5,768	5,410	5,476
Recreation and leisure	8,114	7,490	14,825
Regulatory services	7,360	5,449	5,044
Transportation	65,302	24,427	39,044
Water supply	11,439	10,410	10,587
Stormwater	5,999	6,024	3,090
Natural environment	664	598	245
Wastewater	12,682	12,480	10,233
Solid waste	1,721	1,814	1,650
Economic	980	993	1,422
Council services	6,276	3,838	8,533
<b>Total operating revenue by activity</b>	<b>131,146</b>	<b>84,072</b>	<b>105,026</b>
<b>Council services</b>	<b>131,146</b>	<b>84,072</b>	<b>105,026</b>

### 3. TOTAL OPERATING EXPENDITURE

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

#### 4. FEES AND CHARGES FROM ACTIVITIES

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

### GENERAL RATE INCOME

#### 5. GENERAL RATE INCOME

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

#### Rates remissions

Rates revenue is shown net of rates remissions of \$37,494 (2015: \$63,849). Western Bay Council's rates remission policy allows Western Bay Council to remit rates on condition of a ratepayer's extreme financial hardship, land used for sport and land protected for historical or cultural purposes.



## 6. SEPARATE RATES ATTRIBUTABLE TO ACTIVITIES

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
<b>General rates</b>	34,146	32,900	32,257
<b>Separate rates attributable to activities</b>			
Representation	392	388	551
Planning for the future	13	-	13
Communities	1,846	1,780	1,629
Recreation and leisure	-	170	122
Regulatory services	-	-	-
Transportation	44	43	44
Water supply	6,414	6,258	6,412
Stormwater	3,681	3,696	2,742
Natural environment	316	313	15
Wastewater	9,323	9,338	8,819
Solid waste	1,069	1,055	1,023
Economic	259	276	581
Council services	914	900	1,291
<b>Total separate rates</b>	<b>24,270</b>	<b>24,216</b>	<b>23,243</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	BUDGET \$'000	ACTUAL \$'000
	2016	2016	2015
Metered water charges	3,267	3,097	3,346
<b>Total targeted rates for water supply</b>	<b>3,267</b>	<b>3,097</b>	<b>3,346</b>
<b>Total rates revenue</b>	<b>61,683</b>	<b>60,213</b>	<b>58,846</b>

## 8. FINANCE INCOME AND FINANCE COSTS

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

## 9. VESTED ASSETS

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

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

## 10. SUBSIDIES AND GRANTS

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

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

## 11. OTHER REVENUE

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

## 12. OTHER EXPENSES

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

## 13. PERSONNEL COSTS

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

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

## 14. CASH AND CASH EQUIVALENTS

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

	2016	2015
Short-term deposits	2.86%	2.21%

## 15. DEBTORS AND OTHER RECEIVABLES

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Rates debtors	7,422	7,610
Metered water debtors	1,104	1,515
Other trade debtors	1,425	1,363
Sundry debtors	700	1,575
GST Receivables	255	393
<b>Debtors and other receivables prior to impairment</b>	<b>10,906</b>	<b>12,456</b>
Less provision for impairment of receivables	4,445	4,082
	<b>6,461</b>	<b>8,374</b>
Prepayments	465	364
	<b>6,926</b>	<b>8,738</b>
<sup>1</sup> Receivables from non-exchange transactions	6,743	8,148
Receivables from exchange transactions	183	226
	<b>6,926</b>	<b>8,374</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 (2015:\$nil). Western Bay Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The status of receivables as at 30 June 2016 and 2015 are detailed below:

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

Receivables greater than 90 days are considered past due.

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

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
Individual impairment	2,092	1,914
Collective impairment	2,353	2,168
<b>As at 30 June</b>	<b>4,445</b>	<b>4,082</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	ACTUAL
	\$'000	\$'000
	2016	2015
Past due 30-59 days	-	-
Past due 60-89 days	-	-
Past due > 90 days	2,092	1,914
<b>As at 30 June</b>	<b>2,092</b>	<b>1,914</b>

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

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

## 16. DERIVATIVE FINANCIAL INSTRUMENTS

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
Current portion		
Interest rate swaps - fair value hedges	(14,797)	(9,946)
<b>Total derivative financial instruments</b>	<b>(14,797)</b>	<b>(9,946)</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 \$180.5m (2015: \$200.5m). At 30 June 2016, the fixed interest rates of cash flow hedge interest rate swaps vary from 2.66% to 5.99% (2015: 4.15% to 5.99%).

## 17. NON-CURRENT ASSETS HELD FOR SALE

Western Bay Council owns two residential sections (2015: four). These are all located at Waihi Beach. These properties have been identified as being surplus to requirements and have been approved for sale. These properties are expected to be sold within the next twelve months.

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

## 18. OTHER FINANCIAL ASSETS

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
<b>Non-current portion</b>		
<b>Zespri Group Limited</b>		
17,660 shares (no change from 2015) with a market value as at 30 June 2016 of \$2.58 (\$1.68 in 2015) per share.	45	30
<b>Seeka Kiwifruit Industries Limited</b>		
7,693 shares (2015: Nil) with a market value as at 30 June 2016 of \$4.52 per share	35	-
<b>Te Tumu investment (note 42)</b>	1,619	1,396
<b>Total other financial assets</b>	<b>1,699</b>	<b>1,426</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	ACTUAL \$'000
	2016	2015
<b>Share in associates</b>		
Western Bay of Plenty Tourism and Visitors' Trust (50%)	427	452
<b>Total share in associates</b>	<b>427</b>	<b>452</b>

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

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

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

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

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

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
<b>Bay of Plenty Local Authority Shared Services (BOPLASS)</b>		
Assets	1,542	1,105
Liabilities	1,494	1,046
Revenues	1,524	1,560
Surplus / (deficit)	(11)	2
<b>Western Bay's % interest</b>	<b>9.7%</b>	<b>9.7%</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.

## 21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2. An appropriate Asset Management Plan has been adopted by Council.

The Plan provides:

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

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

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



## 21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

### Valuations

#### Operational and restricted land and buildings

At fair value as determined from market based evidence by an independent valuer. The most recent valuation performed by Landmass Technology and the valuation was effective as at 1 July 2014. Western Bay has elected not to revalue its share in jointly owned land due to there being some uncertainty around the exact composition of the joint ownership and the Crown's share. Once the ownership structure has been determined a revaluation movement will be taken up to reflect the correct value of Western Bay's share. Management are satisfied that the carrying value approximates fair value.

#### Coastal and Marine Structures

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

#### Infrastructural asset classes

##### Land

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

##### Sewerage and Wastewater

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

##### Stormwater

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

##### Water

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

##### Roading

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

##### Land under roads

Land under roads was valued based on average land values of the comparable surrounding land within wards by Landmass Technology Limited, effective 1 July 2014. On transition to NZ IFRS Western Bay Council elected to use the fair value of land under roads as at 1 July 2006 as deemed cost.

#### Vested infrastructural assets

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

#### Library collections

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of New Zealand in May 2002. Library stock has been valued effective 1 July 2014 by independent registered valuers, Aecom Limited.

## 21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Airport land

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

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

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

Fair value	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
Aecom	284,676	284,676
Opus	525,921	525,921
Landmass	379,272	379,272
Tonkin and Taylor	6,560	6,560
Interpine Forestry Limited	5,819	5,176
<b>Total fair value</b>	<b>1,202,248</b>	<b>1,201,605</b>

## 21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

#### Work in progress

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

#### Impairment

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

## 21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Core infrastructure asset disclosures

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

Core infrastructure assets	CLOSING BOOK VALUE	ADDITIONS: CONSTRUCTED BY COUNCIL	ADDITIONS: TRANSFERRED TO COUNCIL	MOST RECENT REPLACEMENT COST ESTIMATE FOR REVALUED ASSETS
	\$'000	\$'000	\$'000	\$'000
<b>Water</b>				
- treatment plants and facilities	2,162	5	-	3,996
- other assets (such as reticulation systems)	77,733	3,916	236	145,544
Stormwater drainage	77,985	19	629	101,651
<b>Wastewater</b>				
- treatment plants and facilities	13,079	1,809	-	25,087
- other assets (such as reticulation systems)	106,988	33	386	150,004
Flood protection and control works	-	-	-	-
Roads and footpaths	545,943	6,805	21,883	725,849
<b>Total core infrastructure assets</b>	<b>823,890</b>	<b>12,588</b>	<b>23,135</b>	<b>1,152,131</b>

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

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

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

## 22. INTANGIBLE ASSETS

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

Property subdivision rights - refer to Note 42.

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

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

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

## 23. FORESTRY ASSETS

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

### **TECT All Terrain Park Forest**

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

### **Waihi Beach Forest**

Council owns 30.9 hectares of Pinus Radiata forest, 26.9 hectares have a maturity of 21 years and 4.0 hectares have a maturity of 20 years. June 2012 was the first date in which this forestry has been identified for valuation purposes. The total value of this forestry stand is \$574,199.

### **Matakana Island Forest**

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

### **Lund Road Forest**

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

### **Valuation assumptions**

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

- a discount rate of 8.9% (2015: 8.9%) has been used in discounting the present value of expected cash flows
- notional land rental costs have been included for freehold land
- the forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis
- no allowance for inflation has been provided
- costs are current average costs for established stands. Immature stands cost are compounded at 3.0% (2015: 3.0%)
- no allowance has been made for cost improvements in future operations
- log prices are based on a twelve quarter rolling average to March 2016, and
- there are no restrictions on title.

### **Financial risk management strategies**

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

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



## 24. PAYABLES AND DEFERRED REVENUE

### CURRENT PORTION

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

### NON-CURRENT PORTION

	ACTUAL	ACTUAL
	\$'000	\$'000
	2016	2015
<i>Payables and deferred revenue under exchange transactions</i>		
Employee entitlements	22	21
<b>Total payables and deferred revenue</b>	<b>11,435</b>	<b>12,662</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	ACTUAL
	\$'000	\$'000
	2016	2015
Secured loans fixed	-	-
Secured loans floating	13,000	10,000
<b>Total current secured loans</b>	<b>13,000</b>	<b>10,000</b>
<b>Total current borrowings</b>	<b>13,000</b>	<b>10,000</b>

## 25. BORROWINGS (CONTINUED)

### NON-CURRENT

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

Western Bay Council's secured debt of \$108,000m (2015: \$108,000m) is issued at floating rates of interest. This is converted to fixed rates through the use of interest rate swaps in line with Western Bay Council's adopted treasury policy.

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

### SECURITY

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

### REPAYMENT TERMS

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

### FAIR VALUES OF NON-CURRENT BORROWINGS

	CARRYING AMOUNTS \$'000	CARRYING AMOUNTS \$'000	FAIR VALUES \$'000	FAIR VALUES \$'000
	2016	2015	2016	2015
Secured loans	115,000	128,000	113,916	129,222
<b>Total</b>	<b>115,000</b>	<b>128,000</b>	<b>113,916</b>	<b>129,222</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 \$'000	ACTUAL \$'000
	2016	2015
Secured loans and debentures	3.70%	4.65%

## 25. BORROWINGS (CONTINUED)

### VARIATIONS FROM / CHANGES TO THE BORROWING MANAGEMENT POLICY

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

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

As at 30 June 2016 Western Bay Council had \$30.0 million of undrawn cash facilities available (2015: \$30.0 million).

#### Debentures

Western Bay Council's secured debt of \$128.0 million (2015: \$138.0 million) is mostly issued at floating rates of interest. This is converted to fixed rates through the use of interest rate swaps in line with Western Bay Council's adopted treasury policy.

For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a 0.18% to 2.29% margin for credit risk.

#### Security

The overdraft facility is secured as identified in note 25. The maximum amount that can be drawn down against the overdraft facility is \$600,000 (2015: \$600,000). There are no restrictions on the use of this facility.

## 26. EMPLOYEE ENTITLEMENTS

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

## 27. PROVISIONS

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

Movements for each class of provision are noted overleaf:

## 27. PROVISIONS (CONTINUED)

	LANDFILL \$'000	WEATHERTIGHT HOMES \$'000	TOTAL \$'000
<b>Balance at 1 July 2014</b>	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>
<b>2015</b>			
<b>Balance at 1 July 2015</b>	367	300	667
Additional provisions	-	-	-
Amounts used	(10)	-	(10)
<b>Balance at 30 June 2016</b>	<b>357</b>	<b>300</b>	<b>657</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 \$0.36 (2015: \$0.38 million) and for post-closure of Te Puke of \$0.27 million (2015: \$0.29 million) over the remaining life (Athenree 19 years, Te Puke 16 years) of the resource consents. This liability has been discounted back to a current value of \$0.35m (2015: \$0.37 million) using a discount rate of 7% (2015: 7%).

### Weatheright Homes Resolution Services

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

## EQUITY

### 28. RETAINED EARNINGS

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

### 29. RESTRICTED RESERVES

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

### 30. COUNCIL-CREATED RESERVES

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

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

### 31. GENERAL ASSET REVALUATION RESERVE

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

#### Asset revaluation reserves

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

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

## 32. RESERVE FUNDS

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2015	DEPOSITS TO FUND TO 30 JUNE 2016	WITHDRAWALS FROM FUND TO 30 JUNE 2016	CLOSING BALANCE 30 JUNE 2016
<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	31,543	1,735	-	33,278
l'Anson Park Trust	The accumulated interest is available for both operational and capital expenditure undertaken in the Te Puna area.	Recreation and Leisure	5,073	3,391	-	8,464
Hastie Bequest	The principle settlement amount of \$100,000 is maintained and the interest can be used for Te Puke area library purchases.	Communities	204,721	-	-	204,721
CE Miller Estate	The interest on the capital of \$9,763 is available for the beautification of Katikati.	Recreation and Leisure	13,484	763	-	14,247
<b>Total Restricted Reserves</b>			<b>254,821</b>	<b>5,889</b>	<b>-</b>	<b>260,710</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	423,037	512,716	(352,530)	583,224
District Reserves		Support Services	1,856,304	562,091	(216,076)	2,202,319
Huharua Sub Regional Park		Recreation and Leisure	106,588	23,476	-	130,064
TECT All Terrain Park		Recreation and Leisure	482,258	99,398	(27,476)	554,180
Asset Replacement - office buildings		Recreation and Leisure	734,937	544,121	(25,901)	1,253,158
Asset Replacement - vehicles		Support Services	347,493	367,817	(624,314)	90,997
Asset Replacement - civil defence vehicle		Communities	144,018	12,489	-	156,507
Asset Replacement - telemetry		Communities	68,894	3,789	-	72,683
Asset Replacement - swimming pool		Recreation and Leisure	125,175	24,837	-	150,012
Asset Replacement - library books		Communities	1,707,501	332,443	-	2,039,944
Asset Replacement - library computers		Communities	1,566	-	-	1,566
Asset Replacement - Cemetery		Communities	142,539	27,777	-	170,316
Asset Replacement - coast marine		Recreation and Leisure	206,215	140,495	(129,153)	217,557
<b>Total Asset Replacement Reserves</b>			<b>6,346,526</b>	<b>2,651,449</b>	<b>(1,375,449)</b>	<b>7,622,526</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>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
l'Anson Park Trust	The accumulated interest is available for both operational and capital expenditure undertaken in the Te Puna area.	Recreation and Leisure	4,786	287	-	5,073
Hastie Bequest	The principle settlement amount of \$100,000 is maintained and the interest can be used for Te Puke area library purchases.	Communities	203,586	12,215	(11,080)	204,721
CE Miller Estate	The interest on the capital of \$9,763 is available for the beautification of Katikati.	Recreation and Leisure	12,721	763	-	13,484
<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 2015	DEPOSITS TO FUND TO 30 JUNE 2016	WITHDRAWALS FROM FUND TO 30 JUNE 2016	CLOSING BALANCE 30 JUNE 2016
<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	259,285	10,599	(22,291)	247,593
Katikati Community Board		Communities	111,556	14,719	(6,204)	120,070
Omokoroa Community Board		Communities	309,199	21,154	-	330,353
Te Puke Community Board		Communities	136,430	18,723	(7,689)	147,464
Maketu Community Board		Communities	135,076	19,488	-	154,564
<b>Total Community Board Reserves</b>			<b>951,546</b>	<b>84,683</b>	<b>(36,184)</b>	<b>1,000,044</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.		11,888	654	-	12,542
Waihi Beach Town Centre Development	For town centre development.		24,225	-	(37,299)	(13,074)
Katikati Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.		461,657	357,750	(752,172)	67,235
Omokoroa Town Centre Development	For town centre development scheduled to begin in as and when opportunities arise.		30,737	1,332	-	32,069
Te Puke Town Centre Development	The development of Te Puke's town centre is currently underway and is planned to be completed in 2013.		554,054	80,256	-	634,310
Pukehina Development	Pukehina ratepayers are paying an annual rate of \$20 as a contribution towards a future sewerage scheme for the area.		486,125	54,637	-	540,762
<b>Total Other Community Reserves</b>			<b>1,568,686</b>	<b>494,629</b>	<b>(789,471)</b>	<b>1,273,844</b>
<b>Total Community Board and Other Reserves</b>			<b>2,520,232</b>	<b>579,312</b>	<b>(825,655)</b>	<b>2,273,889</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>1,382,777</b>	<b>191,104</b>	<b>(5,195)</b>	<b>1,568,686</b>
<b>Total Community Board and Other Reserves</b>			<b>2,350,544</b>	<b>328,676</b>	<b>(158,988)</b>	<b>2,520,232</b>

RESERVE NAME	PURPOSE	ACTIVITY	OPENING BALANCE 1 JULY 2015	DEPOSITS TO FUND TO 30 JUNE 2016	WITHDRAWALS FROM FUND TO 30 JUNE 2016	CLOSING BALANCE 30 JUNE 2016
<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	445,256	-	(67,629)	377,627
Ecological financial contributions - operational	As above	Natural Environment	90,115	152,877	(63,295)	179,697
Parks and Community financial contributions	To provide for teaching and public education/awareness raising purposes.	Recreation and Leisure	(2,951,847)	1,728,031	(1,174,996)	(2,398,812)
Parking space financial contributions	Provided from financial contributions from developers in the urban areas where they cannot provide public car parks themselves.	Regulatory	50,105	-	-	50,105
Lynley Park wastewater remedial	Established from money received from Durham Properties Limited, to be used to fund any infrastructure failures in the Lynley Park Development.	Wastewater	330,300	18,167	-	348,467
<b>Total Financial Contribution Reserves</b>			<b>(2,036,070)</b>	<b>1,899,075</b>	<b>(1,305,920)</b>	<b>(1,442,915)</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	3,075,658	3,304,370	(952,734)	5,427,293
Environmental Protection Rate	For the accumulation of any net surplus arising from the Environmental Protection Rate account Deficits are not permitted in this reserve.	All	2,529,867	3,823	(518,567)	2,015,123
Traffic and parking general	Holds the percentage balance of Council-issued infringement notice fines that were not payable to the Government as part of the legislation during the 1980s. Correspondence has not resolved whether the balance is still payable to the Government. No cash is held.	Regulatory	148,875	16,749	-	165,624
<b>Total General Reserves</b>			<b>5,768,786</b>	<b>3,324,942</b>	<b>(1,471,301)</b>	<b>7,622,427</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 2015	DEPOSITS TO FUND TO 30 JUNE 2016	WITHDRAWALS FROM FUND TO 30 JUNE 2016	CLOSING BALANCE 30 JUNE 2016
<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	7,394,611	418,563	-	7,813,174
Matakana Island Trust	Reserves accumulated several years ago from the appeal against the Katikati Reserve extension across to Matakana Island. The funds are available to be used for improvements to the Matakana Island community.	Planning for the future	258,803	-	-	258,803
Corporate Property and Assets	For any surplus arising from the corporate property/land purchase account.	Support Services	1,554,902	82,336	(236,380)	1,400,857
Civil Defence Contingency	We expect this balance to be maintained at \$20,000 being our costs for a specific civil defence emergency.	Communities	-	-	-	(i)
Weathertight Homes		Regulatory	(6,201)	6,201	-	-
Panepane Point Development Reserve			376,838	20,726	-	397,564
<b>Total Special Reserves</b>			<b>9,578,952</b>	<b>527,825</b>	<b>(236,380)</b>	<b>9,870,397</b>
<b>Total Council Created Reserves</b>			<b>22,178,425</b>	<b>8,982,604</b>	<b>(5,214,704)</b>	<b>25,946,325</b>
<b>Total All Council Reserves</b>			<b>22,433,246</b>	<b>8,988,492</b>	<b>(5,214,704)</b>	<b>26,207,034</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>

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

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

### 34. CAPITAL COMMITMENTS AND OPERATING LEASES

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

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

## 34. CAPITAL COMMITMENTS AND OPERATING LEASES (CONTINUED)

### Operating leases as lessee

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

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Not later than one year	154	161
Later than one year and not later than two years	124	154
Later than two years and not later than five years	198	299
Later than five years	952	976
<b>Total non-cancellable operating leases</b>	<b>1,428</b>	<b>1,590</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 2016 \$58.13 million remained committed on this contract for the remaining 64 months, including estimated escalations in the contract.

In July 2015, Western Bay Council entered into a four year contract with Veolia Water Services (ANZ) PTY Ltd for the provision of maintenance and professional services to the utilities network. The value of the contract as of 1 July 2015 is \$17.24 million and as of 30 June 2016 \$12.93 million remained committed on this contract for the remaining 36 months, including estimated escalations in the contract.

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

## 35. CONTINGENCIES

### Contingent liabilities

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Building Act claims	50	50
Weathertight Homes Resolution Service (WHRS)	600	600
Weathertightness claim	-	1,500
Local Authority Protection Programme Disaster Fund (LAPP)	380	380
Goldenlight Enterprises Ltd	600	-
<b>Total contingent liabilities</b>	<b>1,630</b>	<b>2,530</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 (2015: \$Nil). The \$50,000 disclosed relates to the expected cost to Western Bay District Council. The balance is expected to be covered through insurance.

#### Unquantified claims

There were three additional claims lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2016 (2015: one additional claim). These claims relate to weather-tightness issues of homes in the Western Bay of Plenty District area and name Western Bay of Plenty District Council as well as other parties. None of these claims have been closed. There are a total of 12 claims that are still open as at balance date (2015: nine).

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

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



## 35. CONTINGENCIES (CONTINUED)

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

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

### Weathertightness Claims

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

### Goldenlight Enterprises Ltd

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

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

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

As at 30 June 2016 there were 31 (2015: 31) shareholders made up of 30 local authorities and the Crown.

All 30 local authority shareholders have uncalled capital equal to their individual shareholding and totalling \$2,500 million in aggregate which can be called on in the event that an imminent default is identified. The shareholders are also guarantors of the LGFA balance sheet and the borrowings of all other local authorities which totalled \$5,376m (2015: \$3,889m) at 30 June.

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

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

### Local Authority Protection Programme Disaster Fund (LAPP)

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

### Share of associates' contingent liabilities

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

## 36. PRIOR YEAR ADJUSTMENTS

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

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

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

## 37. RELATED PARTY TRANSACTIONS

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

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

### Key management personnel compensation

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

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

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

### Council controlled organisation

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

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

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

#### Financial performance for the year ended 30 June 2016

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

#### Statement of intent and performance

The company has complied with Section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2016/17 and associated budget formally adopted by the directors at the meeting held on 29 April 2016.

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

PERFORMANCE TARGETS FOR 2015-2016		
OUTCOMES	MEASURE	RESULT
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings and/or improved service levels to the participating councils.	<ul style="list-style-type: none"> <li>• Joint procurement initiatives undertaken for:</li> <li>• Internal Audit Services – appointment of internal audit services provider for the councils. Access to improved and consistent levels of service and best practice risk management and innovation at significantly reduced costs through a collaborative agreement.</li> <li>• EFTPOS Services – A BOPLASS collective agreement for EFTPOS services and hardware providing discounted pricing to the participating councils. Councils moved to key account status which includes dedicated account management and premium service levels.</li> </ul>
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils. (Continued).		<ul style="list-style-type: none"> <li>• Natural Hazard Insurance – Investigation of additional opportunities to improve councils’ insurance protection while also mitigating exposure and risk. BOPLASS project underway to insure 100% of the first \$10M of any natural hazard loss to councils’ infrastructure to reduce potential exposure/shortfall of the non-guaranteed 60% portion provided from Central Government.</li> <li>• Insurance Loss Modelling – Appointment of a provider through BOPLASS to establish the material damage insurance loss estimates for council owned assets in the event of a significant natural disaster. Information helps councils identify areas at risk, e.g. low lying residential areas/ council assets, and how to best manage them.</li> <li>• 2015-16 Aerial photography – managed tender for new collaborative flying programme, providing savings in capture and production of imagery.</li> <li>• Section 17a reviews – BOPLASS appointed provider to conduct workshops and facilitate collaborative reviews of Section 17a process and opportunities for BOPLASS councils. Templates and outputs shared with Waikato councils.</li> <li>• Thomson Reuters/Brookers – collective subscription services. Investigated in conjunction with Waikato LASS but the benefits that could be achieved were deemed to be un-worthwhile for the effort required.</li> </ul>

PERFORMANCE TARGETS FOR 2015-2016

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

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

Above performance targets are unaudited preliminary results.

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

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

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

The company is governed by a Board of Directors.

### Financial performance for the year ended 30 June 2016

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

### Statement of intent and performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2016/17 and associated budget formally adopted by the company on 22 June 2016.

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

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

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

Above performance targets are unaudited preliminary results.

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

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

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

The company is governed by a Board of Trustees.

### Financial performance for the year ended 30 June 2015

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

### Statement of intent and performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and has had the Statement of Intent for 2016/17 and associated budget formally adopted by the company on 26 April 2016.

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

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



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

Above performance targets are unaudited preliminary results.

## 38. REMUNERATION

### Chief Executive

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

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

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

### Elected Representative

Elected representatives received the following remuneration:

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

### 38. REMUNERATION (CONTINUED)

#### Community Board Members

Community board members received the following remuneration:

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

#### Non-monetary remuneration

Paterson, Ross James	<b>31,960</b>	<b>21,809</b>
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#### Remuneration scale

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

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

At balance date, the Council employed 169 (2015:153) full-time employees, with the balance of 39 staff representing 23 (2015:21) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

### 39. SEVERANCE PAYMENTS

For the year ended 30 June 2016 Western Bay of Plenty District Council made no (2015: two) severance payments to employees.

## 40. EVENTS AFTER THE BALANCE

There were no significant events after the balance date.

## FINANCIAL INSTRUMENTS

### 41. FINANCIAL INSTRUMENTS CATEGORIES

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

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

## 42. TE TUMU FINANCIAL INSTRUMENTS

Tauranga City Council (TCC) and Western Bay of Plenty District Council (Western Bay Council) together acquired a block of land at Papamoa referred to as Te Tumu. This land was purchased with the condition of providing the vendor the option to acquire it sometime from December 2016 to December 2026 repaying the loan and interest to Tauranga City Council/Western Bay Council. The rationale for Tauranga City Council/Western Bay Council purchasing the land was to ensure development of this land was consistent with SmartGrowth initiatives. Neither council intends to be the developer of this land or retain ownership in the long-term.

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

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

## 43. FAIR VALUE HIERARCHY DISCLOSURES

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

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

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

	VALUATION TECHNIQUE			
	Total	Quoted Market Price	Observable Inputs	Significant non-observable inputs
	\$'000	\$'000	\$'000	\$'000
<b>30 June 2016</b>				
<b>Financial Assets</b>				
Local authority stock	39	39		
Shares	80	80		
Te Tumu investment	1,619			1,619
New Zealand Local Government Funding Agency Limited	2,986		2,986	
<b>Financial Liabilities</b>				
Derivatives	14,797		14,797	
<b>30 June 2015</b>				
<b>Financial Assets</b>				
Local authority stock	34	34		
Shares	30	30		
Te Tumu investment	1,396			1,396
<b>New Zealand Local Government Funding Agency Limited</b>	2,986		2,986	
<b>Financial Liabilities</b>				
Derivatives	9,946	9,946		

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

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

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

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

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

## 44. FINANCIAL INSTRUMENT RISKS (CONTINUED)

### Maximum exposure to credit risk

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Cash at bank and term deposits	17,181	12,813
Debtors and other receivables	6,789	8,374
Local authority and government stock	119	64
New Zealand Local Government Funding Agency	2,986	2,986
Derivative financial instruments	(14,797)	(9,946)
Financial instruments	1,617	1,396
<b>Total credit risk</b>	<b>13,895</b>	<b>15,687</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.

	ACTUAL \$'000	ACTUAL \$'000
	2016	2015
Counterparties with credit ratings		
Cash at bank and term deposits		
A-1+	17,181	12,813
<b>Total cash at bank and term deposits</b>	<b>17,181</b>	<b>12,813</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 instruments</b>	<b>-</b>	<b>-</b>
Financial instrument assets		
No rating	1,619	1,396
<b>Total financial instrument assets</b>	<b>1,619</b>	<b>1,396</b>
Counterparties without credit ratings		
Existing assets with no defaults in the past	80	20
<b>Total counterparties without credit ratings</b>	<b>80</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 (2015: \$600,000). There are no restrictions on the use of this facility.

#### Contractual maturity analysis of financial liabilities

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

#### 44. FINANCIAL INSTRUMENT RISKS (CONTINUED)

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Council 2016</b>						
Creditors and other payables	13,833	13,833	13,833	-	-	-
Net settled derivative liabilities	14,797	15,313	516	1,451	8,021	5,325
Secured loans	128,000	143,408	17,893	74,472	28,937	22,106
<b>Total</b>	<b>156,630</b>	<b>172,554</b>	<b>32,242</b>	<b>75,923</b>	<b>36,958</b>	<b>27,431</b>
<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>

#### Contractual maturity analysis of financial assets

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

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Council 2016</b>						
Cash and cash equivalents	17,181	17,181	17,181	-	-	-
Debtors and other receivables	6,789	6,789	6,789	-	-	-
Net settled financial instruments	1,617	19,996	-	-	-	19,996
Other financial assets:						
- Term deposits with original maturities of greater than 3 months and remaining maturities of less than 12 months	-	-	-	-	-	-
- Local authority and government stock	3,097	-	-	-	-	3,097
<b>Total</b>	<b>28,684</b>	<b>43,966</b>	<b>23,970</b>	<b>-</b>	<b>-</b>	<b>23,093</b>
<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>



## 44. FINANCIAL INSTRUMENT RISKS (CONTINUED)

### Sensitivity analysis

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

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

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

### Explanation of sensitivity analysis

#### 1. Cash and cash equivalents

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

#### Derivatives

#### 2. Financial instruments

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

#### 3. Local authority stock

A total of \$1,159,000 (2015: \$1,154,000) of investments in local authority stock are classified at fair value through equity. A movement in interest rates of plus or minus 1.0% has an effect of \$11,594 (2015: \$11,540) on the fair value through other comprehensive income reserve.

#### 4. Financial liabilities

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

## 5. Debentures - secured loans

Council has floating rate debt with a principal amount totalling \$108.00 million (2015: \$118.00m). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$1,080,000 (2015: \$1,180,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

## 6. Listed shares

Western Bay holds equity instruments in Zespri Group Limited valued at \$45,000 (2015: \$30,000) and Seeka Kiwifruit Industries Limited valued at \$35,000 (2015: nil). Zespri shares are not publicly traded, however Seeka shares are publicly traded. If there was a movement of plus or minus 10% in the share price the effect would be a movement in the fair value through other comprehensive income reserve of \$8,000 (2015: \$3,000).

## Creditors and other payables

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

## 45. CAPITAL MANAGEMENT

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

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

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

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

Western Bay has the following Council created reserves:

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

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

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

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

## 46. EXPLANATION OF MAJOR VARIANCES

Explanations for major variations from Western Bay's estimated figures in the Long Term Plan 2015-2025 and 2016 actuals are as follows:

### Statement of Comprehensive Income

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

The major contributors to the variance were:

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

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

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

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

<sup>1</sup> Fees and charges from activities were \$3.662m higher than the budget of \$6.513m due to increased activity seen in the housing market in the District resulting in increased receipts from fees and charges.

<sup>2</sup> Rate income of \$58.416m is \$1.300m higher than the \$57.116m budget. This is due to increased properties in the District and increased values of these properties.

<sup>3</sup> Financial contribution revenue of \$7.862m are \$470km higher than the \$7.392m budget due to increased activity seen in the housing market in the District resulting in increased receipts from fees and charges and an additional \$612k of resource consents recognised in August 2015 but incorrectly receipted in prior years.

<sup>4</sup> Vested assets income of \$42.408m is \$40.168m higher than the \$2.240m budget. This was due to New Zealand Transport Authority vesting the Te Puke highway with Council.

<sup>5</sup> Subsidies & grants income of \$7.098m was \$129k lower than budget of \$7.227m due to the timing of capital works that are eligible for NZTA funding. Subsidies are predominately from the New Zealand Transport Authority and dependent on the level of work carried out in the One Network Maintenance Contract (ONMC).

<sup>6</sup> Gains income of \$1.079m relates to the revaluation movements in Council held forestry.

<sup>7</sup> Other revenue of \$4.108m is \$524k higher than the budget of \$3.584m and includes dividends of \$249k of dividends that are not a budgeted item, and rental income including pensioner housing and motor camps where receipts were higher than budget.

<sup>8</sup> Other expenses of \$33.677m were \$493k higher than the \$33.184m budget. This variance is the result of losses on disposal of assets and impairment of receivables.

<sup>9</sup> Personnel costs of \$15.293m were \$450km higher than budget of \$14.843. Significant staff resourcing pressures in the consents and building departments has lead to increased costs to process the increase in activity. This has been more than offset by an increase in user fee income.

<sup>10</sup> Depreciation and amortisation costs of \$20.388m were \$1.050m higher than the budget of \$19.338m. This includes depreciation for Te Puke highway (\$39.5m) vested from the New Zealand Transport Authority.

<sup>11</sup> Council recognised an impairment cost of \$471k during the year. This relates to the valuation of the Te Tumu land.

<sup>12</sup> Finance costs realised of \$8.708m were \$22k lower than the budget of \$8.730m.

<sup>13</sup> Unrealised hedging movement of \$4.851m are not a budgeted item. This is a non cash accounting entry.

## 46. EXPLANATION OF MAJOR VARIANCES (CONTINUED)

Explanations of variances between 2015 and 2016 are as follows:

### Statement of Financial Position

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

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

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

The major variances to budget were:

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

### Statement of Cash flows

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

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

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

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

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

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

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

## OTHER LEGISLATIVE DISCLOSURES

### SUMMARY FUNDING IMPACT STATEMENTS

#### Western Bay of Plenty District Council

For the years ended 30 June		ACTUAL \$'000	ANNUAL PLAN \$'000	ACTUAL \$'000	ANNUAL PLAN \$'000
		2016	2016	2015	2015
<b>Sources of operating funding</b>					
General rates, uniform annual charges, rates penalties		21,138	20,364	18,536	18,373
Targeted rates (other than a targeted rate for water supply)		37,278	36,790	37,006	36,569
Subsidies and grants for operating purposes		5,055	7,227	3,156	4,523
Fees, charges and targeted rates for water supply		8,882	6,612	7,189	6,012
Interest and dividends from investments		249	-	265	-
Local authority and fuel tax, fines, infringement fees, and other receipts		5,147	3,447	4,631	3,276
<b>Total operating funding</b>	<b>(A)</b>	<b>77,748</b>	<b>74,440</b>	<b>70,783</b>	<b>68,752</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers		49,343	48,008	46,912	47,369
Finance costs		8,709	8,730	9,136	9,600
Other operating funding applications		29	40	173	27
<b>Total applications of operating funding</b>	<b>(B)</b>	<b>58,081</b>	<b>56,778</b>	<b>56,221</b>	<b>56,996</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B)</b>	<b>19,668</b>	<b>17,661</b>	<b>14,562</b>	<b>11,756</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		2,080	-	3,824	3,773
Financial contributions		7,862	7,392	2,607	4,577
Increase/(decrease) in debt		(8,847)	1,213	(7,086)	3,157
Gross proceeds from sale of assets		157	85	1,706	85
Lump sum contributions		-	-	-	404
Other dedicated capital funding		-	-	-	-
<b>Total Sources of capital funding</b>	<b>(C)</b>	<b>1,252</b>	<b>8,690</b>	<b>(1,069)</b>	<b>11,996</b>
<b>Applications of capital funding</b>					
Capital expenditure					
• to meet additional demand		4,276	7,645	7,010	10,860
• to improve the level of service		6,741	9,535	4,191	5,164
• to replace existing assets		6,129	10,888	4,437	5,278
Increase/(decrease) in reserves		3,773	(1,717)	(76)	2,460
Increase/(decrease) in investments		-	-	69	-
<b>Total applications of capital funding</b>	<b>(D)</b>	<b>20,919</b>	<b>26,351</b>	<b>15,631</b>	<b>23,762</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D)</b>	<b>(19,668)</b>	<b>(17,661)</b>	<b>(14,562)</b>	<b>(11,756)</b>
<b>Funding balance</b>	<b>((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	LONG TERM PLAN \$'000	LONG TERM PLAN \$'000
	2016	2016	2015
<b>Operating funding per Funding Impact Statement</b>	77,748	74,440	72,626
Add: Subsidies and grants for capital expenditure	2,080	-	4,188
Swap revaluation movement	-	-	-
Financial contributions	7,862	7,392	6,478
Lump sum contributions	-	-	2,531
Revaluation adjustments	1,026	-	-
<b>Total</b>	<b>88,716</b>	<b>81,832</b>	<b>85,823</b>
<b>Total Revenue per Statement of Comprehensive Income</b>	131,177	84,072	88,221
<b>Less: Loss on shares adjustment</b>	-	-	-
<b>Less: Vested Assets</b>	42,408	2,240	2,398
<b>Less: Gains</b>	53	-	-
<b>Total</b>	<b>88,716</b>	<b>81,832</b>	<b>85,823</b>
<b>Variance</b>	-	-	-
Application of operating funding per Funding Impact Statement	58,081	56,778	58,359
Total expenditure per Statement of Comprehensive Income	83,388	76,116	76,065
Less depreciation and amortisation	20,388	19,338	17,705
Less revaluation movement	(87)	-	-
Less unrealised hedging movement	4,851	-	-
Less asset impairment/loss on sale	124	-	-
Less other adjustments	31	-	-
	<b>58,081</b>	<b>56,778</b>	<b>58,359</b>
<b>Variance</b>	-	-	-
<b>Net Variance</b>	-	-	-

## OTHER LEGISLATIVE DISCLOSURES

### FUNDING IMPACT STATEMENT

#### Representation

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

## OTHER LEGISLATIVE DISCLOSURES

### FUNDING IMPACT STATEMENT

#### Planning for the future

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



## OTHER LEGISLATIVE DISCLOSURES

### FUNDING IMPACT STATEMENT

#### Communities

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties		3,288	3,098	2,372
Targeted rates (other than a targeted rate for water supply)		1,846	1,780	1,688
Subsidies and grants for operating purposes		37	-	15
Fees, charges and targeted rates for water supply		75	75	77
Internal charges and overhead costs recovered		828	779	719
Local authority and fuel tax, fines, infringement fees, and other receipts		522	458	908
<b>Total operating funding</b>	<b>(A)</b>	<b>6,597</b>	<b>6,190</b>	<b>5,779</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		3,732	3,680	3,040
Finance costs		(73)	(47)	31
Internal charges and overhead costs applied		2,261	2,042	2,316
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>	<b>(B)</b>	<b>5,920</b>	<b>5,675</b>	<b>5,207</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B)</b>	<b>676</b>	<b>515</b>	<b>572</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		-	-	54
Increase/(decrease) in debt		(66)	1,417	(32)
Gross proceeds from sale of assets		64	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>	<b>(C)</b>	<b>(2)</b>	<b>1,417</b>	<b>22</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand		67	2,384	54
• to improve the level of service		-	-	-
• to replace existing assets		275	434	343
Increase/(decrease) in reserves		332	(887)	197
Increase/(decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>(D)</b>	<b>674</b>	<b>1,932</b>	<b>594</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D)</b>	<b>(676)</b>	<b>(515)</b>	<b>(572)</b>
<b>Funding balance</b>	<b>((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	LTP \$'000	LTP \$'000
		2016	2016	2015
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties		4,329	4,986	4,494
Targeted rates (other than a targeted rate for water supply)		-	194	70
Subsidies and grants for operating purposes		124	70	717
Fees, charges and targeted rates for water supply		28	-	-
Internal charges and overhead costs recovered		999	1,009	927
Local authority and fuel tax, fines, infringement fees, and other receipts		750	687	753
<b>Total operating funding</b>	<b>(A)</b>	<b>6,230</b>	<b>6,946</b>	<b>6,960</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		3,329	3,636	3,247
Finance costs		9	60	403
Internal charges and overhead costs applied		1,930	1,875	1,671
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>	<b>(B)</b>	<b>5,268</b>	<b>5,571</b>	<b>5,321</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B)</b>	<b>962</b>	<b>1,375</b>	<b>1,639</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		1,788	1,554	1,806
Increase/(decrease) in debt		(16)	49	(71)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>	<b>(C)</b>	<b>1,773</b>	<b>1,602</b>	<b>1,753</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand		965	1,067	1,572
• to improve the level of service		605	270	64
• to replace existing assets		409	765	817
Increase/(decrease) in reserves		755	876	922
Increase/(decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>(D)</b>	<b>2,734</b>	<b>2,977</b>	<b>3,374</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D)</b>	<b>(962)</b>	<b>(1,375)</b>	<b>(1,639)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## OTHER LEGISLATIVE DISCLOSURES

### FUNDING IMPACT STATEMENT

#### Regulatory services

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties		1,938	2,025	1,489
Targeted rates (other than a targeted rate for water supply)		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees, charges and targeted rates for water supply		5,350	3,387	3,410
Internal charges and overhead costs recovered		28	28	-
Local authority and fuel tax, fines, infringement fees, and other receipts		72	37	33
<b>Total operating funding</b>	<b>(A)</b>	<b>7,387</b>	<b>5,477</b>	<b>4,932</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		4,894	3,553	3,184
Finance costs		(8)	(10)	(9)
Internal charges and overhead costs applied		1,775	1,610	1,549
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>	<b>(B)</b>	<b>6,662</b>	<b>5,153</b>	<b>4,724</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B)</b>	<b>726</b>	<b>323</b>	<b>208</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		-	-	-
Increase/(decrease) in debt		-	(18)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>	<b>(C)</b>	<b>-</b>	<b>(18)</b>	<b>(39)</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		726	305	208
Increase/(decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>(D)</b>	<b>726</b>	<b>305</b>	<b>208</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D)</b>	<b>(726)</b>	<b>(323)</b>	<b>(208)</b>
<b>Funding balance</b>	<b>((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	LTP \$'000	LTP \$'000
		2016	2016	2015
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates (other than a targeted rate for water supply)		13,584	13,093	16,046
Subsidies and grants for operating purposes		4,684	6,881	4,302
Fees, charges and targeted rates for water supply		36	-	1
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		1,440	262	122
<b>Total operating funding</b>	<b>(A)</b>	<b>19,743</b>	<b>20,236</b>	<b>20,471</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		9,677	8,872	11,170
Finance costs		1,075	1,369	1,993
Internal charges and overhead costs applied		1,203	1,257	1,434
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>	<b>(B)</b>	<b>11,955</b>	<b>11,498</b>	<b>15,177</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B)</b>	<b>7,788</b>	<b>8,737</b>	<b>5,294</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		2,080	-	4,188
Financial contributions		2,542	2,791	1,772
Increase/(decrease) in debt		(2,834)	818	(358)
Gross proceeds from sale of assets		4	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>	<b>(C)</b>	<b>1,792</b>	<b>3,609</b>	<b>5,602</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand		1,965	1,924	3,186
• to improve the level of service		4,476	6,391	2,887
• to replace existing assets		198	4,031	7,512
Increase/(decrease) in reserves		2,942	-	(2,689)
Increase/(decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>(D)</b>	<b>9,580</b>	<b>12,346</b>	<b>10,896</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D)</b>	<b>(7,788)</b>	<b>(8,737)</b>	<b>(5,294)</b>
<b>Funding balance</b>	<b>((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	LTP \$'000	LTP \$'000
		2016	2016	2015
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates (other than a targeted rate for water supply)		6,414	6,258	2,801
Subsidies and grants for operating purposes		-	51	-
Fees, charges and targeted rates for water supply		3,281	3,080	6,585
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		51	-	-
<b>Total operating funding</b>	<b>(A)</b>	<b>9,746</b>	<b>9,389</b>	<b>9,386</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		4,380	4,447	4,006
Finance costs		1,476	1,594	1,831
Internal charges and overhead costs applied		1,398	1,446	1,684
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>	<b>(B)</b>	<b>7,255</b>	<b>7,486</b>	<b>7,521</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B)</b>	<b>2,491</b>	<b>1,903</b>	<b>1,865</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		1,277	820	724
Increase/(decrease) in debt		374	2,836	332
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>	<b>(C)</b>	<b>1,651</b>	<b>3,656</b>	<b>1,056</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand		181	950	663
• to improve the level of service		690	1,122	1,525
• to replace existing assets		3,271	3,487	733
Increase/(decrease) in reserves		-	-	-
Increase/(decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>(D)</b>	<b>4,142</b>	<b>5,559</b>	<b>2,921</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D)</b>	<b>(2,491)</b>	<b>(1,903)</b>	<b>(1,865)</b>
<b>Funding balance</b>	<b>((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	LTP \$'000	LTP \$'000
		2016	2016	2015
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties		1,274	1,260	171
Targeted rates (other than a targeted rate for water supply)		3,541	3,571	2,709
Subsidies and grants for operating purposes		-	160	-
Fees, charges and targeted rates for water supply		1	-	-
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		2	-	12
<b>Total operating funding</b>	<b>(A)</b>	<b>4,818</b>	<b>4,990</b>	<b>2,891</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		643	752	548
Finance costs		1,669	1,728	1,830
Internal charges and overhead costs applied		530	585	620
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>	<b>(B)</b>	<b>2,842</b>	<b>3,065</b>	<b>2,999</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B)</b>	<b>1,977</b>	<b>1,925</b>	<b>(108)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		551	733	671
Increase/(decrease) in debt		(2,311)	(950)	585
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>	<b>(C)</b>	<b>(1,760)</b>	<b>(217)</b>	<b>1,256</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand		-	100	756
• to improve the level of service		96	640	1,085
• to replace existing assets		121	968	81
Increase/(decrease) in reserves		-	-	(774)
Increase/(decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>(D)</b>	<b>217</b>	<b>1,708</b>	<b>1,148</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D)</b>	<b>(1,977)</b>	<b>(1,925)</b>	<b>108</b>
<b>Funding balance</b>	<b>((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## OTHER LEGISLATIVE DISCLOSURES

### SUMMARY FUNDING IMPACT STATEMENT

#### Natural environment

For the years ended 30 June		ACTUAL \$'000	LTP \$'000	LTP \$'000
		2016	2016	2015
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties		190	175	127
Targeted rates (other than a targeted rate for water supply)		316	313	16
Subsidies and grants for operating purposes		-	-	-
Fees, charges and targeted rates for water supply		-	-	-
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		-	-	51
<b>Total operating funding</b>	<b>(A)</b>	<b>506</b>	<b>487</b>	<b>194</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		648	676	314
Finance costs		(2)	(38)	-
Internal charges and overhead costs applied		42	45	35
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>	<b>(B)</b>	<b>688</b>	<b>684</b>	<b>349</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B)</b>	<b>(182)</b>	<b>(197)</b>	<b>(155)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		158	111	115
Increase/(decrease) in debt		(45)	1	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>	<b>(C)</b>	<b>113</b>	<b>112</b>	<b>115</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		(69)	(84)	(40)
Increase/(decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>(D)</b>	<b>(69)</b>	<b>(84)</b>	<b>(40)</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D)</b>	<b>182</b>	<b>197</b>	<b>155</b>
<b>Funding balance</b>	<b>((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	LTP \$'000	LTP \$'000
		2016	2016	2015
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties		1,394	1,418	380
Targeted rates (other than a targeted rate for water supply)		9,323	9,338	9,145
Subsidies and grants for operating purposes		-	-	-
Fees, charges and targeted rates for water supply		5	2	2
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		29	-	207
<b>Total operating funding</b>	<b>(A)</b>	<b>10,751</b>	<b>10,757</b>	<b>9,734</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		3,766	3,728	3,112
Finance costs		3,539	3,651	4,474
Internal charges and overhead costs applied		1,509	1,497	1,496
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>	<b>(B)</b>	<b>8,813</b>	<b>8,876</b>	<b>9,082</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B)</b>	<b>1,938</b>	<b>1,881</b>	<b>652</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		1,545	1,382	1,271
Increase/(decrease) in debt		(2,031)	(2,255)	(772)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	2,531
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>	<b>(C)</b>	<b>(485)</b>	<b>(872)</b>	<b>3,030</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand		7	100	376
• to improve the level of service		121	180	2,531
• to replace existing assets		1,308	729	263
Increase/(decrease) in reserves		17	-	512
Increase/(decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>(D)</b>	<b>1,452</b>	<b>1,009</b>	<b>3,682</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D)</b>	<b>(1,938)</b>	<b>(1,881)</b>	<b>(652)</b>
<b>Funding balance</b>	<b>((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	LTP \$'000	LTP \$'000
		2016	2016	2015
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties		272	617	587
Targeted rates (other than a targeted rate for water supply)		1,069	1,055	1,015
Subsidies and grants for operating purposes		168	65	140
Fees, charges and targeted rates for water supply		93	67	70
Internal charges and overhead costs recovered		-	-	-
Local authority and fuel tax, fines, infringement fees, and other receipts		119	10	-
<b>Total operating funding</b>	<b>(A)</b>	<b>1,721</b>	<b>1,814</b>	<b>1,812</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		789	1,216	1,056
Finance costs		22	30	77
Internal charges and overhead costs applied		463	490	478
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>	<b>(B)</b>	<b>1,274</b>	<b>1,736</b>	<b>1,611</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B)</b>	<b>447</b>	<b>78</b>	<b>201</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		-	-	-
Financial contributions		-	-	-
Increase/(decrease) in debt		(330)	(78)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>	<b>(C)</b>	<b>(330)</b>	<b>(78)</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		118	-	-
Increase/(decrease) in reserves		-	1	201
Increase/(decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>(D)</b>	<b>118</b>	<b>1</b>	<b>201</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D)</b>	<b>(447)</b>	<b>(78)</b>	<b>(201)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## OTHER LEGISLATIVE DISCLOSURES

### SUMMARY FUNDING IMPACT STATEMENT

#### Economic

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

## OTHER LEGISLATIVE DISCLOSURES

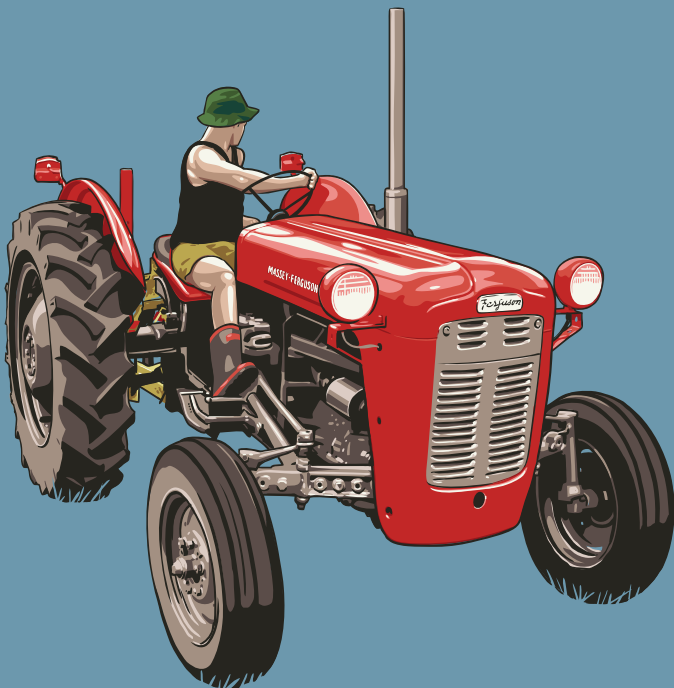
### SUMMARY FUNDING IMPACT STATEMENT

#### Support services

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

# CHAPTER FOUR

## Governance and Monitoring



# CHAPTER FOUR

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# OUR COUNCIL

## KATIKATI / WAIHI BEACH WARD

- 1 **Ross Goudie**  
Ph 07 863 6151  
ross.goudie@westernbay.govt.nz
- 2 **Mike Williams**  
Ph 07 549 4425  
mike.williams@westernbay.govt.nz
- 3 **Peter MacKay**  
Ph 07 552 0988  
peter.mackay@westernbay.govt.nz

## KAIMAI WARD

- 4 **Garry Webber**  
Ph 07 548 2224  
garry.webber@westernbay.govt.nz
- 5 **Margaret Murray-Benge**  
Ph 07 579 3459  
margaret.murray-benge@westernbay.govt.nz
- 6 **Gwenda Merriman**  
*Deputy Mayor*  
Ph 07 552 5272  
gwenda.merriman@westernbay.govt.nz
- 9 **Don Thwaites**  
Ph 07 552 5103  
don.thwaites@westernbay.govt.nz

## WESTERN BAY OF PLENTY DISTRICT MAYOR

- 7 **Ross Paterson**  
Ph 07 548 0478  
ross.paterson@westernbay.govt.nz

## MAKETU / TE PUKE WARD

- 8 **Sue Matthews**  
Ph 07 573 1108  
sue.matthews@westernbay.govt.nz
- 10 **Karyl Gunn-Thomas**  
Ph 07 573 6061  
karyl.gunn-thomas@westernbay.govt.nz
- 11 **John Scrimgeour**  
Ph 07 533 3681  
john.scrimgeour@westernbay.govt.nz
- 12 **Kevin Marsh**  
Ph 07 533 3877  
kevin.marsh@westernbay.govt.nz



# COMMITTEES AND MEMBERSHIP

## His Worship the Mayor, Ross Paterson

Cr Gwenda Merriman (Deputy Mayor)

Cr Don Thwaites

Cr Garry Webber

Cr John Scrimgeour

Cr Karyl Gunn-Thomas

Cr Kevin Marsh

Cr Margaret Murray-Benge

Cr Mike Williams

Cr Peter Mackay

Cr Ross Goudie

Cr Sue Matthews

## Finance and Risk Committee

Cr Garry Webber (Chairperson)

Cr Peter Mackay (Deputy)

Mayor Ross Paterson

All Councillors

## Operations Committee

Cr Don Thwaites (Chairperson)

Cr John Scrimgeour (Deputy)

Mayor Ross Paterson

All Councillors

## District Licensing Committee

Commissioner M Jones (Chairperson)

Cr Don Thwaites (Deputy)

Cr Peter Mackay

Mike Mills

Maria Horne

Jim Davison

## Community Committee

Cr Mike Williams (Chairperson)

Cr Margaret Murray-Benge (Deputy)

Mayor Ross Paterson

Cr Ross Goudie

Cr Peter Mackay

Cr John Scrimgeour

Cr Kevin Marsh

Cr Gwenda Merriman

Cr Margaret Murray-Benge

Cr Don Thwaites

Cr Garry Webber

Cr Karyl Gunn-Thomas

## Policy and Strategy Committee

Cr Gwenda Merriman (Chairperson)

Cr Karyl Gunn-Thomas (Deputy)

Mayor Ross Paterson

All Councillors

## Regulatory Hearings Committee

Cr Garry Webber (Chairperson)

Cr Ross Goudie (Deputy)

Cr Margaret Murray-Benge

Cr Karyl Gunn-Thomas

Cr Peter Mackay

Cr Sue Matthews

Cr Mike Williams

## Tauranga Moana Partnership Forum

Elected Members

Hapū/iwi representatives

## Te Arawa ki Takutai Partnership Forum

Elected Members

Hapū/iwi representatives

# COMMUNITY BOARD REPRESENTATIVES

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## **Katikati Community Board**

Member Sam Dunlop (Chairperson)  
Member Brendan Gibbs (Deputy)  
Member Fern Nielson  
Member Jenny Hobbs  
Cr Mike Williams  
Cr Peter Mackay

## **Omokoroa Community Board**

Member Don Cameron (Chairperson)  
Member John Palmer (Chairperson)  
Member Chris Woods  
Member Tim Maurice  
Cr Garry Webber  
Cr Gwenda Merriman

## **Maketu Community Board**

Member Shane Beech (Chairperson)  
Member Gus Cantlon (Deputy)  
Member Rachel Clark  
Cr Kevin Marsh  
Cr John Scrimgeour

## **Te Puke Community Board**

Member Peter Miller (Chairperson)  
Member Grant Dally (Deputy)  
Member Keith Wratt  
Member Ronald Spratt  
Cr Karyl Gunn-Thomas  
Cr Sue Matthews

## **Waihi Beach Community Board**

Member Allan Sole (Chairperson)  
Member Marilyn Roberts (Deputy)  
Member Derek Mills  
Member Ruth Parsons  
Cr Mike Williams  
Cr Ross Goudie



# ORGANISATION OVERVIEW

## CEO SERVICES

### Human Resources

- Human resources strategy
- Workforce development
- Cultural support
- Health and safety

### Executive Assistance

- Chief Executive
- Mayor

### Strategy

- Strategic advice
- Local government reform

### Communications

- Strategic and Governance communications

## CUSTOMER AND COMMUNITY SERVICES

### Customer Services

- Library and Service Centres
- Governance/ Democracy
- Bylaws
- Catering

### Information Technology and Services

- Geographic Information Systems
- Information Systems
- Electronic Document Management System (EDMS)
- Information Services

### Community Engagement

- Social (including crime prevention)
- Local Economic
- Environment
- Community Funding
- Community Planning
- Corporate Events
- Community Development

### Communications

- Operational communications
- Corporate identity
- Online communications

## FINANCIAL SERVICES

### Finance

- Financial Policy and Overview
- Financial Auditing
- Treasury
- Rates and Levies
- Income
- Expenditure
- Finance
- Annual Plan
- Annual Report
- Revenue and Finance Policy
- Long Term Plan (LTP)

### Corporate

- LTP Project Management
- Corporate Development

### Corporate Planning and Development

- Corporate Planning
- Business Planning
- Improvement and Project Management
- Business Excellence
- Quality and Risk Management
- Performance Monitoring and reporting
- Internal (non-financial) Audit
- Benchmarking
- Procurement

## INFRASTRUCTURE SERVICES

### Transportation

- Rooding Network
- Asset Management
- West Roads contract

### Utilities

- Utilities Asset Management
- Wastewater
- Stormwater
- Potable Water
- Solid Waste

### Reserves and Facilities

- Parks
- Reserves
- Esplanades
- Wharves
- Jetties
- Property
- Cemeteries

### Emergency Management

- Response Capability

### Management Support

- Secretarial/Support Services
- Legal Administration
- Fleet Management
- Litter Control

### Strategic Property

- Corporate assets management
- Fleet management
- Administration support for Infrastructure Services

### Development Engineering

- Engineering input into Council strategic documents

### Rural Fire

## POLICY, PLANNING AND REGULATORY SERVICES

### Resource Management

- District Plan
- Structure Planning

### Policy, Planning and Monitoring

- Strategic, Infrastructure and Reserves Planning
- Comprehensive Development Planning
- Strategic and Environmental Monitoring
- Long Term Plan (LTP)
- Bylaw Development

### Regulatory

- Building and Health
- Animal Services
- Compliance Enforcement, Parking, Monitoring
- Land Information Memorandums
- Resource Consents

### Cultural