

Western Bay of Plenty District Council Annual Report for the Year Ended 30 June 2009

Prepared under New Zealand equivalents to International Financial Reporting Standards
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Statement of Compliance

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 Council



Glenn Snelgrove
Chief Executive Officer
Western Bay of Plenty District Council

Matters relating to the electronic presentation of the audited financial statements, performance information and the other requirements

The audit report relates to the financial statements, performance information and the other requirements of Western Bay of Plenty District Council for the year ended 30 June 2009 included on Western Bay of Plenty District Council's website. Western Bay of Plenty District Council is responsible for the maintenance and integrity of Western Bay of Plenty District Council's website. We have not been engaged to report on the integrity of Western Bay of Plenty District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the financial statements, performance information and the other requirements as well as the related audit report dated 24 September 2009 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Audit New Zealand

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Mayor's Report

In September 2008, Council and the Western Bay of Plenty District lost a local government stalwart with the passing of Mayor Graeme Weld.

Mayor Weld was a talisman for the Council team for seven years and gave real credence to the role of servant to the people.

While Graeme's presence, wisdom and mana have been missed, his traits very much remain at the heart of Council's drive to fulfill the aspirations of the Western Bay community.

This has not been an easy task in a constrained economic environment that resulted in a slow down in population growth and subsequent loss of income from developers.

Against this background Council's focus for much of 2008/2009 was working with the CEO to ensure operations ran optimally and that debt remained within limits considered both prudent and financially sustainable.

An integrated approach to planning and service delivery and sound treasury management have been critical to ensuring that Council weathered the global market storm relatively well. While recording a loss of \$8.5 million during the year, well over half is 'non-cash' related which Council expects to recover over the short to medium term as economic conditions improve. Please refer to the Chief Executive Officer's report for further detail.

In spite of the challenging operating environment Council progressed a number of initiatives during the year to meet the fundamental 'live', 'work' and 'play' needs of residents and ratepayers.



SmartGrowth – delivery through collaboration

SmartGrowth, the joint sub-regional growth management strategy adopted in 2004, continued to drive much of our work.

The strategy, which Council is managing in association with Tauranga City, Environment Bay of Plenty and tangata whenua, is recognised by central government as the benchmark in collaborative growth management and has been fundamental to receiving financial backing from government to assist in the development of major infrastructure, particularly in the area of transportation.

District Plan Review

In many respects SmartGrowth is managed on a day-to-day basis via the District Plan, which Council began to review during the year. Rules for rural development and activities in the Western Bay of Plenty District have been the most significant part of the review.

One of the aims of SmartGrowth is to protect productive soils so that horticulture and agriculture, often referred to as the “economic backbone” of the District, are not compromised.

As Council moves forward with the review it is committed to working with its communities to ensure that growth is managed viably within the context of not giving up too much productive land.

TECT All Terrain Park

After nearly four years of planning the TECT All Terrain Park is on the cusp of the opening. Developing this 1,638 hectare park (situated at the top of State Highway 36 near the border of Rotorua District) over the next 20 years will go a long way to overcoming the lack of significant open space for active outdoor recreation within close proximity to the sub-region’s (Western Bay District and Tauranga City) fast growing urban communities.

Papakainga Maori Housing

Council led a multi-government agency group to develop a resource for owners of multiple owned Maori land to develop papakainga (Maori Housing). With the Maori population in the Western Bay estimated to treble over the next 60 years to 60,000, there will be great pressure on Maori land holdings. The introduction of the papakainga toolkit will go some way to ensuring that current and future generations of tangata whenua will overcome the historical barriers to building houses on multiple owned Maori land.

Council expects 2009/2010 to be another year responding to challenges through pragmatic policy development and implementation approaches. We are confident that we will do this well and plan to have our operation’s management approach externally validated as ‘world class best practice’ through the New Zealand Business Excellence Foundation. This recognition will be yet another signal to ratepayers that the Western Bay of Plenty District Council remains committed to being the benchmark in local government.

On behalf of elected members I would like to thank the Council CEO and his team for their ongoing support.



Ross Paterson
Mayor
Western Bay of Plenty District

Chief Executive's Report

2008/2009 proved to be particularly challenging for Council operations.

A combination of factors had a significant impact on the organisation's income statement.

For the year under review Council recorded a net loss of \$8.5 million compared to a budgeted surplus of \$7.74 million, a total decrease of \$16.2 million.

The impact of the global economic recession was clearly evidenced in major devaluations in Council's interest rate hedges. Against this background \$5.69 million of the \$8.5 million loss is an unrealised 'non-cash' loss that Council expects to recoup once financial markets strengthen, property values recover and the current low interest rate environment improves.

A marked slow down in sub-division activity across the District half way during the year also had a negative impact on revenue from financial contributions and vested asset income.

During 2008/2009 Council received just \$331,000 for vested assets, an 87 per cent decrease on 2007/2008 actual income and \$3.8 million from financial contributions, 27 per cent down on the previous year.



Council does not expect income from these sources to significantly improve in 2009/2010 as lag factors from the recovery in global financial markets continue to work their way through the New Zealand economy. Having said this, the organisation remains optimistic that momentum in the property development market will build in 2010/2011 and 2011/2012, which will result in a significant increase in income from developers.

2008/2009 marked the eighth operational year of Council's 10 year, \$125 million performance-based roading contract (PBC) which was launched in 2002 with contract partner Transit New Zealand (*New Zealand Transport Agency*).

A 22 per cent saving in scheduled Council roading expenditure achieved by the PBC model has allowed an additional 50km of seal extension to be delivered.

As the contract moves toward an end, there has been a shift in the ratio of capital expenditure to maintenance expenditure.

In 2008/2009 this resulted in \$3 million more operational expenditure than originally budgeted and a corresponding reduction in capital works for the year. This reclassification did not require additional funding and was offset by a reduction in capital expenditure.

As the organisation moves into 2009/2010 there are clear signs that the worst of the global recession is over. In this context and considering that 35 per cent of the \$16.2 million variance in Council's financial performance to budget for the year was due to non cash movements, Council forecasts a stronger financial result over the next 18-24 months.

In closing I would like to thank elected members and Council staff for their cooperation and willingness to work as a team for the benefit of residents across the Western Bay of Plenty District.



Glenn Snelgrove
Chief Executive Officer
Western Bay of Plenty District Council

Role of this Annual Report

Purpose

This Annual Report is provided to compare the Council's actual performance for the year against what was forecast in the Annual Plan.

An Annual Report is required by Section 98f of the Local Government Act, 2002.

Relationship to other key documents

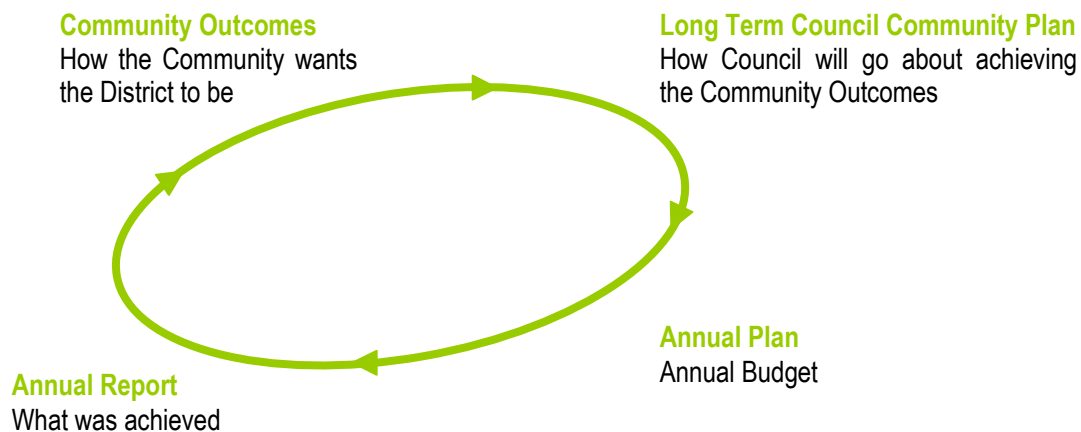
Under the Local Government Act, 2002, a Local Authority must prepare and adopt the following documents:-

Annual Report (Section 98)

Annual Plan (Section 95)

Long Term Council Community Plan (Section 93)

Bringing the planning process together

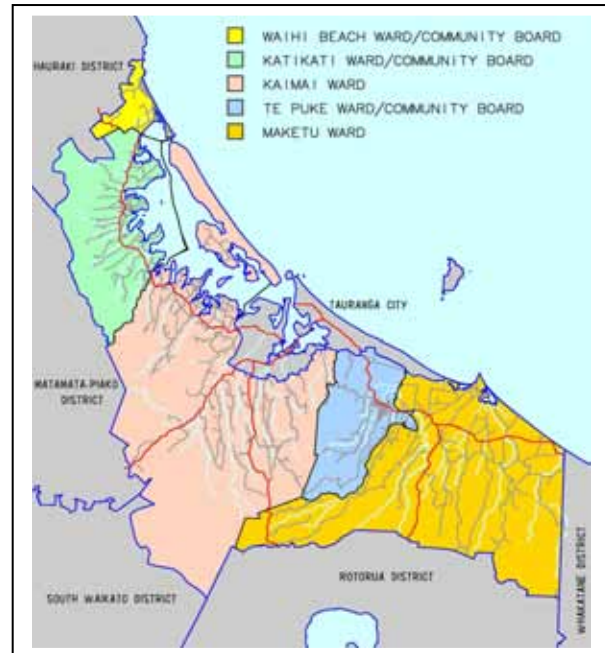


District Profile

Western Bay of Plenty District Council is the local government authority serving the Western Bay of Plenty located in the North Island of New Zealand. The Council's catchment area covers 212,000 hectares and consists of 5 Wards, Waihi Beach, Katikati, Kaimai, Te Puke and Maketu.

With 42,075 people, the Western Bay of Plenty District has 1% of the total population of New Zealand¹.

The District is less ethnically diverse than the New Zealand population as a whole and is dominated by Europeans (72.8%) and Maori (17.4%), and contains smaller proportions of Pacific Island (1.8%) and Asian people (2.5%)¹, other (5.5%).



The District is characterised by a larger proportion of older (65 years and over) people than the national average, 15.5% compared with 12.3% for New Zealand. This is reflected in a higher median age of 41.0 years for residents within the District compared with 35.0 years for the total New Zealand population.¹

The District has a similar proportion of younger people (under 15 years) as the national average, with 21.6% compared with 21.5%.

Approximately 40% of the District's population live in urban areas.

Population characteristics vary significantly within the District. For example, Omokoroa is characterised by an older population base while Maketu is dominated by a more youthful, Maori population¹.

Western Bay of Plenty is a growth district. Over the period 2001-2006 the population of the District increased by 10.1%, the principal source of this growth was through migration. This trend is anticipated to continue over the next 20 years, with a projected District population of 60,268 in 2026².

Between 2001 and 2006, Katikati was the fastest growing area in the District and during this time the population grew by 22.7%. Most areas in the District experienced population growth since the last Census in 2001. However, Waihi Beach, Island View-Pios Beach and Matakana Island all experienced a decline in population, by 7.2%, 7.9% and 22.7% respectively.

¹ Statistics NZ, 2006 Census (usually resident population count). Ethnicity statistics reflect that people identify with more than one ethnic group.

² Western Bay of Plenty District Council population projections by University of Waikato (December 2002), updated April 2007

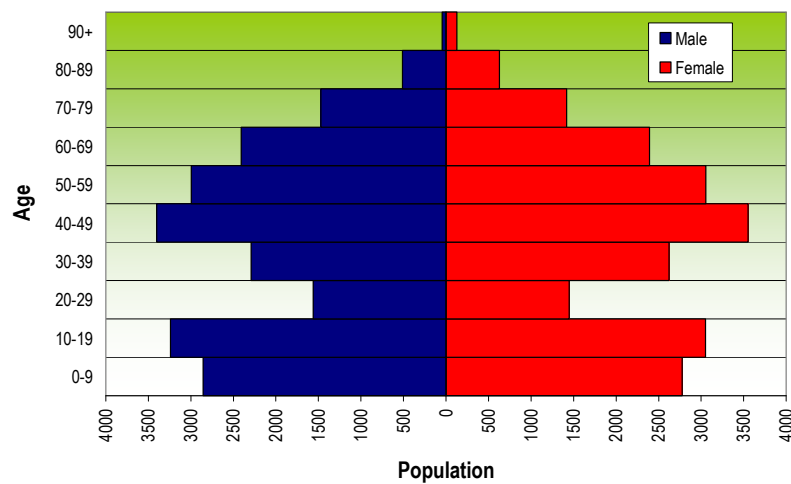
The number of people aged 15 years or over within the District with no formal qualifications (28.9%) is higher than the national average (25.0%).¹

52.6% of householders in the District own or partly own their homes¹ and an additional 20.8% are owned through a family trust.

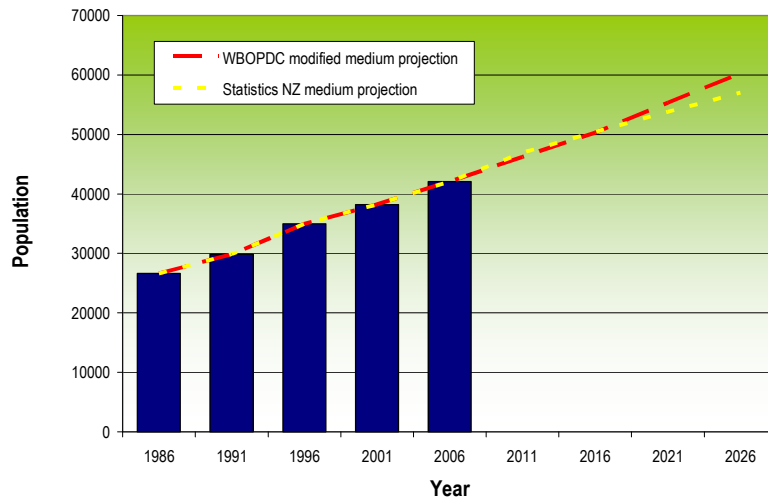
Couples without children make up 46.5% of all families in the Western Bay of Plenty District. 13.9% are one parent families and couples with children make up the remaining 39.6%.

60.6% of households in the District have access to the internet, compared with 34.6% five years ago.

Age - Sex Distribution - 2006



Population Projection



Governance Structure

Mayor
Ross Paterson



Kaimai Ward
Don Thwaites



Kaimai Ward
Jo Gravit



Kaimai Ward
Norm Bruning



Kaimai Ward
Margaret Murray-Benge



Katikati Ward
Sam Dunlop
Deputy Mayor



Katikati Ward
Mike Williams



Maketu Ward
Sue Matthews



Maketu Ward
Kevin Marsh



Te Puke Ward
Maureen Burgess



Te Puke Ward
Paul Thomas



Te Puke Ward
Michael Jones



Waihi Beach Ward
Ross Goudie

Committees and Membership

Council

His Worship the Mayor, Ross Paterson
 Cr Sam Dunlop (Deputy Mayor)
 Cr Norm Bruning
 Cr Maureen Burgess
 Cr Ross Goudie
 Cr Jo Gravit
 Cr Michael Jones
 Cr Kevin Marsh
 Cr Margaret Murray-Benge
 Cr Sue Matthews
 Cr Paul Thomas
 Cr Don Thwaites
 Cr Mike Williams

Sustainable Communities

Cr Jo Gravit (Chair)
 Cr Norm Bruning
 Cr Sue Matthews
 Cr Margaret Murray-Benge
 Cr Don Thwaites
 Cr Mike Williams

Regulatory Hearings

Cr Michael Jones (Chair)
 Cr Paul Thomas (Deputy)
 Cr Ross Goudie
 Cr Jo Gravit
 Cr Sue Matthews
 Cr Margaret Murray-Benge

Maori Forum

P Motutere (Chair)
 Mayor Ross Paterson (Deputy)
 Cr Norm Bruning
 Cr Sam Dunlop
 Cr Jo Gravit
 Cr Michael Jones
 Cr Sue Matthews
 Cr Margaret Murray-Benge

Sub-Regional Parks

Cr Sam Dunlop (Chair)
 Cr Sue Matthews (Deputy)
 Mayor Ross Paterson
 Cr Maureen Burgess
 Cr Jo Gravit
 Cr Margaret Murray-Benge
 TCC Cr Bill Faulkner
 TCC Cr Murray Guy

Services Committee

Cr Paul Thomas (Chair)
 Cr Mike Williams (Deputy)
 Mayor Ross Paterson
 All Councillors

Policy and Planning Committee

Cr Norm Bruning (Chair)
 Cr Michael Jones (Deputy)
 Mayor Ross Paterson
 All Councillors

Community Board Representatives

Katikati Community Board

Member Bruce Duske (Chair)
 Member Brendan Gibbs (Deputy)
 Member Neil Sole
 Member Sue Williams
 Cr Sam Dunlop
 Cr Mike Williams

Maketu Community Board

Member John Doggett (Chair)
 Member Carol Poihipi (Deputy)
 Member Trevor Hughes
 Member Stephan Simpson
 Cr Kevin Marsh
 Cr Sue Matthews

Omokoroa Community Board

Member Glenn Whittaker (Chair)
 Member Robert Hicks
 Member Garry Webber
 Member Gordon Taylor
 Cr Norm Bruning
 Cr Jo Gravit



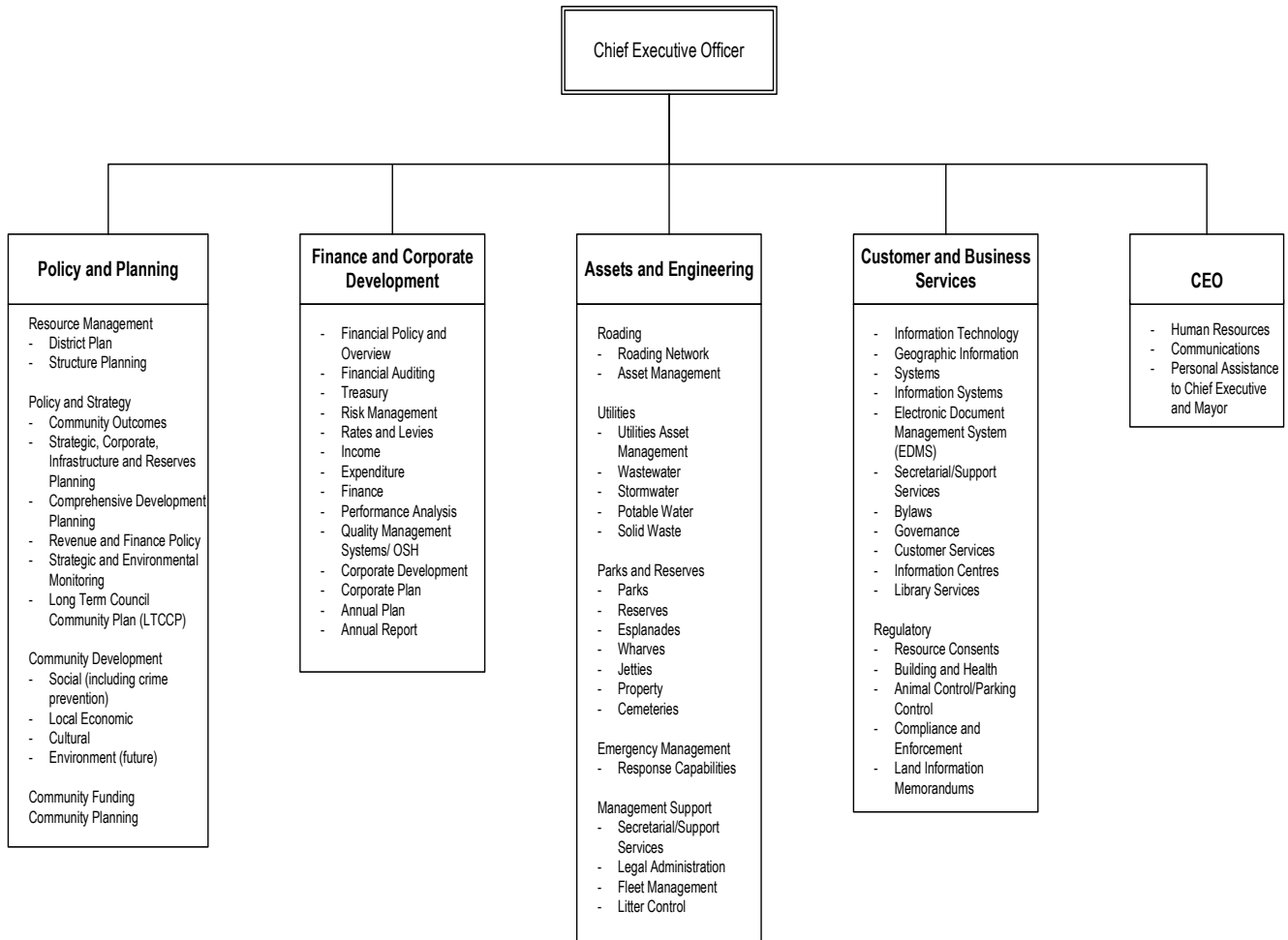
Te Puke Community Board

Member Karyl Gunn (Chair)
 Member Peter Miller (Deputy)
 Member Heather Firth
 Member Graeme Walker
 Cr Michael Jones
 Cr Paul Thomas
 Cr Maureen Burgess

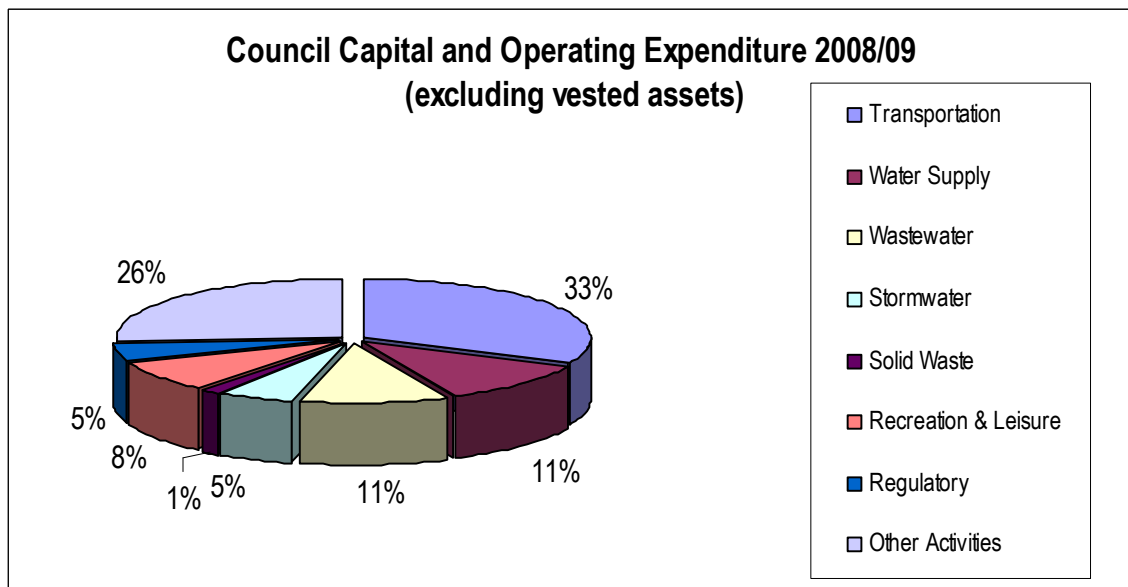
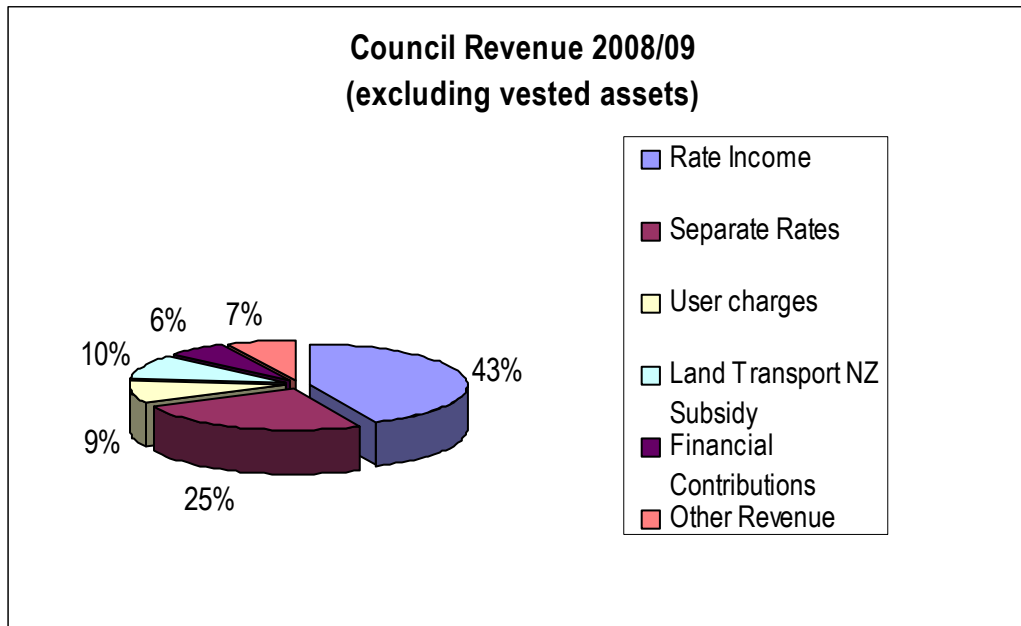
Waihi Beach Community Board

Member Trish Coates (Chair)
 Member Murray Craig (Deputy)
 Member Ali Lawn
 Member Peter Hassell
 Cr Ross Goudie

Organisational Overview



Graphs (at a glance)



Five Year Summary

Financial Overview

Council five year financial performance summary

	2009	2008	2007	2006	2005
	\$000	\$000	\$000	\$000	\$000
Rates revenue	41,113	38,031	35,051	31,946	29,625
Vested assets revenue	331	2,554	3,813	7,732	2,735
Financial contributions revenue	3,783	5,191	9,323	9,008	4,461
Total expenditure	69,044	59,473	44,967	45,706	61,637
Total operating revenue	61,057	60,190	70,946	61,849	58,263
Operating surplus/(deficit)	(8,493)	737	26,158	16,152	-3,342
Capital expenditure	23,083	27,657	61,406	37,786	28,021
Working capital (deficit)	(3,795)	(26,404)	(13,427)	(18,170)	(7,034)
External debt	126,517	96,120	85,773	49,876	43,028
Fixed assets (net book value)	1,064,434	965,938	953,657	767,905	726,085

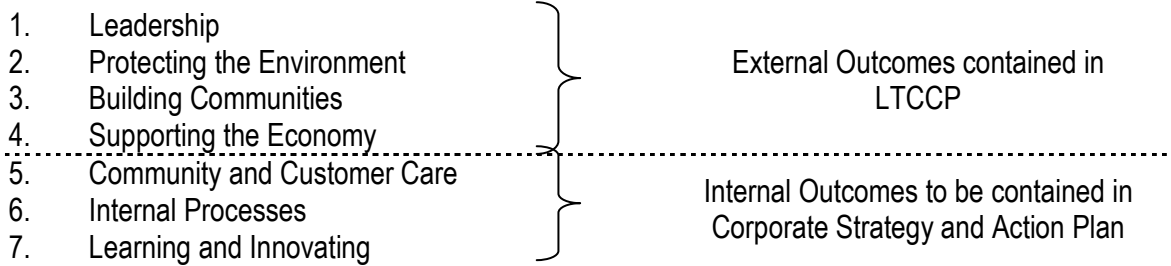
Council five year financial statistics summary

	2009	2008	2007	2006	2005
	\$000	\$000	\$000	\$000	\$000
Proportion of rates to total operating revenue	0.67	0.63	0.49	0.52	0.51
External debt as a percentage of total assets	0.12	0.11	0.10	0.06	0.06
External debt per rateable property (\$000s)	6.47	5.03	4.59	2.70	2.39
Rateable properties	19,551	19,140	18,671	18,373	17,982

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 Council Community Plan (LTCCP).

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



The seven perspectives are linked to the District Vision (where the people of 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 LTCCP.

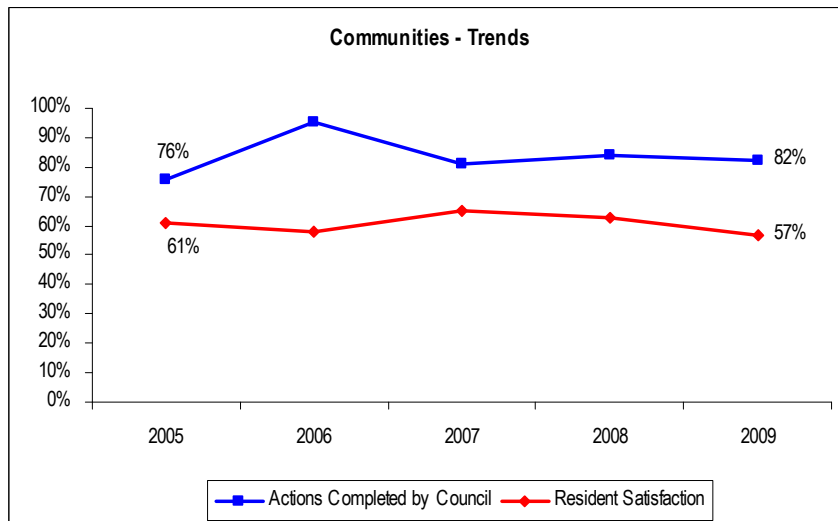
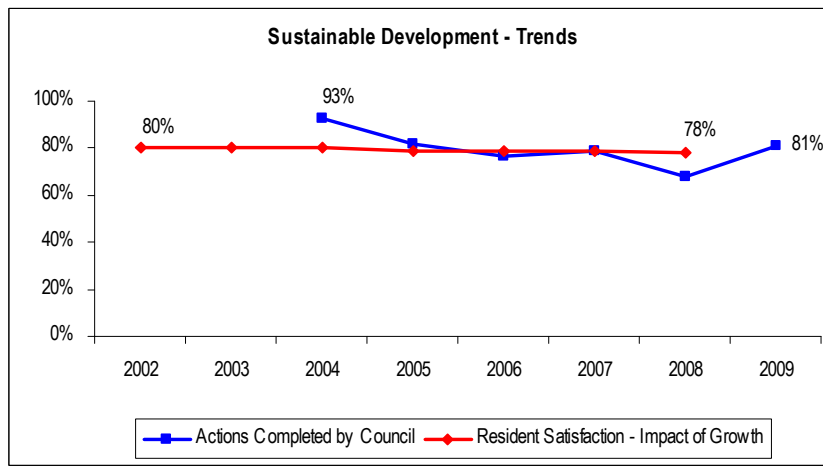
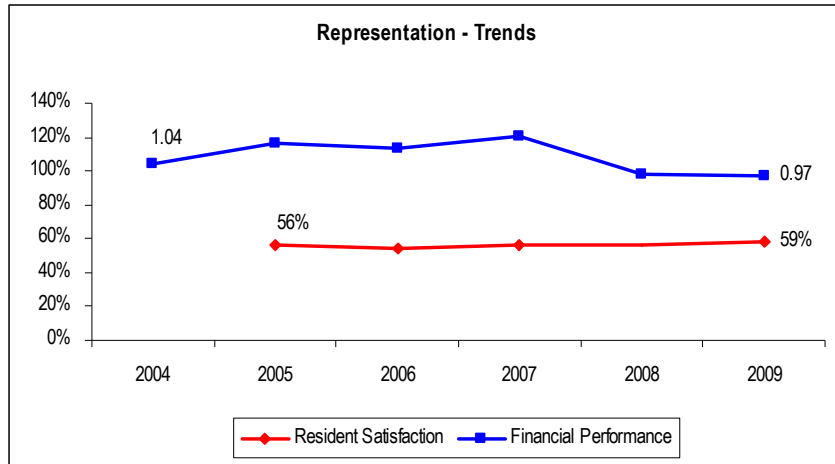
Monitoring trends in the business scorecard

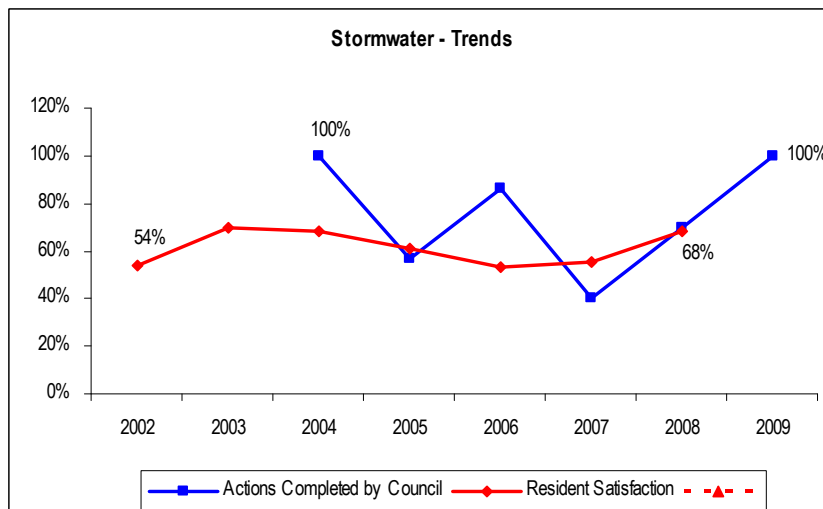
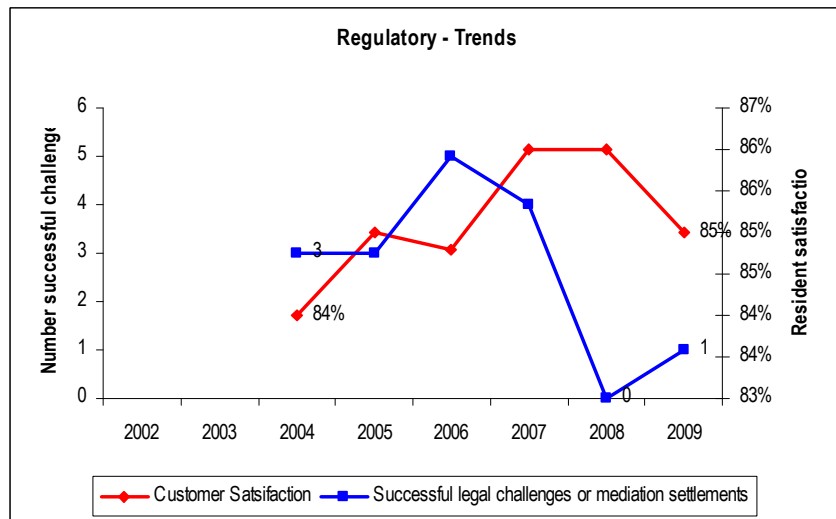
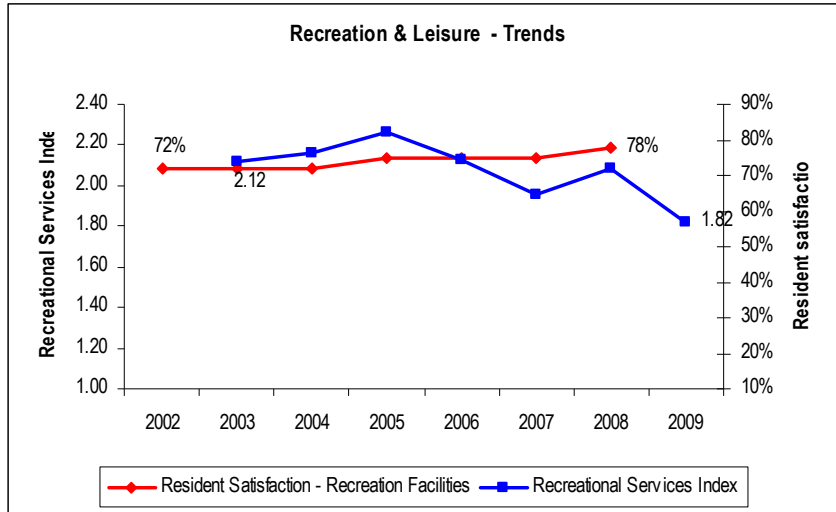
A series of activities underpin each external outcome in the LTCCP. For example, the 'Leadership' outcome is made up of 'Representation' and 'Sustainable Development' activities.

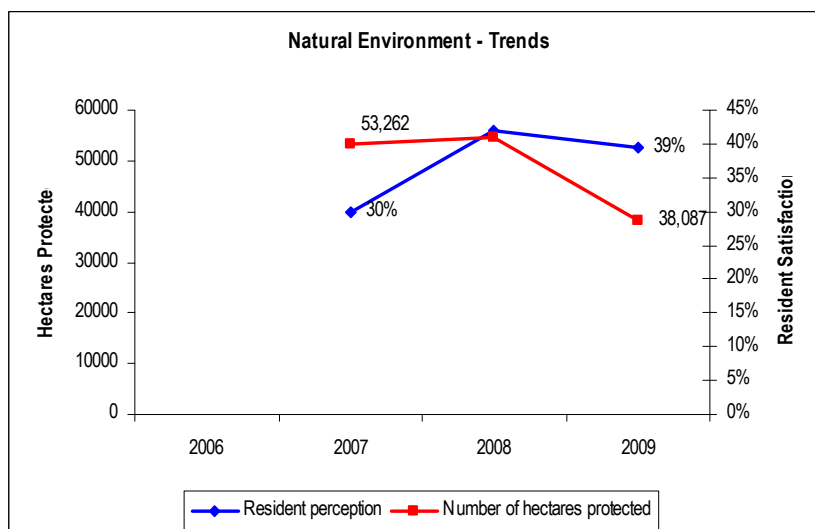
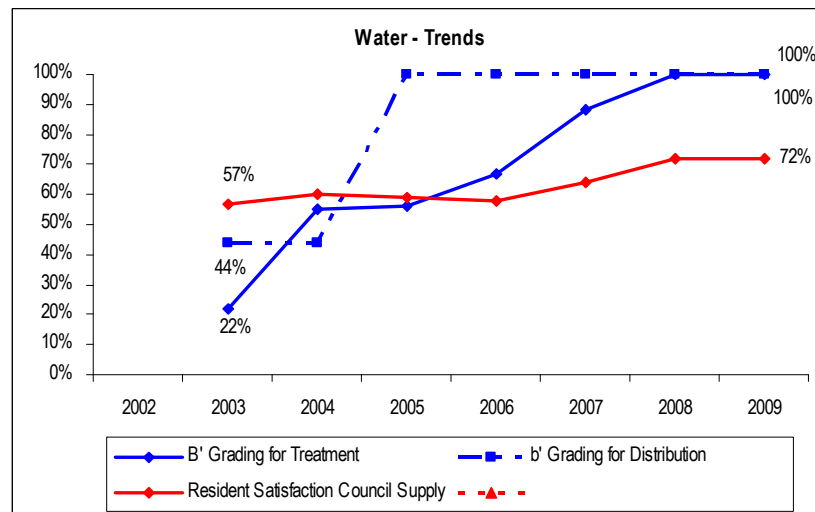
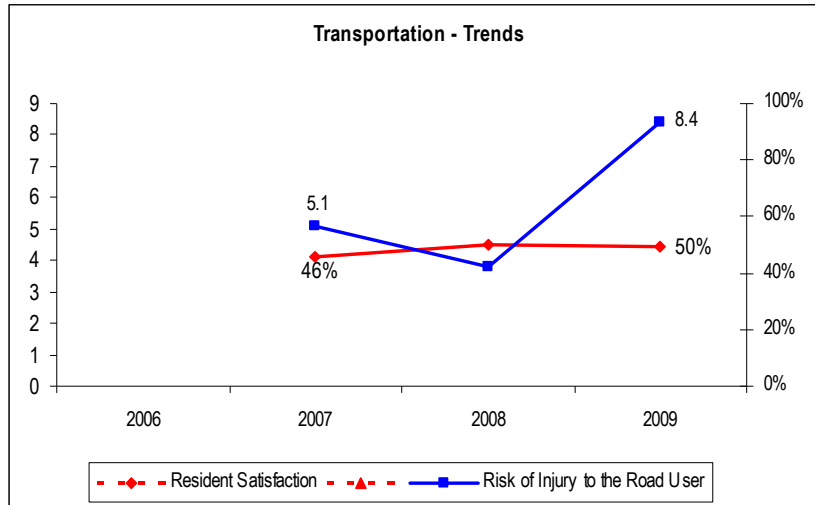
For each activity two key measures have been identified. These measures monitor Council's performance and resident perception, etc.

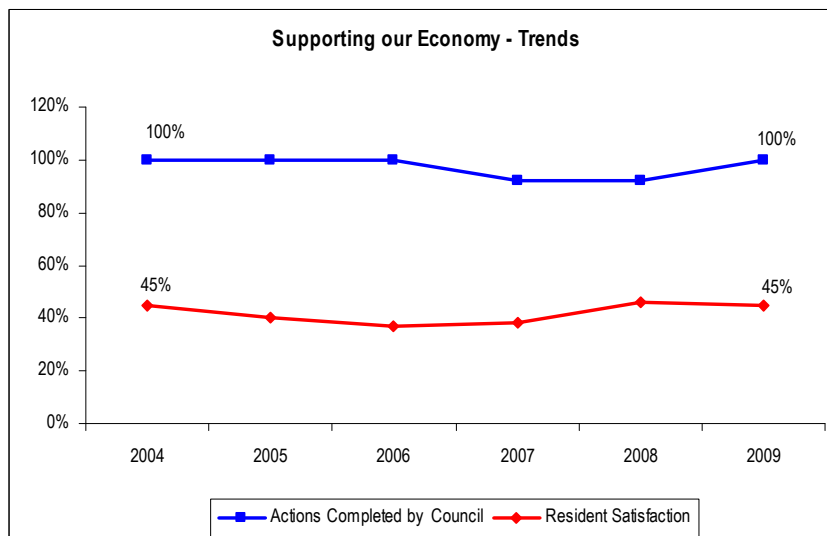
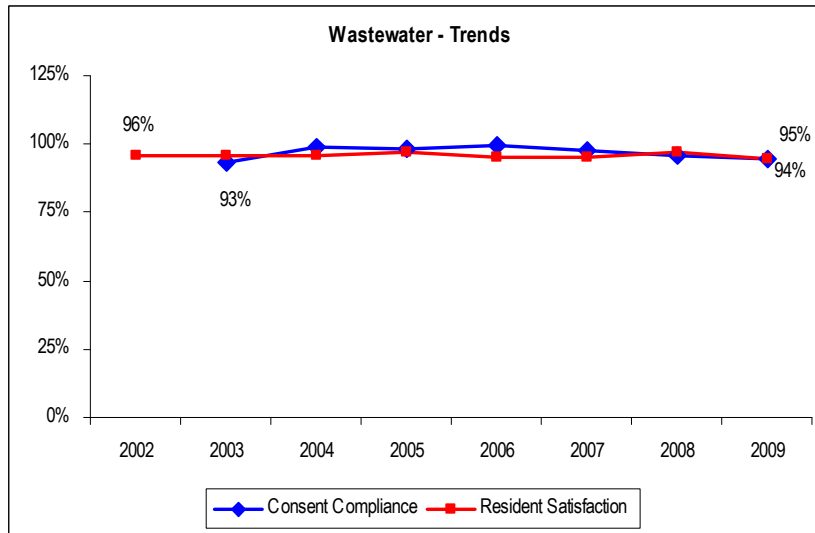
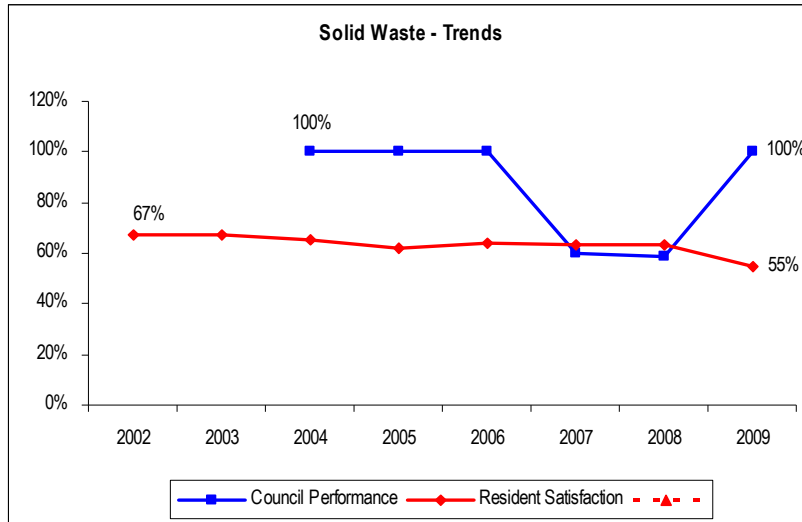


Trends Monitoring and Results









Report on Development of Māori Capacity to Contribute to Decision Making 2008/2009

Ongoing Processes		
Māori Representative Committee	Māori Forum Committee	<p>The Forum is not a formal Standing Committee but has recently been restructured to allow it to have recommendatory powers directly to Council. It continues to liaise between Council and tangata whenua and membership has increased to include 6 councillors, the mayor (ex officio) and ten hapu/iwi representatives.</p> <p>Workshops with the hapu/iwi representatives on the Māori Forum continue to be a recognised component of Council's policy development process.</p>
Formal relationship agreements	Te Arawa Māori Trust Board Maketu Committee	Status quo.
Consultation process	Tangata Whenua Consultation Guidelines	Internal consultation guidelines for staff needing to consult with tangata whenua on Council projects.
	Iwi Consultation Protocols	Organisational protocols for hapu/iwi consultation in resource consent processes.
	Consideration of Māori Interests - Roading	Status quo.
Iwi Liaison		Employment of full time Māori advisory/Cultural Development Officer who works on developing the relationship between Māori and Council.
Co-management regimes	Papamoa Hills Cultural Heritage Regional Park TECT All Terrain Park	Tangata whenua continue to participate in the development of a management plan for the park with Environment Bay of Plenty (the regional council).
SmartGrowth	Combined Tangata Whenua	Hapu/iwi collective of representatives from Tauranga City Council and Western Bay of Plenty District Council formed to participate in the strategic plan and implementation of tangata whenua actions identified in the SmartGrowth sub-regional growth management strategy.
Policy Development	Input to reviews of policies and strategies through Māori Forum workshops	Policy and strategy development.
Community Development Plans	Hapu Development	Supporting the development of Hapu Management Plans

Audit Report

AUDIT NEW ZEALAND
 Mana Aratake Aotearoa

Audit Report
To the readers of
Western Bay of Plenty District Council's
financial statements and performance information
for the year ended 30 June 2009

The Auditor-General is the auditor of Western Bay of Plenty District Council. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council for the year ended 30 June 2009, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council on pages 60 to 106 and 111 to 123:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 28 to 57 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 24 September 2009, and 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 the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council as at 30 June 2009. They must also fairly reflect the results of its operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of Long Term Council Community Plan, we have no relationship with or interests in the District Council.



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Community Outcomes Monitoring

SmartFuture is the name of the Western Bay of Plenty District's community outcomes. Council has a dual role in the SmartFuture process. It brings other service delivery agencies together to promote and monitor the achievement of community outcomes and provides services that contribute to community outcomes.

Council is required under section 92 Local Government Act 2002 to report on progress against the District's community outcomes every three years. The first SmartFuture monitoring report has recently been published. It is web-based and can be accessed at www.westernbay.govt.nz. The web-based approach means that the report can be updated at any time to accommodate new measures, more data and more advanced interpretations.

Development of the indicators, collection and interpretation of the data for SmartFuture was led by the Community Outcomes Bay of Plenty (COBOP) Monitoring and Reporting sub-group. Data and interpretation relating to the indicators monitored in the report was provided by a variety of agencies, including Council's COBOP partners.

Many of the indicators have been measured for this purpose for the first time, so many are baseline and trends are not apparent.

Summary of progress against community outcomes

SmartFuture community outcomes

- We can all enjoy a healthy and safe lifestyle
- Our communities are vibrant and welcoming
- Leaders are effective, informed and inclusive
- Our environment is clean, green and valued
- Our economy is thriving

We can all enjoy a healthy and safe lifestyle

Baseline values have been established for several indicators for this outcome, including

- frequency of physical activity
- personal health
- barriers to primary and emergency healthcare
- freedom from crime

Information relating to the following indicators is collected annually.

The indicator for the quality of reticulated water supply indicates a positive trend as does the one showing the recreational services provided per 1,000 residents. Here there has been an increase from 2.08 (2007/08) to 2.10 (2008/09).

However, the indicator for the level of road accidents on district roads is the highest it has been since 2003.

Our communities are vibrant and welcoming

Baseline values were established in 2007 for indicators relating to:

- vibrant town centres and sense of pride in the district
- people in the local neighbourhood supporting each other
- whether the unique characteristics of the district are being maintained

Involvement in community groups and voluntary work increased between 2001 and 2006, which is a positive result, reflecting an increase in the strength of community networks.

Baseline indicators for the perception that Maori culture is respected and the impact of diversity on the community will enable Council to measure progress towards these goals in the future.

Leaders are effective, informed and inclusive

Participation in the most recent local elections decreased compared to previous elections and has been tending downwards since 1995, which is in line with national trends. A range of indicators reflecting participation in local government (including district health board) democratic processes and decision making has been measured for the first time.

Baseline indicators relating to programmes to foster leadership and community leaders' ability to work together have also been established.

Our environment is clean, green and valued

A wide range of environmental indicators are measured by the regional council, Environment Bay of Plenty and reported on a regular basis. An example is air pollution levels, which for the Western Bay District, show that 90% of samples are either good or excellent, which is a positive result.

Involvement in voluntary environmental care groups reflects the extent to which the community is taking responsibility for their local environment. There are 39 known groups operating in the District, many of which have regular contact with Council's Environmental Development Officer; other groups may be operating informally.

Our economy is thriving

Western Bay of Plenty District showed growth in full-time employment in all industry areas except for education, in the period 2001-2006. The number of people in the construction industry doubled, which is positive, but may be cause for concern if the current downturn in the construction industry is sustained. Youth unemployment has fallen significantly in recent years. Over the last four years, the number of apprenticeships in the district remained at higher levels compared to 2002, but less than the peak number in 2004.

The SmartEconomy strategy identified skill shortages and the low average incomes as issues to be addressed along with course diversity at tertiary level. Baseline results for this indicator were measured in 2007.