

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

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**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**

## Background

This document provides an overview of Council's financial and operational performance for the 2008/2009 financial year.

For more information on the Western Bay of Plenty District Council and the communities it serves please visit [www.westernbay.govt.nz](http://www.westernbay.govt.nz)

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## Disclaimer

*The specific disclosures in this financial summary report have been extracted from the full financial report dated 24 September 2009. It has been prepared in accordance with FRS 43: Summary Financial Reports.*

*This summary cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flows of the Western Bay of Plenty District Council.*

*The summary has been examined by the auditor for consistency with the full financial report and audited by Audit New Zealand on behalf of the Office of the Auditor-General. An unqualified audit opinion was issued on 24 September 2009.*

*A copy of the Western Bay of Plenty District Council 2008/2009 Annual Report is available from Council's Head Office, Barks Corner, Greerton, Tauranga or Council's website at [www.westernbay.govt.nz](http://www.westernbay.govt.nz).*



## 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 has 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 Māori Housing**

Council led a multi-government agency group to develop a resource for owners of multiple owned Māori land to develop papakainga (Māori Housing). With the Māori 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 Māori 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 get our operations 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) 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**

# Results – Key Performance Measures

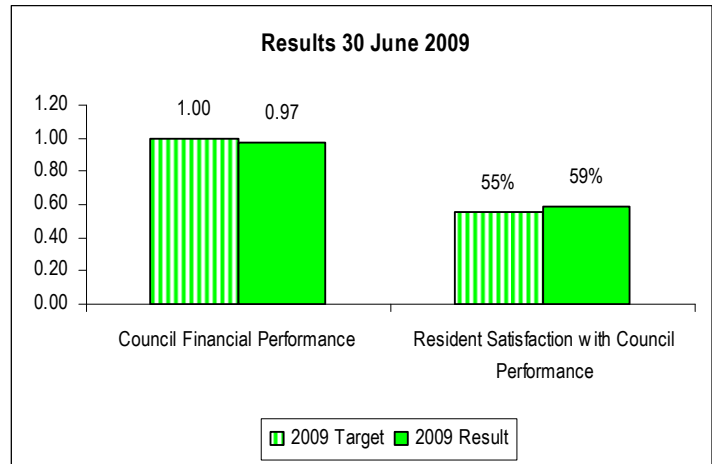
## Leadership

### Representation

**Council Financial Performance** - Council did not meet its financial performance target set for 2009. This is primarily due to the current economic climate where the level of development anticipated did not occur. This meant the levels of financial contributions and vested assets were less than budgeted.

**Resident Satisfaction with Council**

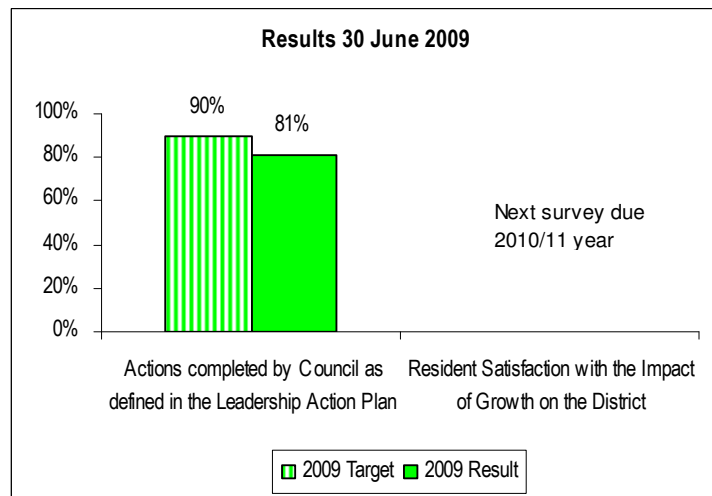
**Performance** - this monitors the level of resident satisfaction with opportunities to participate in decision making and the level of representation. The 2008/9 survey revealed a satisfaction level of 59%.



### Sustainable development

**Actions completed by Council as defined in the Leadership Action Plan** - Council completed 81% of the actions scheduled for 2009. Delays were experienced in the development of concept plans and public consultation.

**Resident Satisfaction with the Impact of Growth on the District** - This survey is conducted on a 3 yearly basis. The last survey in 2008 identified resident satisfaction of 78%. The next survey will be conducted in 2011.

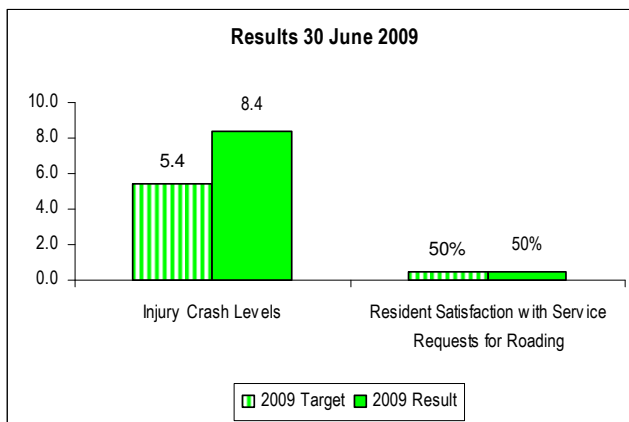


## Building Communities

### Transportation - Roading

**Risk of Injury to Road User** – This monitors the number of crashes resulting in injury per 100 vehicle kilometres travelled (VKT) on district roads. The results show that there were 8.4 injury crashes per 100 VKT. This result did not meet the target of 5.4 due to the highest level of serious crashes since 2004.

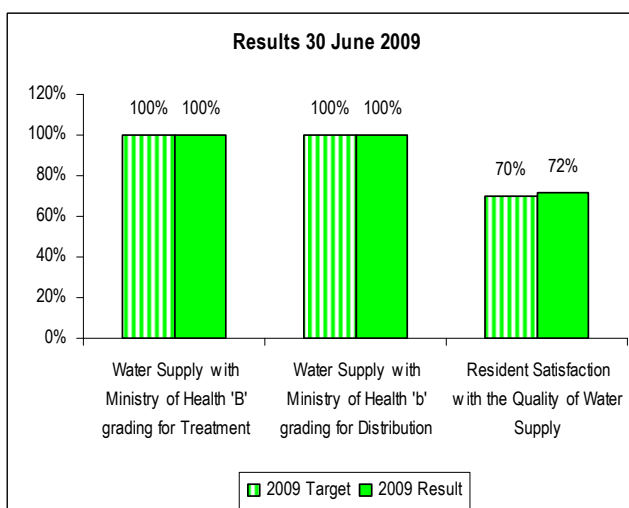
**Satisfaction with Transportation** – This survey monitors the level of satisfaction with roading, cycleways and walkways. The level of resident satisfaction in 2009 was 50%.



### Water Supply

**Water supply with Ministry of Health Grading 'Bb' for Treatment and Distribution** – for the Council supply areas 100% achieved a 'B' grading for treatment, and 100% achieved a 'b' grading for distribution.

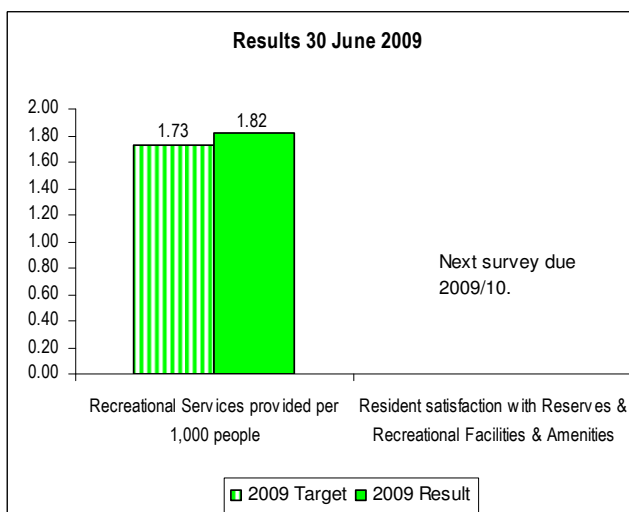
**Resident Satisfaction with the quality of Council Water Supply** – The level of satisfaction was 72% in 2009. It is anticipated that the level of resident satisfaction will continue to increase over time as a result of the improved grade of water supplied.



### Recreation & Leisure

**Recreational Services provided per 1,000 people** – this index increased from 2.08 in 2008 to 2.10 in 2009. This is due to a 3% increase in Library items.

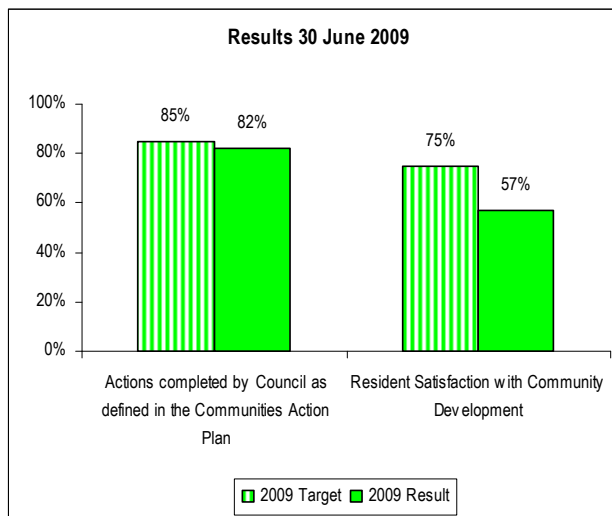
**Resident Satisfaction with Reserves and Recreational Facilities and Amenities** – This survey is now conducted on a 2 yearly basis. The next survey is scheduled for 2009/10 year. In the 2007/08 survey the level of resident satisfaction was 78%.



## Communities

**Actions completed by Council as defined in the Communities Action Plan** - Council completed 82% of the actions scheduled in the action plan for the 2009 year. This included, payment of Community Grants, Safer Communities and Civil Defence.

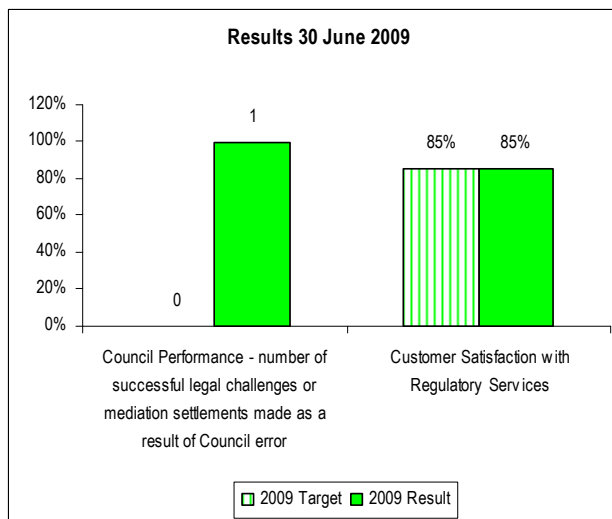
**Resident Satisfaction with Community Development** - this survey monitors resident satisfaction with community services provided by Council. The level of satisfaction was 57% in 2009.



## Regulatory Services

**Successful legal challenges or mediation settlements as a result of Council error** – In 2009 there was one successful legal challenge - building consent appeal. There were no successful legal challenges in regard to resource consents.

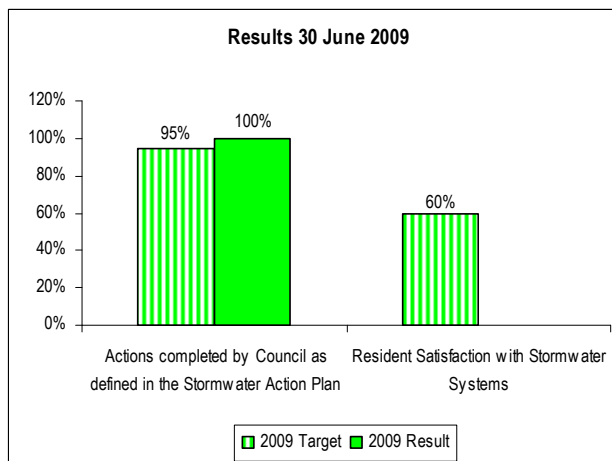
**Customer Satisfaction with Regulatory Services** - this survey monitors customer satisfaction with all regulatory services. This includes Building & Health, Resource Consents and Animal Services. The level of customer satisfaction in 2009 is 85%.



## Stormwater

**Actions completed by Council as defined in the Stormwater Action Plan** - Council completed 100% of the actions scheduled for the 2009 year. This included the stormwater works programme for the 5 urban areas, as well as planned work on coastal protection at Waihi Beach.

**Resident Satisfaction with Stormwater Systems** – the level of resident satisfaction was not monitored in the 2009 year. Resident satisfaction for stormwater is scheduled to be surveyed in 2010.

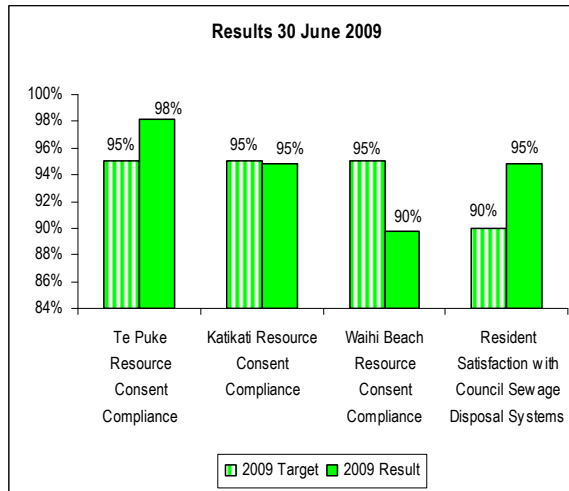


## Protecting the Environment

### Wastewater

**Level of Compliance with Resource Consents** – the wastewater plants in Te Puke, Katikati and Waihi Beach, are monitored to ensure that discharges comply with resource consent conditions. All three schemes exceeded the target of 95% compliance with resource consents. The Omokoroa Wastewater is piped to Tauranga City Council so there are no resource consents to monitor.

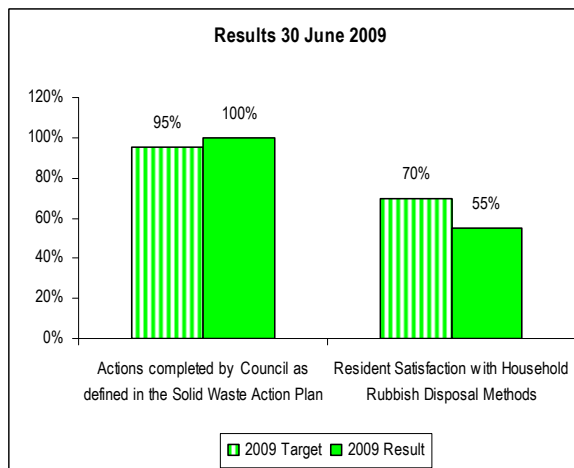
**Resident satisfaction with Sewage Disposal Systems** - the level of satisfaction with Council sewage disposal systems is 97%.



### Solid Waste

**Actions completed by Council as defined in the Solid Waste Action Plan** - 100% of actions scheduled for the 2009 year were completed. This included management of the Council's old landfills and the green waste and recycling centres.

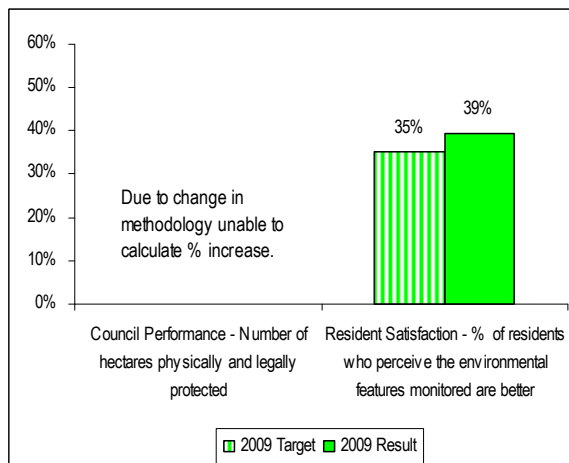
**Resident satisfaction with Household Rubbish Disposal Methods** - 55% of the residents were satisfied with the options for disposing of household rubbish. Key reasons for dissatisfaction were the level of recycling facilities available, the cost and that no collection service is provided.



### Natural Environment

**Hectares of land physically and legally protected** - The total number of hectares physically and legally protected reduced in 2009 to 38,087. This reduction was a result of a change in recording methodology used by the Regional Council.

**Resident perception of an improvement in the environmental features** – The environmental features monitored includes quality of streams and rivers, harbours and estuaries, air quality, amount of noxious weeds, protection of historic places, general level of cleanliness and the amount and quality of native plants. This survey revealed that 39% of residents surveyed perceive there has been an improvement.

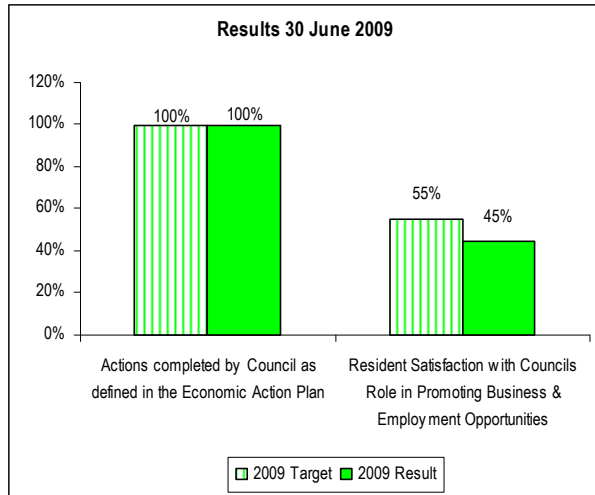


## Supporting our Economy

### Economic

**Actions completed by Council as defined in the Economic Action Plan** – 100% of actions scheduled for the 2009 year have been completed. This included the payment of Sub Regional Economic Grants, Town Centre Promotion and the Visitor Information Centres.

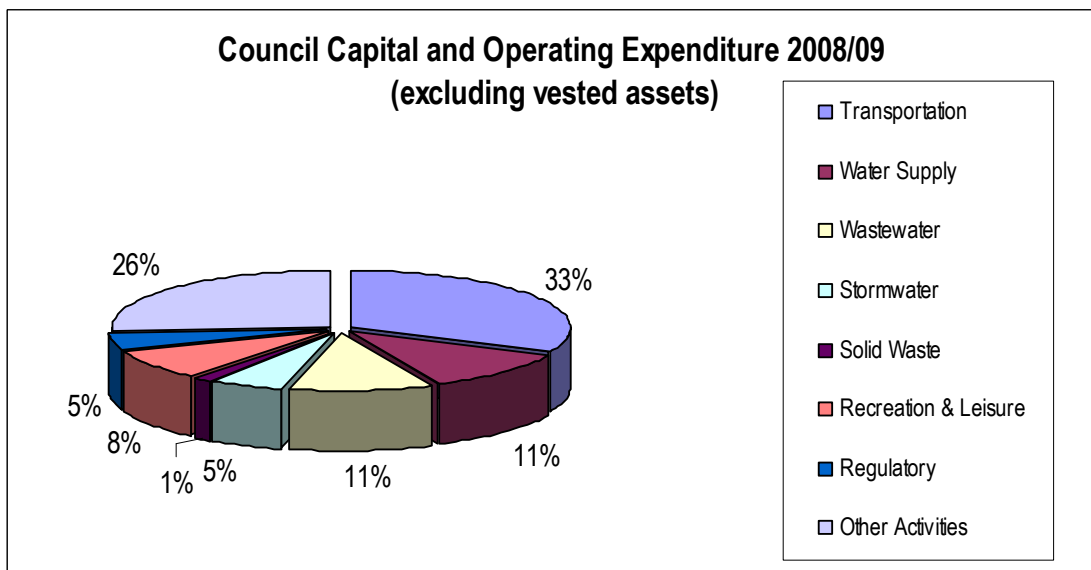
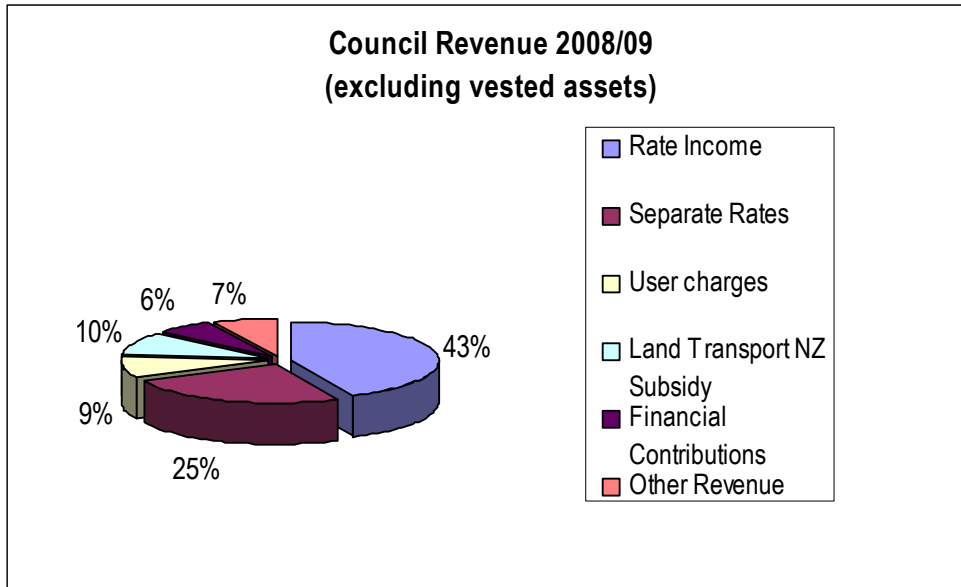
**Resident Satisfaction with Council's Role in Promoting Business & Employment Opportunities** - the level of satisfaction was 45%. This is consistent with the 2008 result.



## Financial Summary Overview

The Council has reported a net loss of \$8.493 million as compared with a budgeted operating surplus of \$7.744 million. The major contributors to this reduced surplus were reductions in financial contributions, vested assets and finance revenue, combined with significant increases in non-cash expenses relating to interest rate swaps and asset write downs. There were also increased costs associated with roading maintenance.

The following charts exclude the effect of asset ownership changes including Vested Assets (2008/2009) in Council's finances.



# Summary Extract from the Statement of Accounting Policies for the Year Ended 30 June 2009

## Reporting Entity

Western Bay of Plenty District Council (Western Bay) is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The primary objective of Western Bay is to provide goods or services for the community or social benefit rather than making a financial return.

Accordingly, Western Bay has designated itself a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements of Western Bay are for the year ended 30 June 2009. The financial statements were authorised for issue by Council on 24 September 2009.



## Basis of Preparation

### Statement of compliance

The financial statements of Western Bay have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

The financial statements comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.



### Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, forestry assets and certain financial instruments (including derivative instruments).

### Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Western Bay is New Zealand dollars.

### Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. These summary financial statements have been prepared in accordance with Financial Reporting Standard 43: Summary Financial Reports.

### Associate Organisations

Western Bay has a 50% shareholding in Western Bay of Plenty Moana Rural Fire Authority and a 1/8<sup>th</sup> share in Bay of Plenty Local Authority Shared Services Limited (BOPLASS). The Council also has a 50% shareholding in Western Bay of Plenty Tourism and Visitors Trust. The investment in these associates is initially recognised at cost and the carrying amount is increased or decreased to recognise Western Bay's share of the surplus or deficit of the associate after the date of acquisition.

### Events after the Balance Sheet Date

There were no significant events after balance date.

## Summary Financial Reports

Council's financial performance for 2008/2009 is summarised below:

### Statement of Comprehensive Income for the Year Ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
<b>Revenue</b>			
Revenue from Activities	13,405	11,771	11,126
Rate Income	26,014	25,376	23,810
Separate Rates	15,099	14,851	14,221
Vested Assets	331	1,960	2,554
Financial Contributions	3,783	8,639	5,191
Finance Income	468	1,475	1,778
Other Revenue	1,506	1,470	1,509
<b>Total Operating Revenue</b>	<b>60,606</b>	<b>65,542</b>	<b>60,190</b>
<b>Expenditure</b>			
Other Expenses	30,148	25,345	26,349
Personnel Costs	11,240	10,858	10,334
Depreciation	14,016	12,632	13,721
Impairment of investment property	144	-	-
Amortisation	361	-	291
Finance Costs	12,091	8,701	8,778
<b>Total Operating expenditure</b>	<b>69,044</b>	<b>57,798</b>	<b>59,473</b>
			<b>717</b>
Share of Associates retained surplus	(55)	-	20
<b>Net Surplus (Deficit)</b>	<b>(8,493)</b>	<b>7,744</b>	<b>738</b>
<b>Other Comprehensive Income</b>			
Gains/(losses) on asset revaluations	85,673	-	(363)
<b>Total other comprehensive income for the year</b>	<b>85,673</b>	<b>-</b>	<b>(363)</b>
<b>Total comprehensive income for the year</b>	<b>77,180</b>	<b>7,744</b>	<b>375</b>

### Statement of Comprehensive Income

#### Major Variances

Council recorded a net surplus of \$8.493 million as compared with a budgeted surplus of \$7.744 million, a decrease of \$16.237 million. The major contributors to this variance were:

- Financial contributions income were \$4.9 million below budget, these were identified as being unachievable and were subsequently rebudgeted at \$4.4 million halfway through. Actual contributions revenue received was \$5.3 million, but \$1.4 million of prior years' unrecoverable debt was written off against this balance during the year.
- Vested assets received were \$1.6 million below budget and is directly related to sub divisional development activity, which has significantly reduced since the beginning of the year.

- Reclassification of PBC costs from capital to operating \$3 million. This is a result of significantly more maintenance expenditure as compared to capital expenditure for the PBC contract in 2009 as will be the case for the remaining 3 years of the contract. The early years of the contract saw more capital expenditure than maintenance expense.
- Depreciation expense in the 2009 Annual Plan was identified earlier on in the year as being underestimated and was rebudgeted to be \$13.699 million for the year, which was \$317,000 lower than the actual depreciation expense of \$14.016 million.
- There were unrealised losses on interest rate swaps of \$4.5 million, these were not budgeted for and are a result of the global credit crisis and downturn of the New Zealand economy seen in 2008/2009. There were also revaluation write downs on Council owned buildings which resulted in a further \$1.2 million of costs. These non cash increases in expenditure are included in the Council Services activity as part of the Treasury function.
- In addition to the net loss there is also \$85.673 million of revaluation income as a result of the revaluation of infrastructure assets and land and buildings during the year. Approximately \$70 million of this increase in asset values is for roading assets. Under NZ IFRS revaluation movements are now required to be included in the Statement of Comprehensive Income. This required accounting treatment will continue to result in significant swings in revenue and expenditure in the net operating result of Council. In prior years revaluation movements were only accounted for in the Statement of Movements in Equity.



## Statement of Changes in Equity for the Year Ended 30 June 2009

	Retained Earnings	Asset Revaluation Reserve	Council Reserves	Total Equity
<b>Balance at 1 July 2007</b>	706,879	147,818	16,467	871,164
Total comprehensive income for the year	2,268	(377)	(1,514)	376
<b>Balance at 30 June 2008</b>	<b>709,147</b>	<b>147,441</b>	<b>14,953</b>	<b>871,540</b>
Changes in Equity for 2009				
Total comprehensive income for the year	(7,023)	85,673	(1,471)	77,180
<b>Balance at 30 June 2009</b>	<b>702,124</b>	<b>233,114</b>	<b>13,482</b>	<b>948,720</b>

## Statement of Financial Position As At 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
<b>Total Equity</b>	<b>948,720</b>	<b>889,039</b>	<b>871,540</b>
<b>Assets</b>			
Total Current Assets	25,379	10,545	11,591
Total Non-Current Assets	1,068,315	1,024,528	973,511
<b>Total Assets</b>	<b>1,093,694</b>	<b>1,035,073</b>	<b>985,103</b>
<b>Liabilities</b>			
Total Current Liabilities	29,323	29,962	37,964
Total Non-Current Liabilities	115,651	116,071	75,599
<b>Total Liabilities</b>	<b>144,974</b>	<b>146,033</b>	<b>113,563</b>
<b>Net Assets</b>	<b>948,720</b>	<b>889,039</b>	<b>871,540</b>

### Major Variances

The major variances to budget were:

- Increase in cash held of \$17.4 million, due to refinancing of debt facilities during the year.
- Non current assets held for sale were \$1 million at year end compared to a budget of \$Nil.
- There was an unrealised interest rate swap liability of \$2.3 million compared to a \$2.2 million asset in 2008, this had not been budgeted for.
- Property, plant and equipment did not include any allowance for the revaluation of assets that occurred in the 2009 year. (Budgets were set prior to the finalisation of the 2008 annual report.)
- The value of Council's net assets increased by \$80.6 million over the last year to \$952.2 million. The significant increase was a result of an increase in the asset revaluation reserve arising from the revaluation of Council-owned assets.

## Statement of Cash Flows for the Year Ended 30 June 2009

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
<b>Cashflows from operating activities</b>			
Receipts from rates revenue	42,045	40,170	37,856
Other income	18,390	28,857	22,469
Regional Council rates	3,441	2,500	3,159
Total Operating Cash Provided	63,876	71,527	63,468
Total Operating Cash Applied	(54,116)	(43,149)	(46,503)
<b>Net cash from operating activities</b>	<b>9,760</b>	<b>28,378</b>	<b>16,965</b>
<b>Cashflows from investing activities</b>			
Total Investing Cash Provided	320	-	290
Total Investing Cash Applied	(23,081)	(34,890)	(30,539)
<b>Net cash from investing activities</b>	<b>(22,760)</b>	<b>(34,890)</b>	<b>(30,249)</b>
<b>Cashflows from financing activities</b>			
Proceeds from borrowings	112,357	12,000	29,697
Repayment of borrowings	(81,960)	(5,000)	(19,350)
<b>Net cashflows from financing activities</b>	<b>30,397</b>	<b>7,000</b>	<b>10,347</b>
Net increase (decrease) in cash held	17,397	488	(2,937)
Cash, cash equivalents and bank overdrafts at the beginning of the year	(90)	2,707	2,846
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>17,307</b>	<b>3,194</b>	<b>(90)</b>

### Major Variances

Cash balances refer to cash on hand, account balances, demand deposits and other liquid investments in which Council invests as part of its cash management.

Major variances to budget were as follows:

- Net cash inflows from operating activities were lower than budget by \$18.6 million. This was due to a reduction in other revenues such as financial contributions and interest revenue. There were also higher costs in relation to salaries, and other operating costs.
- Net cash outflows to investing activities were lower than budget by \$12.1 million due to a decrease in actual capital expenditure.
- Cash flows to financing were higher than budget \$23.4 million due to additional debt being raised in the year than was budgeted for to ensure compliance with Council's adopted treasury policies.

Net cash inflows from operating activities were \$7.2 million lower than last year as a result of lower financial contributions and increased costs.

Net cash outflows to investing were \$7.5 million less this year reflecting less capital expenditure.

## Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities

	Actual 2009 \$000	Actual 2008 \$000
<b>Net Surplus/(Deficit) change for GST provision and adjust rec below</b>	(8,493)	738
Associated Entity Surpluses	55	(20)
<b>Add (less) non-cash items</b>		
Depreciation and amortisation	14,377	14,012
Vested assets	(331)	(2,554)
Loss on sale of assets	78	54
Landfill aftercare provision	(6)	(6)
PBC liability movement	(897)	87
Unrealised interest	(327)	-
Employee Expenses	(179)	19
Unrealised Hedging Movement	4,511	1,331
<b>Add (less) movements in working capital items:</b>		
Accounts receivable	1,057	1,322
Accounts payable	(87)	2,034
Provisions and other liabilities	-	(55)
<b>Add (less) items classified as investing activities</b>		
Loss on sale of fixed assets	2	3
<b>Net cash inflow (outflow) from operating activities</b>	<b>9,760</b>	<b>16,965</b>



## Summary of Cost of Services - Council

	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
<b>Total Operating Revenue</b>			
<b>Significant activities</b>			
Representation	2,614	2,684	2,581
Sustainable Development	2,764	2,744	2,324
Communities	3,370	3,485	3,274
Recreation & Leisure	5,482	7,378	5,243
Regulatory	4,536	4,557	4,588
Transportation	21,809	23,173	21,769
Water Supply	6,283	7,007	6,929
Stormwater	2,593	2,922	2,664
Natural Environment	256	265	272
Wastewater	6,258	7,131	5,857
Solid Waste	842	909	883
Economic	1,036	1,025	1,034
Council Services	2,763	2,262	2,772
<b>Total operating revenue from activities</b>	<b>60,606</b>	<b>65,542</b>	<b>60,190</b>
<b>Total Operating Expenditure</b>			
<b>Significant activities</b>			
Representation	2,383	2,595	2,432
Sustainable Development	3,524	2,844	2,833
Communities	3,299	3,352	3,370
Recreation & Leisure	3,325	3,641	2,820
Regulatory	4,838	4,556	4,765
Transportation	19,630	15,330	17,970
Water Supply	8,508	8,235	8,032
Stormwater	3,025	3,344	2,611
Natural Environment	360	246	277
Wastewater	9,582	10,070	9,912
Solid Waste	952	936	838
Economic	818	870	918
Council Services	8,799	1,779	2,695
<b>Total operating expenses from activities</b>	<b>69,044</b>	<b>57,798</b>	<b>59,473</b>



## Statement of Commitments as at 30 June 2009

	Actual 2009 \$000	Actual 2008 \$000
<b>Capital commitments approved and contracted</b>	<b>2,572</b>	<b>6,732</b>
<b>Non-cancellable operating lease commitments</b>		
<b>Plant and Equipment</b>		
Not later than one year	65	66
Later than one year and not later than two years	65	65
Later than two years and not later than five years	11	76
	<b>141</b>	<b>207</b>

### Other commitments

In addition to the above commitments Council has entered into contracts for the provision of capital and maintenance work to the District's roading network and provision of professional management services to the utilities network.

In October 2002, Council entered into a ten year performance-based contract with Opus International Consultants to provide capital and maintenance work to the district roading network. The value of the contract is \$125 million and as of June 2009 \$33.3 million remained committed on this contract for the remaining three years. As part of the contract there is ongoing performance and condition monitoring to ensure compliance with the key performance indicators of the contract. Failure by the contractor to meet these key performance indicators can lead to termination of the contract. The contract provides in the first five years for substantial capital works to be undertaken. This reduces the risk to Council.

1 July 2009 marks the commencement of the final year of current contractual arrangements with CPG NZ Ltd (formerly Duffill Watts Consulting Group) in terms of the Professional Services Provider.

CPG currently provides the operational staff for the day-to-day business of the Utilities operation including the design and implementation of capital works contained within Council's Long Term Council Community Plan (LTCCP).

The Asset Management tasks have been progressively undertaken by an in-house Utilities team during the 2008/09 financial year.

The contract value of CPG's fee as of June 2009 is \$2 million (2008: \$8 million).



## Contingencies

	Actual 2009 \$000	Actual 2008 \$000
Building Act claims	35	35
Financial guarantees	Nil	nil
Other legal proceedings	110	-
<b>Total contingent liabilities</b>	<b>145</b>	<b>35</b>

### Other legal proceedings - Wilson Park Reserve

The landowner is claiming some reserve credits for providing reserve land in excess of that required for subdivision. Council has been advised by its legal representatives of a low risk that future reserve contributions recovered from development in Waihi Beach may be less than currently programmed. Legal representatives have not identified any direct financial exposure to Council in relation to this issue.

### Building Act claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect of the issue of building consents and inspection of work done. At the date of this report, 3 matters under that Act indicating potential liabilities of \$35,000 (2008: \$35,000) had been brought to the Western Bay's attention.

### Unquantified claims

There was one additional claim lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2009 (2008: three claims). These claims relate to weather-tightness issues of homes in the Western Bay of Plenty district and name Western Bay of Plenty District Council as well as other parties. It is not yet certain whether these claims are valid and who may be liable for the building defects, therefore, Council is unable to assess its exposure to the claims lodged with WHRS. The costs of any successful claims against Council are expected to be substantially covered under Council's insurance policies, subject to an excess of \$50,000. As a result only \$50,000 has been recognised as a contingent liability.

There are also potential liabilities relating to historical land purchases by Council, the maximum estimated exposure is \$60,000.

### GST Returns

Council identified an issue with the GST return in the latter part of the 2008 year. This was due to a system error and Council is reviewing all calculations from July 2005 to June 2008. During the year, Council engaged Toovey Eaton & McDonald Limited to assist with this issue. The IRD was advised of the issue and has placed the Council in a hold position in relation to GST. The current GST position represents the net receivable, however until the issue is resolved the exact balance is uncertain but is expected to be a net receivable. A resolution is expected in the 2010 financial year.



## Related Party Transactions

Financial transactions have taken place during the financial years with the following related parties:

### Related party transactions with associates

	2009	2008
<b>Western Bay of Plenty Moana Rural Fire Authority</b>		
Services provided by Western Bay	220	93
<b>Western Bay of Plenty Tourism and Visitors Trust</b>		
Accounts receivable from Western Bay	-	151
<b>BOPLASS Limited</b>		
Services provided to Western Bay	11,145	-

Council has a 50% interest in Western Bay of Plenty Moana Rural Fire Authority which is an Incorporated Society established to co-ordinate delivery of rural fire support within the District. In the year ending 2009 the Council's significant policies and objectives in regard to ownership and control of the organisation as set out in the constitution have been attained. This is in respect of the resources, activities and entities under its control that it has: operated effectively and efficiently: it has complied with laws, regulations and contractual requirements: and its business has been conducted with regard to probity.

Councillor Kevin Marsh is on the Board of Western Bay of Plenty Moana Rural Fire Authority.

Council has a 50% interest in Western Bay of Plenty Tourism and Visitors Trust. This is a not for profit entity established to promote the economic welfare and development of the Western Bay of Plenty region and its citizens through the marketing, management and any other activity which impacts on the region as a visitor and tourist destination.

Council has a 1/8<sup>th</sup> share in BOPLASS Limited. BOPLASS Limited has been established to foster collaboration between councils in the delivery of services particularly back office or support services.

Western Bay of Plenty District Council's Chief Executive, Glenn Snelgrove, is a director of BOPLASS Limited.

During 2009 BOPLASS incorporated a subsidiary, Bay Broadband Limited. Its purpose is to facilitate and promote the development of broadband capability and reach in the Bay of Plenty. Council have no direct transactions with Bay Broadband.

Western Bay of Plenty District Council's Chief Executive, Glenn Snelgrove and Group Manager Finance and Corporate Development, Miriam Taris are both directors of Bay Broadband Limited.

### Transactions with key management personnel

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Western Bay (such as payment of rates, purchase of rubbish bags etc).

During the year Western Bay contracted with Te Puke Engineering Limited, of which Councillor Paul Thomas is a director. The value of the contract works totalled \$465 (2008: \$Nil) and was negotiated on normal commercial terms. There is no balance outstanding at year-end (2008: \$Nil).

During the year Western Bay purchased services from Coastal Maintenance NZ Ltd, a maintenance firm, of which former Community Board Member Peter Rae is a partner. These services cost \$6,278 (2008: \$10,137) and were supplied on normal commercial terms. There is no balance outstanding for unpaid invoices at year-end (2008: \$nil).

During the year Western Bay purchased services from John Doggett, a repairs and maintenance firm, of which Community Board Chair John Doggett is a partner. These services cost \$2,214 (2008 \$9,842) and were supplied on normal commercial terms. There is no balance outstanding for unpaid invoices at year-end (2008 \$nil).

During the year Western Bay contracted with Michael Mills Consultant, of which Michael Mills' (partner of GM Policy & Planning) is a partner. The value of the contract works totalled \$540 (2008: \$24,750) and was negotiated on normal commercial terms. There is no balance outstanding at year-end (2008 \$Nil).

During the year Western Bay contracted with Mondo Cherrywood (formerly Cherrywood United Travel, of which Cherie Snelgrove (wife of Western Bay CEO) is a shareholder. The value of the contract works totalled \$4,186 (2008: \$5,792) and was negotiated on normal commercial terms. There is no balance outstanding at year-end (2008 \$Nil).

The wife of Western Bay's GM Customer & Business Services is employed at Western Bay in the role of Communications Co-ordinator.

Apart from these transactions no other Councillors or senior management personnel have entered into related party transactions with the Council.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2008 \$nil).

### Key management personnel compensation

	Actual 2009 \$000	Actual 2008 \$000
Salaries and other short term employee benefits	938	977
Termination benefits	-	70
<b>Total key management personnel compensation</b>	<b>938</b>	<b>1,047</b>

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

# Audit Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Audit Report

To the readers of Western Bay of Plenty District Council's  
summary annual financial statements, performance information and the other  
requirements  
for the year ended 30 June 2009

We have audited the summary financial statements, performance information and the other requirements as set out in pages 6 to 22.

### Unqualified Opinion

In our opinion:

- the summary financial statements, performance information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, performance information and the other requirements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 24 September 2009, on:

- the full financial statements; and
- the performance information; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

### Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Western Bay of Plenty District Council.

### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on those summary financial statements, performance information and the other requirements. These responsibilities arise from the Local Government Act 2002.



David Walker, Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand  
24 September 2009