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Auditors: Audit New Zealand on behalf of the Auditor General
The annual report and audited financial statements of Western Bay of Plenty District Council, together with the Report of the Audit Office were adopted by Council on 21 September 2006.

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Contents

Introduction/Directory........................................................................................................................................... 1
Role of this Annual Report ................................................................................................................................. 6
Statement of Compliance and Responsibility ................................................................................................. 7
District Profile .................................................................................................................................................. 8
Governance Structure ....................................................................................................................................... 10
Council's Committees and Membership ........................................................................................................ 11
Community Board Representatives ............................................................................................................... 12
Organisational Structure ............................................................................................................................... 13
Mayor and Chief Executive's Report .............................................................................................................. 14
At a Glance .................................................................................................................................................... 14
Report on the Development of Maori Capacity to Contribute to Decision-Making Processes ......... 18
Audit Report .................................................................................................................................................... 19

Our Finances .................................................................................................................................................. 21
Statement of Accounting Policies for the Year Ended 30 June 2006 ........................................................... 22
Statement of Movements in Equity for the Year Ended 30 June 2006 ......................................................... 29
Statement of Financial Position as at 30 June 2006 ..................................................................................... 30
Statement of Cash Flows for the Year Ended 30 June 2006 ......................................................................... 32
Statement of Commitments as at 30 June 2006 ........................................................................................... 34
Notes to the Financial Statements for the Year Ended 30 June 2006 ......................................................... 35

Our Achievements......................................................................................................................................... 52
Leadership ....................................................................................................................................................... 53
Representation ............................................................................................................................................... 53
Sustainable Development .............................................................................................................................. 55
Statement of Cost of Service – Representation ............................................................................................ 56
Statement of Cost of Service – Sustainable Development ........................................................................... 57

Building Communities .................................................................................................................................. 58
Water ................................................................................................................................................................. 58
Statement of Cost of Service – Water Supply ................................................................................................. 59
Transportation .................................................................................................................................................. 60
Statement of Cost of Service – Roading ........................................................................................................... 62
Recreation and Leisure .................................................................................................................................. 63
Statement of Cost of Service – Parks and Community .................................................................................. 65
Statement of Cost of Service – Libraries ........................................................................................................ 66
Communities ................................................................................................................................................... 67
Statement of Cost of Service - District Plan Implementation ........................................................................... 68
Statement of Cost of Service – Regulatory Services ...................................................................................... 69
Statement of Cost of Service – Contracts, Levies and Grants, Emergency Management and Customer Care ................................................................................................................................. 70

Protecting the Environment .......................................................................................................................... 71
Wastewater ...................................................................................................................................................... 71
Statement of Cost of Service – Wastewater ................................................................................................. 72
Stormwater ...................................................................................................................................................... 73
Statement of Cost of Service – Stormwater ...................................................................................... 74
Solid Waste ........................................................................................................................................ 75
Statement of Cost of Service – Solid Waste ...................................................................................... 76
Statement of Cost of Service – Protecting the Environment Contracts, Grants, Forestry and Coastal Protection .................................................................................................................. 77

Supporting our Economy ................................................................................................................... 78
Statement of Cost of Service – Supporting our Economy ................................................................. 79
Statement of Cost of Service – Internal Services ............................................................................... 80
Role of this Annual Report

Purpose

The purpose of this annual report is 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 Act, a Local Authority must prepare and adopt these documents:

- Annual Report (Section 98)
- Annual Plan (Section 95)
- Long Term Council Community Plan (Section 93).
Statement of Compliance & Responsibility

Compliance

1. The Council and Management of Western Bay of Plenty District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

Responsibility

2. The Council and Management of Western Bay of Plenty District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

3. The Council and Management of Western Bay of Plenty District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

4. In the opinion of the Council and Management of Western Bay of Plenty District Council, the annual Financial Statements for the year ended 30 June 2006 fairly reflect the financial position and operations of Western Bay of Plenty District Council.

Graeme Weld           Glenn Snelgrove      Philip Jones
Mayor            Chief Executive Officer     Group Manager

Revenue & Finance
District Profile

The 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 42,400 people, the Western Bay of Plenty 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 (87%) and Maori (17.5%), and contains smaller proportions of Pacific Island (1.5%) and Asian people (1.5%)1.

- The District is characterised by larger proportions of younger (under 15 yrs) and older (65 years and over) people than the national average. The median age is 39 years, compared with 34.8 years for New Zealand. This reflects a higher proportion of residents within the District aged over 65 years (14.3%), compared with the total New Zealand population1.

- Approximately 40% of the District’s population live in urban areas2.

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

- Western Bay of Plenty is a growth district. Over the period 1996-2001 the population of the District increased by 9.3%, the principle source of this growth was through migration2. This trend is anticipated to continue over the next 20 years, with a projected District population of 56,300 in 20213.

- At present, rural areas to the north and west of Tauranga City are growing more quickly than urban areas and eastern rural areas1.

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1 Statistics NZ, 2006 Census (provisional census night population count). Ethnicity statistics reflect that people identify with more than one ethnic group.
3 Western Bay of Plenty District Council population projections by University of Waikato (December 2002).
The number of people aged 15 years or over within the District with no formal qualifications (32%) is higher than the national average (28%). Approximately 49% of Maori people aged 15 years or over have no formal qualifications, compared with 44% nationally.¹

Approximately 70% of householders within the District own or partially own their homes².

In the Western Bay of Plenty District couples with children make up approximately 40% of all families¹.

### Population Projection

![Population Projection Chart](chart1.png)

### Age - Sex Distribution - 2001

![Age Distribution Chart](chart2.png)
Governance Structure

**Mayor**
Graeme Weld
573 7069

**Kaimai Ward**
Ross Paterson – Deputy Mayor
548 0478

**Waihi Beach Ward**
Ross Goudie
07 863 6151

**Katikati Ward**
Sam Dunlop
549 2856

**Kaimai Ward**
Norm Mayo
549 0326

**Katikati Ward**
Norm Bruning
548 0617

**Kaimai Ward**
Jo Gravit
552 6063

**Kaimai Ward**
Margaret Murray-Benge
543 0317

**Kaimai Ward**
Michael Jones
573 9790

**Kaimai Ward**
Paul Thomas
573 9133

**Te Puke Ward**
Lorna Treloar
573 6851

**Maketu Ward**
Kevin Marsh
533 3877

**Maketu Ward**
Brian North
533 3433
Council’s Committees and Membership

**Council**

His Worship the Mayor, G Weld  
R Paterson (Deputy Mayor)

N Bruning  
S Dunlop  
J Gravit  
R Goudie  
M Jones  
K Marsh  
N Mayo  
M Murray-Benge  
B North  
L Treloar  
P Thomas

**Policy Committee**

N Bruning (Chairperson)  
M Jones (Deputy)  
His Worship the Mayor, G Weld

S Dunlop  
J Gravit  
R Goudie  
K Marsh  
N Mayo  
M Murray-Benge  
B North  
R Paterson  
L Treloar  
P Thomas

**Operations**

<table>
<thead>
<tr>
<th>Chair</th>
<th>Deputy</th>
<th>Mayor</th>
<th>All Councillors</th>
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<tbody>
<tr>
<td>P Thomas</td>
<td>R Goudie</td>
<td>S Dunlop</td>
<td>S Dunlop</td>
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**Community Co-Ordination**

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<td>J Gravit (Chair)</td>
<td>L Treloar (Deputy)</td>
<td>R Goudie (Chair)</td>
<td>M Jones</td>
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<tr>
<td>N Bruning</td>
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**Recreation and Leisure**

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<td>K Marsh</td>
<td>S Dunlop</td>
<td>R Paterson</td>
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<tr>
<td>Mayor</td>
<td>M Murray-Benge</td>
<td>Mayor (ex-officio)</td>
<td>P Thomas</td>
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<td>S Dunlop</td>
<td>B North</td>
<td>J Gravit</td>
<td>N Mayo</td>
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<td>L Treloar</td>
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**Civil Defence**

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<td>R Goudie</td>
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**Maori Forum**

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<td>R Goudie</td>
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Community Board Representatives

Waihi Beach Community Board
Trish Coates (Chair) 07 863 5661
Murray Craig 07 863 5488
Jan Gifford 07 863 5253
Anthony Thompson -

Katikati Community Board
Bruce Duske 07 863 4516
Lorraine Mowat 07 549 3149
Neil Sole (Chair) 07 549 3022
Kate Williams (Deputy) 07 549 4425

Omokoroa Community Board
Lex Bacon 07 548 0600
Peter Rae (Deputy) 07 548 1202
Gordon Taylor 07 548 1234
Glenn Whittaker (Chair) 07 548 0987

Te Puke Community Board
Karyl Gunn 07 572 3370
David May (Chair) 07 573 9238
Russell Pittar 07 573 7398
Shirley Slater 07 573 8520
Toni Stringfield (Deputy) 07 573 5887
Sandy Tipene 07 573 8641

Maketu Community Board
John Doggett (Deputy) 07 533 2131
Trevor Hughes (Chair) 07 533 2032
Max Johnston 07 533 2198
Carol Poihipi 07 533 2404
Organisational Structure

The following chart is an overview of Council's Organisational Structure and associated services:
Mayor and Chief Executive’s Report

Setting the scene…

As a rural local authority responsible for servicing a large geographic area with many small communities, much of our focus during the 2005/2006 year was on meeting the fundamental ‘live’, ‘work’ and ‘play’ needs of ratepayers.

This approach of ‘getting the basics right’ resulted in significant gains being made in the areas of water supply, wastewater disposal, transportation, economic development and parks and reserves.

Water Supply
Right across the District, from east to west, ground water bores are supplying water to some 32,000 customers, removing virtually all reliance on surface sources such as rivers and streams. The move to groundwater has resulted in the majority of Council’s water supply being graded ‘A’ in accordance with New Zealand Drinking Water Standards.

Wastewater disposal
Significant progress was made building a new reticulated wastewater scheme for Omokoroa peninsula. The $30 million project will be completed by July 2007 and cater for an estimated future population of 12,000 in Omokoroa.

Transportation
The $140 million 10 year performance-based road maintenance contract (PBC), launched in 2002 with contract partner Transit New Zealand and service provider Inroads, continued to add substantial value to ratepayers. The PBC model has already delivered significant cost savings, of which $12 million has been allocated to boost the original 50km seal extension programme in the PBC by another 47.7kms. This work will be completed by 2013.

Economic development
Development of comprehensive development plans for urban communities in the District remained a focus. These plans, which are produced in close association with residents, government and non-government agencies and the private sector, provide a blue print for development in the community over 20 years. Plans have already been completed for Katikati (1999) and Te Puke (2004). During the year under review work got underway in Maketu and we expect to get the process underway in Waihi Beach by the end of 2006.

Parks and Reserves
Work continued on developing sub-regional parks. The TECT All Terrain Park is a 1,600 hectare stretch of wilderness near the top of Pyes Pa Road (SH 36) that will eventually cater for a range of active outdoor recreational pursuits such as rallying, motocross, archery and mountain biking to name but a few.

“THE TECT ALL TERRAIN PARK IS A 1,600 HECTARE STRETCH OF WILDERNESS NEAR THE TOP OF PYES PA ROAD (SH 36) THAT WILL EVENTUALLY CATER FOR A RANGE OF ACTIVE OUTDOOR RECREATIONAL PURSUITS SUCH AS RALLYING, MOTOCROSS, ARCHERY AND MOUNTAIN BIKING TO NAME BUT A FEW.”
Glenn Snelgrove
Chief Executive
While we were happy with the progress made, a tight labour market and other input costs beyond Council’s control, such as increasing oil prices and an unprecedented demand for construction materials, placed significant financial pressure on our operations.

Against this background, which is of significant concern to Council, we put strict controls on expenditure. This was fundamental to delivering a work programme that maintained or improved levels of service while keeping rates in touch with inflation.

While the average 3.84 per cent District Rate increase for 2005/2006 was kept to a minimum, external cost pressures started to impact major capital projects for wastewater treatment and disposal, water supply and stormwater.

These increases effected ratepayers through higher Uniform Annual Charges (UACs), but had a greater impact on developers through increased financial contributions which cover costs of services provided by Council that support new development.

Over the next 10 years Council will spend approximately $324m on capital projects, with just over half ($168m) spent in the transportation area.

Our focus on transportation reflects the community’s desire and Council’s commitment to ensure we have an effective and efficient local and sub-regional transportation network. Other major capital expenditure over the 2006-2016 period includes wastewater ($60m), stormwater ($29m), recreation and leisure ($28m) and water supply ($17m).

Delivering the $324m programme, which includes an allowance for inflation, will see the level of Council’s debt rise from a current $48m to a maximum of $138m over the next ten years.

The impact of managing demands associated with this largely growth driven work programme will continue to place pressure on councillors and staff.

We have established a reputation of responding to these challenges through pragmatic and timely policy development and implementation approaches. We will continue to work hard to maintain and build on this reputation.

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

Graeme Weld  Glenn Snelgrove
Mayor   Chief Executive Officer
At a Glance

The following charts exclude, for 2005/2006, the effect on income and expenditure of:

- Vested Assets of $7.732m
Report on the development of Maori capacity to contribute to decision-making processes 2005/2006

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<th>Ongoing Processes</th>
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<td><strong>Maori Representative Committee</strong></td>
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<td><strong>Formal relationship agreements</strong></td>
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<td><strong>Consultation process</strong></td>
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<td><strong>Iwi Liaison</strong></td>
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<td><strong>Co-management regimes</strong></td>
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<td><strong>SmartGrowth</strong></td>
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<td><strong>Policy Development</strong></td>
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AUDIT REPORT

TO THE READERS OF
WESTERN BAY OF PLENTY DISTRICT COUNCIL’S
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

The Auditor-General is the auditor of Western Bay of Plenty District Council (the District Council). The Auditor-General has appointed me, M G Taris, 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 Council for the year ended 30 June 2006, including the financial statements.

Unqualified opinion

In our opinion:

- The financial statements of the District Council on pages 22 to 80.
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council’s financial position as at 30 June 2006; 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 53 to 80 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 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 15 September 2006, 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 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 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 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 and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements 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. Those financial statements must fairly reflect the financial position of the District Council as at 30 June 2006. 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 preparing the information in the other requirements. 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 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 the Long Term Council Community Plan we have carried out an assignment in relation to treasury management, which is compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the District Council.

M. G. Taris
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand
Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Western Bay District Council for the year ended 30 June 2006 included on Western Bay District Council’s website. Council is responsible for the maintenance and integrity of the Western Bay District Council’s website. We have not been engaged to report on the integrity of the Western Bay District Council’s website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. 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 audited financial statements and related audit report dated 15 September 2006 to confirm the information included in the audited financial statements presented on this website.

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