



# SUMMARY ANNUAL REPORT

*For Year Ended 30 June 2017*



*Western Bay of Plenty  
District Council*



## **DISCLAIMER**

The specific disclosures in this financial summary report have been extracted from the full financial report dated 21 September 2017. 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 21 September 2017. A copy of the Western Bay of Plenty District Council 2016/2017 Annual Report is available to view from Council's Head Office, Barks Corner, Greerton, Tauranga or Council's website at [www.westernbay.govt.nz](http://www.westernbay.govt.nz)

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# THE MAYOR'S INTRODUCTION

2016/17 has been a year of sustained growth for the Western Bay of Plenty District.

We're where we thought we would be at this time last year - our level of debt has gone down, growth is continuing, and Council's financial contributions have gone up.

These three factors mean that we can continue to manage our debt effectively, making sure we are financially sound and able to mitigate any short term setbacks.

The level of debt is a topic the community have told us they want Council to reduce and I'm pleased to say that we are doing this.

In 2016/17 we reduced our net debt by \$10.6m.

Population growth in the Western Bay is reflected in our rate payer base and our rateable income. In the last year rates income has grown by \$1.97m (3%) and based on the growth in subdivision consents and building activity this trend is expected to continue for the coming year.

With this increased demand on building services, Council has needed to increase the number of staff in the building consents area. While there is cost associated with increasing staff, this is offset by regulatory fee income which was \$687k (14%) ahead of forecast.

Ongoing growth means we can also continue with our capital works programme - recently we added the Ongare Point Wastewater scheme to this.

Over the coming year work will continue on other major projects such as Omokoroa Road, the building of the new Katikati Library, Service Centre and Community Hub, as well as the continuation of community development contracts with Waihi Beach Events and Promotions, Katch Katikati, Te Puke EDG and Epic Te Puke.

While we're increasing our amenities and working with businesses that add value to the District, we are continuing to identify areas that will cater for population growth without putting strain on our infrastructure - such as Katikati and Te Puke.

This focus will see the Western Bay of Plenty sustainably grow while continuing to be a fantastic place to live.



**Garry Webber**  
*His Worship the Mayor*

In closing, Council's 2016/17 results show that we have made solid progress towards our goals and are in a strong position for the coming year.

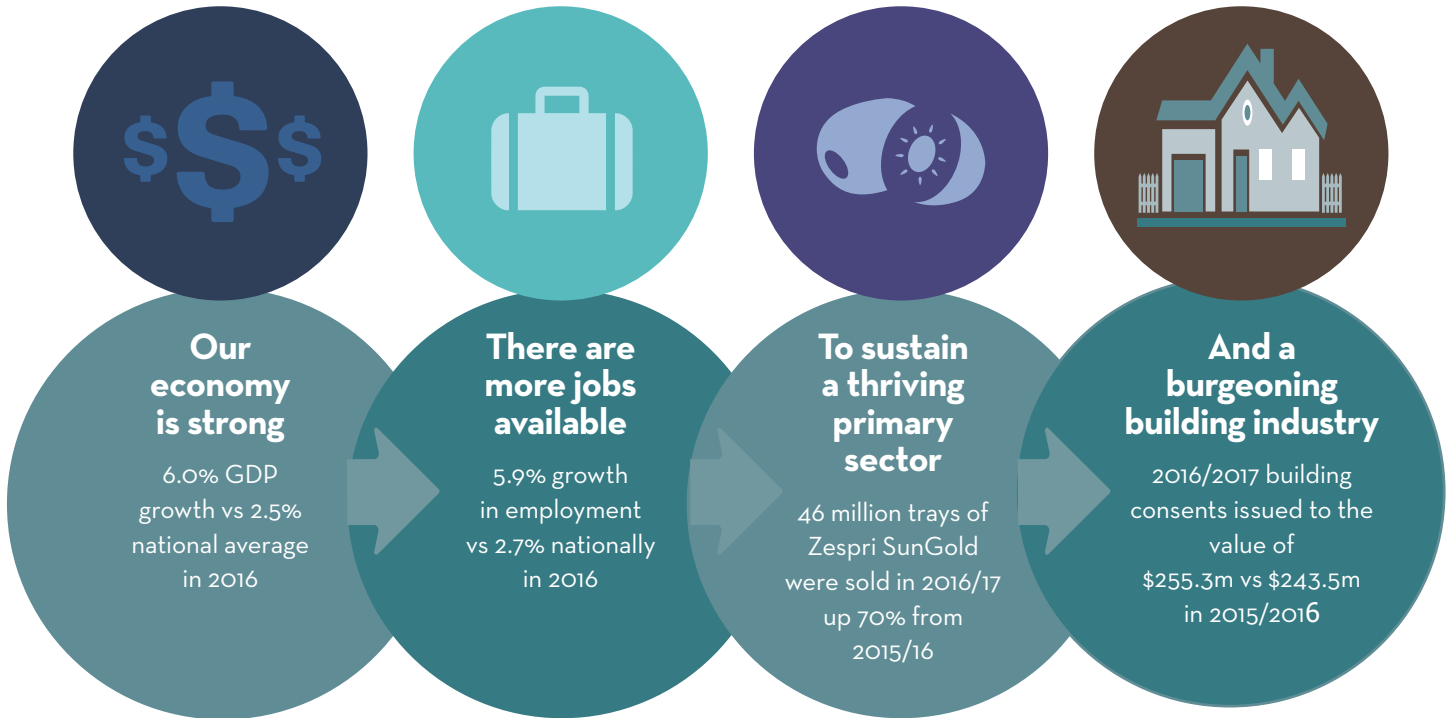
Thanks go to my fellow elected members for their direction, Chief Executive Miriam Taris for her leadership, and all Council staff for their expertise and willingness to work as a team for the benefit of Western Bay of Plenty residents.

A handwritten signature in dark ink that reads "Garry Webber". The signature is cursive and fluid.

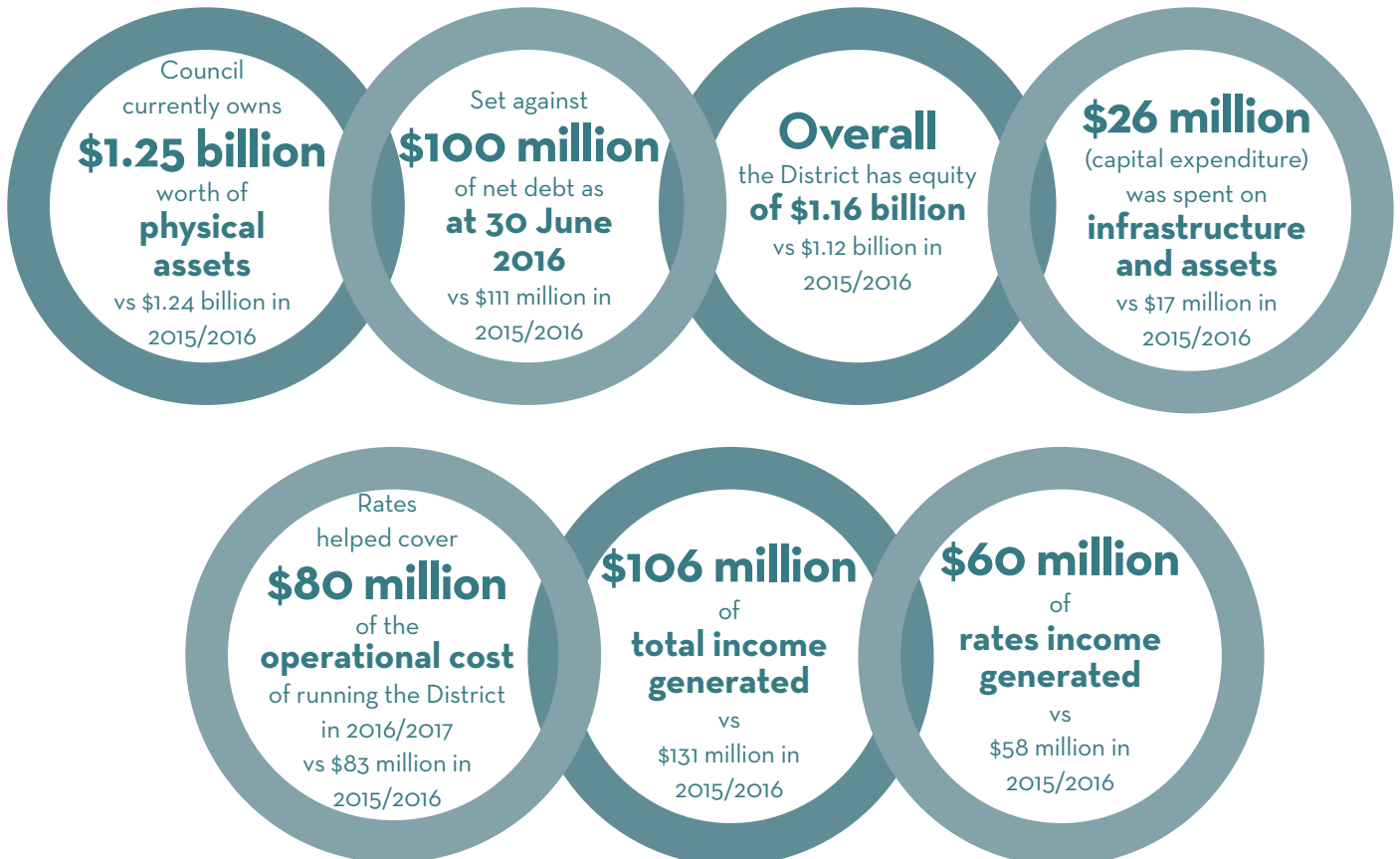
**Garry Webber**  
*His Worship the Mayor*  
Western Bay of Plenty District Council



## A DISTRICT FORGING AHEAD



## PLAYING OUR PART

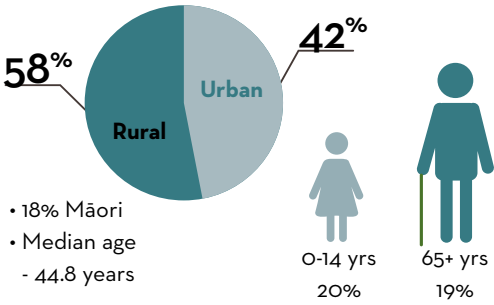


# COUNCIL AT A GLANCE - KEY FACTS

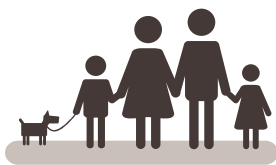
## OUR PEOPLE



Population 43,695

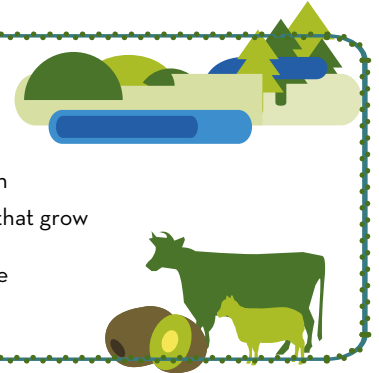


- 18% Māori
- Median age - 44.8 years



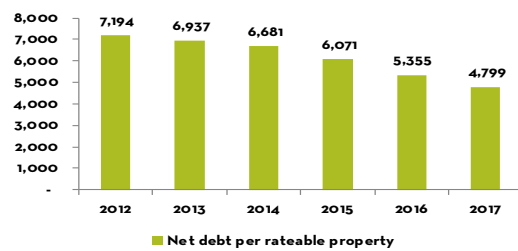
## OUR LAND

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



## OUR DEBT

Net debt per rateable property



## ROLE OF THE ANNUAL REPORT

### PURPOSE

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

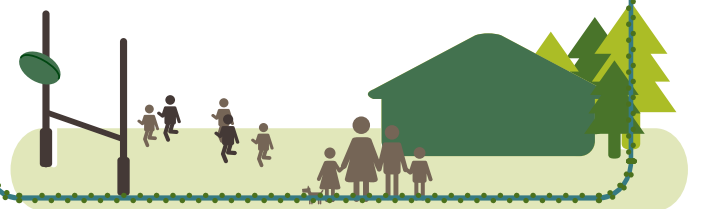
### PLANNING AND REPORTING FRAMEWORK

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

- **Long Term Plan (LTP)** (Section 93) identifies Council's plans for the Western Bay over a 10 year period. It is reviewed every three years. Council's latest LTP was agreed in 2015.
- **Annual Plan** (Section 95) is produced in the two intervening years between each LTP. It outlines any significant changes Council has made to the LTP and contains the annual budget.
- **Annual Report** (Section 98) provides details of Council's actual performance for all activities against the plans for a specific year of the LTP or Annual Plan.
- **Summary Annual Report** (Section 98(4)(b)) provides a summary of information contained in Council's Annual Report.

## OUR COMMUNITIES

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



## OUR CUSTOMERS



Ratepayers 20,884



75%

Connected to council water supply



41%

Connected to council wastewater treatment and disposal

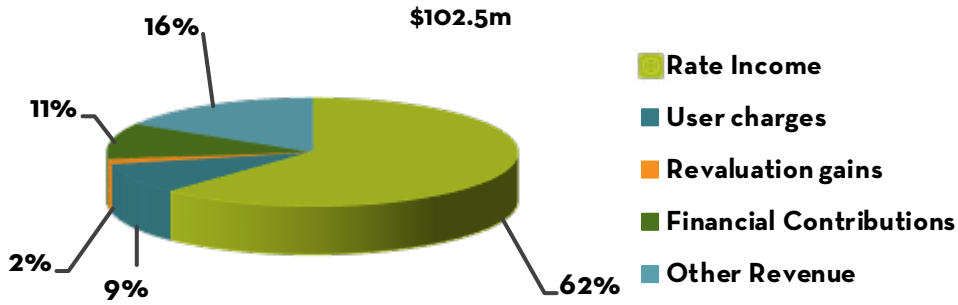
- Travel on 122 kilometres of state highway and 1,057 kilometres of local roads



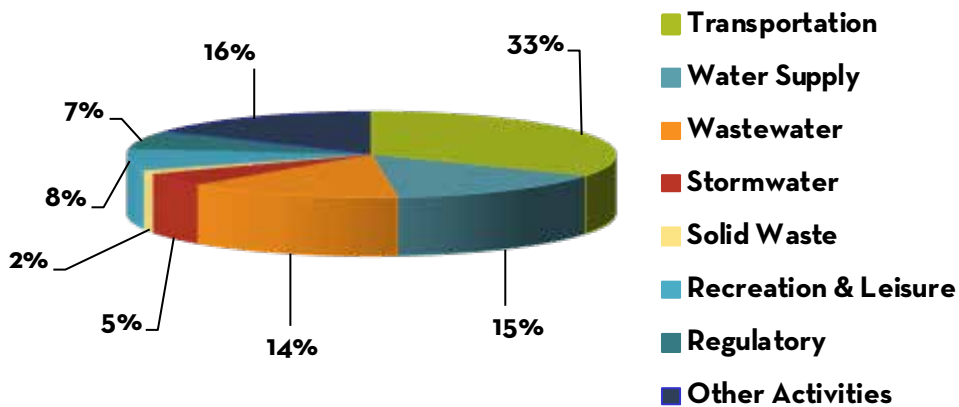
# FINANCIAL SUMMARY OVERVIEW

Council has reported a net surplus of \$25.59 million compared with a budgeted operating surplus of \$11.94 million. The major contributor to this increased surplus was financial contributions, vested assets and unrealised hedging movements.

**Council Revenue 2016/17**  
(excluding vested assets)



**Council Capital and Operating Expenditure 2016/17**  
\$80.4m



To see a detailed overview of Council's performance see pages 15 - 17 of the full Annual Report 2016/17.

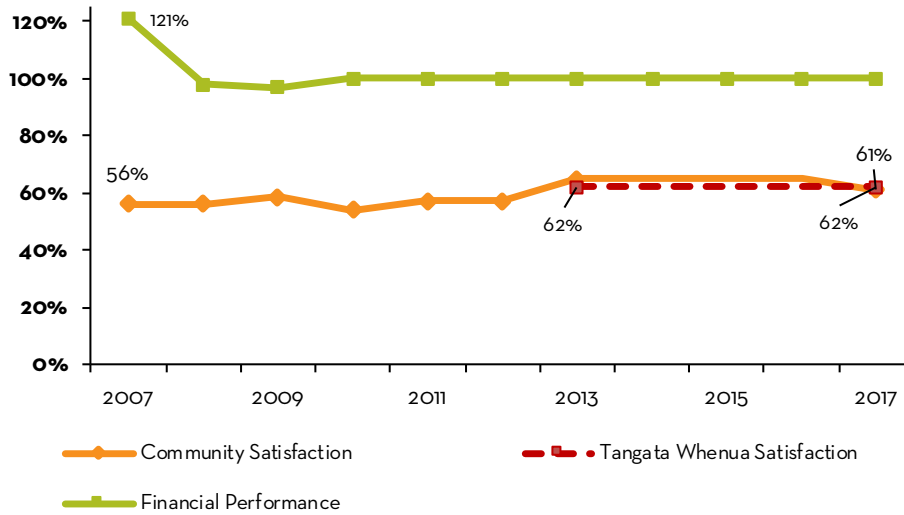
## BRINGING THE PLANNING PROCESS TOGETHER



# KEY PERFORMANCE MEASURES - RESULTS

## LEADERSHIP

### REPRESENTATION - TRENDS



**Council Financial Performance** - the financial performance index monitors Council's financial trends and level of compliance with the Treasury Policy. In 2017 Council achieved the financial performance target of 100%.

**Satisfaction with Council Performance** - this monitors the level of community and tangata whenua satisfaction with opportunities to participate in decision making and the level of representation. The level of community satisfaction with representation was 61% and tangata whenua satisfaction 62%. This survey is conducted on a three yearly basis.

### PLANNING FOR THE FUTURE - TRENDS



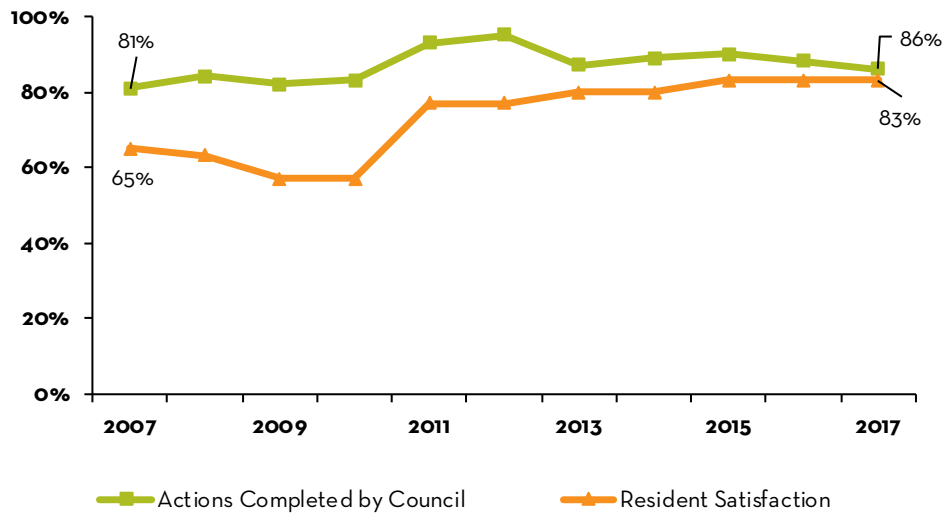
**Actions completed by Council as defined in the Planning for the Future Action Plan** - 89% of the actions scheduled for 2017 were completed. Work included a Plan Change for the Rangiuru Business Park, development and consultation of the Inner Harbour and Coastal Erosion Policy and completion of the Dog Control Policy and Bylaw.

**Resident Satisfaction with the Impact of Growth on the District** - the factors monitored include lifestyle, range of housing choices, personal and road safety, travel time, and employment opportunities. There was no survey in 2017. This survey is completed on a two yearly basis with the next survey due in 2018.



# BUILDING COMMUNITIES

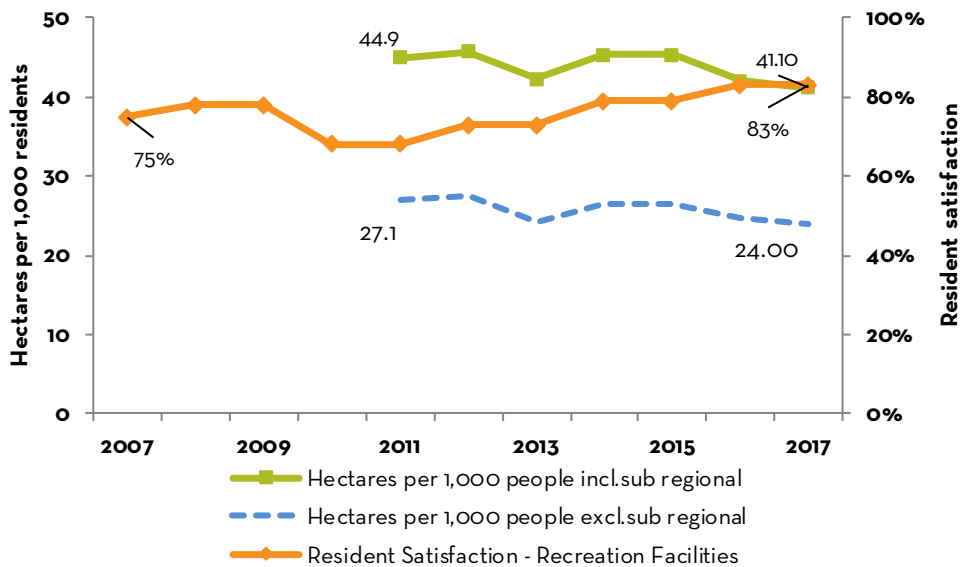
## COMMUNITIES - TRENDS



**Actions completed by Council as defined in the Communities Action Plan** - 86% of the actions scheduled in the action plan for the 2017 year were completed. The target of 90% was not achieved due to delays with buildings and alterations for pensioner housing and animal shelter.

**Resident Satisfaction with Community Development** - this survey monitors residents satisfaction with the community development programme. It is conducted on a two yearly basis and the 2017 survey revealed 83% resident satisfaction.

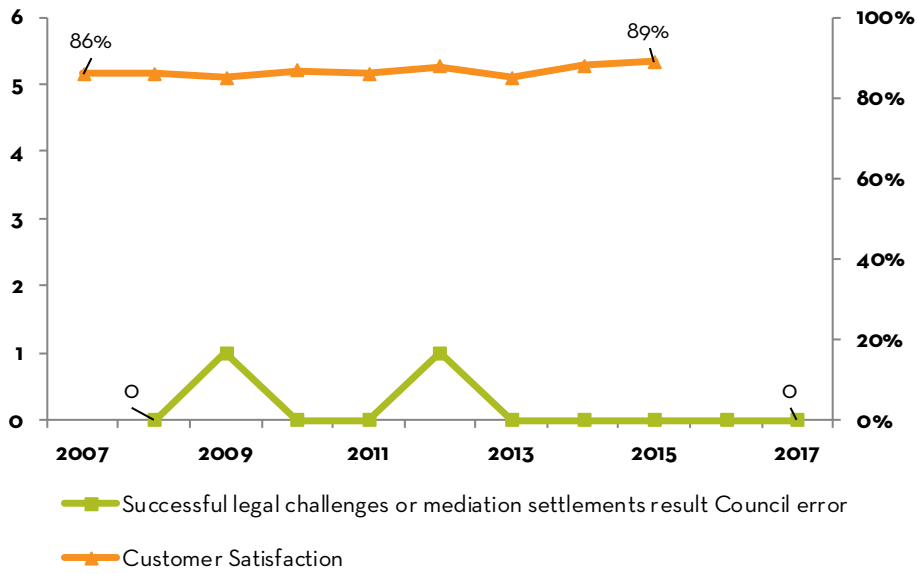
## RECREATION AND LEISURE - TRENDS



**Recreational Services provided per 1,000 people** - this monitors the park land available in the District per 1,000 people. The 2017 results show that the reserve land available per 1,000 people is declining. This is attributed to the population growth within the district and new reserves from recent development are not yet in effect.

**Resident Satisfaction with Reserves and Recreational Facilities and Amenities** - this survey monitors residents satisfaction with reserves and recreational facilities and amenities. The 2017 survey revealed 83% resident satisfaction.

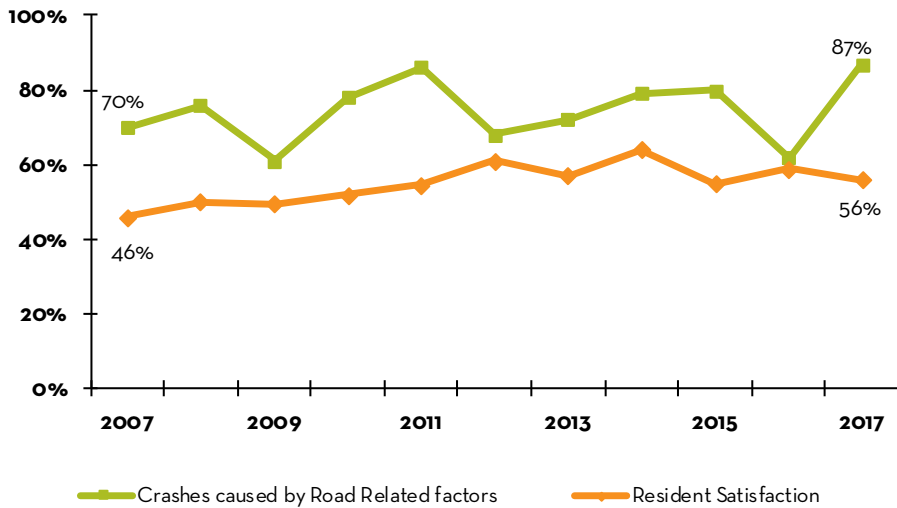
### REGULATORY SERVICES - TRENDS



**Successful legal challenges or mediation settlements as a result of Council error** - this monitors instances where there has been a successful legal challenge or mediation settlements as a result of Council error. In 2017 there was no successful challenges as a result of Council error.

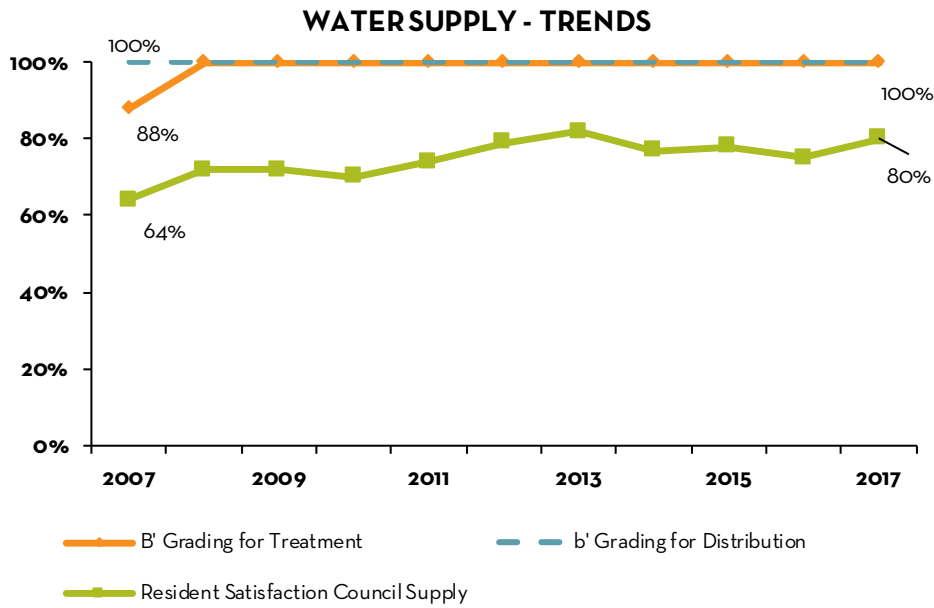
**Customer Satisfaction with Regulatory Services** - this survey monitors customer satisfaction with the level of service provided by Regulatory Services. The survey approach is changing from a paper based two yearly survey to an electronic 'just in time' survey. It is intended these surveys will be operational in 2017/2018 year.

### TRANSPORTATION - TRENDS



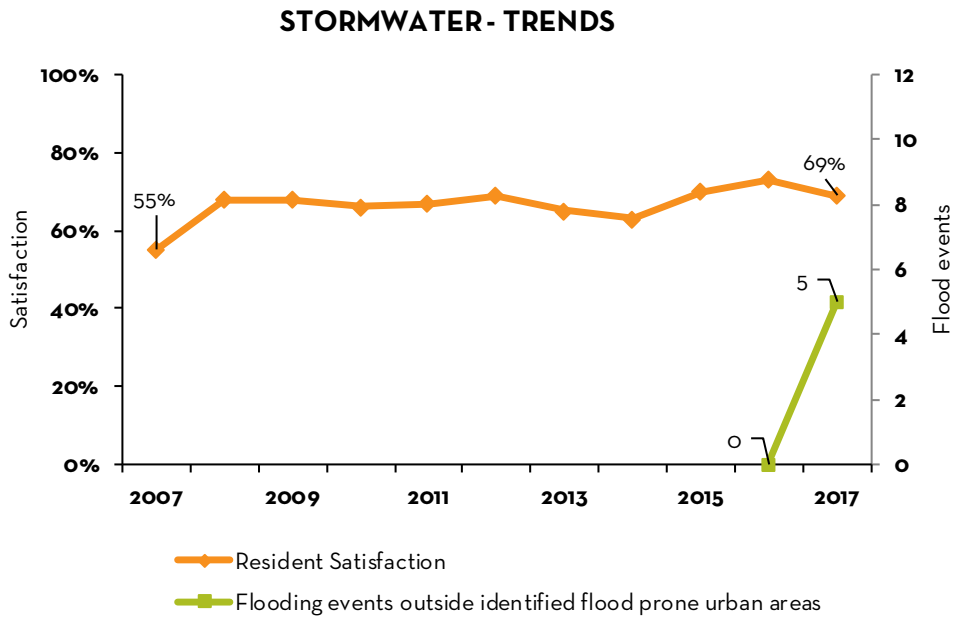
**Risk of Injury to Road User** - this monitors the number of crashes caused by road related factors (e.g. potholes, surface roughness) compared to our peer group. The result of 87% indicates an above average result than our peer group.

**Satisfaction with Transportation** - this survey monitors the level of satisfaction with roading, cycleways and walkways. The level of resident satisfaction in 2017 is 56%, against a target of 60%. Key reasons for dissatisfaction were related to the road works, potholes, and high traffic volume.



**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** - this survey monitors the level of satisfaction with the Council water supply. The level of satisfaction in 2017 is 80%. Key reasons for dissatisfaction were attributed to taste and use of chemicals.

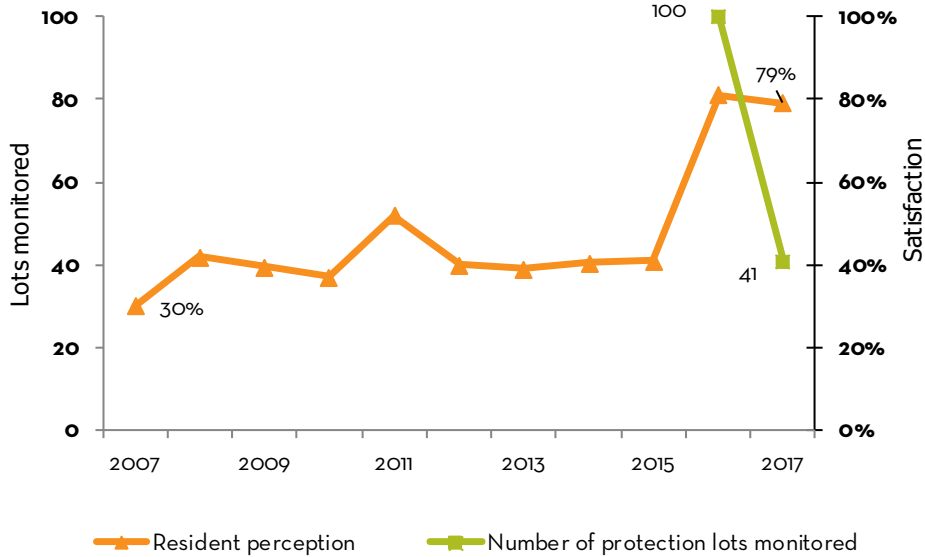


**Actions completed by Council as defined in the Stormwater Action Plan** - in 2017 year there were five flooding events that caused flooding outside identified flood prone urban areas. This is a result of significant weather events during the year, compared to 2016 when there were none.

**Resident Satisfaction with Stormwater Systems** - the level of satisfaction with stormwater systems in 2017 was 69%, a slight decline from 73% in 2016. This decline is attributed to the number of weather events during the year. Key reasons for dissatisfaction relate to roads flooding and maintenance of drains.

## PROTECTING THE ENVIRONMENT

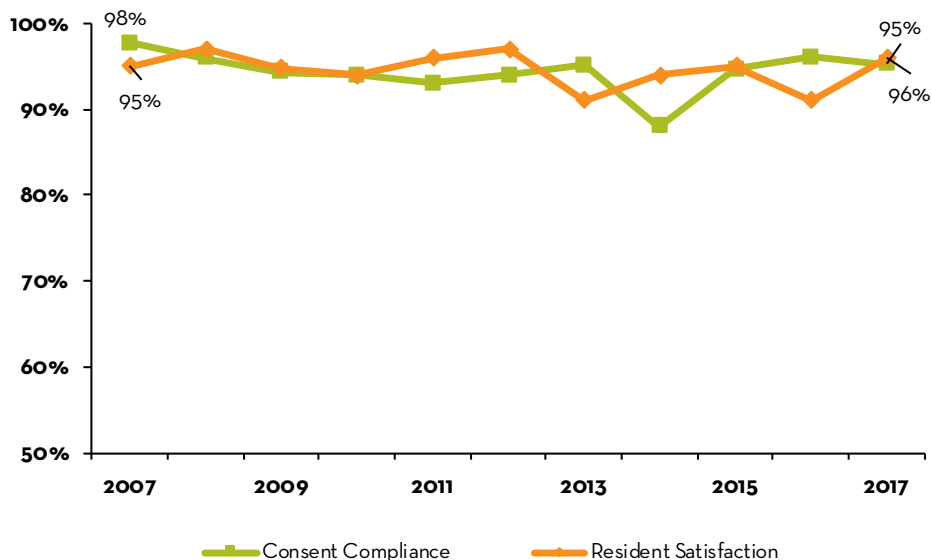
### NATURAL ENVIRONMENT - TRENDS



**Number of protection lots monitored** - in 2017 41 protection lots were monitored. While this was a reduction from the previous year, the target of 40 plots monitored was achieved.

**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. The 2017 result 79% is down 2% from previous year. From 2016 monitoring included those who perceive the environmental attributes have been maintained i.e. its is neither better or worse.

### WASTEWATER - TRENDS



**Level of Compliance with Resource Consents** - all wastewater treatment plants are monitored to ensure compliance with resource consent conditions. In 2017 both Katikati and Te Puke did not achieve compliance targets. This was due to trials and operational issues in Katikati and in Te Puke the plant was stressed due to transfer of sewerage from Maketu where there were issues.

**Resident satisfaction with Sewage Disposal Systems** - the level of satisfaction with Council sewage disposal systems is 96%. The key reason for dissatisfaction related to unreliability of systems.

## SOLID WASTE - TRENDS

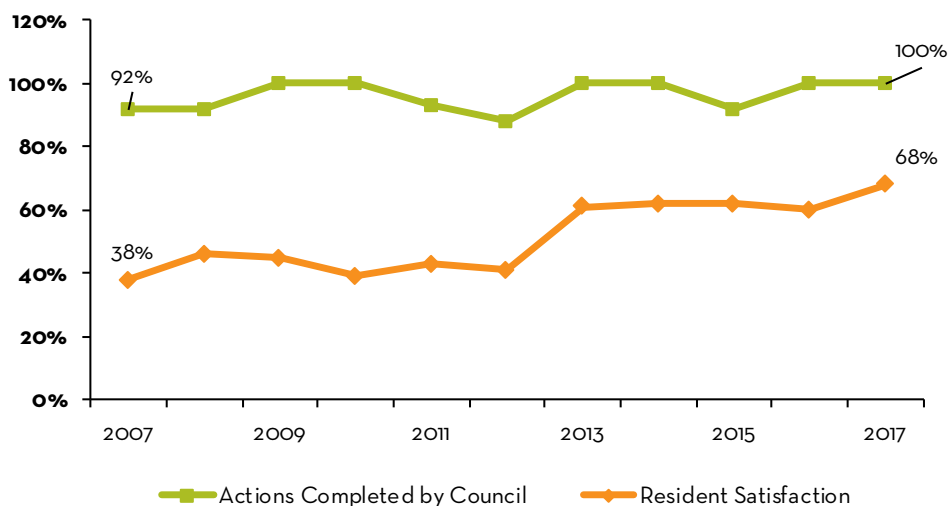


**Actions completed by Council as defined in the Solid Waste Action Plan** - Council completed all of the actions scheduled for the 2016 year. Actions included management and operation of the solid waste and recycling facilities.

**Resident satisfaction with Household Rubbish Disposal Methods** - the level of satisfaction with household rubbish disposal methods is 79% for the 2017 year. Key reasons for dissatisfaction relate to value for money and the collection service is not available to all areas in the community.

## SUPPORTING OUR ECONOMY

### SUPPORTING THE ECONOMY - TRENDS



**Actions completed by Council as defined in the Economic Action Plan** - in 2017, 100% of the work programme was completed. This included the payment of economic grants and town centre promotion and development activities.

**Resident Satisfaction with Council's Role in Promoting Business & Employment Opportunities** - this survey monitors the level of satisfaction with Council's role in promoting employment and business opportunities within the sub region. The level of satisfaction in 2017 was 68%. This is a significant increase from the 2016 result of 60%.

## SUPPORT SERVICES

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

- Customer services
- Communications
- Relationship management
- Human resources and organisational development
- Information management
- Information technology
- Financial management
- Corporate assets
- Procurement
- Risk management
- Quality management

## 2016/17 HIGHLIGHTS

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

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

## FUTURE INITIATIVES

Council will continue to participate in the BOPLASS initiatives.



# SUMMARY EXTRACT FROM THE STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017

## Reporting entity

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

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

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

The financial statements of Western Bay Council are for the year ended 30 June 2017. The financial statements were authorised for issue by Council on 21 September 2017.

## Basis of preparation

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

## Statement of compliance

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

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

These financial statements comply with PBE Standards.

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Western Bay Council has applied these standards in preparing the 30 June 2017 financial statements.

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

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

## Presentation currency and rounding

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

## Statement of Significant Accounting Policies

### Basis of consolidation

#### Associate

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

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

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

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

### Treatment of airport land

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

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

### Events after the balance date

There were no significant events after balance date.



# SUMMARY FINANCIAL REPORTS

## WESTERN BAY OF PLENTY DISTRICT COUNCIL

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR YEAR ENDED 30 JUNE 2017

	ACTUAL	BUDGET	ACTUAL
	\$'000	\$'000	\$'000
	2017	2017	2016
<b>Revenue from non-exchange transactions</b>			
Fees and charges from activities	6,282	6,434	6,909
Rate revenue	63,657	62,459	61,683
Fines	201	295	198
Vested assets	3,658	683	42,408
Financial contributions	10,993	7,051	7,862
Subsidies and grants	10,359	8,817	7,098
Other revenue	464	360	452
Unrealised hedging movement	5,142	-	-
Gains	1,542	-	1,079
<b>Revenue from non-exchanged transactions total</b>	<b>102,296</b>	<b>86,099</b>	<b>127,689</b>
<b>Revenue from exchange transactions</b>			
Finance revenue	1,272	1,183	1,096
Dividends	227	-	249
Rental Revenue	1,093	1,050	1,200
Other exchange revenue	1,357	634	912
<b>Total revenue</b>	<b>106,247</b>	<b>88,966</b>	<b>131,146</b>
<b>Expenditure</b>			
Other expenses	35,966	33,921	33,677
Personnel costs	16,830	16,295	15,293
Depreciation	19,052	18,786	19,992
Amortisation	360	138	396
Impairment expense	-	-	471
Unrealised hedging movement	-	-	4,851
Finance costs	8,246	7,890	8,708
<b>Expenditure total</b>	<b>80,454</b>	<b>77,030</b>	<b>83,388</b>
Share of associate surplus/(deficit)	(205)	-	(25)
<b>Net surplus / (deficit)</b>	<b>25,587</b>	<b>11,936</b>	<b>47,733</b>
<b>Other comprehensive revenue and expenses</b>			
Gains/(Losses) on asset revaluations	-	15,957	-
Reversal of impairment	7,868	-	-
Other assets at fair value through other comprehensive revenue and expense	76	-	31
<b>Total other comprehensive revenue and expense for the year</b>	<b>7,944</b>	<b>15,957</b>	<b>31</b>
<b>Total comprehensive revenue and expense for the year</b>	<b>33,531</b>	<b>27,893</b>	<b>47,764</b>

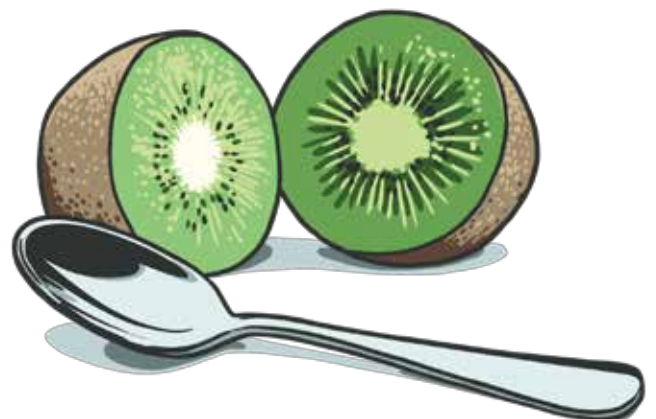
# WESTERN BAY OF PLENTY DISTRICT COUNCIL

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR YEAR ENDED 30 JUNE 2017

*Council recorded a net surplus of \$25.59 million (m) as compared with a budgeted operating surplus of \$11.94m. The major contributor to this increase surplus was financial contributions*

### The major contributors to the variance were:

- Fees and charges from activities were \$152k lower than the budget, therefore in line with the budget of \$6.434m.
- Rate income of \$63.657m is \$1.198m higher than the \$62.459m budget. This is due to increased properties in the District and increased values of these properties.
- Financial contribution revenue of \$10.993m is \$3.942m higher than the \$7.051m budget due to increased activity seen in the housing market in the District.
- Vested assets income of \$3.658m is \$2.975m higher than the \$0.683m budget.
- Subsidies & grants income of \$10.359m was \$1.542m higher than budget of \$8.817m due to the timing of capital works that are eligible for NZTA funding. Subsidies are predominately from the New Zealand Transport Authority and dependent on the level of work carried out in the One Network Maintenance Contract (ONMC).
- Gains income of \$1.542m predominantly relates to the revaluation movements in Council held forestry.
- Other revenue of \$4.615m is \$729k higher than the budget of \$3.886m and includes dividends of \$227k of dividends that are not a budgeted item, and rental income including pensioner housing and motor camps where receipts were higher than budget.
- Unrealised hedging movement of \$5.142m are not a budgeted item. This is a non cash accounting entry.
- Other expenses of \$35.966m were \$2.044m higher than the \$33.921m budget. This variance is the result of losses on disposal of assets and impairment of receivables.
- Personnel costs of \$16.830m were \$535km higher than budget of \$16.295m. Significant staff resourcing pressures in the consents and building departments has lead to increased costs to process the increase in activity. This has been more than offset by an increase in user fee income.
- Depreciation and amortisation costs of \$19.413m were \$489k higher than the budget of \$18.924m.
- Finance costs realised of \$8.246m were \$356k higher than the budget of \$7.890m.



# WESTERN BAY OF PLENTY DISTRICT COUNCIL

## STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2017

	RETAINED EARNINGS	ASSET REVALUATION RESERVE	COUNCIL RESERVES	TOTAL EQUITY
Balance at 1 July 2015 as restated	710,230	341,242	22,433	1,073,905
Total comprehensive income for the year	44,039	37	3,774	47,850
<b>Balance at 30 June 2016</b>	<b>754,269</b>	<b>341,279</b>	<b>26,207</b>	<b>1,121,755</b>
Total comprehensive income for the year	29,915	-	3,615	33,531
<b>Balance at 30 June 2017</b>	<b>784,184</b>	<b>341,279</b>	<b>29,822</b>	<b>1,155,286</b>

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2017	2017	2016
<b>Total equity</b>	<b>1,155,286</b>	<b>1,129,418</b>	<b>1,121,755</b>
<b>Assets</b>			
<sup>1</sup> Total current assets	59,212	14,988	24,562
<sup>2</sup> Total non-current assets	1,273,307	1,274,876	1,254,192
<b>Total assets</b>	<b>1,332,519</b>	<b>1,289,864</b>	<b>1,278,753</b>
<b>Liabilities</b>			
<sup>3</sup> Total current liabilities	71,875	37,934	41,630
<sup>4</sup> Total non-current liabilities	105,358	122,512	115,368
<b>Total liabilities</b>	<b>177,233</b>	<b>160,446</b>	<b>156,998</b>
<b>Net assets</b>	<b>1,155,286</b>	<b>1,129,418</b>	<b>1,121,755</b>

## MAJOR VARIANCES

- <sup>1</sup> Other current financial assets was \$35.0m higher than last year due to short term cash deposit.
- <sup>2</sup> Property, plant and equipment was \$9.119m higher than last year. The increase reflects capitalisation of completed projects.
- <sup>3</sup> Council's unrealised interest rate swaps liability was \$9.655m compared to \$14.797m in 2016. This is due to the volatility of interest rate movements and as a result Council does not budget for this.
- <sup>4</sup> Borrowings were \$22.000m higher than last year due to short term borrowing of \$35.0m which was placed on deposit at a more favourable rate.

# WESTERN BAY OF PLENTY DISTRICT COUNCIL

## STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2017

		ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	NOTE	2017	2017	2016
<b>Cash flows from operating activities</b>				
Receipts from rates revenue		62,592	58,103	62,675
Other income		32,362	27,804	25,812
Regional Council rates		6,439	5,546	5,903
Total operating cash provided		101,393	91,453	94,390
Total investing cash applied		(65,238)	(63,436)	(64,378)
<b>Net cash from operating activities</b>	<b>33</b>	<b>36,155</b>	<b>28,785</b>	<b>30,012</b>
<b>Cash flows from investing activities</b>				
Total investing cash provided		1,175	85	654
Total investing cash applied		(61,733)	(41,280)	(16,298)
<b>Net cash from investing activities</b>		<b>(60,558)</b>	<b>(41,105)</b>	<b>(15,644)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		35,000	20,000	-
Repayment of borrowings		(13,000)	(13,000)	(10,000)
<b>Net cash from financing activities</b>		<b>22,000</b>	<b>7,000</b>	<b>(10,000)</b>
Net (decrease)/increase in cash held		(2,402)	(5,730)	4,368
Cash, cash equivalents and bank overdrafts at the beginning of the year		17,181	8,625	12,813
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>14</b>	<b>14,779</b>	<b>2,895</b>	<b>17,181</b>

The Statement of Comprehensive Revenue and Expense and Statement of Cash Flows differ due to the use of accrual accounting in the Statement of Comprehensive Revenue and Expense, where revenues and expenses are recognised when they are incurred, regardless when payment occurs. Items that do not involve cash are also excluded from the Statement of Cash Flows.

## MAJOR VARIANCES

### THE MAJOR VARIANCES TO BUDGET WERE:

2017 actual movement was a net increase in cash held of \$14.779m versus a budgeted net increase of \$2.895m and actual 2016 net increase in cash held \$17.181m.

Net cash flows from operating activities of \$36.155m versus \$28.785m budget and last year actual of \$30.012m. Compared to budget, receipts from rates has increased \$4.489m due to increased properties in the District and increased values of these properties. Other revenue income has increased by \$3.334m due to increased building activity in the District and associated consent fees. This has been offset by increased payment to suppliers of \$833k.

Net cash flows from investing activities of (\$60.558)m versus (\$41.515)m budget and last year actual of (15.644)m. This is due to a \$35,000m short term deposit, offset in part by reduced purchases of property, plant and equipment.

Net cash flows from financing activities of \$22.000m versus \$7.000m budget and last year actual of (\$10.000)m. This reflects Council's borrowing from LGFA and placing funds on short term deposit with a more favourable rate.

# WESTERN BAY OF PLENTY DISTRICT COUNCIL

## SUMMARY OF COST OF SERVICES

### TOTAL OPERATING REVENUE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2017	2017	2016
<b>Significant activities</b>			
Representation	2,755	3,077	2,890
Planning for the future	2,219	2,115	1,951
Communities	6,427	6,414	5,768
Recreation and leisure	9,352	7,939	8,114
Regulatory services	7,551	6,846	7,360
Transportation	29,897	23,215	65,302
Water supply	12,336	10,779	11,439
Stormwater	7,050	6,382	5,999
Natural environment	782	671	664
Wastewater	14,665	14,552	12,682
Solid waste	1,783	1,785	1,721
Economic	955	948	980
Council services	10,475	4,243	6,276
<b>Total operating revenue by activity</b>	<b>106,247</b>	<b>88,966</b>	<b>131,146</b>
<b>Council services</b>	<b>106,247</b>	<b>88,966</b>	<b>131,146</b>

### TOTAL OPERATING EXPENDITURE

	ACTUAL \$'000	BUDGET \$'000	ACTUAL \$'000
	2017	2017	2016
<b>Significant activities</b>			
Representation	2,720	3,108	2,834
Planning for the future	2,171	1,934	1,913
Communities	6,468	5,887	5,490
Recreation and leisure	6,509	6,366	5,955
Regulatory services	7,285	6,022	6,692
Transportation	19,862	19,361	21,451
Water supply	10,535	10,663	10,083
Stormwater	3,820	4,122	3,997
Natural environment	691	700	696
Wastewater	13,316	12,599	12,314
Solid waste	1,536	1,852	1,305
Economic	637	649	818
Council services	4,904	3,767	9,840
<b>Total operating expenditure by activity</b>	<b>80,454</b>	<b>77,030</b>	<b>83,388</b>
<b>Council services</b>	<b>80,454</b>	<b>77,030</b>	<b>83,388</b>

# WESTERN BAY OF PLENTY DISTRICT COUNCIL

## STATEMENT OF COMMITMENTS AT 30 JUNE 2017

	ACTUAL \$'000	ACTUAL \$'000
	2017	2016
<b>Capital commitments approved and contracted</b>	<b>24,343</b>	<b>25,331</b>
Non-cancellable operating lease commitments Plant and equipment		
Not later than one year	107	154
Later than one year and not later than two years	103	124
Later than two years and not later than five years	133	198
Later than five years	929	952
<b>Total non-cancellable operating leases</b>	<b>1,272</b>	<b>1,428</b>

### OTHER COMMITMENTS

#### Roading network and utilities maintenance contracts

In November 2014, Western Bay Council entered into a seven year One Network Maintenance Contract with Opus International Consultants Limited to provide capital and maintenance work to the District's roading network. The value of the contract is \$75.99 million and as at 30 June 2017 \$48.38 million remained committed on this contract for the remaining 52 months, including estimated escalations in the contract.

In July 2015, Western Bay Council entered into a four year contract with Veolia Water Services (ANZ) PTY Ltd for the provision of maintenance and professional services to the utilities network. The value of the contract as of 1 July 2015 is \$17.24 million and as at 30 June 2017 \$8.62 million remained committed on this contract for the remaining 24 months, including estimated escalations in the contract.

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

## CONTINGENCIES

	ACTUAL \$'000	ACTUAL \$'000
	2017	2016
Building Act claims	50	50
Weathertight Homes Resolution Service (WHRS)	400	600
Local Authority Protection Programme Disaster Fund (LAPP)	380	380
Goldenlight Enterprises Ltd	-	600
<b>Total contingent liabilities</b>	<b>830</b>	<b>1,630</b>

## OTHER LEGAL PROCEEDINGS

### Building Act claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done. The \$50,000 disclosed relates to the expected cost to Council. The balance is expected to be covered through insurance.

### Unquantified claims

There were no additional claims lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2017 (2016: three additional claims). These claims relate to weather-tightness issues of homes in the Western Bay of Plenty. There are a total of 8 claims that are still open as at balance date (2016: 12) subject to an excess of \$50,000 per claim.

### Carter Holt Harvey Ltd

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, CHH commenced third party proceedings against 48 Councils, including Western Bay of Plenty District Council. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

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

Western Bay of Plenty District Council is a shareholder of The New Zealand Local Government Funding Agency Limited.

All 30 local authority shareholders have uncalled capital equal to their individual shareholding and totalling \$2,500 million in aggregate which can be called on in the event that an imminent default is identified. The shareholders are also guarantors of the LGFA balance sheet and the borrowings of all other local authorities which totalled \$7,946 (2016: \$5,376m) at 30 June.

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

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

### Share of associates' contingent liabilities

There are no shared contingent liabilities associated with any associates of Western Bay of Plenty District Council.

## RELATED PARTY TRANSACTIONS

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

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

## TRANSACTIONS WITH COUNCILLORS AND KEY MANAGEMENT PERSONNEL

	ACTUAL \$'000	ACTUAL \$'000
	2017	2016
<b>Councillors</b>		
Full-time equivalent members	17	12
Salaries and other short term employee benefits	505	497
<b>Senior Management Team, including the Chief Executive</b>		
Full-time equivalent members	5	5
Salaries and other short term employee benefits	1,275	1,073
<b>Total senior management remuneration</b>	<b>1,780</b>	<b>1,570</b>

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

The reason for higher remuneration in 2017 relates to the market value of vehicle benefits (not included in 2016).

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided page in Note 38 of the Annual Report from page 183 to 185.

## ELECTED MEMBER REMUNERATION

	ACTUAL \$'000	ACTUAL \$'000
	2017	2016
Councillors	505	497
Community board members	103	103
<b>Total elected member remuneration</b>	<b>608</b>	<b>600</b>



**Independent Auditor's Report****To the readers of Western Bay of Plenty District Council's summary of the annual report for the year ended 30 June 2017**

The summary of the annual report was derived from the annual report of the Western Bay of Plenty District Council (the District Council) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 8 to 24:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary key performance measures.

**Opinion**

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

**Summary of the annual report**

The summary of the annual report does not contain all the disclosures required by generally accepted practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

**The full annual report and our audit report thereon**

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 21 September 2017.

**Council's responsibility for the summary of the annual report**

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

## AUDIT REPORT

### **Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council.

A handwritten signature in blue ink, appearing to read 'Clarence Susan', is positioned above the printed name.

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