



CHAPTER ONE

01

Overview

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OVERVIEW OF WESTERN BAY OF PLENTY DISTRICT COUNCIL'S PERFORMANCE

FIVE YEAR SUMMARY - FINANCIAL OVERVIEW

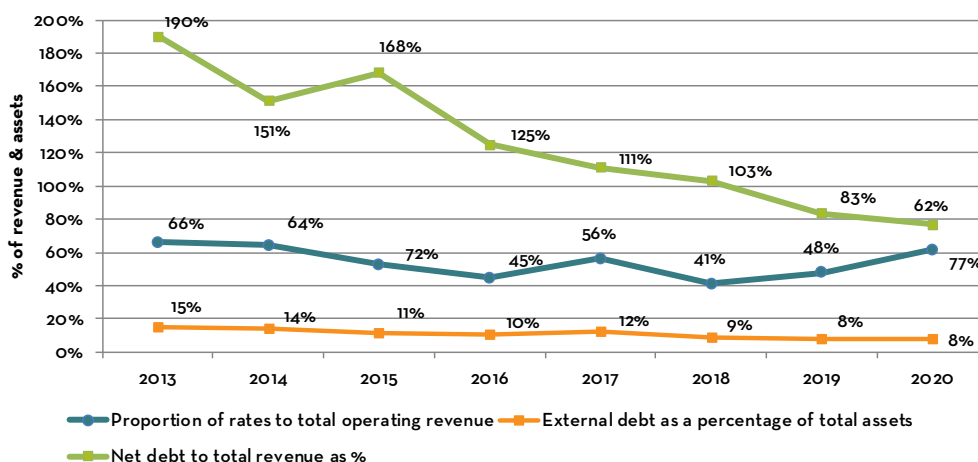
COUNCIL'S FIVE YEAR FINANCIAL PERFORMANCE SUMMARY

	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000
Rate revenue (excluding water by meter)	58,416	59,892	60,958	64,128	68,468
Vested assets revenue	42,408	3,658	10,965	15,891	5,940
Financial contributions revenue	7,862	10,993	9,506	18,605	5,892
Total expenditure	83,388	80,454	82,682	92,580	95,297
Total operating revenue	131,146	106,247	148,997	133,762	110,213
Operating surplus/(deficit)	47,733	25,587	66,299	41,186	14,917
Capital expenditure	17,142	26,826	38,377	34,919	30,347
Working capital/(deficit)	(17,068)	(12,663)	(4,054)	19,308	28,913
Total external debt	128,000	150,000	125,000	110,000	110,000
Net external debt	110,819	100,221	98,267	80,378	75,511
Property, Plant and Equipment	1,239,804	1,248,923	1,374,476	1,427,988	1,433,452
Short term investments	-	35,000	14,983	-	-
Cash on hand	17,181	14,779	11,750	29,622	34,489

COUNCIL'S FIVE YEAR FINANCIAL STATISTICS SUMMARY

	2016	2017	2018	2019	2020
¹ Proportion of rates to revenue	45%	56%	41%	48%	62%
Total external debt as a percentage of total assets	10%	12%	9%	8%	8%
External debt per rateable property (\$'000s)	6.19	7.18	5.91	5.00	4.80
Net external debt per rateable property (\$'000)	5.35	4.80	4.65	3.65	3.30
² Net debt to revenue as a percentage	125%	111%	103%	83%	77%
Total capital value of rating units within the District (\$m)	14,820	14,820	19,655	20,391	27,524
Total land value of rating units within the District (\$m)	7,851	7,851	10,783	10,755	14,984
Rateable properties	20,696	20,884	21,144	22,016	22,890

TREASURY RATIOS



SERVICE DELIVERY PERFORMANCE

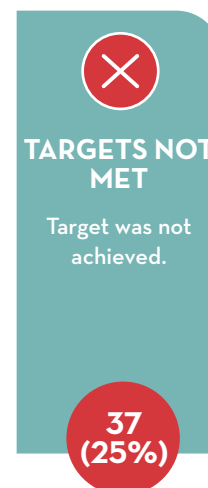
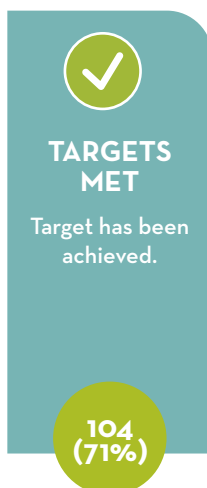
Western Bay Council has structured its activities into 12 groups which comprise a total of 32 activities. The 12 Activity Groups provide the main means of delivering Western Bay Council's services and work programmes. Our Achievements section of this document (from page 37) provides a detailed assessment of how well Western Bay Council's activities performed during 2019/20.



PERFORMANCE AGAINST 2019/20 TARGETS

The Long Term Plan 2018 - 2028 identifies performance measures and targets for each activity. These measures reflect the diversity of the activities and were developed from a range of sources. Opportunities to benchmark Western Bay Council activities with other local authorities or external agencies have been used where data is available.

Our Achievements section provides detailed financial and non-financial results for each activity. A summary of Western Bay Council's performance against the 2019/20 targets is shown in the table below.



Activity Group	Target met	Partial met	Not met	Not measured	Total
Representation	13	-	6	-	19
Planning for future	1	-	2	2	3
Communities	17	-	4	2	23
Recreation and Leisure	8	1	4	3	13
Regulatory services	9	3	6	1	18
Transportation	10	-	3	-	13
Water supply	11	1	2	-	14
Stormwater	13	1	-	-	14
Natural environment	3	-	4	-	7
Wastewater	12	-	2	-	14
Solid waste	4	-	2	1	6
Economic	3	-	2	-	5



REPORT ON DEVELOPMENT OF MĀORI CAPACITY TO CONTRIBUTE TO DECISION MAKING 2019/20

ON-GOING PROCESSES

Māori representation arrangements	Tauranga Moana / Te Arawa ki Takutai Partnership Forum	The Tauranga Moana and Te Arawa ki Takutai Partnership Forum have been operating as a single forum since the last Local Government election in 2016. They have undertaken significant work in that time progressing their issues of significance which were outlined in Te Ara Mua (their strategic plan). One of the key outcomes in that work was getting Council to make a decision that it would establish a Māori ward in the next election. This decision was agreed to by nine Councillors, opposed by 3. A poll on that decision was demanded by the community and ultimately Council's decision was overturned.
Formal relationship agreements	Mana Whakahono ā Rohe agreements	Mana Whakahono ā Rohe agreements are a new mechanism provided for under recent changes to the Resource Management Act. They provide an opportunity for Council and iwi/hapū to outline how they will deal with each other (primarily in relation to resource management matters). Western Bay of Plenty District Council has adopted a broader approach to these agreements and they will apply across the breadth of Council's business. The Takawaenga Team developed Council's approach to developing a Mana Whakahono ā Rohe agreement which has subsequently been adopted by the Management Team. Work is underway to initiate the development of Council's first Mana Whakahono ā Rohe agreement.
Engagement with Māori communities	Tangata Whenua Consultation Guidelines	A new engagement agreement template and process has been developed for Tangata Whenua engagement. The template outlines Council's approach to things like project meetings, cultural monitoring and includes guidance on fees paid to Tangata Whenua representatives for this work. The new engagement agreement template is linked to the Tangata Whenua Consultation Guidelines.
	Consultation Protocols	As above.
	Consideration of Māori Interests - Roading	Status quo.
Building relationships with our Māori communities	Marae Maintenance Fund	The Marae Maintenance Fund which is now known as the Marae Sustainability Initiatives Fund, has been very successful. Since its inception the fund has been fully utilised each year to deliver a number of maintenance initiatives for Marae across our District. Through the Long Term Plan process, the fund was increased from \$33,000 per annum to \$50,000 per annum. In this financial year it was re-purposed to provide Covid-19 support.



ON-GOING PROCESSES

<p>Co-management regimes</p>	<ul style="list-style-type: none"> • Papamoa Hills Cultural Heritage Regional Park • TECT All Terrain Park • Panepane Point • Tauriko for Tomorrow • Eastern Corridor Urban Growth 	<p>Council is represented on Te Maru o Kaituna (the statutory co-governance established over the Kaituna River).</p> <p>Council will be represented on the Tauranga Moana Harbour co-governance body which has yet to be established.</p> <p>Council is continuing to work towards an agreement that would provide for the transfer of ownership of Panepane/Purakau to an entity representative of relevant tangata whenua subject to certain principles being agreed including the retention of access to harbour navigational aids and that the land be used for protecting the harbour from erosion.</p> <p>A Panepane project group was established to progress the above resolution. This project group is made up of Council staff and representatives of the five hapū of Matakana and Rangiwaia Islands. Work on this matter is ongoing and will ultimately involve a formal community consultation process.</p> <p>The Western Bay of Plenty District Council, Tauranga District Council, Bay of Plenty Regional Council and New Zealand Transport Agency have agreed to progress urban development for the Tauriko West Urban Growth Area within the Western Corridor. One proposed element to achieve the above was a territorial boundary alteration which was initiated by the Western Bay of Plenty District Council to transfer an area of the Western Bay of Plenty District into Tauranga City. A working group comprising the three Councils, NZTA and local hapu was formed which is called, Te Kauae-a-Roopu. This group is progressing the development.</p> <p>A similar undertaking which has been initiated by SmartGrowth and actioned by the Western Bay of Plenty District Council to look at urban development in the Eastern side of the District which will be known as the “Eastern Corridor Urban Growth”. Consultation with local hapu/iwi of Te Arawa is presently underway to see if they agree with development within their rohe before a formal working group is established with Western Bay of Plenty District Council and local hapu/iwi.</p>
<p>SmartGrowth</p>	<p>Combined Tangata Whenua (CTWF)</p>	<p>The Māori Relationships and Engagement Advisor provides support to the SmartGrowth Combined Tangata Whenua Forum, through attendance at meetings and advocating within Council relevant issues raised by the Forum.</p> <p>The Māori Relationships and Engagement Advisor together with colleagues from Tauranga City Council and Bay of Plenty Regional Council meets with CTWF members that are on the SmartGrowth Leadership Group to provide support to those members where needed.</p>
<p>Policy Development</p>	<p>Input to reviews of policies and strategies through Māori Forum workshops.</p>	<p>Te Ara Mua has identified opportunities for policy development in line with the scope of the Partnership Forums’ responsibilities. Council is progressing a review of the communities strategy, which will include how Council deals with iwi/hapū who request Council assistance with the provision of Urupā.</p> <p>A review of Council’s Reserves and Facilities Bylaw, in particular horse riding activity that is permitted under the bylaw, was initiated following a request from iwi/ hapū through Council’s Partnership Forum.</p>
<p>Strategic Planning</p>	<p>Hapū and Iwi management plans</p>	<p>A QMS process has been developed by Council regarding the process for supporting the development of iwi and hapū management plans.</p> <p>Ngati Whakae ki Maketu have recently completed their management plan which has been presented to this Council.</p> <p>It is likely in the future that the development of these plans will coincide with the development of Mana Whakahono ā Rohe agreements.</p>

COUNCIL'S RESPONSE TO COVID-19

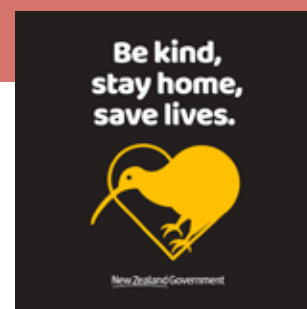
Community resilience fund

Western Bay of Plenty District Council's Community Resilience Fund was launched in an effort to help local groups – registered charities, non-governmental organisations (NGO), incorporated societies or community groups – needing additional funding for their projects in the wake of the COVID-19 pandemic.

The one-off \$300,000 fund is one of the support packages within Council's Economic Recovery Plan to assist the local economy and provide relief in the medium and long term.

The fund is a consolidation of Council's two annual community funding pools the Community Matching Fund and the Facilities in the Community Fund.

The final round of funding was allocated on Friday 26 June 2020. In total \$299,963.75 has been given to community groups struggling to fund projects and services as a result of COVID-19.



Target relief for residential ratepayers

Residential ratepayers may be eligible to postpone payment of their rates if they are directly affected by COVID-19.

Council has two targeted rates postponement policies:

- Financial hardship – to provide relief to people facing extreme financial hardship
- Other homeowners – primarily intended for people over 65 years of age, whatever their financial situation. People under 65 can also apply under this policy, but narrower conditions of postponement apply.

Who can apply?

For rates to be postponed, they must be for residential properties that are occupied by the ratepayers (owners) and used solely for residential purposes.

If approved, the postponement will be added to the applicant's property title, to ensure Council debt will be repaid before any other stakeholder interest e.g. proceeds being distributed to interested parties.

There is no provision for postponement of rates on commercial or industrial properties or rural properties that are used for purposes other than residential.

Applications under the financial hardship policy

For applications relating to financial hardship, full details of the ratepayer's personal circumstances must be disclosed to Council to determine eligibility.

Postponement of rates penalties as well as current rates may be considered.

Rates could be postponed for a specified number of years, or for the life of the applicant, but if the property is sold or the applicant moves out, the rates will become payable.

In some cases, Council may require administration fees to be paid, and the first \$500 of rates to be paid.

Applications under the homeowner's policy

For applications where at least one of the owner-occupants is over 65 years of age, rates may be postponed indefinitely, or for a shorter period. For ratepayers under 65 years of age, rates may be postponed for up to 15 years.

In both cases, the rates would become payable if the property was sold or applicant moved out of the property. The cost of the postponement (interest and administration fees) is paid by the applicant through annual fees.

More information

For full details of the two policies, including COVID-19 relief eligibility criteria, and terms and conditions please refer to the following documents via Council's website www.westernbay.govt.nz/council/economic-recovery-plan

- Financial hardship policy
- Homeowner's policy



ECONOMIC RECOVERY PLAN

During the immediate response to COVID-19, Western Bay of Plenty District Council has focused on providing essential services, with an emphasis on the health and safety of communities.

Council has an important role to play in an all-of-government effort to assist Western Bay communities recover from the pandemic.

Fundamental to this is a recovery plan that recognises where Council can play an effective role to help communities now and where it will work with other government and non-government organisations, regionally and nationally, to deal with the medium and longer term impacts of COVID-19.

By avoiding duplication and working in concert with other players, Council can make the most of its ability and capacity to help.

This plan summarises Council's role in supporting the District's communities recover from the pandemic as fast as possible.

Where Council fits in the bigger picture



ECONOMIC RECOVERY PLAN

Council is committed to working collaboratively to rebuild the Western Bay of Plenty economy as fast as possible – through immediate relief and medium to long term support.

Economic recovery
Our collaborative business community has strong foundations to thrive in a 'new normal'. Local and central governments, business and Māori entities will all play a major role, along with other community stakeholders.

What is Council doing?

- Providing stimulus through investment, and with central government's assistance, fast-tracking 'shovel-ready' infrastructure projects
- Sixteen applications totalling \$105m to central government's infrastructure fund, for 'shovel ready' projects that can start within six months
- Promoting and assisting the local business sector - through funding and support mechanisms - with a focus on Priority One and organisations like Te Puke Economic Development Group and Kaitiaki Kaitiaki
- Work with local economic development organisations and government agencies on projects that aim to:
 - Keep as many businesses in operation as possible
 - Maximise local employment opportunities and help people back into jobs or training
 - Minimise secondary effects of the economic shock (insolvencies, redundancies)
- Advocating to central government for funding and other support to ensure regional resilience and sustainability
- Encourage Western Bay residents to buy from, and support, local businesses.

Council financial support and provision of services
Some businesses and households will continue to face significant hardship during the pandemic recovery. Central government and banks will continue to provide the main support mechanisms, but Council can also assist.

What is Council doing?

- Promoting Council's targeted rates postponement policies, which can provide rates relief for households
- Reducing the timeframes for payments to suppliers who provide goods and service to Council from 30 days to seven days to help with cash flow
- Providing full or pro-rated refunds of consent fees to customers unable to complete projects as a result of the pandemic
- Assist with cash flow for resource consent applicants by deferring requirement to pay lodgement fee
- Ensuring local contractors and service providers are used as much as possible to support Council work
- Provide financial relief to organisations, businesses, and clubs that use Council facilities:
 - Waiving rent for 12 months for sport clubs and community organisations
 - 3-6 months of rental relief for campgrounds
- Distribution of one-off grants to community groups/organisations severely affected by COVID-19 through consolidating existing Community Matching and Facilities in the Community funds
- Freeze Council fees for cemeteries and greenwaste disposal for the 2020/2021 financial year.

Community heart
The Western Bay has always had a strong sense of community. Residents value community connections, looking out for their neighbours and supporting everything local. Continuing to look out for one another is more important than ever.

What is Council doing?

- Helping vulnerable people to access central and local government assistance through specialist staff at the Emergency Operations Centre and, when COVID alert levels allow, at Council libraries and service centres
- Community outreach - coordinate with groups/volunteers to assist in looking after vulnerable people in the Western Bay
- Get people active and engaged - with the support of Sport Bay of Plenty provide programmes and events that encourage residents to come together, share information, stay healthy and engaged
- Continue to promote and encourage pride in the Western Bay, foster a sense of community heart and find new ways to support each other.

Māori relationships
Council will use its existing relationships with key Māori leaders in the District to support existing relief work and build on stimulus to the Māori economy provided by central government.

What is Council doing?

- Advocating to central government for infrastructure funding to support marae and papakāinga across the Western Bay
- Direct specific funds to Māori organisations that provide support to communities during the COVID-19 pandemic, including the immediate response and ongoing support during the recovery phase.

ANNUAL REPORT 2019/20 DISCLOSURE STATEMENT

Annual Report disclosure Statement for the year ended 30 June 2020

What is the purpose of this statement

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

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

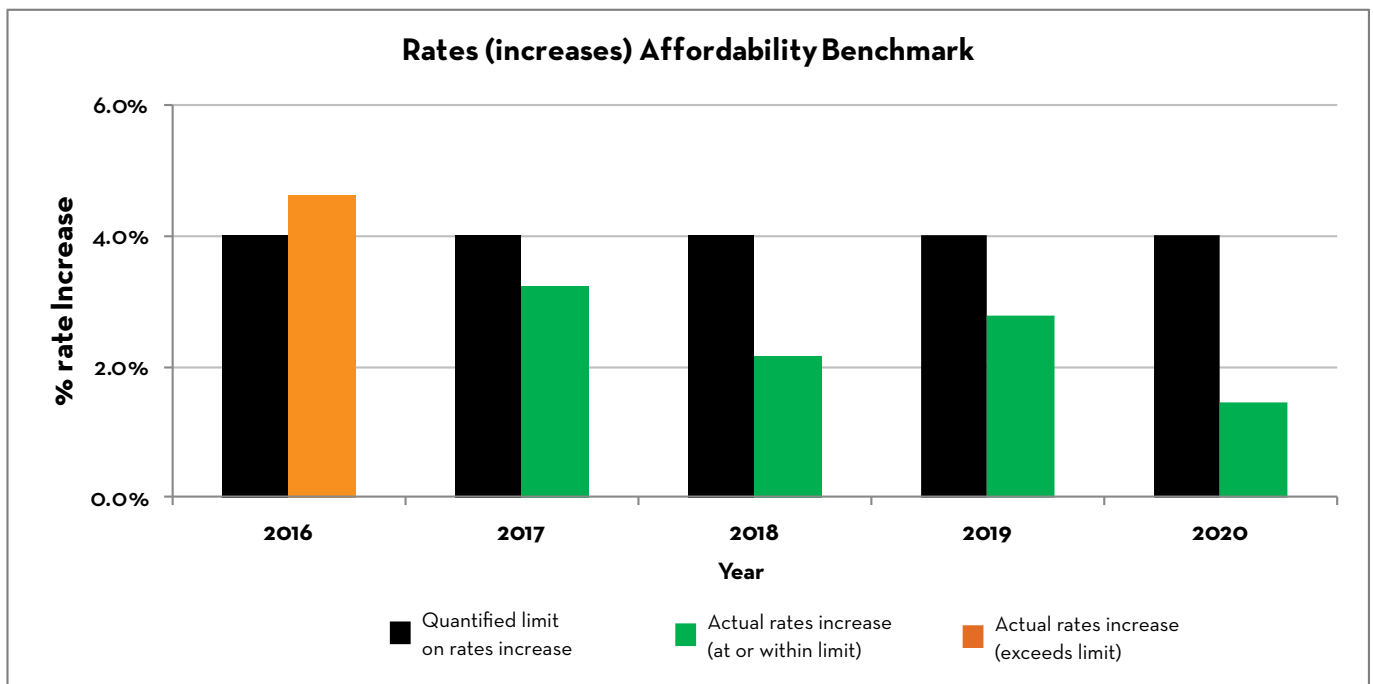
Page 26 provides a breakdown of how these benchmarks were calculated for 2019 and 2020.

Rates Affordability Benchmark

The Council meets the rates affordability benchmark if:

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

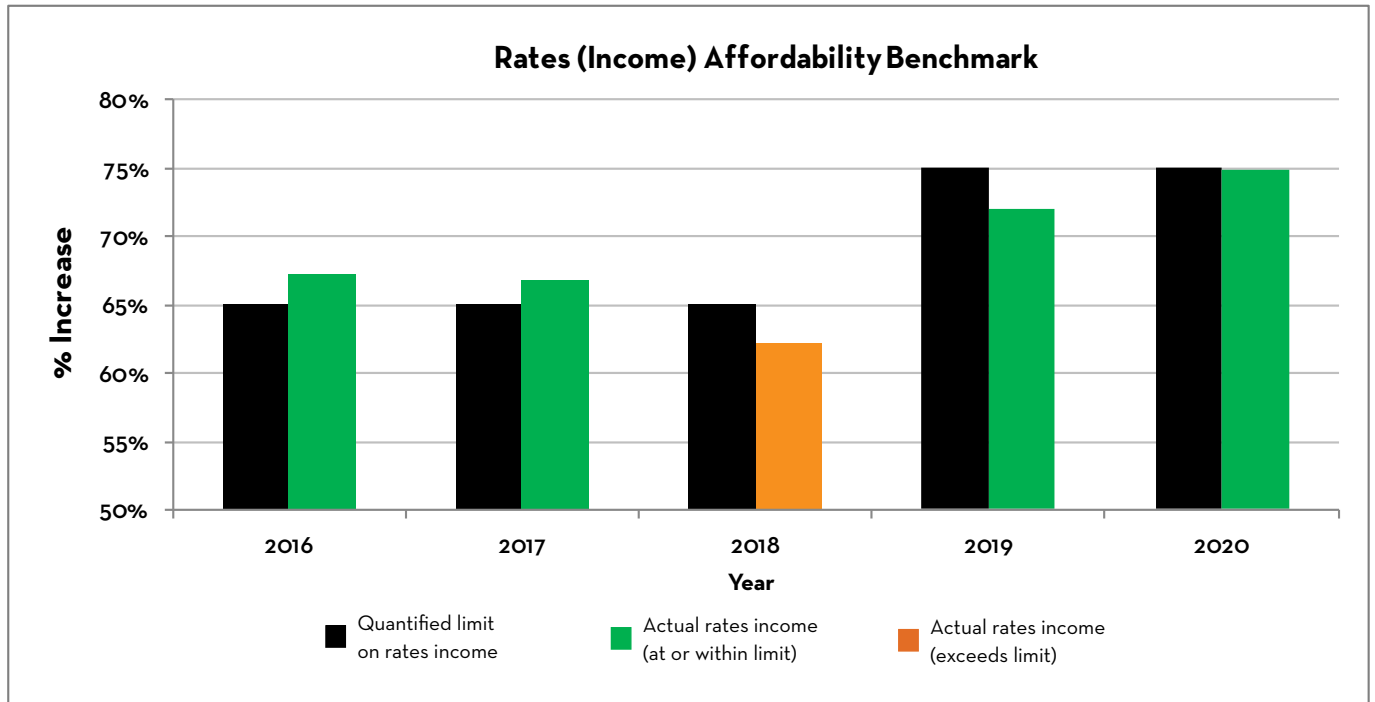
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit for 2020 is 4%.



Rates (Income) Affordability Benchmark

The following graph compares the council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the Council’s long-term plan. The quantified limit is that rates will be no more than 75% of revenue. Revenue is defined as total revenue as per the Statement of Comprehensive Revenue and Expenditure less Financial Contributions, Gains and Vested Assets.

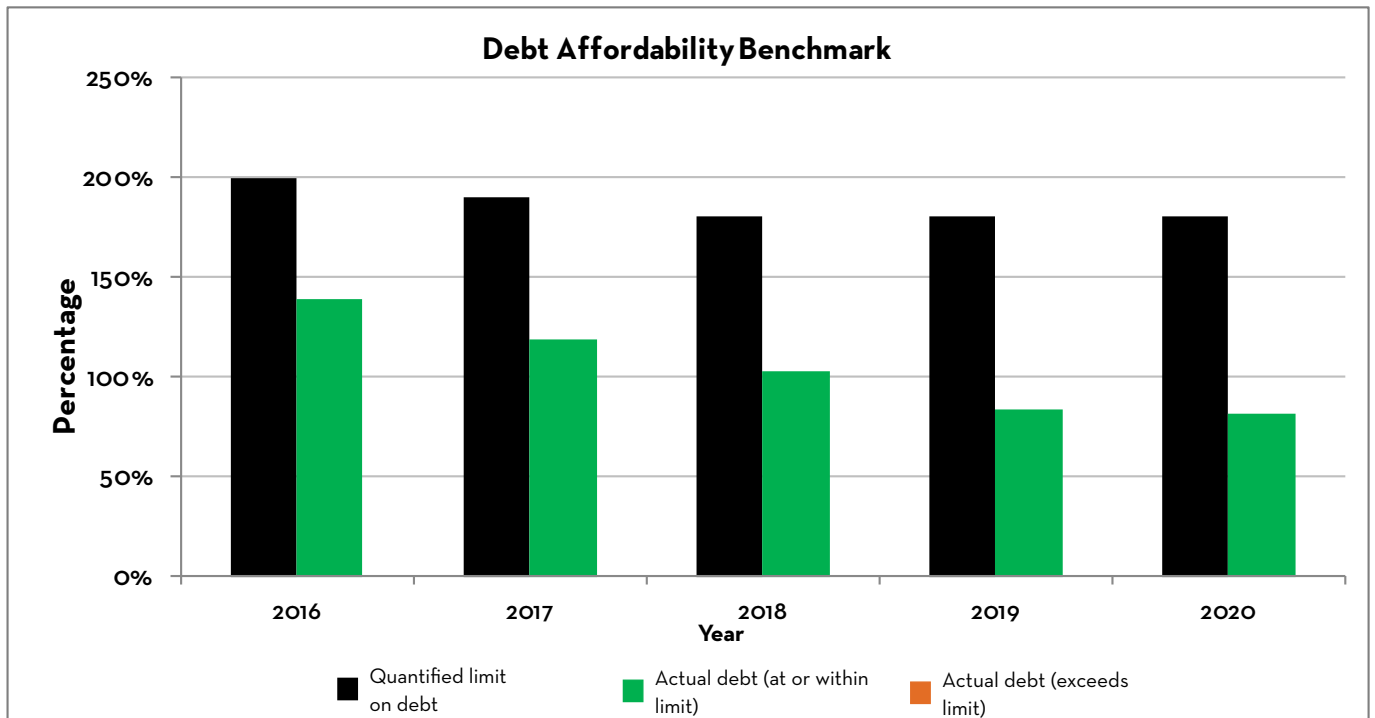
Note: the benchmark was changed during the 2018-28 Long Term Plan to be no more than 75% of revenue (Prior: more than 65%).



Debt Affordability Benchmark

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

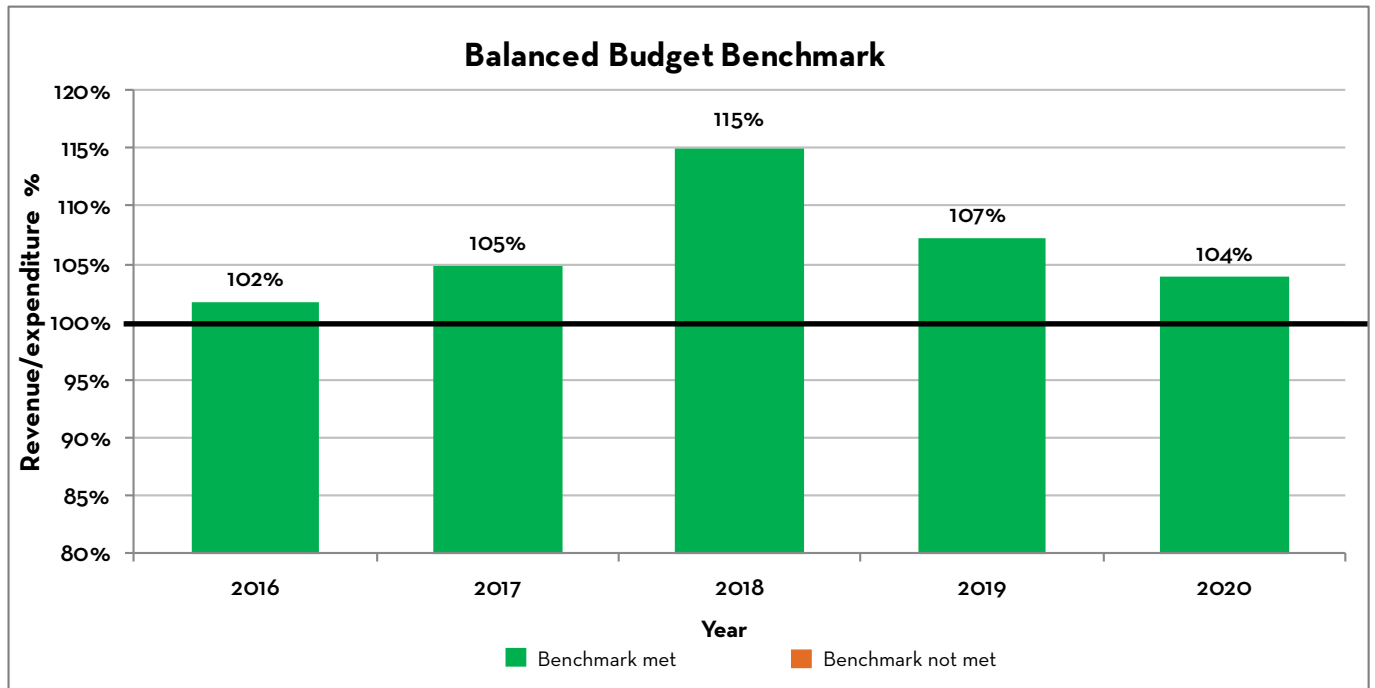
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is that debt will not exceed 180% of revenue from 2018 onwards, reduced from 190% in 2017 and 200% in previous years.



Balanced budget benchmark

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

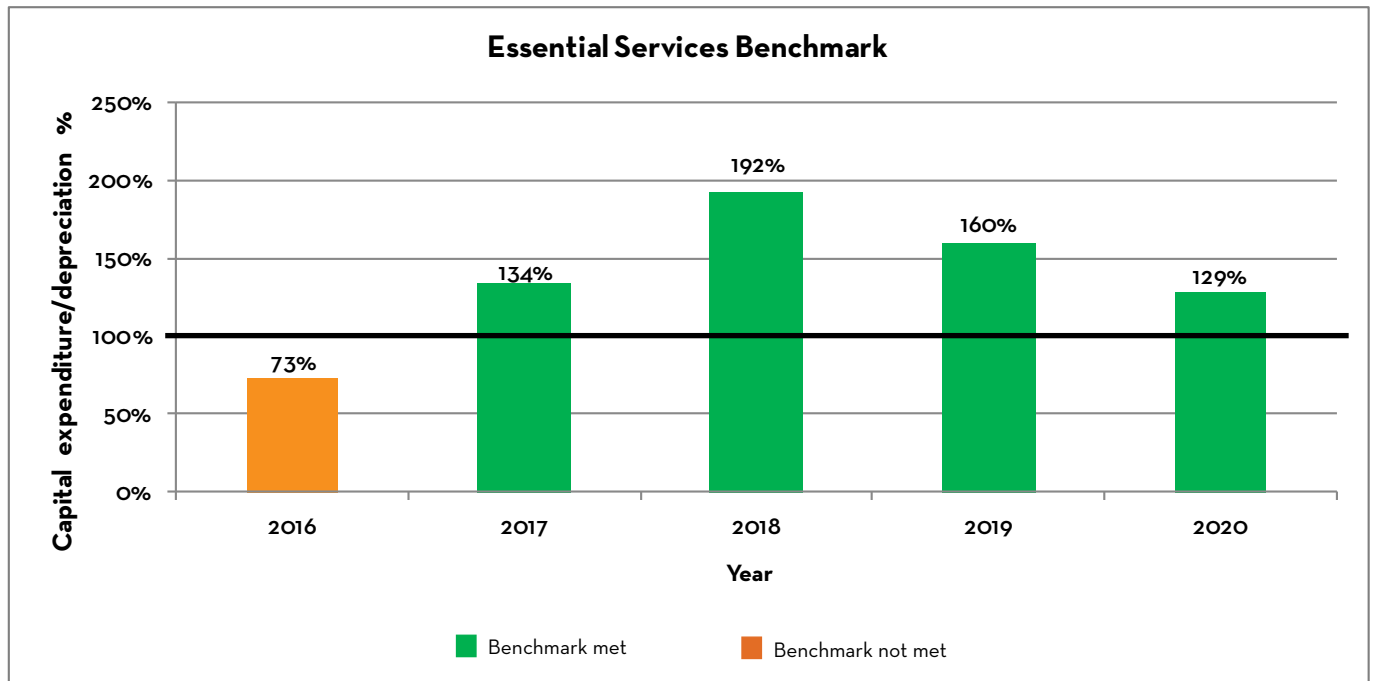
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

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

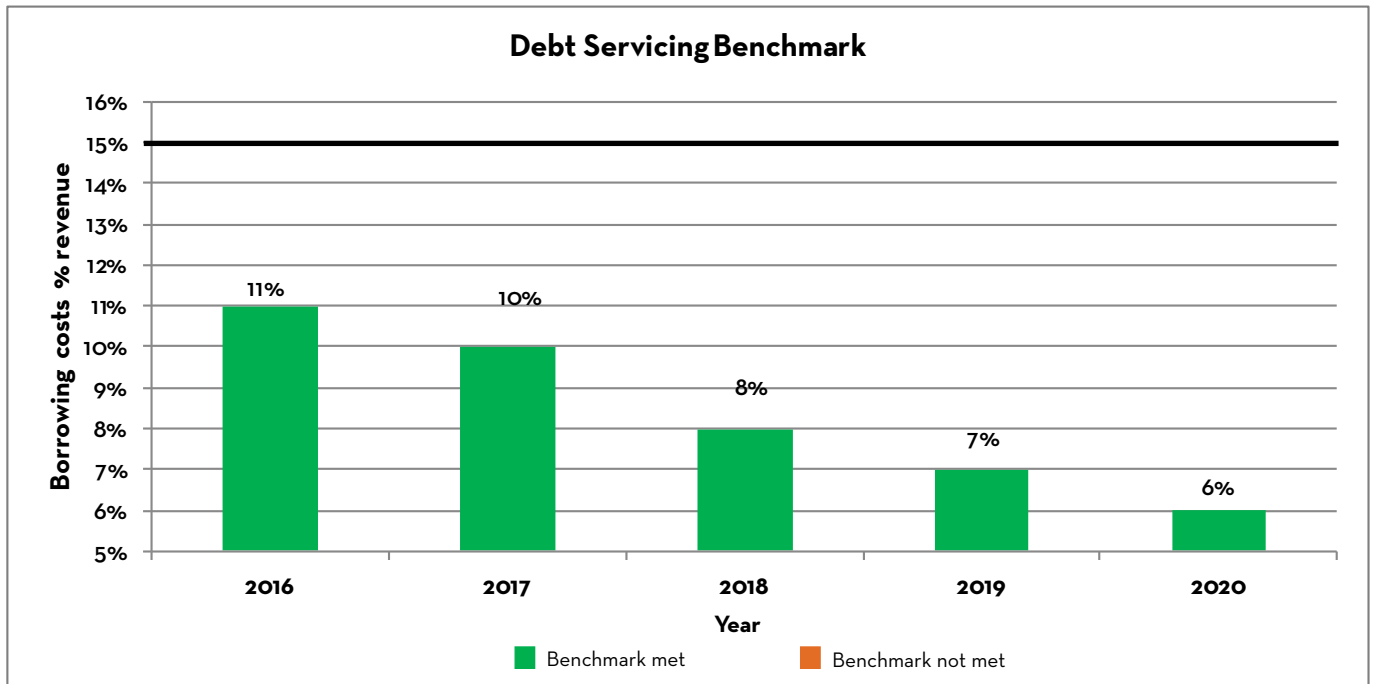
The Council meets this benchmark if its capital expenditure on network services (being; transportation, water, wastewater and Stormwater) equals or is greater than depreciation on network services.



Debt servicing benchmark

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

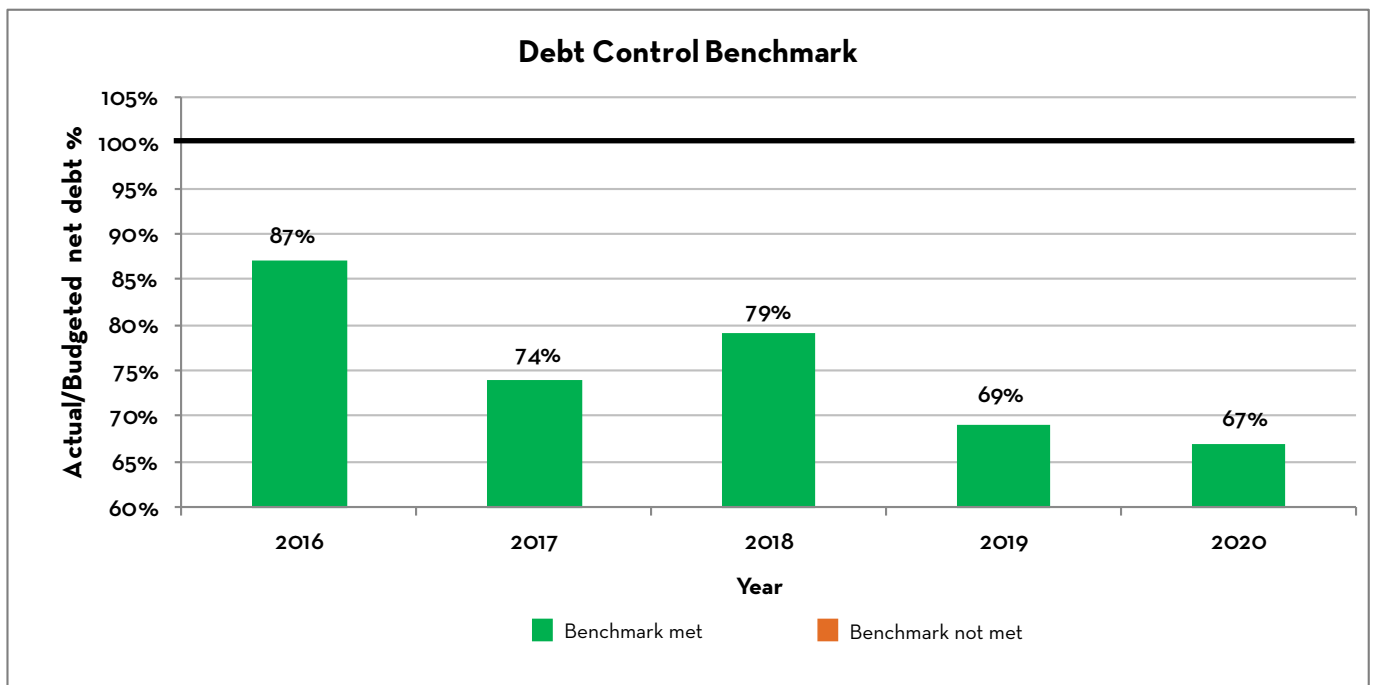
Because Statistics New Zealand projects the council's population will grow faster than, the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



Debt control benchmark

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

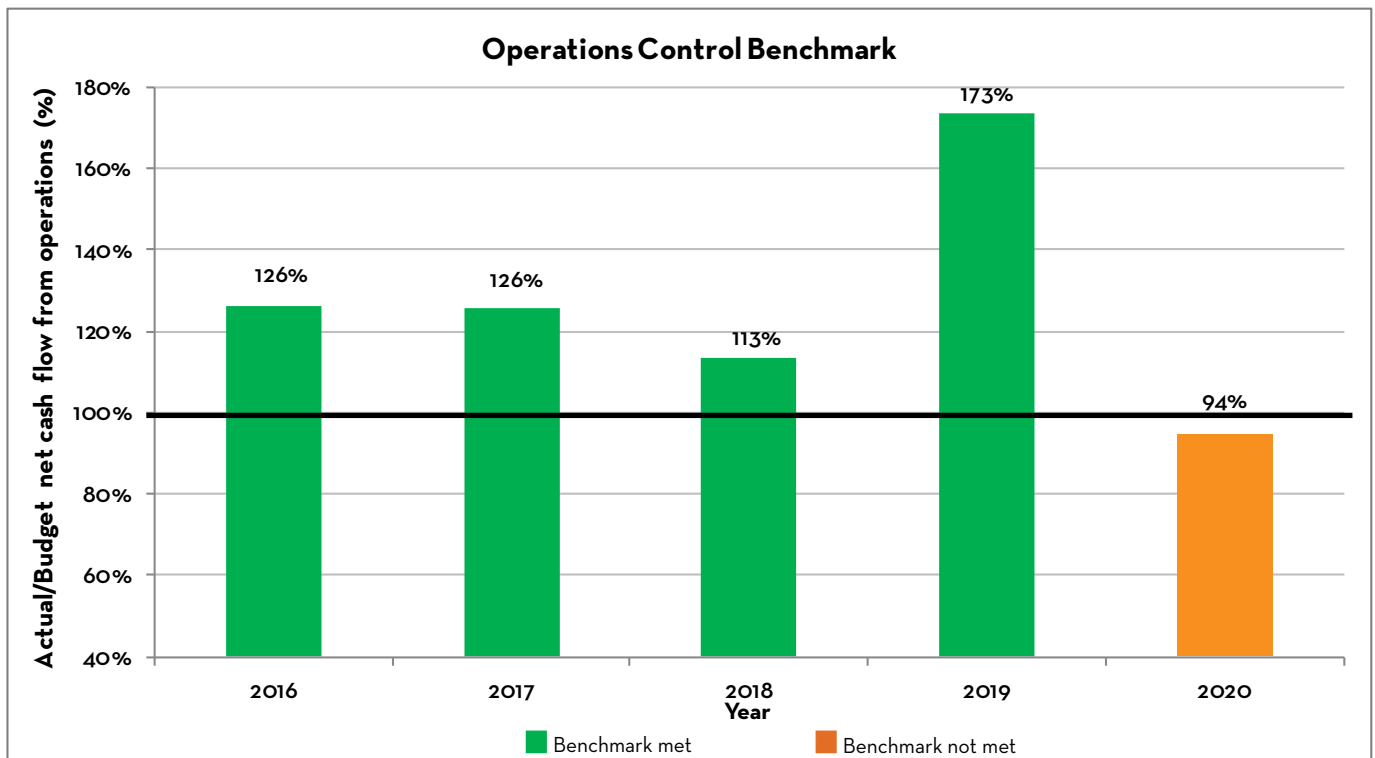
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

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

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



Additional information

Rates (Increases) Affordability Benchmark

The financial strategy was amended during the 2018-28 LTP to remove the impact of growth from the calculation. For 2020, Western Bay of Plenty District Council rating units increased by 4.0%. Growth is deemed to be the actual increase in rating units as at 30 June 2020 over the prior year.

Increased properties in the District has contributed to a 2.2% increase in rates income over the 2016 financial year. Rating penalties have been removed from the calculations as these are the result of non-payment of rates rather than an actual charge made up front.

Rates (Income) Affordability Benchmark

The financial strategy was amended during the 2018-28 LTP to place a cap on the proportion of rates to total revenue to be no more than 75%. The rates (income) affordability benchmark was not met in 2018. To meet this benchmark for the financial year, rates income has to be at least 65% of revenue (less financial contributions, gains and vested assets). Due to additional unbudgeted revenue of \$4m for transportation and cycleway projects, rates income equated to 62% of revenue. Without this additional income this benchmark would have been met.

Balanced Budget Benchmark

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

Essential Services Benchmark

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

Operations Control Benchmark

The operations control benchmark was not met in 2020. This was due primarily to lower than budgeted revenue from financial contributions as growth within the District began to slow and the timing of receipts due to developers electing to pay in the previous year.

DISCLOSURE STATEMENT CALCULATIONS

	ACTUAL \$'000	ACTUAL \$'000
	2019	2020
Rates income	69,284	73,079
Penalty rates	(1,176)	(1,271)
Rates income excluding penalties	68,108	71,808
Rates affordability benchmark	2.8%	1.5%
Rates income	69,284	73,079
Total revenue	133,762	110,213
less - vested assets	(15,891)	(5,940)
less - unrealised income	-	-
less - gains	(2,963)	(826)
less - financial contributions	96,302	97,555
Revenue for benchmark	72%	75%
Rates income affordability benchmark	72%	74%
Total revenue	133,762	110,213
Less financial contributions	(18,605)	(5,892)
Less gains	(2,963)	(826)
Less vested assets	(15,891)	(5,940)
Less - unrealised income	-	-
Revised revenue	96,302	98,379
Total external debt	110,000	110,000
Less short term Investments	-	-
Less cash	(29,622)	(34,489)
Net borrowings	80,378	80,378
Debt affordability benchmark	83%	82%
Total revenue	133,762	110,213
Less - financial contributions	(18,605)	(5,892)
Less - vested assets	(15,891)	(5,940)
Less - revaluation adjustments	(2,963)	(826)
Less - unrealised income	-	-
Revenue for benchmark	96,302	97,555
Total expenditure	92,580	95,297
Less - revaluation adjustments	-	-
Less - unrealised interest/derivative loss	-	(1,346)
Expenditure for benchmark	92,580	93,951
Balanced budget benchmark	107%	104%
Capital expenditure		
Roading	18,388	15,794
Water	2,842	3,448
Wastewater	3,477	1,255
Stormwater	3,417	1,299
Total capital expenditure	28,124	21,796



	ACTUAL	ACTUAL
	\$'000	\$'000
	2019	2020
Depreciation expense		
Roading	9,242	9,845
Water	3,697	2,593
Wastewater	3,251	2,965
Stormwater	1,417	1,522
Total depreciation	17,607	16,925
Essential services benchmark	160%	129%
Total revenue	133,762	111,037
Less - financial contributions	(18,605)	(5,892)
Less - vested assets	(15,891)	(5,940)
Less - revaluation adjustments	(2,963)	(826)
Less - derivative gains	-	-
Revenue for benchmark	96,302	98,379
Interest expense	6,874	6,036
Debt servicing benchmark	7%	6%
Actual		
Liabilities		
Debt	110,000	110,000
Payables	18,623	17,811
Interest rate swaps	11,669	13,015
Assets		
Cash	(29,622)	(34,489)
Investment	(3,577)	(3,558)
Financial assets	(11,274)	(11,519)
Actual net debt	95,818	91,260
Budget		
Liabilities		
Debt	120,000	120,000
Payables	14,295	15,590
Interest rate swaps	9,655	8,376
Assets		
Cash	(1,720)	(3,915)
Investments	(4,065)	(3,752)
Financial assets	-	-
Budget net debt	138,165	136,299
Debt control benchmark	69%	67%
Budgeted cashflow from operations	29,351	29,150
Actual cashflow from operations	50,873	27,499
Operations control benchmark	173%	94%

Independent Auditor's Report

To the readers of Western Bay of Plenty District Council's annual report for the year ended 30 June 2020

The Auditor-General is the auditor of Western Bay of Plenty District Council (the District Council). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 24 September 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 136 to 204:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2020;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on pages 205 to 219, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;

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- the Group of Activities on pages 35 to 133:
 - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2020, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 206 to 219, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s Long-term plan; and
- the funding impact statement for each group of activities on pages 205 to 219, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 21 to 25, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in notes 1, 15 and 41 to the financial statements and throughout the Group of Activities on pages 35 to 133, in particular the 2019/20 Highlights for each Activity.

Basis for our opinion on the audited information

We carried out our audit 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. We describe our

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responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

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

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

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council’s Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General’s Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those

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risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Group of Activities, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 20, 26 to 34, 134 to 135 and 220 to 225 but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If,

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based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council.



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