

CHAPTER ONE

01

OVERVIEW



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# CHAPTER ONE

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# OVERVIEW OF WESTERN BAY OF PLENTY DISTRICT COUNCIL'S PERFORMANCE 2020/21

## Council's five year financial performance summary

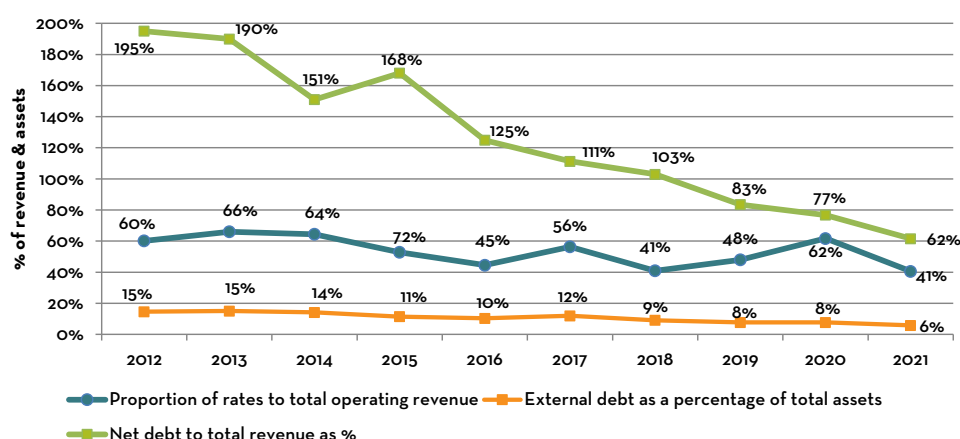
Financial performance	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000
Rate revenue (excluding water by meter)	59,892	60,958	64,128	68,468	68,446
Vested assets revenue	3,658	10,965	15,891	5,940	6,216
Financial contributions revenue	10,993	9,506	18,605	5,892	7,572
Total expenditure	80,454	82,682	92,580	95,297	100,246
Total operating revenue	106,247	148,997	133,762	110,213	124,138
Operating surplus/(deficit)	25,587	66,299	41,186	14,917	68,590
Capital expenditure	26,826	38,377	34,919	30,347	33,246
Working capital/(deficit)	(12,663)	(4,054)	19,308	28,913	14,884
Total external debt	150,000	125,000	110,000	110,000	90,000
Net external debt	100,221	98,267	80,378	75,511	64,294
Property, Plant and Equipment	1,248,923	1,374,476	1,427,988	1,433,452	1,510,097
Short term investments	35,000	14,983	-	-	-
Cash on hand	14,779	11,750	29,622	34,489	25,706

## Council's five year financial statistics summary

Financial statistics	2017	2018	2019	2020	2021
<sup>1</sup> Proportion of rates to revenue	56%	41%	48%	62%	41%
Total external debt as a percentage of total assets	12%	9%	8%	8%	6%
External debt per rateable property (\$'000s)	7.18	5.91	5.00	4.80	3.86
Net external debt per rateable property (\$'000)	4.80	4.65	3.65	3.30	2.76
<sup>2</sup> Net debt to revenue as a percentage	111%	103%	83%	77%	62%
Total capital value of rating units within the District (\$m)	14,820	19,655	20,391	27,524	27,524
Total land value of rating units within the District (\$m)	7,851	10,783	10,755	14,984	14,984
Rateable properties	20,884	21,144	22,016	22,890	23,320

## Treasury ratios

## Council's five year financial statistics summary



## 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 28 provides a detailed assessment of how well Western Bay Council's activities performed during 2020/21).

### Performance against 2020/21 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 2020/21 targets is shown in the table below.

Activity Group	Target met	Partial met	Not met	Not measured	Total
Representation	11		7	1	18
Planning for the future	2		2	1	4
Communities	17		5	1	22
Recreation and leisure	8	1	6	1	15
Regulatory services	10	2	6	1	18
Stormwater	14				14
Transportation	10		3		13
Water supply	11	1	2		14
Natural environment	3		4		7
Wastewater	12		2		14
Solid Waste	4		2	1	6
Economic development	3		2		5



#### Targets Met

Target has been achieved.

105  
(70%)



#### Targets partially met

Target has not been fully achieved, it is within 5% of target.

4  
(3%)



#### Targets not met

Target was not achieved.

41  
(27%)

**156**  
measures  
in total  
for 2020/21.

# REPORT ON DEVELOPMENT OF MĀORI CAPACITY TO CONTRIBUTE TO DECISION MAKING 2020/21

ON-GOING PROCESSES		
<b>Māori representation arrangements</b>	Te Ihu o te Waka o Te Arawa	The Tauranga Moana and Te Arawa ki Takutai Partnership Forum has been disestablished after the iwi and hapū members of the forum decided on a new representation arrangement.
	Te Kāhui Mana Whenua o Tauranga Moana	<p>Te Ihu o te Waka o Te Arawa represents a group of the iwi and hapū of coastal Te Arawa. They have entered into a Kawenata (covenant) with Council outlining the relationship they want to have with Council.</p> <p>Te Kāhui Mana Whenua o Tauranga Moana representing a group of iwi and hapū of Tauranga Moana are developing a similar relationship document to govern their relationship with Council.</p>
<b>Formal relationship agreements</b>	Te Ihu o te Waka o Te Arawa Kawenata	<p>The Kawenata described above was developed by iwi and hapū of coastal Te Arawa and presented to the Mayor and Councillors at a hui held at Tia Marae, Rangiuru. The Kawenata was subsequently adopted in principle both at the Marae and at a formal meeting of Council.</p> <p>The Kawenata outlines the iwi and hapū covered by the agreement, together with the members of Council that will meet with those iwi and hapū to discuss matters of significance for them.</p>
<b>Engagement with Māori communities</b>	Tangata Whenua Consultation Guidelines	Status quo
	Consultation Protocols	As above.
<b>Building relationships with our Māori communities</b>	Marae Sustainability Initiatives Fund	<p>The Marae Sustainability Initiatives Fund continues to provide support to Marae initiatives within our district. An example of funding this year saw the road leading to Te Rereatukahia Marae sealed to allow better access for those using the Marae.</p> <p>Council successfully applied for central government funding to support a project to improve the wastewater infrastructure at Marae in the Western Bay. This project has seen new septic tanks systems installed at three Marae so far and two connected to Council's reticulated wastewater system. The project is continuing to work with other Marae to provide them with the same.</p>
	Marae Wastewater improvement project	<p>Council provides a small fund to support cultural events and initiatives, including Waitangi day commemorations, kapahaka festivals and local festivals. Covid lockdowns have affected some of the events that are typically supported by this fund.</p>



## ON-GOING PROCESSES

<p><b>Co-management regimes</b></p>	<ul style="list-style-type: none"> <li>• Papamoa Hills Cultural Heritage Regional Park</li> <li>• TECT All Terrain Park</li> <li>• Panepane Point</li> <li>• Tauriko for Tomorrow</li> <li>• Eastern Corridor Urban Growth</li> </ul>	<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 hapū 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 hapū/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 hapū/iwi.</p>
<p><b>SmartGrowth</b></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><b>Policy Development</b></p>	<p>Input to reviews of policies and strategies through Māori Forum workshops.</p>	<p>Council undertook engagement on its Long Term Plan with Tangata Whenua, in particular those that have iwi and hapū that have management plans with us. The feedback saw changes to some of our Council initiatives such as an increase of our iwi hapū management plan fund to \$75,000.00 per annum and a change in the approach to how the fund is spent, which now allows support for implementing the projects in a iwi/hapū management plan.</p>
<p><b>Strategic Planning</b></p>	<p>Hapū and Iwi management plans</p>	<p>Status quo.</p>

# ANNUAL REPORT DISCLOSURE STATEMENT 2020/21

## Annual Report disclosure Statement for the year ended 30 June 2021

### 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.

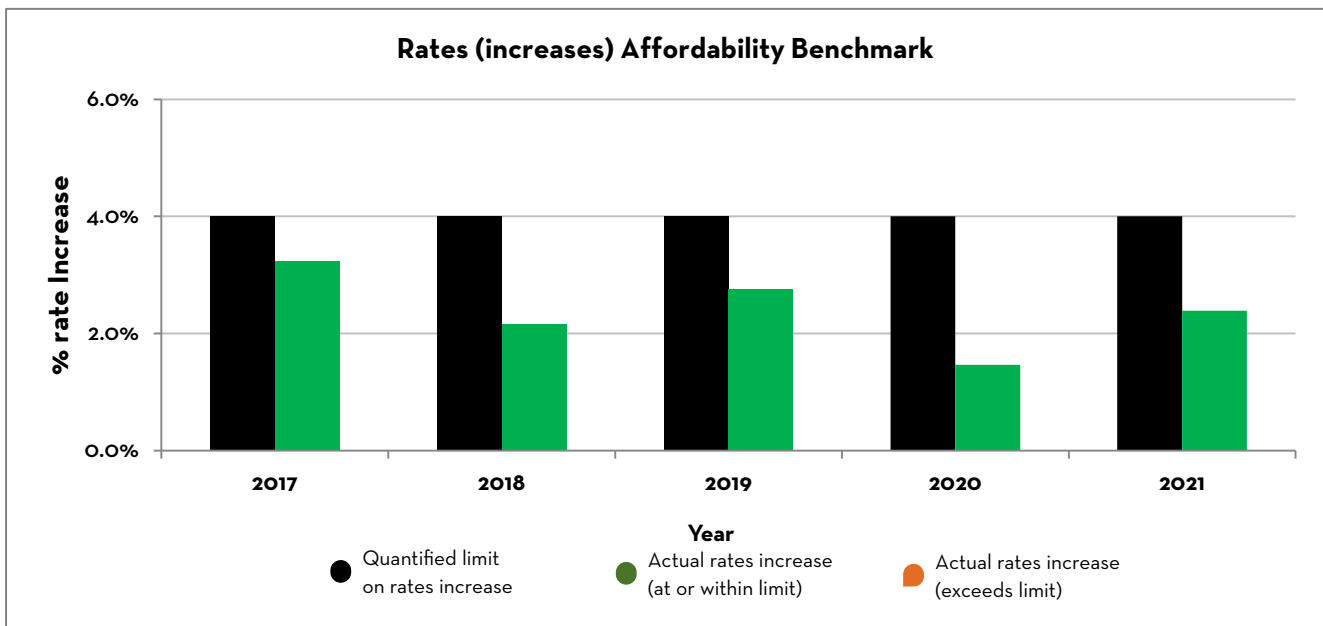
Page 23-24 provides a breakdown of how these benchmarks were calculated for 2020 and 2021.

### 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.

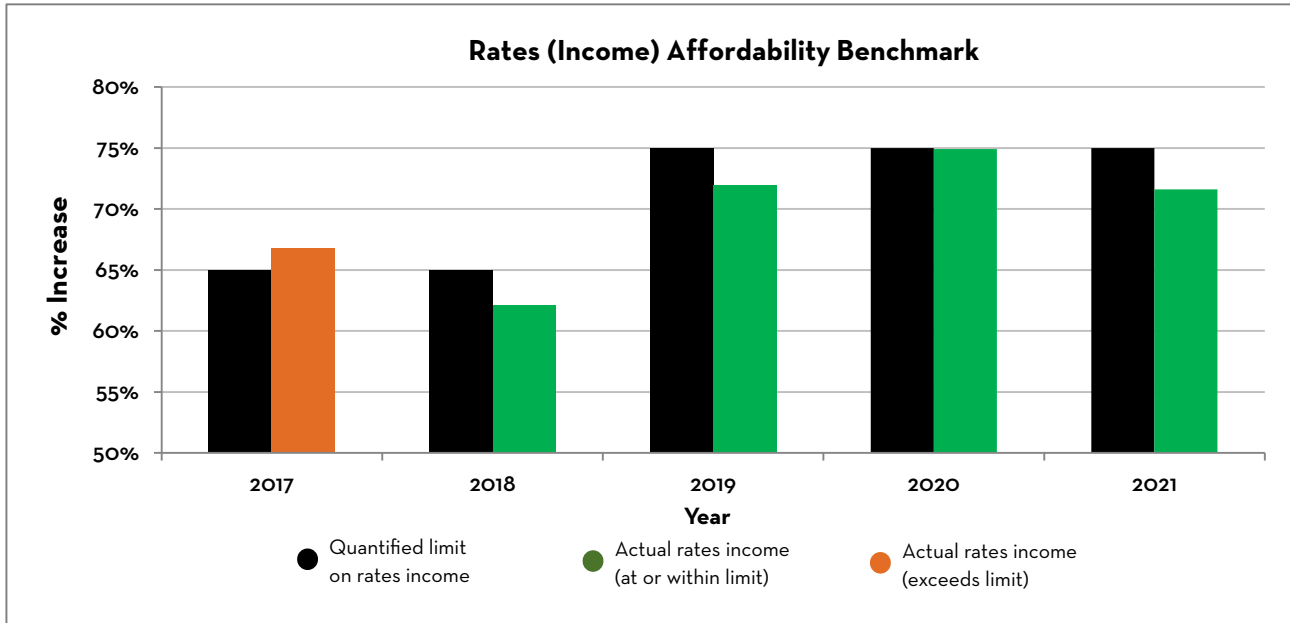
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit for 2021 is 4%.



**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.

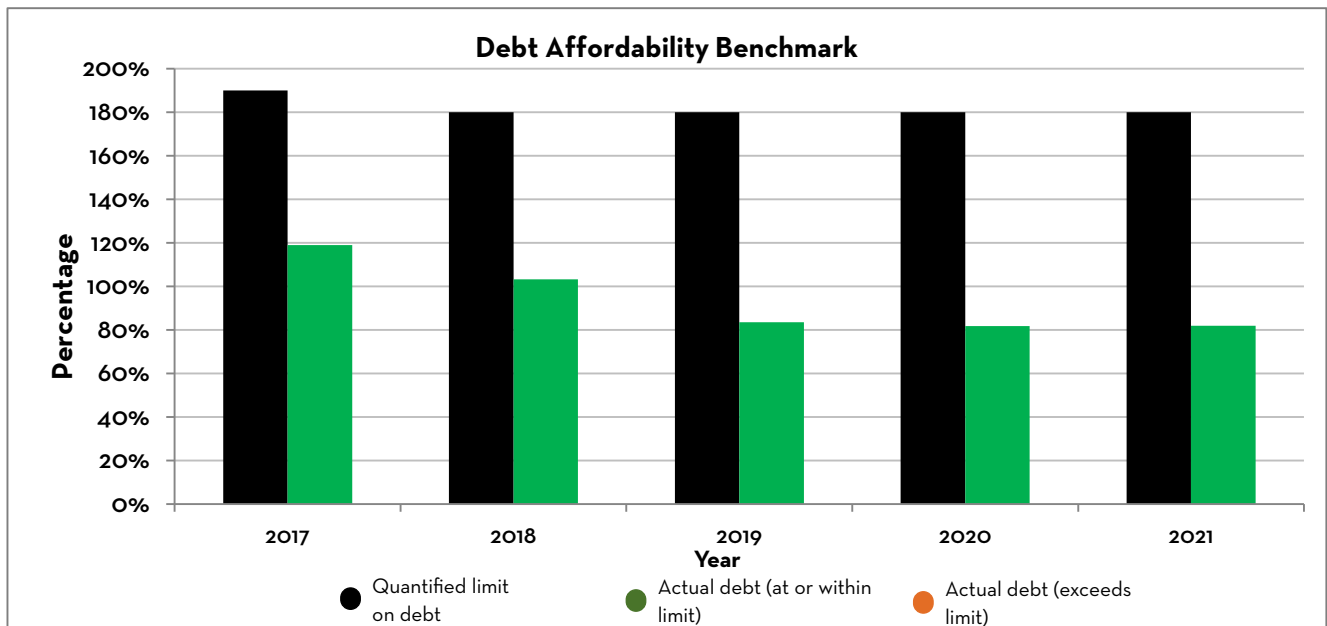
Note: the benchmark was changed during the 2018-28 Long Term Plan to be no more than 75% of revenue (Prior: more than 65%).



**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.

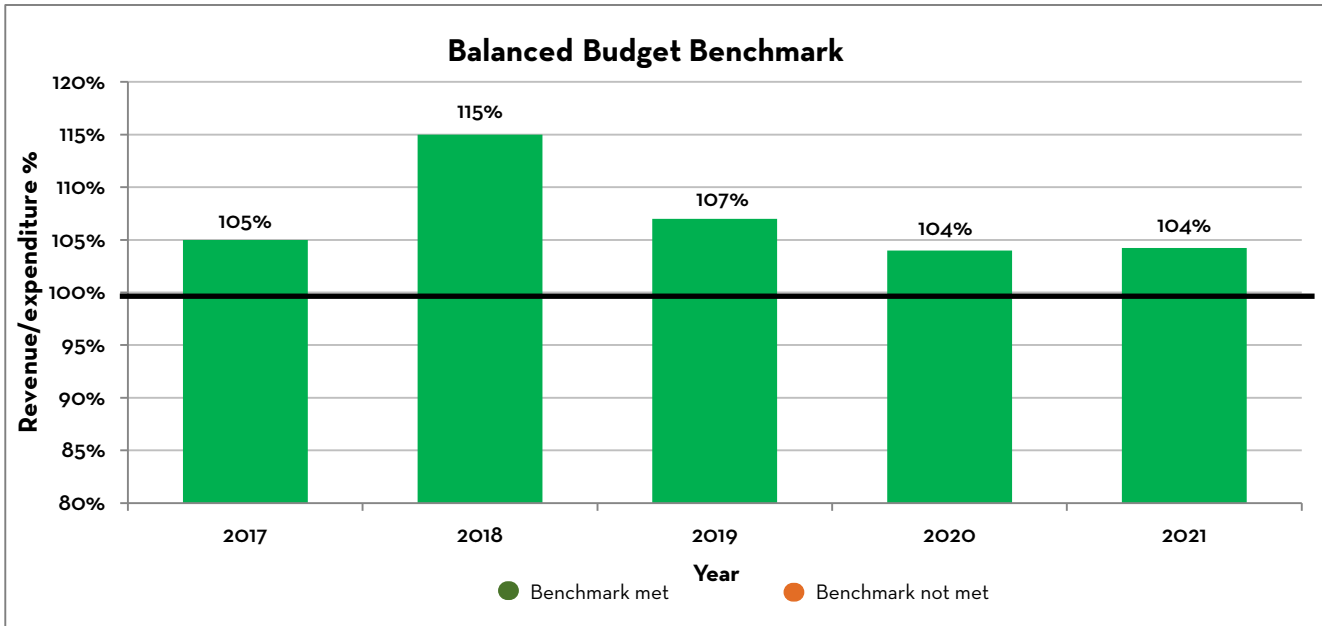




### Balanced budget benchmark

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).

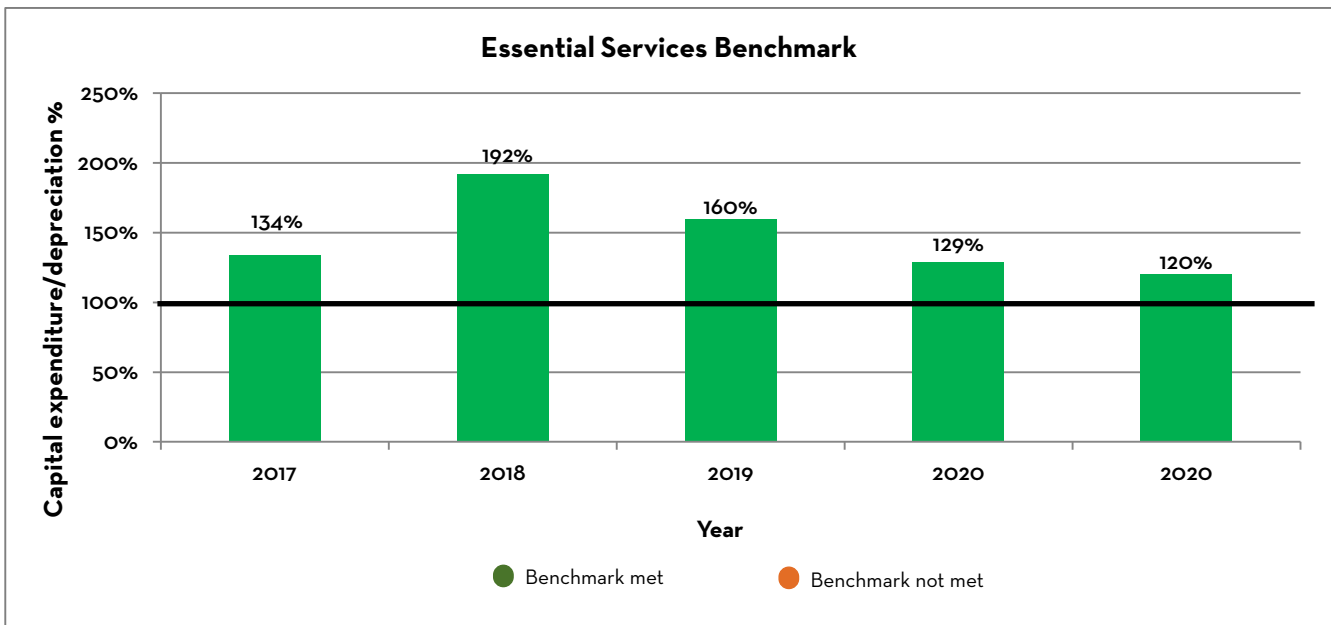
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential services benchmark

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

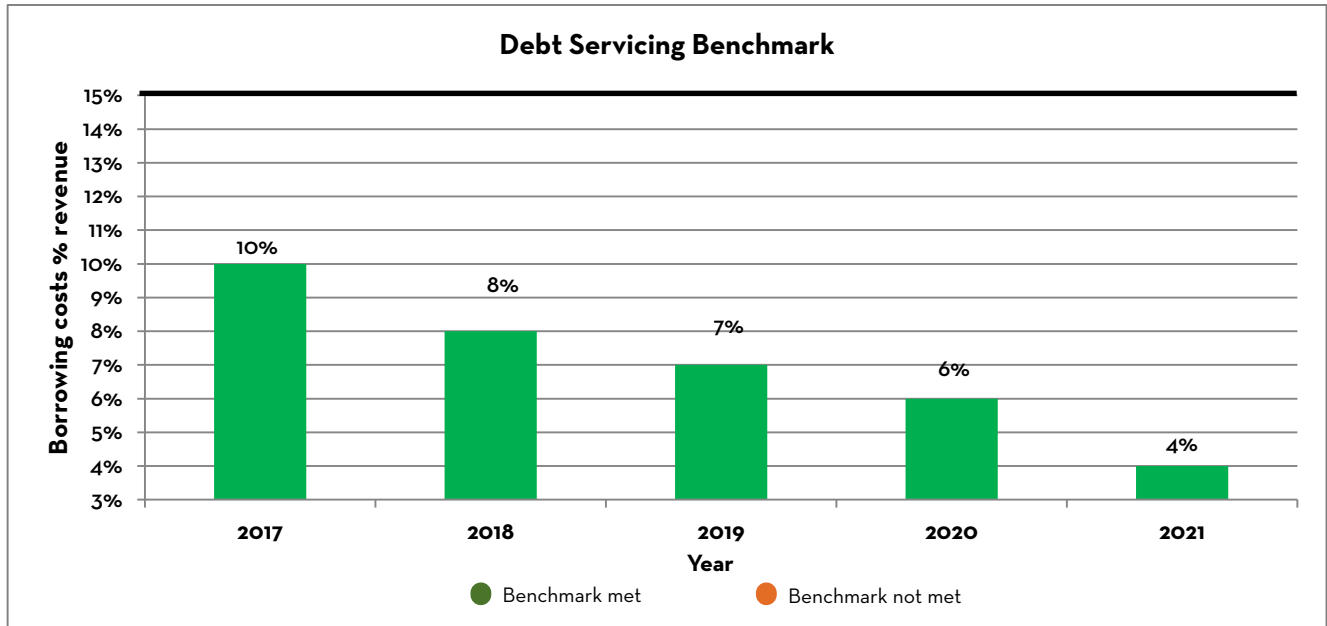
The Council meets this benchmark if its capital expenditure on network services (being; transportation, water, wastewater and Stormwater) equals or is greater than depreciation on network services.



### 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).

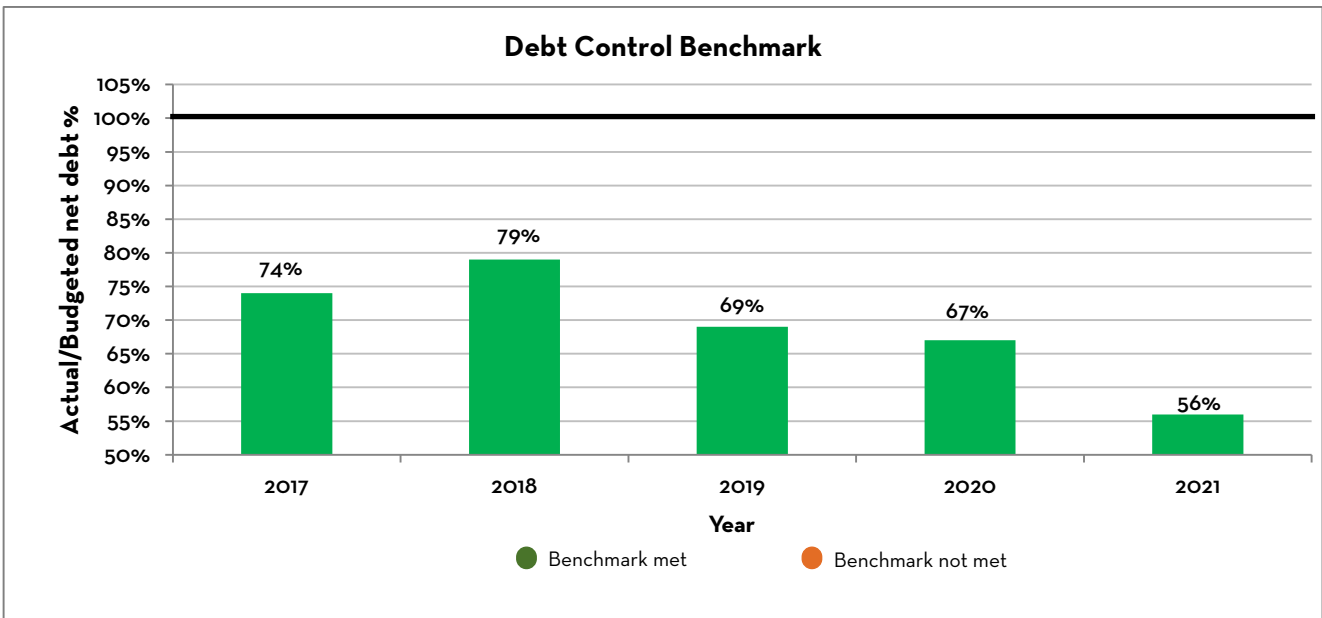
Because Statistics New Zealand projects the council's population will grow faster than, the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



### 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).

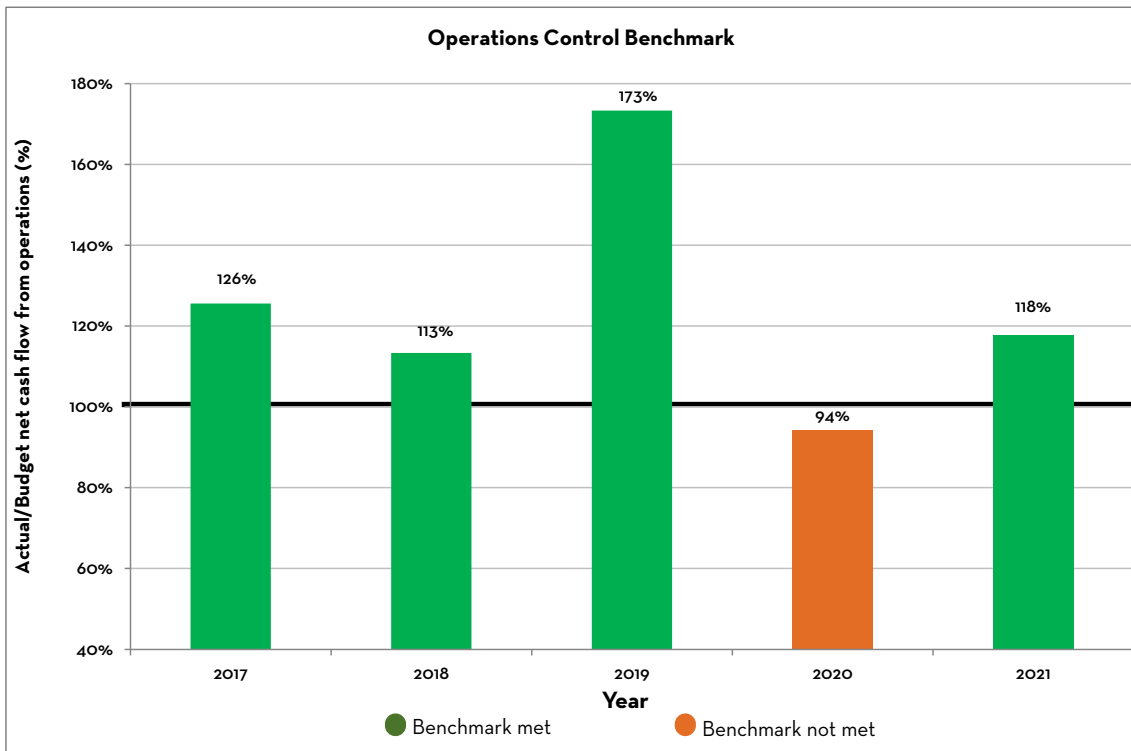
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### 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. 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.

#### Essential Services Benchmark

The essential services benchmark was not met in 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	ACTUAL
	\$'000	\$'000
	2020	2021
Rates income	73,079	74,827
Penalty rates	(1,271)	(1,318)
Rates income excluding penalties	71,808	73,509
<b>Rates affordability benchmark</b>	<b>1.5%</b>	<b>1.1%</b>
Rates income	73,079	74,827
Total revenue	110,213	168,817
less - vested assets	(5,940)	(50,895)
less - unrealised income	-	(5,448)
less - gains	(826)	(413)
less - financial contributions	97,555	-
Revenue for benchmark	75%	104,489
<b>Rates income affordability benchmark</b>	<b>74%</b>	<b>72%</b>
Total revenue	110,213	168,817
Less financial contributions	(5,892)	(7,572)
Less gains	(826)	(413)
Less vested assets	(5,940)	(50,895)
Less - unrealised income	-	-
Revised revenue	98,379	104,489
Total external debt	110,000	90,000
Less short term Investments	-	-
Less cash	(34,489)	(25,706)
Net borrowings	80,378	80,378
<b>Debt affordability benchmark</b>	<b>82%</b>	<b>77%</b>
Total revenue	110,213	168,817
Less - financial contributions	(5,892)	(7,572)
Less - vested assets	(5,940)	(50,895)
Less - revaluation adjustments	(826)	(413)
Less - unrealised income	-	-
Revenue for benchmark	97,555	104,489
Total expenditure	95,297	100,246
Less - revaluation adjustments	-	-
Less - unrealised interest/derivative loss	(1,346)	-
Expenditure for benchmark	93,951	100,246
<b>Balanced budget benchmark</b>	<b>104%</b>	<b>104%</b>
Capital expenditure		
Roading	15,794	14,695
Water	3,448	4,249
Wastewater	1,255	2,944
Stormwater	1,299	2,080
<b>Total capital expenditure</b>	<b>21,796</b>	<b>23,968</b>

	ACTUAL	ACTUAL
	\$'000	\$'000
	2020	2021
Depreciation expense		
Roading	9,845	10,586
Water	2,593	4,023
Wastewater	2,965	3,719
Stormwater	1,522	1,611
<b>Total depreciation</b>	<b>16,925</b>	<b>19,939</b>
Essential services benchmark	129%	120%
Total revenue	111,037	168,817
Less - financial contributions	(5,892)	(7,572)
Less - vested assets	(5,940)	(50,895)
Less - revaluation adjustments	(826)	(413)
Less - derivative gains	-	(5,448)
Revenue for benchmark	98,379	104,489
<b>Interest expense</b>	<b>6,036</b>	<b>4,593</b>
<b>Debt servicing benchmark</b>	<b>6%</b>	<b>4%</b>
<b>Actual</b>		
Liabilities		
Debt	110,000	90,000
Payables	17,811	23,544
Interest rate swaps	13,015	7,566
Assets		
Cash	(34,489)	(25,706)
Investment	(3,558)	(3,258)
Financial assets	(11,519)	(12,379)
Actual net debt	91,260	79,767
<b>Budget</b>		
Liabilities		
Debt	120,000	110,000
Payables	15,590	15,590
Interest rate swaps	8,376	8,368
Assets		
Cash	(3,915)	(4,142)
Investments	(3,752)	(11,422)
Financial assets	-	-
Budget net debt	136,299	118,394
<b>Debt control benchmark</b>	<b>67%</b>	<b>67%</b>
Budgeted cashflow from operations	29,150	37,822
<b>Actual cashflow from operations</b>	<b>27,499</b>	<b>44,564</b>
<b>Operations control benchmark</b>	<b>94%</b>	<b>118%</b>



Having fun  
at TECT Park's 10th  
birthday celebrations  
in November 2020.