

Wāhanga tuatahi - Chapter One

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# Tirohanga whānui Overview



## Section overview

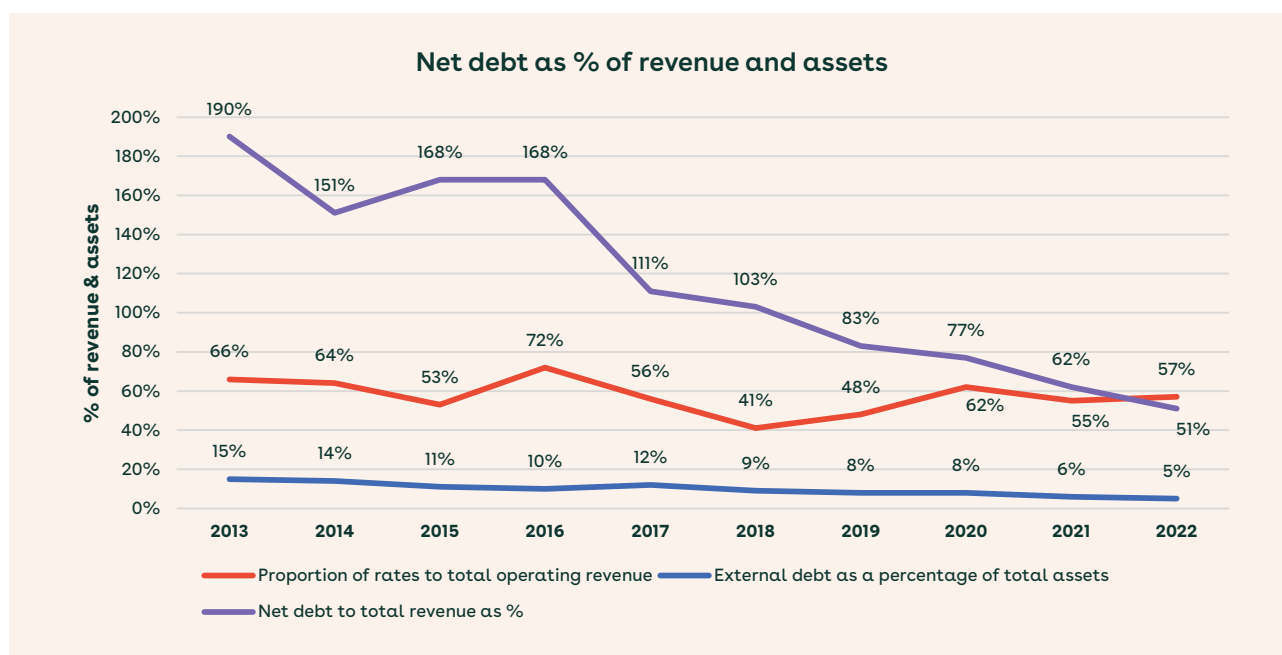
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# Overview of Council's performance 2021/22

Financial Performance	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000
Rates revenue	60,958	64,128	68,468	68,446	77,001
Vested assets revenue	10,965	15,891	5,940	6,216	5,080
Financial contribution revenue	9,506	18,605	5,892	7,572	10,925
Total operating expenditure	82,392	92,580	95,297	100,246	110,371
Total operating revenue	148,997	133,762	110,213	124,138	143,916
Operating surplus/(deficit)	66,299	41,186	14,917	68,590	33,603
Capital expenditure	38,377	34,919	30,347	33,246	40,917
Working capital/(deficit)	(4,084)	19,308	28,913	14,884	(478)
External debt	125,000	110,000	110,000	90,000	80,000
Net debt	98,267	80,378	75,511	64,294	59,452
Fixed assets (NBV)	1,374,476	1,427,988	1,433,452	1,510,097	1,661,509
Short term investments	14,983	-	-	-	-
Cash on hand	11,750	29,622	34,489	25,706	34,489

Financial Statistics	2018	2019	2020	2021	2022
Proportion of rates to total operating revenue	41%	48%	62%	55%	57%
External debt as a percentage of total assets	9%	8%	8%	6%	5%
External debt per rateable property (\$000's)	5.91	5.00	4.80	3.86	3.29
Net debt per rateable property (\$000's)	4.65	3.65	3.30	2.76	1.88
Net debt to total revenue as %	103%	83%	77%	62%	51%
Total capital value of rating units within the district (\$m)	19,655	20,391	27,524	27,524	28,115
Total land value of rating units within the district (\$m)	10,783	10,755	14,984	14,984	15,057
Rateable properties	21,144	22,016	22,890	23,320	24,248



## 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 2021/22).

## Performance against 2021/22 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 2021/22 targets is shown in the table below.

Work programme	Target Met	Partial met	Not met	Not commenced	Total
Representation	8	-	-	-	8
Planning for future	23	4	1	-	28
Communities	37	14	1	2	54
Recreation	47	22	2	3	74
Regulatory	16	7	6	1	30
Stormwater	4	6	2	2	14
Transportation	17	14	1	4	36
Water	23	11	-	1	35
Environment	8	4	-	1	13
Wastewater	22	7	1	3	33
Solid waste	9	1	-	-	10
Economic	12				12
Internal services	80	25	1	3	109
					<b>456</b>

# Report on development of Māori capacity to contribute to decision-making 2021/22

**We recognise the importance and special place of Tangata Whenua within our communities and the additional responsibilities that the Local Government Act 2002 places on us to develop the capacity of Māori to take part in local government decision-making processes.**

**Equally, we acknowledge the journey that is required to develop positive and purposeful relationships with Tangata Whenua that can sustain us into the future.**

**We have a number of mechanisms for engagement and to involve Tangata Whenua in our decision-making processes. We will continue to review and improve them to ensure ongoing effectiveness.**

**We will continue to work with iwi and hapū to provide for their representation aspirations.**

## Te Ara Mua

Te Ara Mua is a plan that was developed by the Tauranga Moana and Te Arawa ki Takutai Partnership Forum. The Partnership Forum was disestablished in 2020, and two new forums, Te Kāhui Mana Whenua o Tauranga Moana and Te Ihu o Te Waka o Te Arawa were created in 2021.

Te Ara Mua has been used to inform Council's Long-Term Plan and Annual Plan and signifies the previous efforts of the Partnership Forum to meet the aspirations of Māori and the Western Bay of Plenty District Council when it comes to kaupapa Māori.

In time, Te Ara Mua will be superseded by the plans of the two forums once these have been developed.

Te Ara Mua provides Ngā Whetu, a framework for identifying issues of significance to Māori in line with the Treaty of Waitangi principles that have been adopted by Council, and the clear statutory obligations Council has to Māori. The Plan also outlines Ngā Kaihoe, an annual work programme for the Partnership Forum to drive actions that address issues of significance.

## Our Kaupapa Māori team

This team initiates, builds and maintains our relationship with Tangata Whenua and Māori, ensures Kaupapa Māori is considered in Council's decision making, and strengthens our organisation's ability to appropriately engage with Māori through exposure to and training in kawa (protocols), tikanga (customs) and te reo (the Māori language).

## Tangata Whenua engagement guidelines

Our Tangata Whenua engagement guidelines have been developed to assist staff in engaging with Tangata Whenua.

## Working with Māori

Find out more detail by reading Te Ara Mua on Council's website [westernbay.govt.nz/council/working-with-maori](https://westernbay.govt.nz/council/working-with-maori).

# Annual Report disclosure statement 2021/22

## 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.

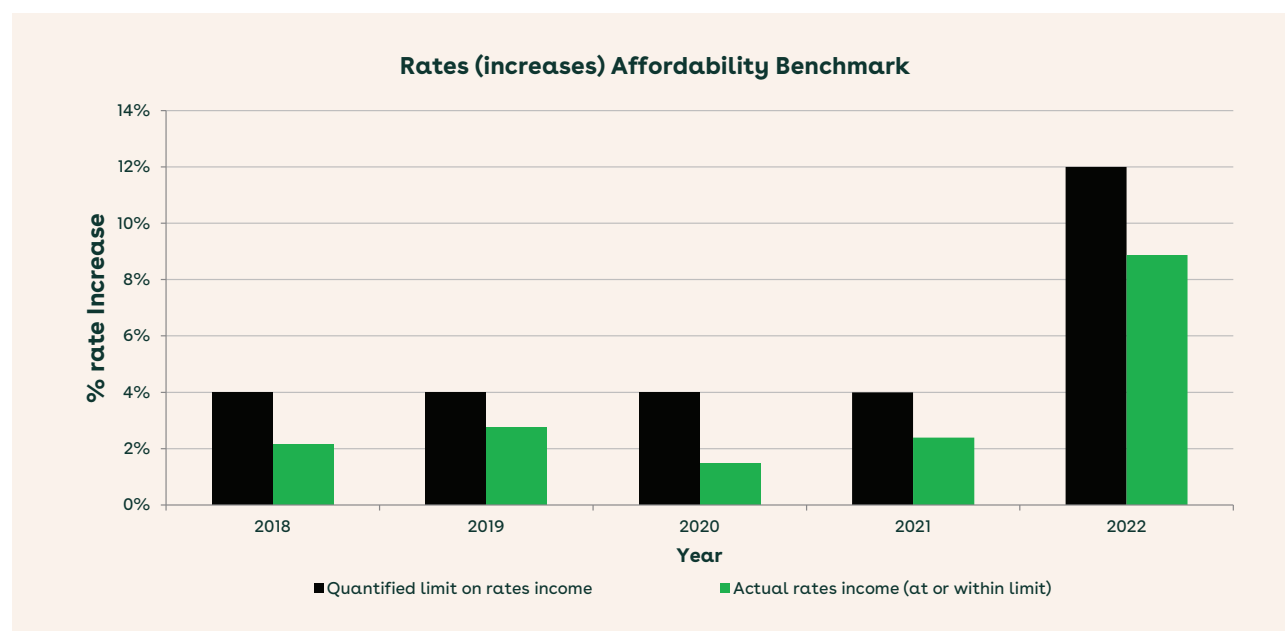
Page 26-27 provides a breakdown of how these benchmarks were calculated for 2021 and 2022.

### 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.

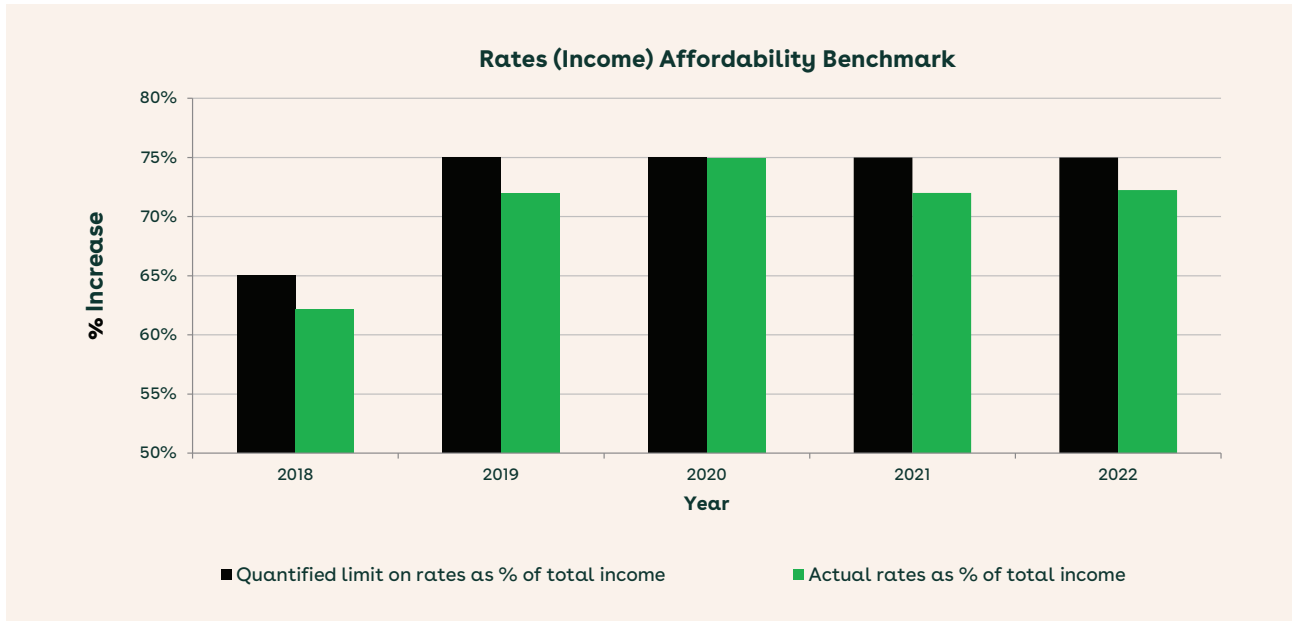
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit for 2022 is 12%.



## 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 80% of revenue. Revenue is defined as total revenue as per the Statement of Comprehensive Revenue and Expenditure less Financial Contributions, Gains and Vested Assets.

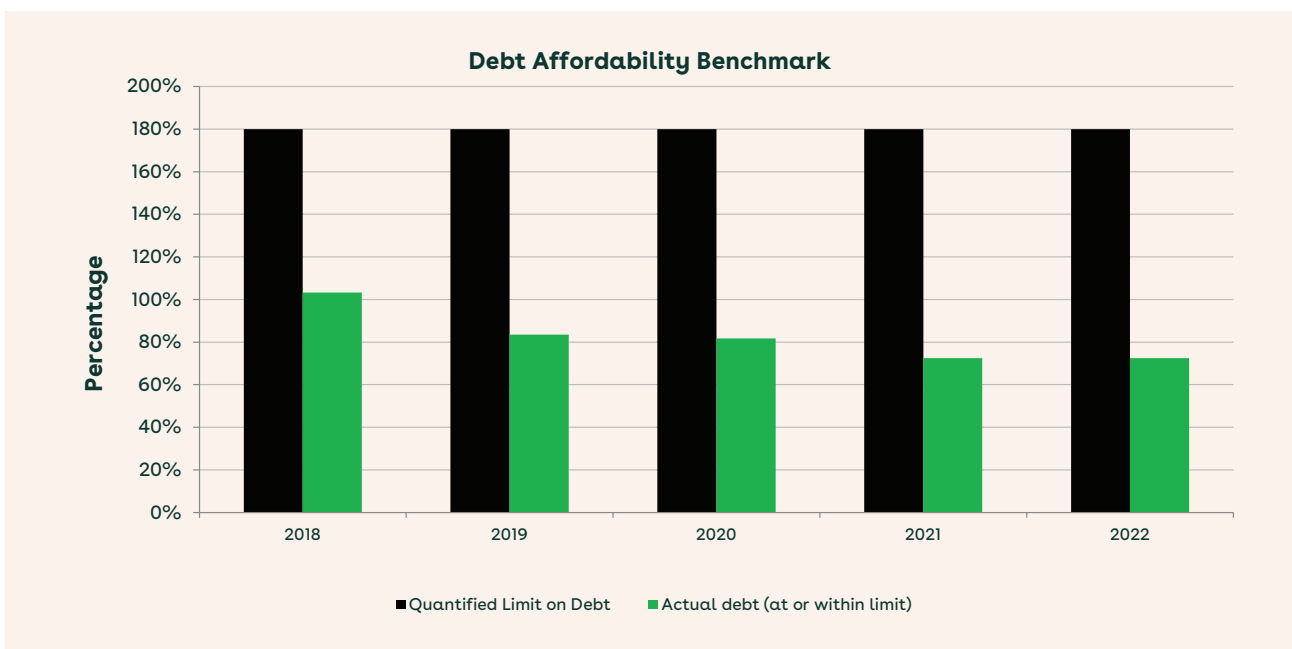
Note: the benchmark was changed during the 2021-31 Long Term Plan to be no more than 80% of revenue (Prior: more than 75%).



## Debt affordability benchmark

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

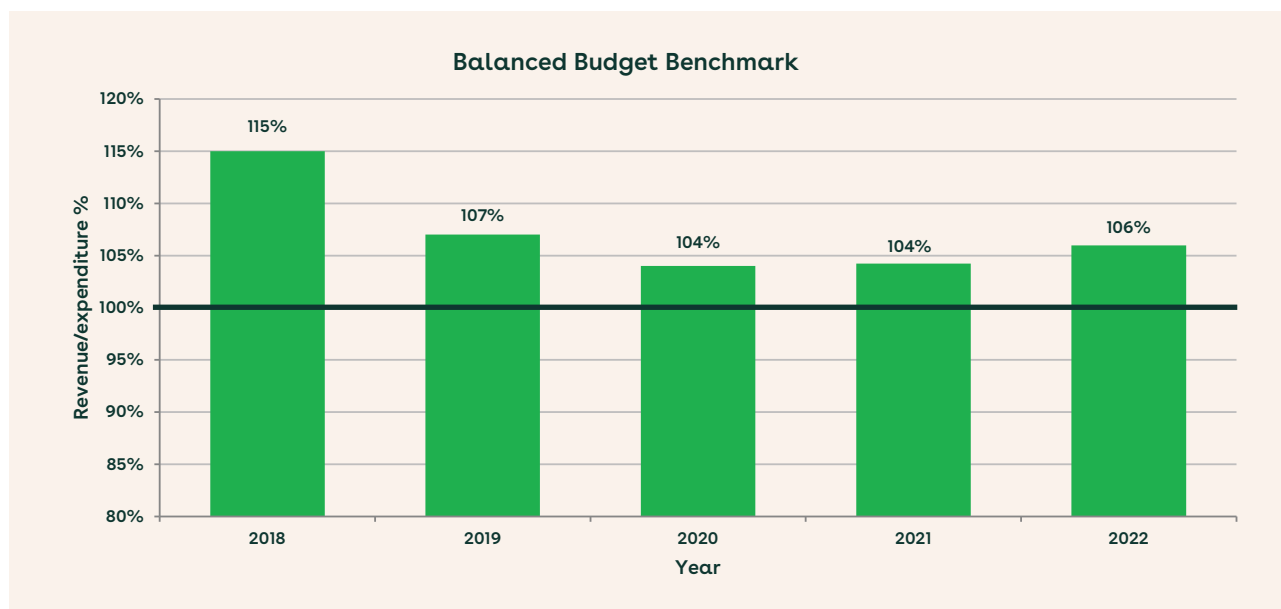
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s Long Term Plan. The quantified limit is that debt will not exceed 180% of revenue from 2018 onwards, reduced from 190% in 2017 and 200% in previous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

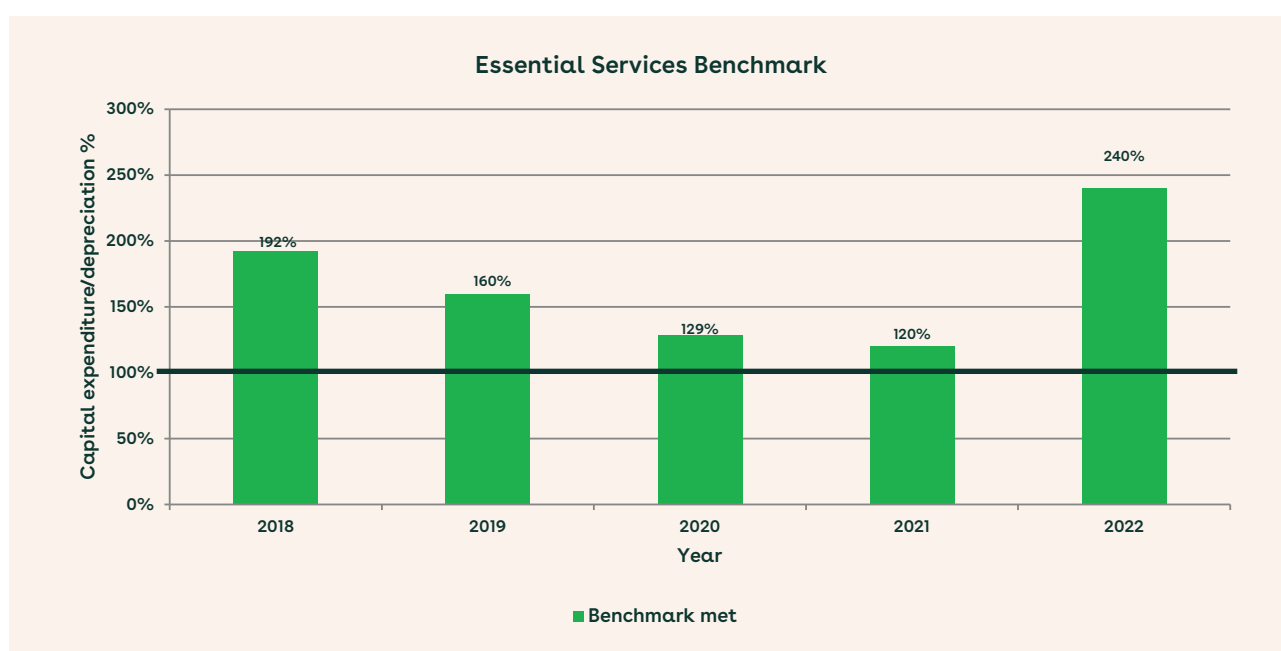
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



## 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.

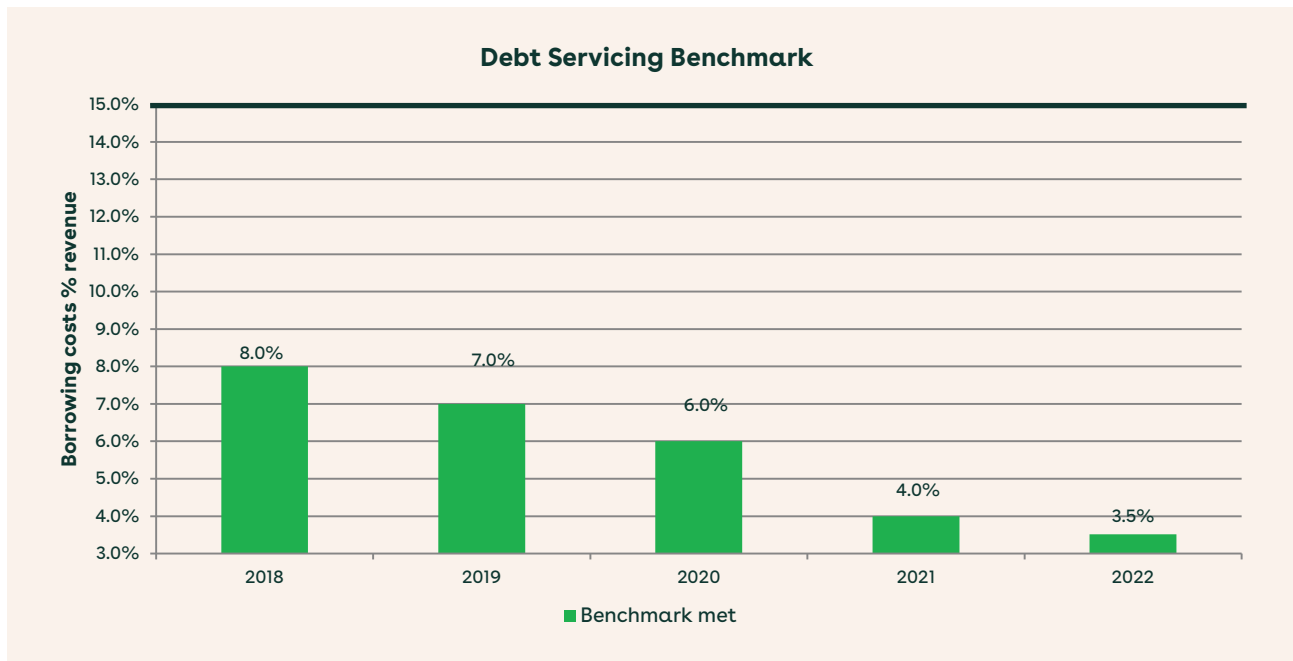




## Debt servicing benchmark

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).

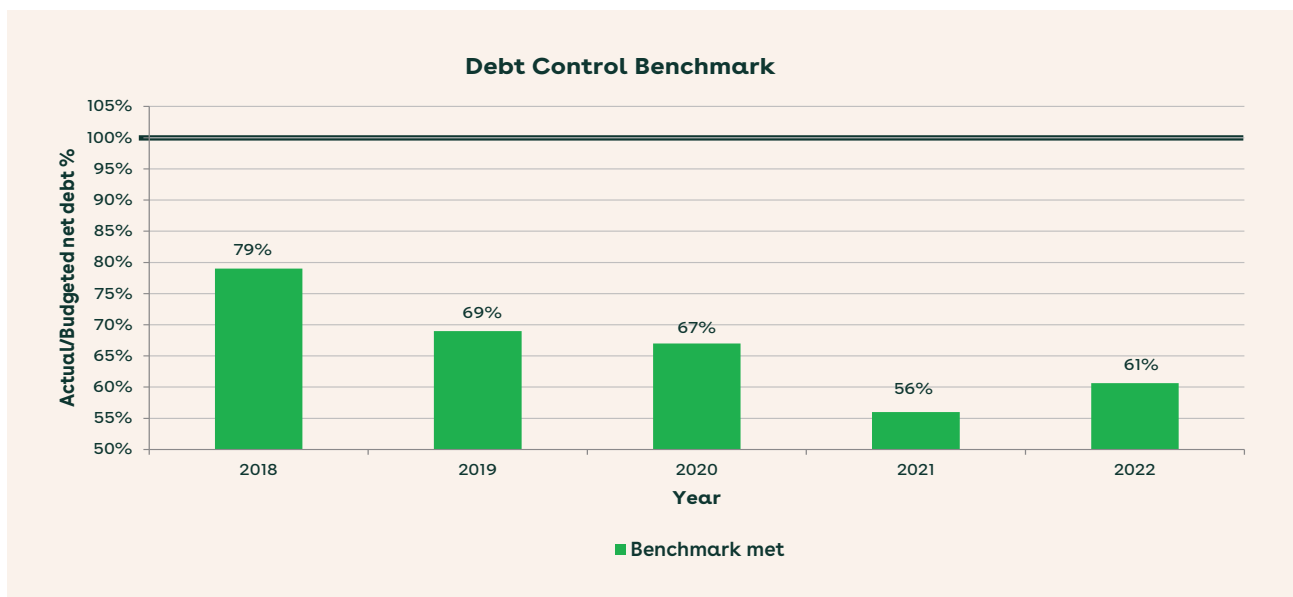
Because Statistics New Zealand projects the council’s population will grow faster than, the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



## 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).

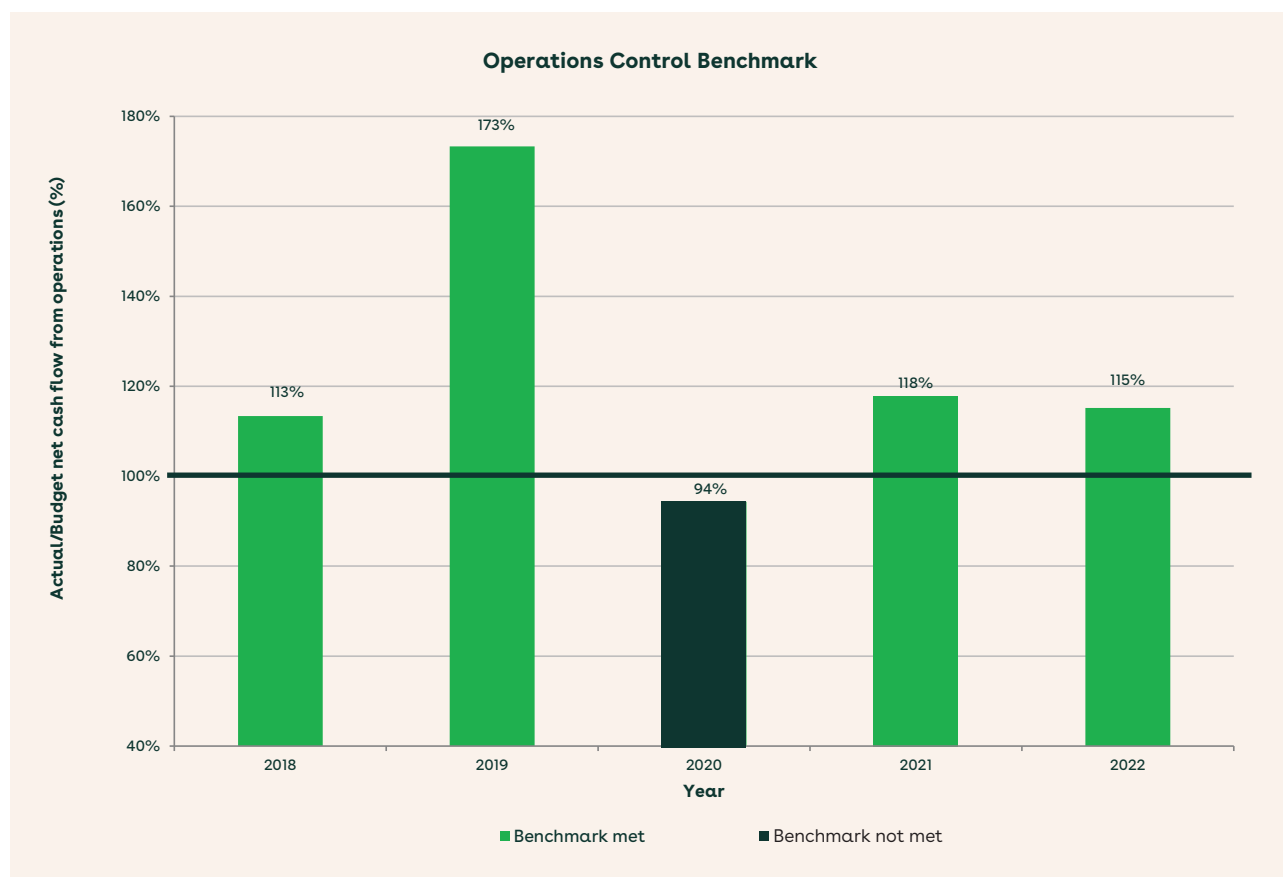
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## 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 \$'000 2022	Actual \$'000 2021
Rates Income	81,719	74,827
Penalty Rates	(1,703)	(1,318)
Rates Income Excluding Penalties	80,016	73,509
<b>Rates Affordability Benchmark</b>	<b>8.9%</b>	<b>1.1%</b>
Rates Income	81,719	74,827
Total Revenue	134,965	168,817
less - Vested Assets	(5,080)	(50,895)
less - unrealised income	(1,244)	(5,448)
less - Gains	(706)	(413)
Revenue for Benchmark	117,010	104,489
<b>Rates Income Affordability Benchmark</b>	<b>70%</b>	<b>72%</b>
Total Revenue	134,965	168,817
less Financial contributions	(10,925)	(7,572)
less Gains	(706)	(413)
less vested assets	(5,080)	(50,895)
less - unrealised income	-	-
Revised Revenue	117,961	104,489
Total External Debt	80,000	90,000
Less Short term Investments	-	-
Less Cash	(25,541)	(25,706)
Net Debt	59,452	64,294
<b>Debt Affordability Benchmark</b>	<b>66%</b>	<b>82%</b>
Total Revenue	134,965	168,817
Less - Financial Contributions	(10,925)	(7,572)
Less - Vested Assets	(5,080)	(50,895)
Less - Revaluation Adjustments	(706)	(413)
less - unrealised income	-	-
Revenue for Benchmark	117,961	104,489
Total Expenditure	110,371	100,246
Less - Revaluation Adjustments	-	-
Less - Unrealised Interest/Derivative Loss	951	-
Expenditure for Benchmark	111,322	100,246
<b>Balanced Budget Benchmark</b>	<b>106%</b>	<b>104%</b>
Capital Expenditure		
Roading	13,872	14,695
Water	10,327	4,249
Wastewater	8,767	2,944
Stormwater	7,951	2,080
<b>Total Capex</b>	<b>40,917</b>	<b>23,968</b>

	Actual \$'000 2022	Actual \$'000 2021
Depreciation Expense		
Roading	9,532	10,586
Water	3,308	4,023
Wastewater	3,017	3,719
Stormwater	1,183	1,611
Total Depreciation	17,040	19,939
<b>Essential Services Benchmark</b>	<b>240%</b>	<b>120%</b>
Total Revenue	134,965	168,817
Less - Financial Contributions	(10,925)	(7,572)
Less - Vested Assets	(5,080)	(50,895)
Less - Revaluation Adjustments	(706)	(413)
Less - Derivative Gains	(293)	(5,448)
Revenue for Benchmark	117,961	104,489
<b>Interest Expense</b>	<b>4,146</b>	<b>4,593</b>
<b>Debt Servicing Benchmark</b>	<b>3.51%</b>	<b>4.00%</b>
Actual		
Liabilities		
Debt	80,000	90,000
Payables	22,529	23,544
Interest Rate Swaps	7,273	7,566
Assets		
Cash	(25,541)	(25,706)
Investment	(3,316)	(3,258)
Financial Assets	(12,542)	(12,379)
Actual Net Debt	68,403	79,767
Budget		
Liabilities		
Debt	103,400	110,000
Payables	23,589	15,590
Interest Rate Swaps	12,632	8,368
Assets		
Cash	(26,634)	(4,142)
Investments	(3,393)	(11,422)
Financial Assets	(11,519)	-
Budget Net Debt	98,075	118,394
<b>Debt Control Benchmark</b>	<b>70%</b>	<b>67%</b>
Budgeted Cashflow from Operations	41,083	37,822
<b>Actual Cashflow from Operations</b>	<b>47,321</b>	<b>44,564</b>
<b>Operations Control Benchmark</b>	<b>115%</b>	<b>118%</b>