



ANNUAL — REPORT —

For Year Ended 30 June 2018



Western Bay of Plenty
District Council



CONTENTS

INTRODUCTION

Our District	4
Statement of compliance	7
The Mayor's Introduction	8
The District at a glance - key facts	9
Council at a glance - key facts	10
Role of this Annual Report	11
Bringing the planning process together	11
Finance summary overview	12

CHAPTER ONE

Overview of Western Bay of Plenty District Council's performance	15
Report on development of Māori capacity to contribute to decision making 2017/2018	17
Annual report disclosure statement	19
Disclosure statement calculations	24
Audit Report	26

CHAPTER TWO

Council's group of activities	32
Leadership	
Representation	35
Planning for the future	41
Building communities	
Communities	47
Recreation and Leisure	58
Regulatory services	65
Transportation	72
Water supply	78
Stormwater	88
Protecting the environment	
Natural environment	94
Wastewater	100
Solid waste	112
Supporting our economy	
Economic	118
Support services	123

CHAPTER THREE

Statement of comprehensive revenue and expense for year ended 30 June 2018	127
Statement of financial position as at 30 June 2018	128
Statement of changes in equity for year ended 30 June 2018	129
Statement of cash flows for year ended 30 June 2018	130
Notes to the financial statements	131
1. Statement of accounting policies for the year ended 30 June 2018	131
Summary of cost of services	139
2. Total operating revenue	139
3. Total operating expenditure	139
4. Fees and charges from activities	140
General rate income	140
5. General rate income	140
6. Targeted rates attributable to activities	141

7. Targeted rates for water supply	141
8. Finance income and finance costs	142
9. Vested assets	142
10. Subsidies and grants	142
11. Other revenue	143
12. Other expenses	143
13. Personnel costs	143
14. Cash and cash equivalents	144
15. Debtors and other receivables	144
16. Derivative financial instruments	145
17. Non-current assets held for sale	146
18. Other financial assets	146
19. Investments in associates	147
20. Investment in Council Controlled Organisations (CCO's) and other similar entities	147
21. Property, Plant and Equipment	147
22. Intangible assets	154
23. Forestry assets	155
24. Payables and deferred revenue	156
25. Borrowings	156
26. Employee entitlements	158
27. Provisions	158
Equity	160
28. Retained earnings	160
29. Restricted reserves	160
30. Council-created reserves	160
31. General asset revaluation reserve	161
32. Reserve funds	162
33. Reconciliation of net surplus / (deficit) to net cash flow from operating activities	170
34. Capital commitments and operating leases	170
35. Contingencies	171
36. Prior year adjustments	172
38. Remuneration	182
39. Severance payments	184
40. Events after the balance	184
41. Financial instruments	185
42. Te Tumu financial instruments	186
43. Fair value hierarchy disclosures	186
44. Financial instrument risks	187
45. Capital management	191
46. Explanation of major variances	192
Other legislative disclosures	194
Summary funding impact statements	194

CHAPTER FOUR

Our Council	211
Committees and membership	212
Community Board representatives	213
Organisational overview	214

INTRODUCTION



INTRODUCTION

Our District	4
Statement of compliance	7
The Mayor's Introduction	8
The District at a glance - key facts	9
Council at a glance - key facts	10
Role of this Annual Report	11
Bringing the planning process together	11
Finance summary overview	12

OUR DISTRICT

OUR HISTORY

The Western Bay of Plenty has a long history of settlement by Māori. The western area of the District (Tauranga Moana) was occupied by the iwi of Ngati Ranginui, Ngaiterangi and Ngati Pukenga from the waka Takitumu and Mataatua. Te Arawa descendents from the waka Te Arawa inhabited much of the eastern area of the District and south to Rotorua.

Traders and missionaries were among the first European settlers who developed communities at Maketu and Tauranga. George Vesey Stewart founded Ulster settlements at both Katikati in 1875 and Te Puke in 1880. Tauranga, Te Puke and Katikati formed the nucleus for subsequent expansion of European pastoral farms. Te Puke and Katikati have grown steadily over the years and are the largest settlements in the District.





OUR PEOPLE

Western Bay of Plenty District is one of the faster growing areas in New Zealand with its current estimated population of just over 49,285 people expected to reach around 55,500 by 2033. Between the 2006 and 2013 censuses, the population of the District grew by 4.5%; it is estimated that the population will grow by 5.9% in the next five years. Most of this growth has come from migration from other parts of New Zealand.

AT A GLANCE (2013 CENSUS)

- Of the District's population 18% identify themselves as Māori, which is higher than the national average of 15%.
- 19% of residents in the District are over 65 years old, higher than the national average of 14%.
- Unlike the rest of New Zealand the most common family type in the District is couples without children (50%), reflecting the older age structure of the population.
- The average household size in the District is slightly lower at 2.6 than the national average of 2.7.
- In 2013 there were 16,941 occupied dwellings in the Western Bay of Plenty District, an increase of 1,284 dwellings or 8% compared with the 2006 Census.
- Overall the District has a lower level of socio-economic deprivation than the country as a whole.
- District residents had a lower than the national average personal income of \$26,300, compared to the national average income of \$28,500 in 2013.
- 70% of the District's residents own their own home, compared with 65% nationally.

OUR ENVIRONMENT



The Western Bay of Plenty District surrounds Tauranga, a fast-growing city of 115,000 people. The District covers 212,000 hectares of coastal, rural and urban areas. Almost half of the District is covered by forest, both planted (12.8%) and indigenous (35.4%) and a further 40% is pastoral land. Less than 1% of the total area of the District is urban and includes the townships of Waihi Beach, Katikati, Omokoroa, Te Puna, Te Puke and Maketu. Smaller rural settlements are at Paengaroa, Pongakawa and Pukehina in the east and at Kauri Point, Tanners Point, Ongare, Tuapiro and Athenree in the western part of the District.

The District has a warm, sunny climate with an average of 1,900 – 2,300 sunshine hours per year with moderate rainfall of 1,200 – 2,400 mm per year. This diverse landscape, combined with a favourable temperate climate, provides an area rich in resources such as indigenous flora and fauna, highly versatile soils, rivers and harbours.

The land of the Western Bay of Plenty faces north-east to the sea. To the west are the rugged bush-covered Kaimai Ranges. Numerous streams drain the Kaimais, flowing down through the hills and coastal lowlands, into the swampy estuaries and mudflats of the Tauranga Harbour.

In the east, the Kaituna River drains the lakes of Rotorua and Rotoiti into the Maketu Estuary and out to sea, while smaller streams drain the eastern District into the Waihi Estuary.

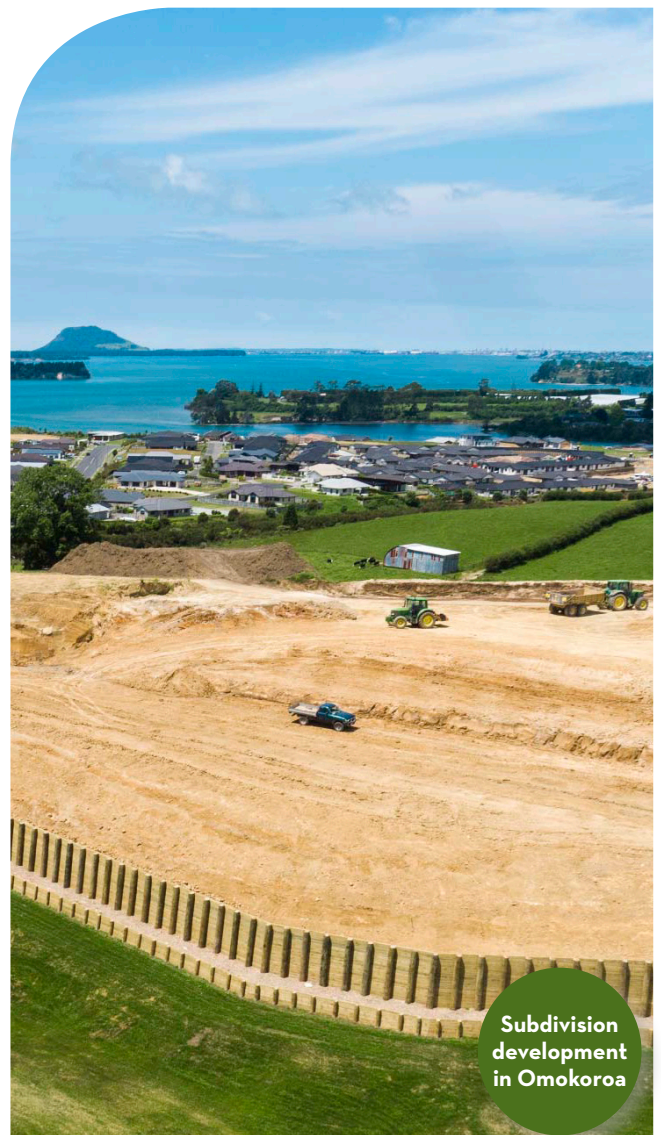
Matakana Island forms a natural barrier between Tauranga Harbour and the Pacific Ocean.



OUR ECONOMY

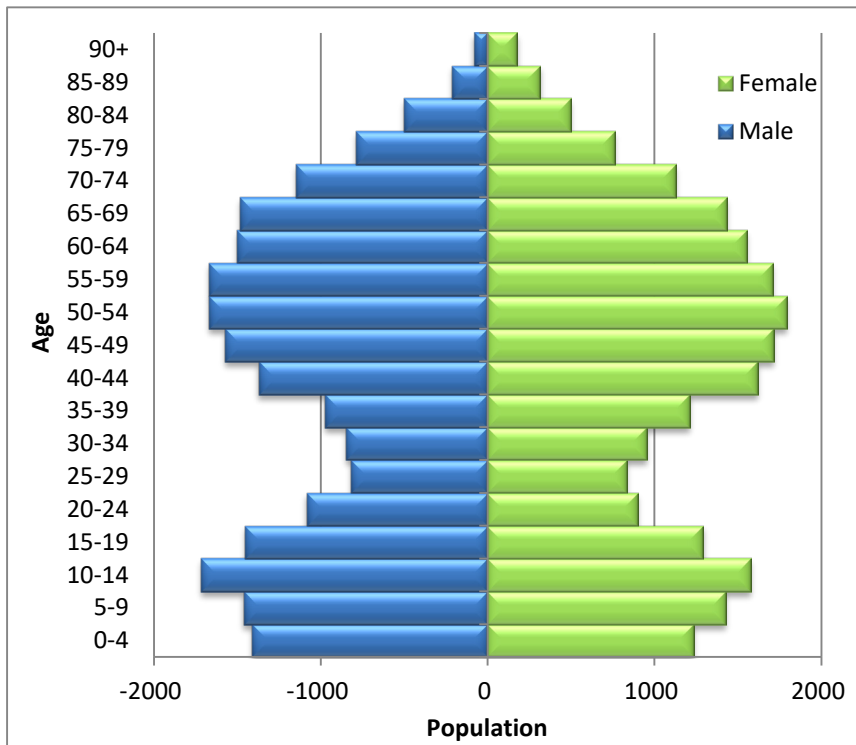
Agriculture and horticulture are the main economic drivers of the Western Bay of Plenty District and the greater Tauranga and Western Bay sub-region. These two primary sectors fuel a multitude of professional businesses and service industries, employing a diverse labour force. Our environment, soils and climate are not only attractive for agricultural production but are also a magnet for people wanting a relaxed outdoor lifestyle. We are close to the amenities of Tauranga, yet we retain a rural and small town atmosphere. Manufacturing, commerce and trades are also vital to the sub-region's economic growth.

Our District is three times more reliant on horticulture and agriculture for its economic output than New Zealand as a whole. This dependence presents challenges for the District, as well as opportunities. The outbreak of the kiwifruit vine disease Psa-V in November 2010 is an example of the risks associated with economic dependence on single crops.

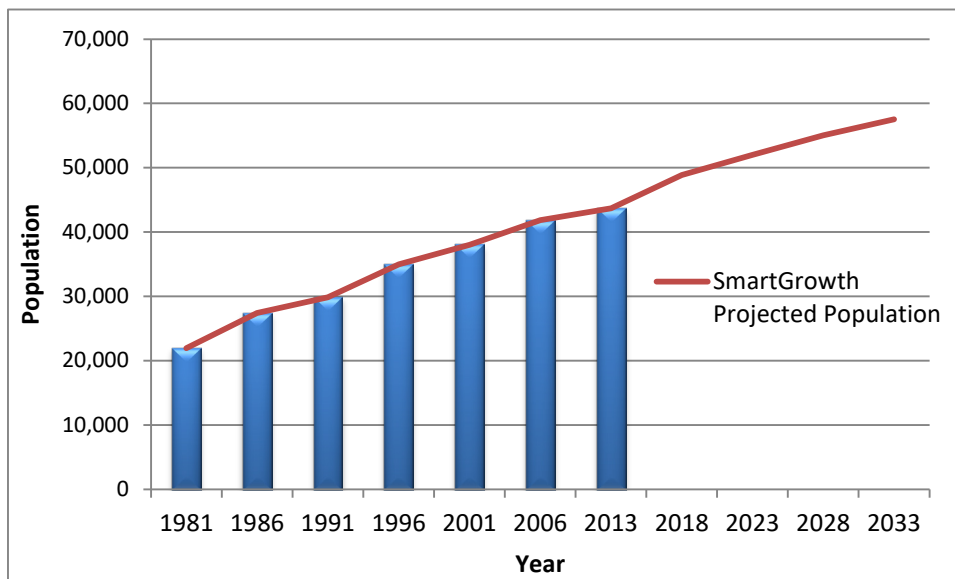


Subdivision development in Omokoroa

Age sex distribution (as at the 2013 Census)



Population projection as at the 2013 Census



STATEMENT OF COMPLIANCE

Western Bay of Plenty District Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.



Garry Webber
Mayor
Western Bay of Plenty District Council



Miriam Taris
Chief Executive Officer
Western Bay of Plenty District Council

THE MAYOR'S INTRODUCTION

For year ended 30 June 2018

A growing District

The Western Bay of Plenty District continues to experience strong growth. Annual GDP growth of 9 percent outstripped the national average of 6.2 percent and growth in employment was 6.5 percent compared to 3.7 percent nationally. On the ground, economic growth has translated into a doubling of the value of building consents issued over the year. These are just a few of the many positive indicators underpinning the Western Bay story.

Council playing its part

Council has worked hard to ensure it supports and encourages the District's prosperity through the roles it plays in providing essential public services and regulation. Some highlights of the year include:

- Completion of the new Katikati library and community hub: The Centre - Patuki Manawa which opened in August 2018
- Commissioning of the Te Puna West wastewater scheme
- Continued construction of the Omokoroa - Tauranga Cycleway
- Completion of the Te Puke Highway revocation project
- Development of the Omokoroa Special Housing Area
- Reviewing our waste minimisation policy in light of central government guidelines.

Financial management

Prudently managing Council's assets and finances is critical to maintaining sustainable public services into the future. Council has retained its AA/ A-1+ credit rating from Standard and Poor's which reflects its continued prudent debt management, planning for growth and reaping the benefits of a larger rating base.

Key financial measures include:

- Revenue of \$149m, up \$43m from 2016/17
- A \$1.95m reduction in net debt to \$98m.

Looking ahead

During the year we completed our 2018/28 Long Term Plan, which reflects a clear message from Western Bay residents they want Council to continue to take a 'steady as we grow' approach while prudently managing operational and capital expenditure.



Garry Webber
Mayor, Western Bay of Plenty
District Council

Council is confident the strategies, actions and performance measures in the Long Term Plan will deliver on these expectations against a forecast average rate increases of no more than four per cent (including inflation) for existing ratepayers over the next ten years.

Looking forward, macro economic forces nationally and globally pose risks around whether growth across the District can be sustained as a 'new normal'. Against this background Council remains focussed on keeping a tight reign on finances and looking for more opportunities to improve our efficiency and address performance and service gaps.

Close attention will continue to be paid on the new Government's policy priorities and potential impact on the local government operating environment. Council needs to be ready and able to influence and anticipate change.

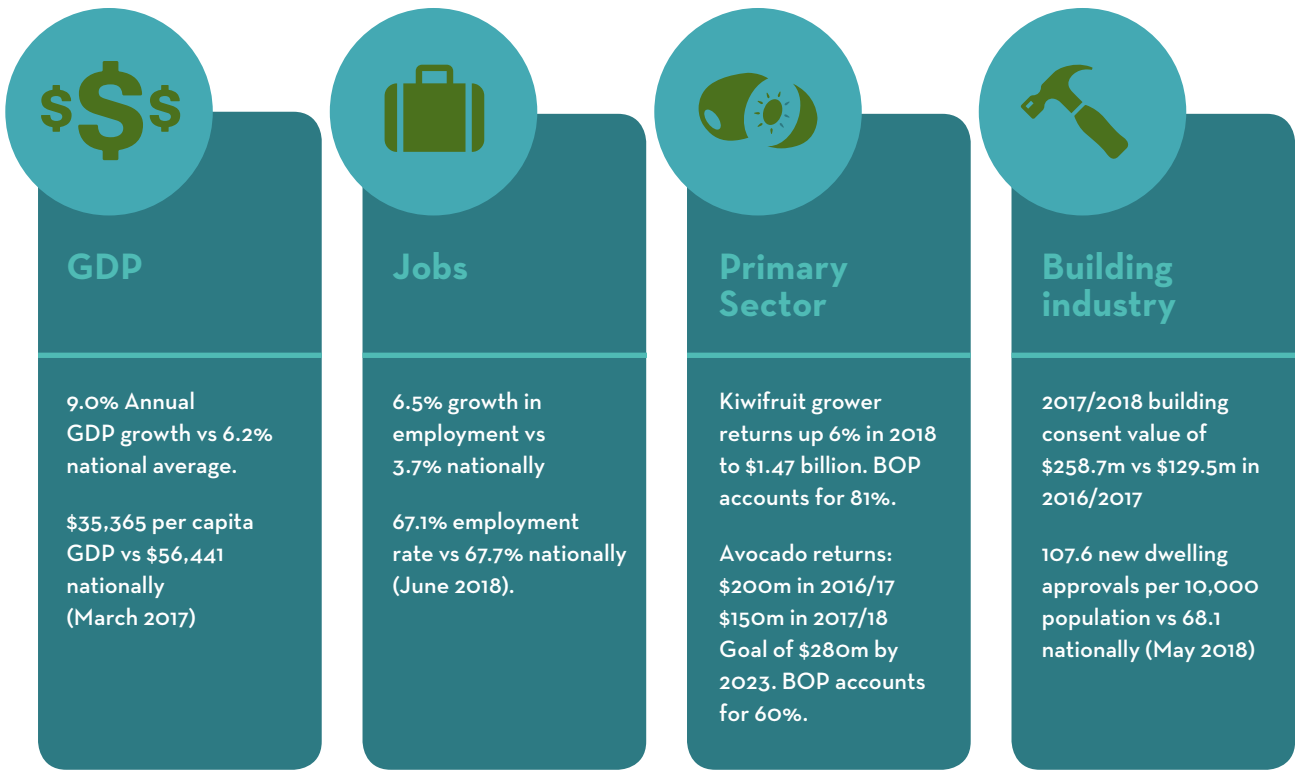
My sincere thanks to fellow elected members for their direction and the Chief Executive and staff for their expertise and willingness to work as a team for the benefit of Western Bay of Plenty residents.

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

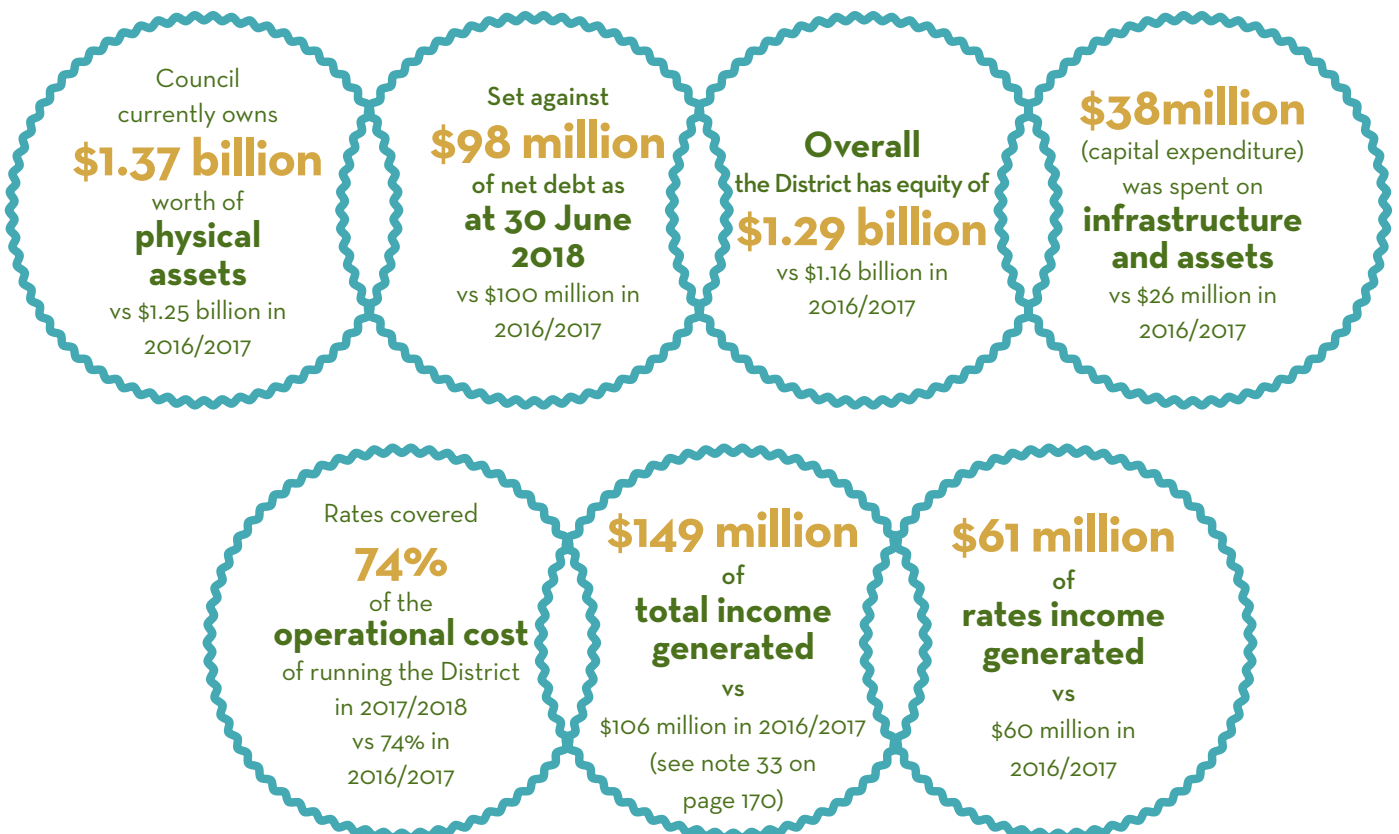
Garry Webber
Mayor, Western Bay of Plenty District Council



THE DISTRICT AT A GLANCE - KEY FACTS



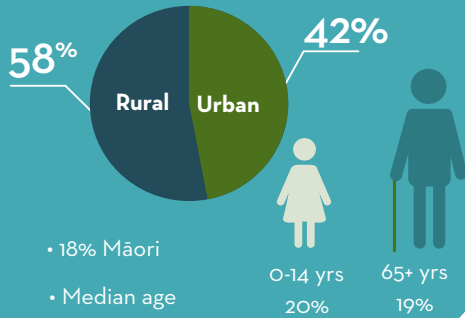
PLAYING OUR PART



COUNCIL AT A GLANCE - KEY FACTS

OUR PEOPLE

 Estimated population 49,285



OUR CUSTOMERS

21,144 Ratepayers

77% Connected to council water supply

45% Connected to council wastewater treatment and disposal



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 COMMUNITIES

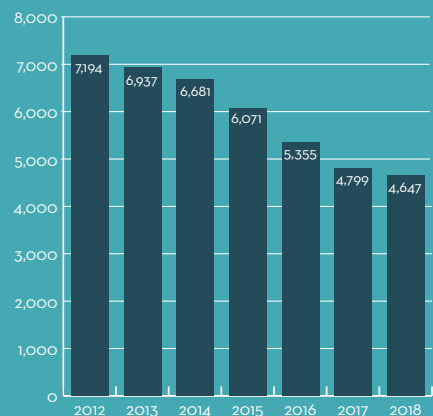
Rich tapestry of **small thriving communities**

Three wards Katikati/
Waihi Beach, Kaimai, Maketu/
Te Puke

An incredibly **strong sense of place**, resilience and ability to adapt

OUR DEBT

Net debt per rateable property



ROLE OF THIS ANNUAL REPORT

This Annual Report is provided to compare Western Bay of Plenty District 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 Western Bay Council's plans for the Western Bay over a 10 year period. It is reviewed every three years. Western Bay 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.

BRINGING THE PLANNING PROCESS TOGETHER



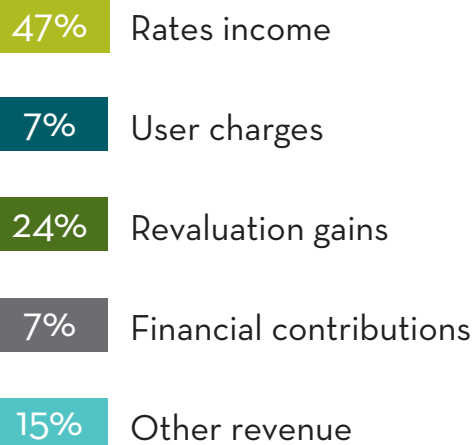
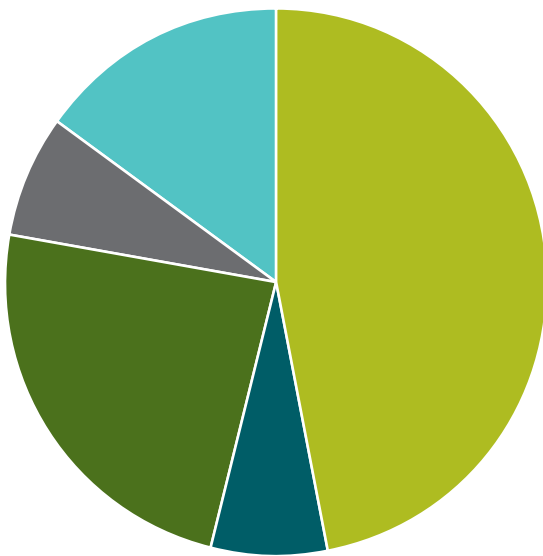
FINANCE SUMMARY OVERVIEW

Western Bay Council has reported a net surplus of \$66.2 million compared with a budgeted operating surplus of \$16.83 million. The major contributor to this increased surplus was financial contributions, vested assets and gains from asset revaluation.

Council Revenue 2017/18

(excluding vested assets)

\$138.0m



Council Operating Expenditure 2017/18

\$82.7m

