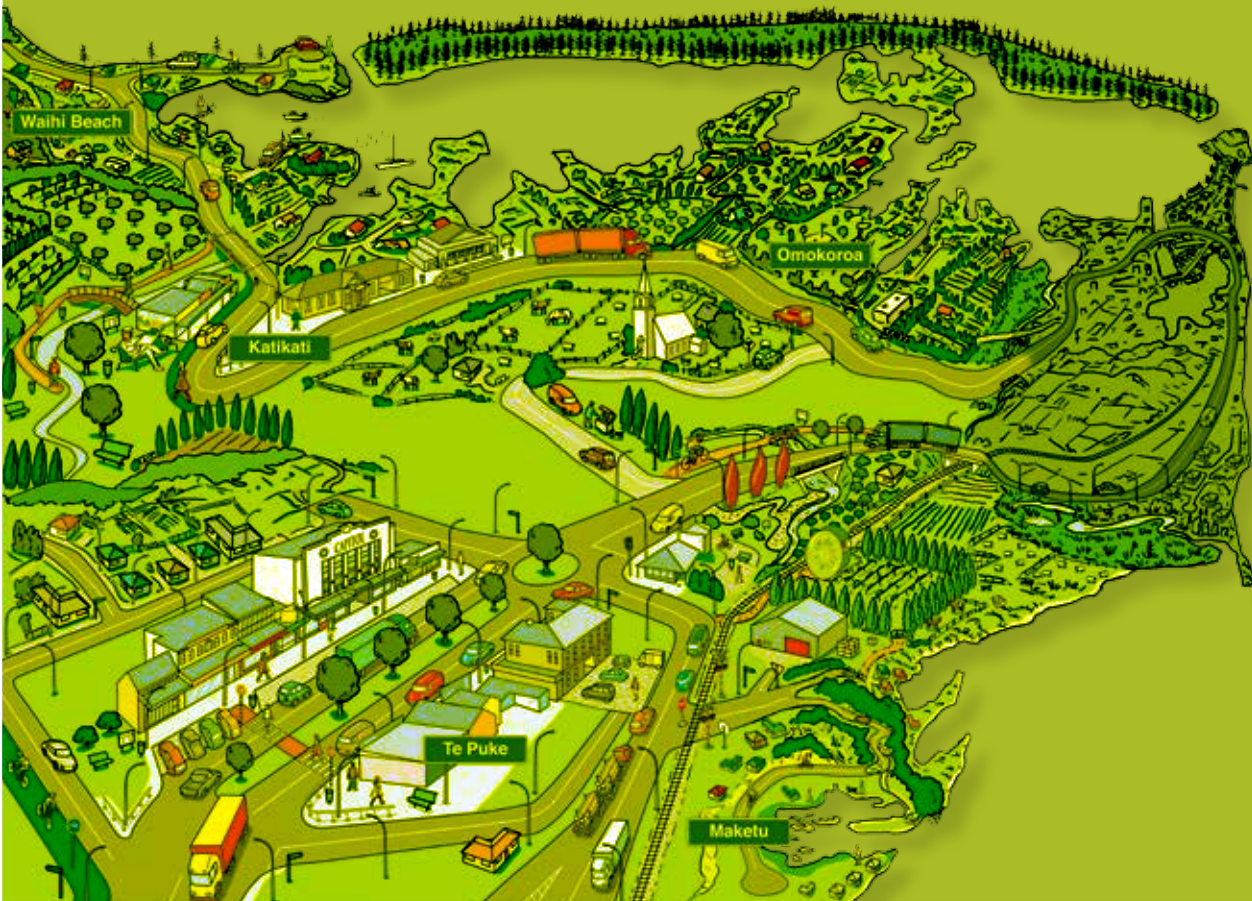


ANNUAL REPORT

FOR YEAR ENDED 30 JUNE 2015



TE KAUNIHERA A ROHE MAI I NGA KURI-A-WHAREI KI OTAMARAKAU KI TE URU



Western Bay of Plenty
District Council

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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 46,000 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.

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.

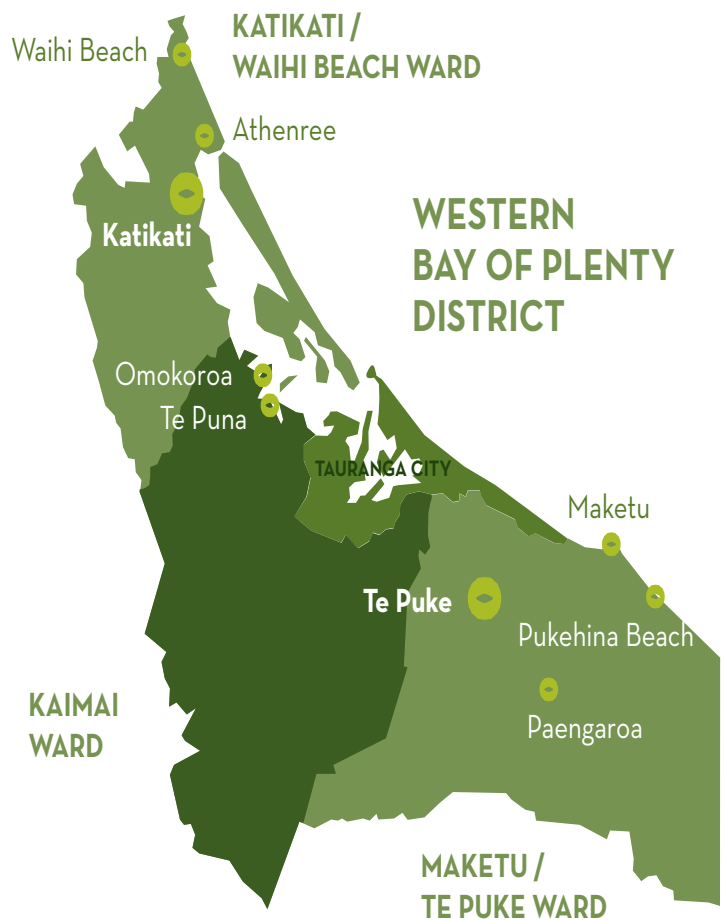
In the east, the Kaituna River drains the lakes of Rotorua and Rotoiti into the Maketu Estuary and out to sea, while smaller streams drain the eastern District into the Waihi Estuary.

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

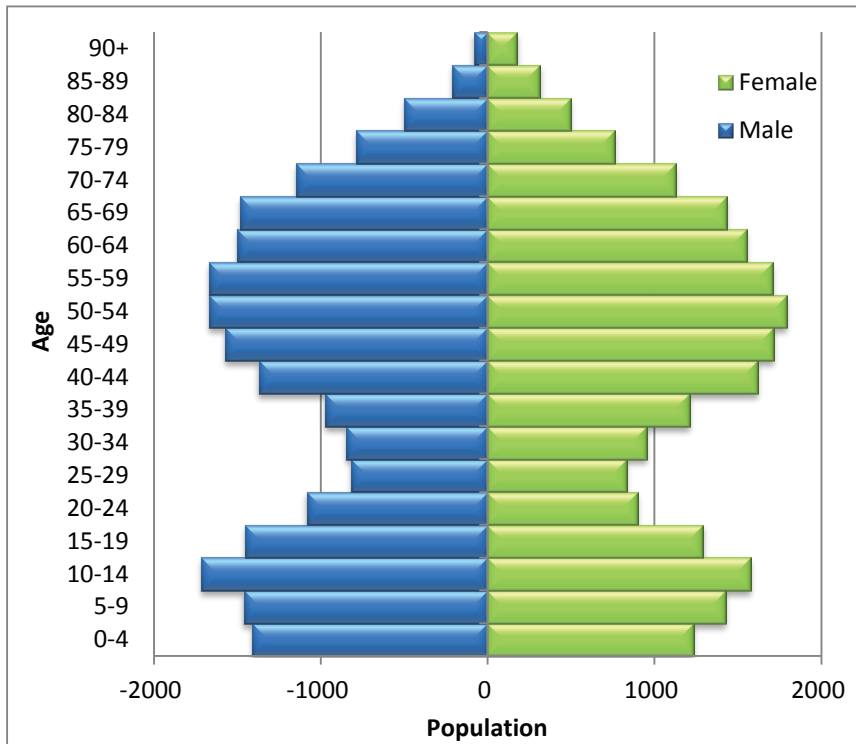
Our economy

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.

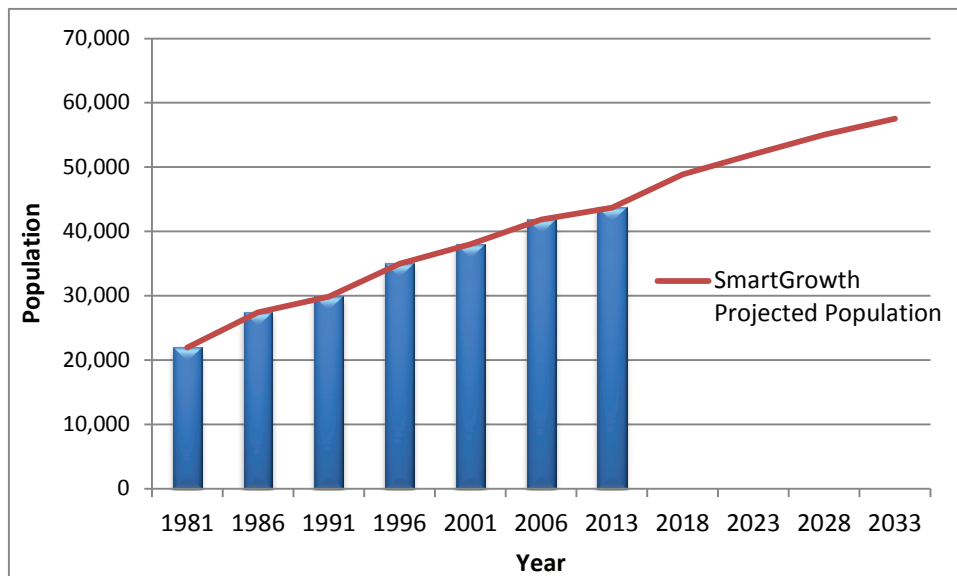
Our District is three times more reliant on horticulture and agriculture for its economic output than New Zealand as a whole. This dependence presents challenges for the District, as well as opportunities. The outbreak of the kiwifruit vine disease Psa-V in November 2010 is an example of the risks associated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



Age Sex Distribution (as at the 2013 Census)



Population Projection (as at the 2013 Census)



Statement of compliance

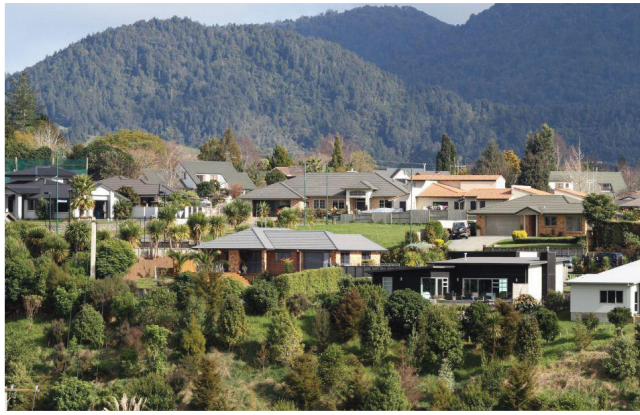
Western Bay of Plenty District Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.



Ross Paterson
His Worship The Mayor
Western Bay of Plenty District



Miriam Taris
Chief Executive Officer
Western Bay of Plenty District Council



The Mayor's Report

Western Bay of Plenty District Council

2014/2015 Annual Report Foreword by the Mayor

What a year this has been!

As a Council we have taken bold steps to change the way we talk with our communities and your feedback has told us we are on the right track.

Many of you came along to our Long Term Plan travelling roadshow during May when we took our caravan, councillors and staff around each community to talk with residents about what they wanted from their Council.

I am proud of this organisation and the way everyone grasped the nettle and took on board this new approach to engaging with our communities. It has been a refreshing change – not only for our communities - but for all of us here at Council - to step outside the fustiness of halls and starchy council chambers and meet one-on-one with the people we serve.

Similarly this year we have taken a new approach to problem solving significant infrastructure issues in our communities – such as stormwater in Waihi Beach. As a result of fronting up and grappling with problems on a one-on-one basis with individuals and groups we have all gained greater understanding and mutual respect.

This will be our way of working from now on.

Looking back on 2014/15 we have continued to focus on the priorities we set in 2013/14 – to reduce our debt and stick to prudent spending.

Many people wanted more from us in terms of rate decreases in this year's Annual Plan and budget – including those who called for a freeze on rates.

We have done the best we could to keep rate increases to the minimum while ensuring we maintain levels of service, continue to service and reduce debt and keep pace with the essential maintenance and operation of key infrastructure (roads, wastewater/ water schemes and stormwater systems).

Total external debt has reduced from \$156m in 2013/14 to \$138m this year. We continue to receive competitive interest rates from the New Zealand Local Government Funding Agency and this certainly helps keep our total interest bill down.



Ross Paterson
Mayor

Growth is the biggest influencing factor on our income and continues to challenge us financially. As predicted, growth in 2014/15 was slow at just 0.5% thereby impacting on the level of income Council earns from development fees. Growth that has occurred was not in the urban areas where we had expected. Consequently income from growth for the current year was \$2m lower than forecast.

This shortfall has been offset partially by the steps we have taken in the Long Term Plan to introduce the interest recovery rate – an allocation of \$2.5m from the General Rate, Rooding Rate and uniform charges to service interest on growth-related debt.

Growth in the medium term looks positive with very strong movement in the Tauranga and Auckland property markets - an upturn that hopefully will reflect in a greater appeal for the Western Bay lifestyle.

Revised property valuations took effect on 1 July 2014. Significant movements in rural land values show a virtual reversal of the trends reflected in the 2011 revaluation.

In 2011 land values in dairying and horticulture dropped significantly. The kiwifruit industry has recovered to pre-PSA levels and dairy land has rebounded by 30%. Urban residential, lifestyle and commercial/industrial values have remained steady at plus or minus two percent.

On other matters, we have worked with Central Government to provide special housing areas (SHA) through the Housing Accord. Under this agreement we plan to increase the number of new homes in the District by approximately 200 houses over the next two years.

Omokoroa is the first area selected for special housing development as there are potential residential areas where infrastructure and commercial development is already in place to service future residents. This housing will complement the existing market.

Council has asked for expressions of interest from developers and is assessing tenders.

We will be identifying other potential special housing areas in Katikati and Te Puke. The Accord enables Council to fast-track changes without having to go through the standard Resource Management Act process.

Council's partnership with Tauranga City Council and the Bay of Plenty Regional Council is steadfast and ensures that the sub-region's recreational and leisure assets are maintained and improved.

The TECT (Tauranga Energy Consumer Trust) All Terrain Park is building muscle under the stewardship of a professional management structure and through the commitment of a diverse range of user groups. To date the Park has reflected its status by winning New Zealand's Most Outstanding Park Award in 2012 and most recently winning the internationally recognised Green Flag Award.

Council is in good stead financially and operationally. I thank our chief executive Miriam Taris for her strong leadership and for the positive changes she has brought within the organisation during her first year in office.

My thanks also extend to the senior management team and staff for their hard work and commitment to Council's vision.

I thank my fellow elected members for their cooperation and willingness to work as a team for the benefit of residents across the Western Bay of Plenty District.

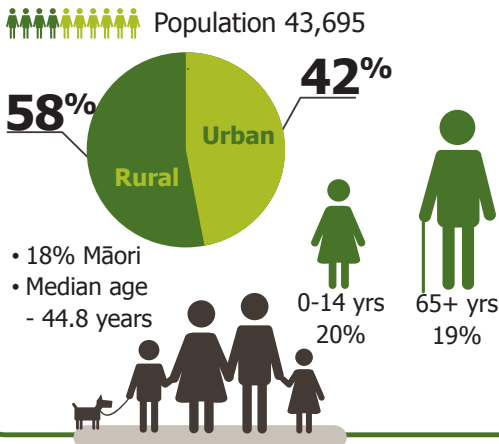


Ross Paterson
Mayor
Western Bay of Plenty District



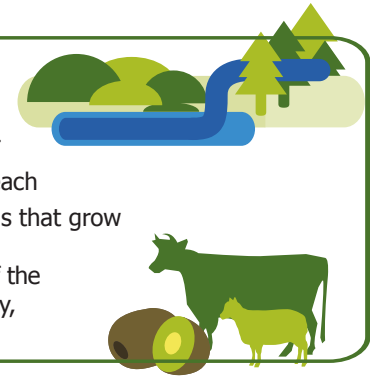
Council at a glance - key facts

OUR PEOPLE



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 FINANCES

2014/2015 Actual Results

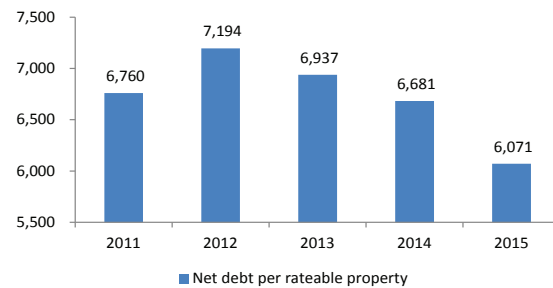
Total revenue	Total operating expenditure
\$105,026,000	\$94,619,000
(2014: \$83,889,000)	(2014: \$78,110,000)

Rates revenue	Total capital expenditure
\$55,500,000	\$15,449,000
(2014: \$54,017,000)	(2014: \$18,378,000)

Net debt	Total assets
\$125,187,000	\$1.242 billion
(2014: \$134,863,000)	(2014: \$1.145 billion)

OUR DEBT

Net debt per rateable property



Role of this Annual Report

Purpose

This Annual Report is provided to compare Western Bay of Plenty 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:

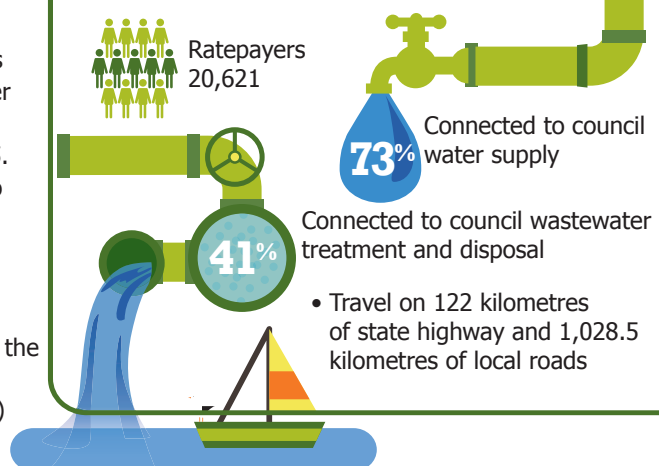
- ▶ **Long Term Plan (LTP)** (Section 93) identifies Western Bay Council's plans for the Western Bay over a 10 year period. It is reviewed every three years. Western Bay Council's latest LTP was agreed in 2015.
- ▶ **Annual Plan** (Section 95) is produced in the two intervening years between each LTP. 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.

OUR COMMUNITIES

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



OUR CUSTOMERS

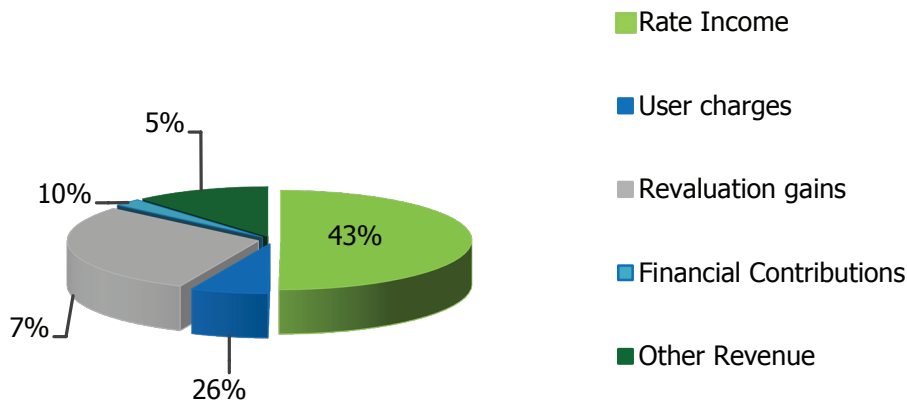


Financial summary overview

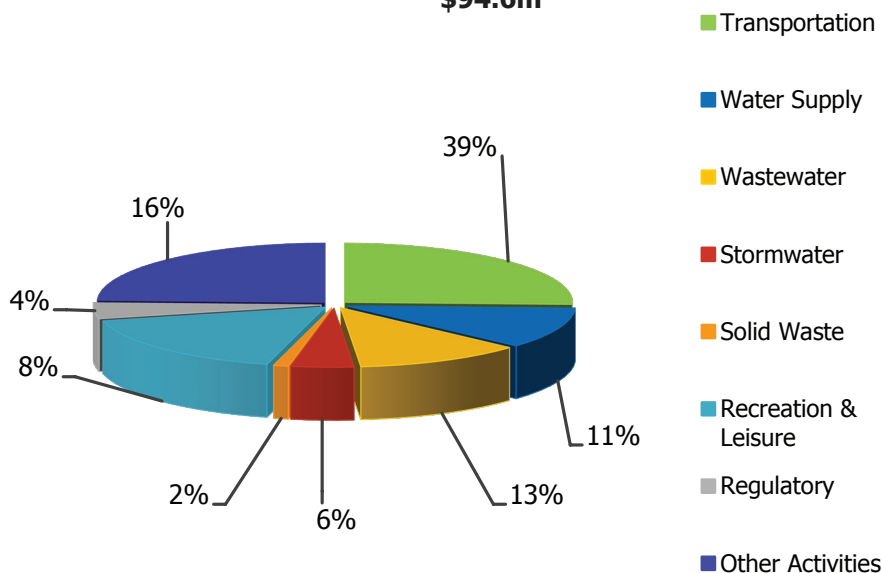
Council has reported a net surplus of \$10.3 million compared with a budgeted operating surplus of \$4.67 million.

The major contributor to this increased surplus were valuation gains on Council owned infrastructure and forestry assets.

**Council Revenue 2014/15
(excluding vested assets)
\$104.3m**



**Council Capital and Operating Expenditure 2014/15
(excluding vested assets)
\$94.6m**



To see a detailed overview of Council's performance see pages 14 - 16.

