

Te pūrongo ā-tau  
whakarāpopotonga  
**Summary  
Annual Report**

For the year ending  
30 June 2023



**Western  
Bay of Plenty**  
District Council

# Ngā rārangi upoko

# Contents

Disclaimer.....	3
From Mayor James Denyer .....	4
Our District - key facts.....	7
Finance summary overview .....	9
Role of this Annual Report.....	11
Key performance measures.....	12
Summary extract from the statement of accounting policies.....	28
Summary of comprehensive revenue and expenditure.....	31
Major variances between Annual Plan and actuals .....	32
Statement of financial position .....	34
Statement of changes in net assets/equity .....	35
Statement of cash flows .....	36
Summary of cost of services.....	37
Statement of commitments.....	39
Related party transactions .....	41
Transactions with Councillors and key management personnel.....	42
Events after balance date .....	42
Audit report .....	43

# Disclaimer

The specific disclosures in this financial summary have been extracted from the full financial report dated 14 December 2023. It has been prepared in accordance with FRS 43: Summary Financial Reports.

The summary financial statements have been extracted from the full financial statements. This summary cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flows of the Western Bay of Plenty District Council.

The summary has been examined by the auditor for consistency with the full financial report and audited by Audit New Zealand on behalf of the Office of the Auditor General. An unqualified audit opinion was issued on 14 December 2023.

A copy of the Western Bay of Plenty District Council 2022/23 Annual Report is available to view from Council's Head Office, Barkses Corner, Greerton, Tauranga or Council's website [westernbay.govt.nz](http://westernbay.govt.nz).

This document is a summary of the full Annual Report which was adopted by the Council on 14 December 2023.

The full Annual Report is available from Council offices or can be downloaded at: [westernbay.govt.nz/annual-reports](http://westernbay.govt.nz/annual-reports)

# From Mayor James Denyer

Tēnā koutou,

**This year has shown that we're a determined and resilient community. It's been another challenging year and tough for many people and communities across the Western Bay. However, I've been heartened to see the way people have come together to support each other and meet these challenges.**

As well as the uncertain economic environment and high cost of living, we were hit by a series of severe weather events - Cyclone Gabrielle, flooding and tornadoes. The damage both to people's homes and belongings, and Council's infrastructure has been significant.

Our teams did a great job of looking after our communities and managing our roads and infrastructure through the extreme conditions. There's still work to be done to improve stormwater in some areas, and we're committed to the mahi that's required, with stormwater projects a key priority in this year's Annual Plan.

From an economic point of view, we're feeling the pinch too. Planning for the future while ensuring prudent financial management remains our top priority.

As I wrap up my first year as Mayor, I'm proud of what our team has achieved. There are a few highlights that stand out for me this year.

## Highlights

I'm extremely proud of our Council's recent decision to adopt Māori wards for the 2025 and 2028 local body elections. This is a positive move that will lead to better, more inclusive decision-making. This decision aligns with one of our strategic priorities of building authentic Te Tiriti-based relationships.

Housing is a key driver of wellbeing and we currently provide affordable rental housing for people over 65 with limited means in Katikati, Waihi Beach and Te Puke. We will expand our elder housing in Heron Crescent, Katikati from 11 units, to up to 26 new units. This is a positive move and will mostly be paid for by funding from Government.

We care for our people and communities and put our customers at the heart of everything we do. Our Customer Service team stands-out across Aotearoa, as it won the Best Customer Experience Award at the latest Association of Local Government Information Management Awards.

We work hard to provide quality green spaces and it was great to see the Waitekohekohe Recreational Park in Katikati (previously named Lund Road Reserve) opened on 4 March – delivering on our promise through the Long Term Plan 2021-31. The park offers trails for horse riders and mountain bikers, and provides visitor carparks and associated facilities for these users, and has received very positive feedback from the community. This project wouldn't have happened without Council and passionate locals working together on a shared goal for a community facility and ecological improvement.

Partnerships are so important for us and we've got positive partnerships with many community organisations across the District. These focus on sports, arts, culture, social services, events, and economic development and aim to improve our community wellbeing. We ran several successful events, including our much-loved annual Wander Dogs Summer Series, and proudly supported Katikati's Festival of Cultures and the Te Kete Matariki celebration in Te Puke, which attracted more than 5000 people.

## Looking ahead

In 2024 we'll finalise our Long Term Plan 2024-34. We received outstanding feedback on key community and Council topics earlier this year. We've listened and are already using some of the insights in our mahi to help shape not only the Long Term Plan but how we can strengthen our commitment to waste minimisation and plan for the effects of climate change. This is such an important kōrero as we work together to outline what we want to achieve for our communities in the long term.

We will keep asking for your thoughts on key projects and big issues – like climate change, sustainability, infrastructure and housing. I encourage you to have your say, as the feedback you share helps us set our priorities as we move into an exciting phase of change and growth. While we can never hope to please everyone, we do try to do our best for our community.

We are committed to being future ready and advocating for our community at all levels. We will continue our work with community organisations, neighbouring councils, central government and key agencies to progress the development of the sub-region.

Ngā mihi nui,



James Denyer  
**Mayor, Western Bay of Plenty Council**

# Highlights



**Transport** - 66km of roads were resealed



**Animal services** - Approximately 3000 people and their dogs enjoyed the Doggy Day Out and Wander Dog series events.



**Libraries and Service Centres** - 253,000 visits to our libraries and service centres, up by 34% on last year.



**Environmental education** - Over 600 school students learnt about environmental conservation, sustainability and biodiversity.



**Waste** - We diverted 3,724 tonnes (42%) of waste from ending up in landfill.



**Building** - We processed 992 building consents.

**Customer service** - Our team is the best in Aotearoa - it won the Best Customer Experience Award at the Local Government Information Management Awards.



**Resource consents** - We approved several large developments including: Te Puke 100+ lot housing developments, Rangiuru Business Park, Ōmokoroa Country Club retirement village, Ōmokoroa Town Centre.



**Annual Plan projects** - We've allocated funds for the design through to building consent of a new Library and Community Hub at Waihi Beach, and to install a roof, bulkhead and liner at Katikati's Dave Hume Pool. We will upgrade reserve facilities at Midway Park in Pukehina, Spencer Avenue in Maketu and at Arawa Road in Pongakawa, and deliver on an agreed concept plan for Wilson Park in Waihi Beach.



**Community** - More than 5000 people attended the Te Kete Matariki celebration in Katikati, and 37 groups were successful in the Community Matching Fund.

# Our District - key facts



## Katikati/Waihi Beach Ward

- Estimated population of **14,370** (2018 census), which is an increase of 2370 people from 2013
- The projected population in 2051 is **18,160**
- **35%** increase of Asian ethnicity between 2013 and 2018, while Pacifica ethnicity increased **26%**
- **40%** of households were 'couples' according to the 2018 Census

## Kaimai Ward

- Estimated population of **19,014** (2018 census), which is an increase of 3753 people from 2013
- The projected population in 2051 is **29,406**
- **Over 90%** of people indicated they were of European ethnicity (2018 Census)
- **15%** of people indicated they were of Māori ethnicity (2018 Census)

## Te Puke/ Maketu Ward

- Estimated population of **18,940** (2018 census), which is an increase of 3082 people from 2013
- The projected population in 2051 is **23,801**
- **28%** of the people indicated they were of Māori ethnicity in 2018
- **12%** indicated they were Asian
- **50%** increase to the Asian and Pacifica ethnicities between 2013 and 2018 (2018 Census)

## Key statistics



### The District's size

covers 195,000 hectares of land, 202 kilometers of harbour, and 55 kilometers of ocean coastline.



### Geographic communities

- 58 percent rural
- 42 percent urban



### Our elders

21 percent of residents in the District are 65-years-old or older, higher than the national average of 15 percent.



### Our young

19 percent of the population are less than 15-years-old, very close to the national average of 20 percent.



### Our Māori population

19 percent of the District's population identify themselves as Māori, which is higher than the national average of 17 percent.



### Tangata Whenua

- 11 Iwi groups
- 74 Hapū
- 23 Marae



### Our ethnicities

- 81 percent Pākehā
- 19 percent Māori
- 3 percent Pacifica
- 7 percent Asian



### The future

In 2023, it is assumed the population of the Western Bay of Plenty District was 59,440. This is predicted to grow to 71,367 by 2051.



### Our District Climate

The District has a warm, sunny climate with an average of 2,346 sunshine hours per year.



### Our District Rainfall

The District has a moderate rainfall of 1200-2400mm per year.



### Agriculture and horticulture

These are the main economic drivers of the Western Bay of Plenty District and the greater Tauranga and Western Bay sub-region.

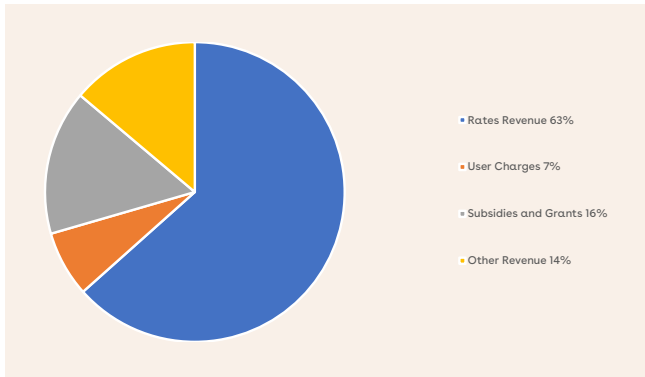
Source: Stats NZ: [stats.govt.nz/tools/2018-census-place-summaries/western-bay-of-plenty-district](https://stats.govt.nz/tools/2018-census-place-summaries/western-bay-of-plenty-district)



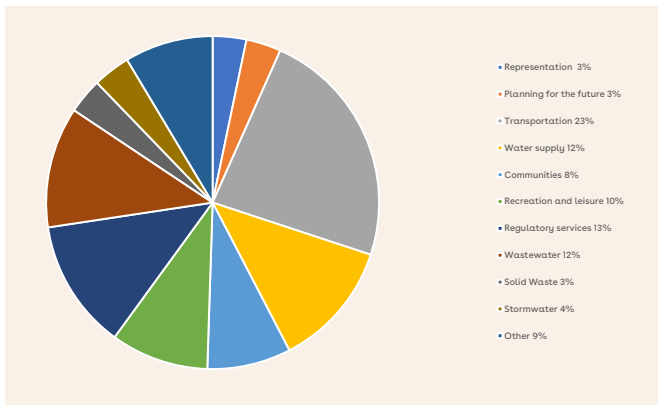
# Finance summary overview

Western Bay of Plenty District Council has reported a net surplus of \$16.8 million compared with a budgeted operating surplus of \$18.6 million. The major contributor to this increased surplus was subsidies and grants.

**Graph 1**  
*Council Revenue 2022/23 \$139.2 million*



**Graph 2**  
*Council Operating Expenditure 2022/23 \$122.6 million*



# The Council



## Currently owns \$1.9 billion

worth of physical assets as at 30 June 2023, compared to \$1.7 billion as at 30 June 2022.



## Overall the District has equity of \$1.79 billion

as at 30 June 2023, compared to \$1.62 billion as at 30 June 2022.



## \$139 million of total income generated in 2022/23

compared to \$144 million in 2021/22.



## Net debt is \$74.9 million

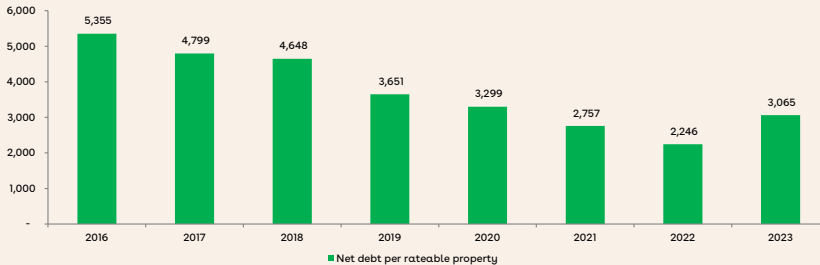
as at 30 June 2023, compared to \$54.5 million as at 30 June 2022.



## \$52.1 million of capital expenditure was spent on infrastructure and assets

in 2022/23, compared to \$40.9 million in 2021/22.

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 of the Local Government Act 2002 identifies Western Bay of Plenty District Council's plans for the Western Bay over a 10 year period. It is reviewed every three years. Council's latest LTP was agreed in 2021 and came into effect on 1 July 2021.

### Annual Plan

Section 95 of the Local Government Act 2002 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 of the Local Government Act 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) of the Local Government Act provides a summary of information contained in Council's Annual Report.

## Bringing the planning process together

### Community Outcomes

How the Community wants the District to be.

### Long Term Plan

How the council will go about achieving the Community Outcomes.

### Annual Report

What was achieved.

### Annual Plan

Annual Budget.

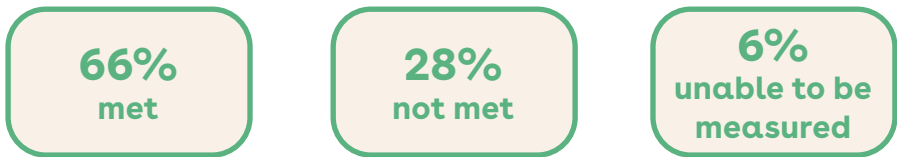
# Key performance measures

## Summary of our performance

The Long Term Plan 2021-31 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.

We have 165 targets listed in our Long-Term Plan 2021-2031. Out of which we have met 109, not met 46 and were unable to measure 10 (systems being currently developed to measure these)

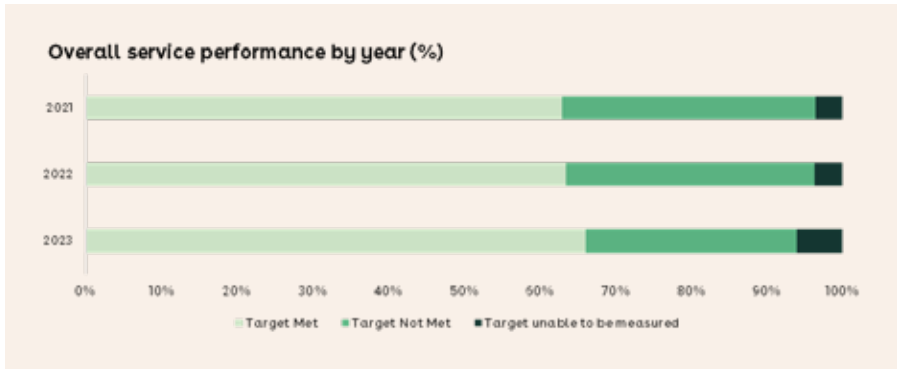
Below is the snapshot of our results for 2022/2023:



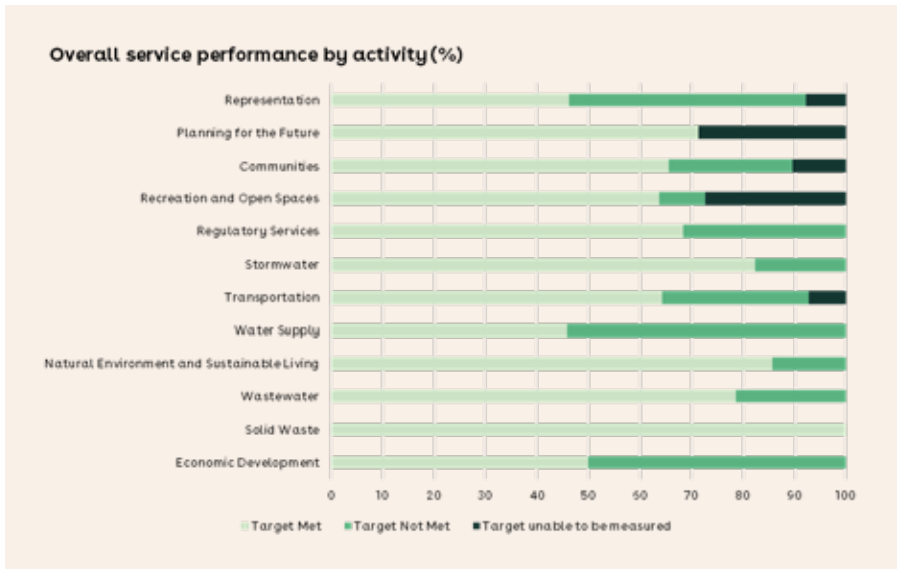
## Overall service performance

The following graphs provide a summary of our performance by year and by activity. We have provided further explanations on how each activity has performed throughout the year and narratives in cases where we have not met the targets in the full Annual Report.

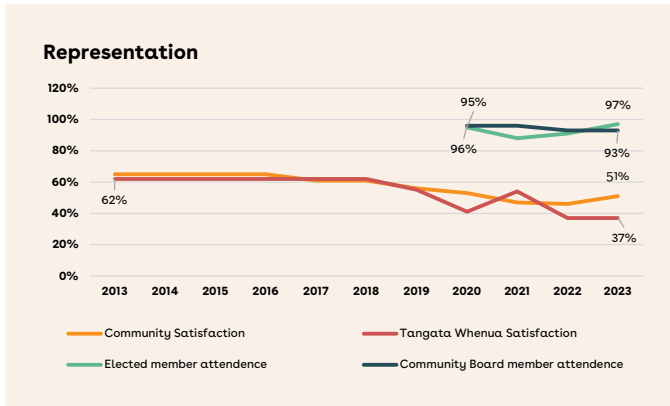
## By year



## By activity



# Leadership

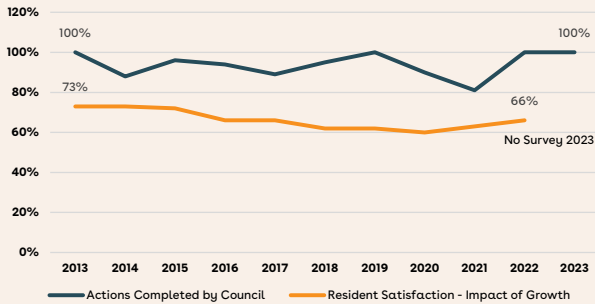


**Elected Member attendance** - the attendance of the elected members at Council and Community Board meetings remains consistently high. In 2023 the target of 80% was achieved by both meetings having more than 93% attendance.

**Satisfaction with Council performance** - this monitors the level of satisfaction from the community and Tangata Whenua. The community satisfaction was 51%, and Tangata Whenua remained at 37%.



## Planning for the Future

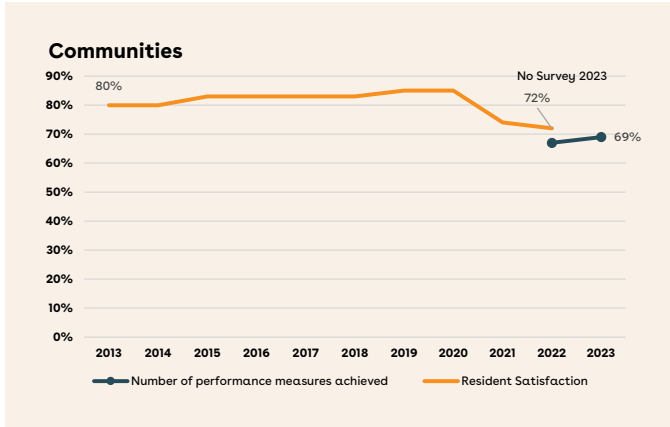


**Actions completed by Council as defined in the Council approved work programme -** 100% of actions scheduled for 2022/2023 year were completed. Key area of focus was progressing Plan change and District Plan review as per the requirements under the Resource Management Act. This included enabling housing intensification in Ōmokoroa and Te Puke.

**Resident satisfaction with the impact of growth on the District -** On a two yearly basis, this survey monitors the impact of growth on factors like lifestyle, range of housing choices, personal and road safety, travel time, and employment opportunities. Next survey is scheduled for 2024.



# Building communities



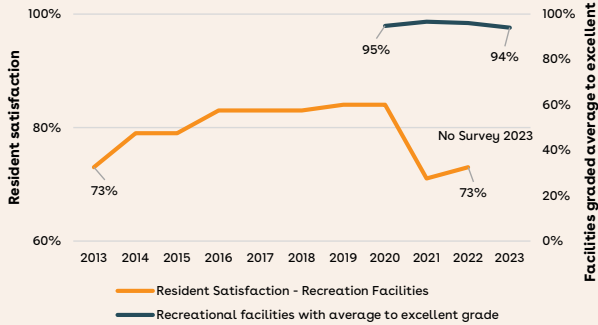
**Community targets achieved** - this monitors the achievement of all the targets set for levels of service. For the 2022/2023 year 69% of the measures were achieved against a target of  $\geq 70\%$ , an increase from last year.

**Resident satisfaction with Community Development** - on a two yearly basis, this survey monitors satisfaction with the community development programme. Next survey is scheduled for 2024.





## Recreation and open spaces

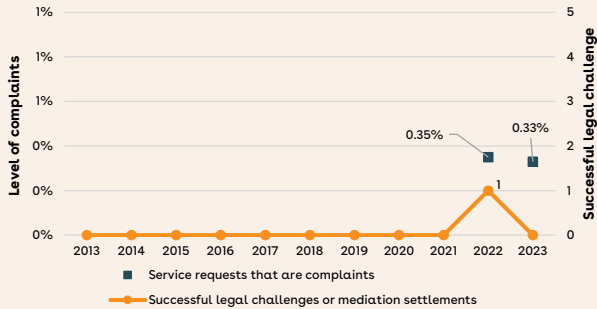


**Facilities graded average to excellence** - this monitors quality of recreational facilities provided throughout the District. The 2023 result showed 94% of recreational assets achieved average to excellent rating.

**Resident satisfaction with Reserves and Recreational Facilities and Amenities** - on a two yearly basis, this survey monitors satisfaction with the recreation and open space facilities and amenities . Next survey is scheduled for 2024.



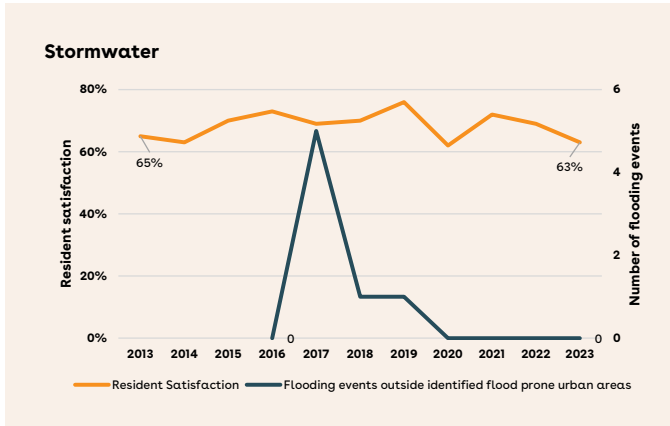
## Regulatory Services



**Successful legal challenges or mediation settlements** - this monitors instances where there has been a successful legal challenge or mediation settlements. In 2022/23 there were no successful challenges or mediation settlements.

**Service requests that are complaints** - this monitors the level of complaints received about council regulatory processes. A total of 3,961 regulatory services requests were received of which 13 (0.33%) were complaints.



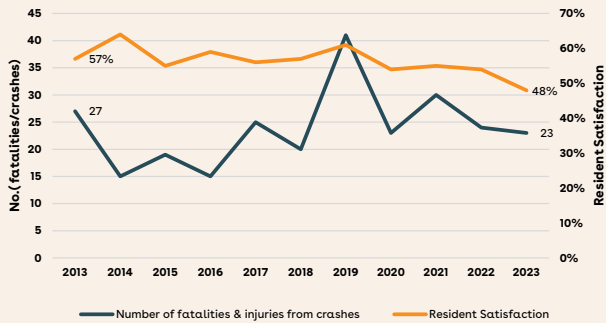


**Number of flooding events outside identified flood prone areas** - this monitors flooding that occurs in areas outside identified flood prone areas. In 2023 there were no flood events outside a flood prone area.

**Resident satisfaction with Stormwater systems** - the level of satisfaction with stormwater systems in 2023 was 63%. This is a decrease from the 2022 result of 69%.



## Transportation

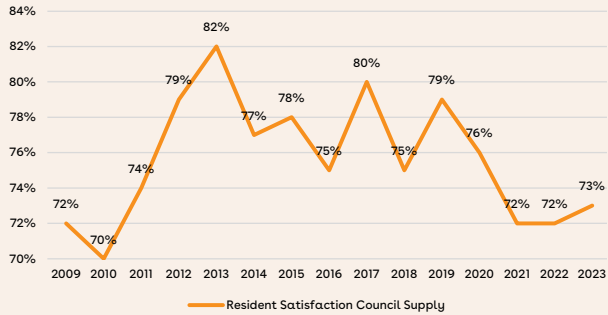


**Number of fatalities and injury crashes on the local road network** - in 2023 there were 4 fatalities and 19 serious injuries from crashes on our local roads.

**Resident satisfaction with Transportation** - this survey monitors the level of satisfaction with roading, cycleways and walkways. The result for 2023 was 48%, which is a decrease from 54% in 2022. Key reasons for dissatisfaction being the perceived need to widen the roads and delays caused due to roadworks.



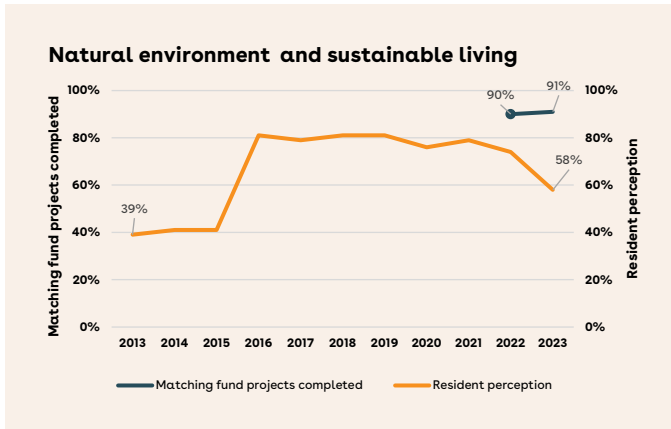
## Water Supply



**Resident satisfaction with the quality of Council Water Supply** - this survey monitors the level of satisfaction with the Council water supply. In 2023 the result was 73%. Key reasons for dissatisfaction were silica, build-up stains and hard water.



# Protecting the environment

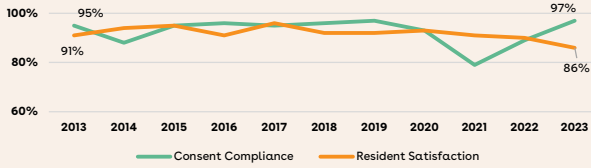


**Community matching fund projects completed** - The community matching fund provides community funding for environmental initiatives. Of the environmental projects granted funding, 91% were completed in 2023.

**Resident perception of an improvement in environmental features** - For 2023 the result was 58% which is a decrease from 2022 result of 74%.



## Wastewater

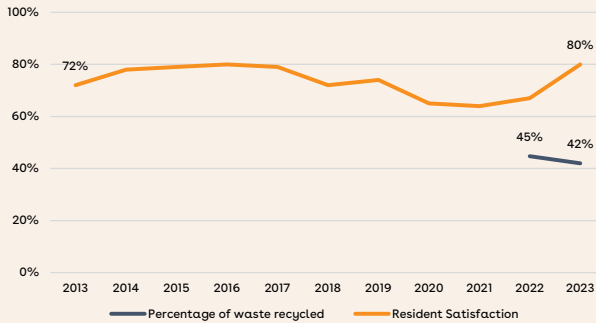


**Level of compliance with resource consents** - all wastewater treatment plants are monitored to ensure compliance with resource consent conditions. In 2023 targets at all treatment plants were achieved except for Maketu.

**Resident satisfaction with sewage disposal systems** - the result for 2023 was 86%.



## Solid Waste



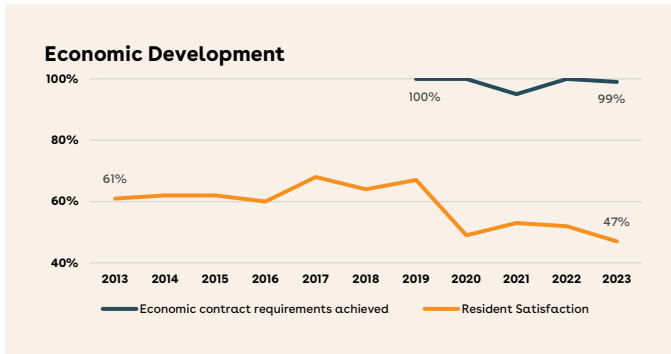
**Waste recycled** - A total of 8,794 tonnes of waste was collected of which 42% was recycled. This exceeded the target of  $\geq 33\%$ .

**Resident satisfaction with household rubbish disposal methods** - the level of satisfaction with household disposal methods was 80% in 2023, an increase from 67% in 2022.





# Supporting our economy



**Economic contracts where key contract requirements were achieved** - Economic contractors met the requirements of their contract. Key contractors include Priority One, Tourism BOP and others and the town centre promotion agencies.

**Resident satisfaction with promoting business and employment opportunities** - this survey monitors satisfaction with town centre promotion, events, tourism, business support, and promotion of business and employment opportunities. In 2023 the level of satisfaction was 47% which is a decrease from 2022 (52%).



# Support Services

## Overview

Our Corporate Plan guides the activities that support our staff to produce their best work and deliver the highest standards of service to our customers. Support services include communication and community engagement, human resources, customer services, information management, information technology, financial management, corporate assets and quality management, procurement, and risk management.

The key strategic approach for each of the corporate support activities is broadly described below:

Corporate support activity	What this activity does	Strategic approach
Customer services	Ensure customers receive timely, accurate and user friendly information, service and advice.	Focus on understanding the diversity of customers and their needs and respond to them effectively.
Communications and community engagement	Ensure customers and communities are engaged and kept informed.	Provide engagement opportunities and communications that are targeted to identified, diverse customer groups.
Human resources	Manage workforce capability and capacity.	Future workforce needs are understood so staffing levels, skills and competencies are available to deliver the agreed services to the community.
Information management	Ensure data is accessible, clear and secure.	Information is managed to ensure it is easily accessible, the integrity of the data is maintained and it is used to add value to decision making
Information technology	Ensure information systems are integrated, secure and responsive to business needs.	Smart use of technology to achieve agreed strategic initiatives and optimise the customer experience.
Financial management	Provide comprehensive financial planning and monitoring services.	Timely, accessible and reliable information is available to inform decision making, both for staff and elected members

**Corporate support activity**

**What this activity does**

**Strategic approach**

Corporate assets	Sustainably manage Council's corporate buildings, equipment, vehicles and land.	Assets, planning and property staff work together to enable the sustainable development of corporate property, equipment and vehicles.
Procurement	Ensure services purchased provide the best value for money, are sustainable and environmentally responsible.	Sustainable purchasing practices that demonstrate value for money are are environmentally responsible.
Risk management	Identify, minimise or mitigate risks.	Integrated risk Management information to inform decision making and ensure continuity of Support services
Quality management	Document and review key processes to ensure knowledge is maintained and opportunities for improvement identified.	Documentation of key processes secures knowledge and facilitates opportunities for improvement.



# Summary extract from the statement of accounting policies

## Reporting entity

Western Bay of Plenty District Council (the Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and provides regulatory functions to the community. The Council does not operate to make a financial return.

The reporting date of the Council and the associate is 30 June.

The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements of the Council are for the year ended 30 June 2023. The financial statements were authorized for issue by Council on 14 December 2023.

## Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

### Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with NZ GAAP.

The financial statements have been prepared in line with PBE Accounting Standards, however were adopted after the statutory deadline on 31 October 2023.

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all value are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in Note 38 and Note 39. The remuneration and severance payments are rounded to the nearest dollar.

## **Waters Services Reform Programme**

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023

However, the financial impact of the transfer of three water assets and associated function, is not certain. With the change in the Government there is a possibility of a change to water services reform programme. Considering the recent developments there is a possibility that the new Government might repeal or substantially amended the three legislations.

## **Standards and amendments, issued and that have been applied**

### **Cash Flow Statements**

These amendments require additional disclosures that enable users of financial statements to evaluate cash and non-cash changes in liabilities arising from financial activities. It is effective for reporting periods on or after 1 January 2021. Refer to Note 33 for information on reconciliation of liabilities from financing activities.

### **PBE IPSAS 41 Financial Instruments**

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022.

### **PBE FRS 48 Service Reporting**

PBE FRS 48 Service Performance Reporting replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for the year ending 30 June 2023.

# Changes in accounting policies

## Software-as-a-Service (SaaS) arrangements

In April 2021, the International Financial Reporting Interpretations Committee (IFRIC), a committee supporting profit-oriented reporting, published an agenda decision clarifying how configuration and customization costs incurred in implementing SaaS should be accounted for.

The IFRIC concluded that SaaS arrangements are service contracts providing the customer with the right to access the SaaS provider's application software over the contract period. Costs incurred to configure or customize software in a cloud computing arrangement, can be recognized as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognized as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

The New Zealand Accounting Standards Board has not issued similar guidance, however, in the absence of a PBE standard dealing with these costs, management considers the IFRIC decision relevant to the accounting for similar types of arrangements of Council in accordance with PBE IPSAS 31 Intangible assets.

Council has changed its accounting policy from 1 July 2021 to be consistent with the IFRIC agenda decision.

The impact of the change in accounting policy is that some intangible assets that were previously capitalised no longer meet the criteria for capitalisation and therefore have been expensed.

# Summary of comprehensive revenue and expenditure

	Note	2023 Actual \$'000	2023 Budget \$'000	2022 Actual \$'000
<b>Revenue</b>				
Fees and charges from activities	4	9,893	8,238	9,372
Rate revenue	5, 6 & 7	88,250	87,387	81,706
Financial contributions	11	10,629	14,035	10,925
Subsidies and grants	10	21,765	15,232	22,098
Finance revenue	8	1,979	270	1,350
Other revenue	9,11,16,18 & 21	6,666	5,956	18,464
<b>Revenue Total</b>	<b>2</b>	<b>139,182</b>	<b>131,118</b>	<b>143,915</b>
<b>Expenditure</b>				
Other expenses	9 & 12	64,602	55,395	55,104
Personnel costs	13	29,829	27,944	26,498
Depreciation	21	23,300	24,844	22,708
Amortisation	22	440	287	845
Impairment expense	21	255	-	1,070
Finance costs	8	4,144	4,006	4,146
<b>Expenditure Total</b>	<b>3</b>	<b>122,570</b>	<b>112,476</b>	<b>110,371</b>
Share of associate surplus/(deficit)	19	224	-	58
<b>Net surplus / (deficit)</b>		<b>16,836</b>	<b>18,642</b>	<b>33,602</b>
Other comprehensive revenue and expenses		-		
Gains/(losses) on asset revaluations	21, 22 & 23	150,214	21,965	122,194
<b>Other comprehensive revenue and expense for the year Total</b>		<b>150,214</b>	<b>21,965</b>	<b>122,194</b>
<b>Comprehensive revenue and expense for the year Total</b>		<b>167,050</b>	<b>40,607</b>	<b>155,796</b>
<b>Total comprehensive revenue and expense excluding gains/(losses) on asset revaluations</b>		<b>16,836</b>	<b>18,642</b>	<b>33,602</b>

The accompanying notes in the Annual Report form part of these financial statements.

# Major variances between Annual Plan and actuals

Western Bay of Plenty District Council has reported a surplus of \$16.8 million versus 2023 budget surplus of \$18.6 million.

**The major contributors to the variance were:**

Total revenue was \$8.1 million over budget.

Note		
1	Fees and charges	1,655
2	Rates revenue	863
3	Fincos	(3,406)
4	Subs	6,533
5	Finance revenue	1,709
6	Other revenue	710
		<b>8,064</b>

Total expenditure was \$4.6 million over budget.

Note		
7	Other exp	9,206
8	Personnel	1,885
9	Depreciation and Amortisation	(1,391)
10	Impairment Cost	255
11	Finance costs	138
12	Share of associate	(224)
		<b>9,869</b>



## 2023 explanations

1. Above average income for Waste fees and Refuse Tag income received compared to budgeted fees.
2. Increase in rates revenue is primarily due to an increase in growth for rating units.
3. Financial contributions were lower in 2023 due to slowing down of activities.
4. Subsidies and grant income was higher than budget due to timing and availability of capital works eligible for Waka Kotahi NZ Transport Agency funding and additional funding received for storm damage.
5. Finance revenue was higher than budget due to higher than planned interest income.
6. Other revenue was higher than budget mainly due to higher than planned gains on asset disposals.
7. Other expenses were higher than budget due to higher costs associated with delivering operational contracts.
8. Personnel costs was higher than budget. Increased workloads resulting in staff working more hours, new initiatives and new services which were not budgeted.
9. Depreciation and amortisation costs was lower than budget.
10. Impairment costs were recognised for the Te Puke No. 4 Bridge, which were not budgeted.
11. Finance costs was higher than budget. This is a result of unfavorable movements due to rising interest rates.
12. Share of associate income was not budgeted.

# Statement of financial position

	Note	2023 Actual \$'000	2023 Budget \$'000	2022 Actual \$'000
<b>Equity</b>				
Retained Earnings	28	989,023	955,372	963,429
<b>Reserves</b>				
Restricted reserves	29	326	285	306
Council created reserves	30	22,807	28,575	32,129
Asset revaluation reserves	31	778,442	599,918	627,048
<b>Total reserves</b>		<b>801,575</b>	<b>628,778</b>	<b>659,483</b>
<b>Equity Total</b>		<b>1,790,598</b>	<b>1,584,150</b>	<b>1,622,912</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	14	15,140	39,091	25,541
Receivables	15	18,304	16,371	10,155
Non-current assets held for sale	17	-	1,250	-
Prepayments	15	877	1,008	496
Other current financial assets	18	-	-	-
Derivative financial instruments	16	-	-	138
<b>Current Assets Total</b>		<b>34,321</b>	<b>57,720</b>	<b>36,330</b>
<b>Non-current assets</b>				
Other non-current financial assets	18	12,965	11,519	12,542
Investment in associates	19	512	212	289
Investments in CCO and other similar entities	20	3,379	3,346	3,028
Intangible assets	22	3,885	7,613	4,894
Forestry assets	23	8,266	11,626	8,938
Property, plant and equipment	21	1,845,212	1,652,118	1,661,509
Derivative financial instruments	16	2,580	(12,632)	1,540
<b>Non-current assets Total</b>		<b>1,876,799</b>	<b>1,673,802</b>	<b>1,692,740</b>
<b>Assets Total</b>		<b>1,911,120</b>	<b>1,731,522</b>	<b>1,729,070</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Creditors and other payables	24	25,781	32,664	22,529
Current employee entitlements	26	4,147	3,699	3,032
Current borrowings and other financial liabilities	25	15,000	15,000	15,000
Current provisions	27	313	696	313
<b>Current Liabilities Total</b>		<b>45,241</b>	<b>52,059</b>	<b>40,874</b>
<b>Non-current liabilities</b>				
Non current employee entitlements	26	19	-	19
Non current provisions	27	262	313	265
Non current borrowings and other financial liabilities	25	75,000	95,000	65,000
<b>Non-current liabilities Total</b>		<b>75,281</b>	<b>95,313</b>	<b>65,284</b>
<b>Liabilities Total</b>		<b>120,522</b>	<b>147,372</b>	<b>106,158</b>
<b>Net assets</b>		<b>1,790,598</b>	<b>1,584,150</b>	<b>1,622,912</b>

The accompanying notes in the Annual Report form part of these financial statements.

# Statement of changes in net assets/equity

	Retained earnings \$'000	Asset revaluation reserve \$'000	Council reserves \$'000	Total Equity \$'000
<b>Balance at 01 July 2021</b>	929,626	493,121	32,458	1,455,205
Total comprehensive revenue and expense for the year	33,602	-	-	33,602
Reclassification of reserves to equity	175	-	-	175
Gains/Losses on asset revaluations	-	133,927	-	133,927
Other reserve movements and transfers	26	-	(23)	3
<b>Balance at 30 June 2022</b>	<b>963,429</b>	<b>627,048</b>	<b>32,435</b>	<b>1,622,912</b>
Total comprehensive revenue and expense for the year	16,836	-	-	16,836
Reclassification of reserves to equity	-	-	-	-
Gains/Losses on asset revaluations	(1,181)	151,394	-	150,213
Other reserve movements and transfers	9,939	-	(9,302)	637
<b>Balance at 30 June 2023</b>	<b>989,023</b>	<b>778,442</b>	<b>23,133</b>	<b>1,790,598</b>

The accompanying notes in the Annual Report form part of these financial statements.

# Statement of cash flows

	2023 Actual \$'000	2023 Budget \$'000	2022 Actual \$'000
<b>Cashflow from operating activities</b>			
Receipts from rates, grants and other services	123,435	128,634	134,477
Interest received	409	270	873
Dividends received	245	-	262
Payments to suppliers and employees	(85,650)	(83,651)	(83,162)
Income tax (paid) refund	-	-	54
Interest paid	(4,144)	(4,006)	(4,146)
<b>Net cash inflow from operating activities</b>	<b>34,295</b>	<b>41,247</b>	<b>48,358</b>
<b>Cashflow from investing activities</b>			
Advances to related parties			
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(1,549)	-	3,912
Acquisition of property, plant and equipment, investment property and intangible assets	(53,147)	(70,001)	(42,435)
<b>Net cash outflow from investing activities</b>	<b>(54,696)</b>	<b>(70,001)</b>	<b>(38,523)</b>
<b>Cashflows from financing activities</b>			
Proceeds of borrowings	25,000	56,500	-
Repayment of borrowings	(15,000)	(15,000)	(10,000)
<b>Net cash in flow from financing activities</b>	<b>10,000</b>	<b>41,500</b>	<b>(10,000)</b>
Net (decrease)/increase in cash and cash equivalents and bank overdraft	(10,401)	12,746	(165)
Opening cash and cash equivalents and bank overdraft	25,541	26,344	25,706
<b>Closing cash and cash equivalents and bank overdraft</b>	<b>15,140</b>	<b>39,090</b>	<b>25,541</b>

The accompanying notes in the Annual Report form part of these financial statements.

# Summary of cost of services

## Total operating revenue

	2023 Actual \$'000	2022 Actual \$'000
Representation	4,069	3,568
Planning for the future	4,316	3,584
Transportation	42,343	36,312
Water supply	16,569	14,775
Communities	10,193	8,917
Recreation and open spaces	14,356	13,166
Regulatory services	15,523	12,955
Wastewater	16,618	19,900
Solid waste	4,561	4,669
Stormwater	6,796	7,758
Natural environment and sustainable living	1,212	1,093
Economic development	626	902
Support services	2,000	16,317
<b>Total operating revenue by activity</b>	<b>139,182</b>	<b>143,916</b>

## Total operating expenditure

	2023 Actual \$'000	2022 Actual \$'000
Representation	4,010	3,500
Planning for the future	4,161	3,435
Transportation	28,686	23,247
Water supply	15,074	15,711
Communities	9,981	8,781
Recreation and open spaces	11,655	10,165
Regulatory services	15,440	12,928
Wastewater	16,213	14,792
Solid waste	4,206	4,131
Stormwater	4,442	4,325
Natural environment and sustainable living	1,390	1,078
Economic development	774	999
Support services	6,538	7,279
<b>Total operating expenditure by activity</b>	<b>122,570</b>	<b>110,371</b>

# Statement of commitments

## Operating leases as lessee

Western Bay Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as noted below:

	2023 Actual \$'000	2022 Actual \$'000
Not later than one year	60	97
Later than one year and not later than two years	56	60
Later than two years and not later than five years	169	169
Later than five years	1,876	1,932
<b>Total non-cancellable operating leases</b>	<b>2,161</b>	<b>2,258</b>

## Other commitments

In November 2014, Western Bay Council entered into a seven year One Network Maintenance Contract with WSP Global Consultants Limited to provide capital and maintenance work to the District's roading network. In 2021 the value of the contract has been increased from \$75.99 million to \$200 million and extended to October 2023. As at 30 June 2023 \$29.48 million remained committed on this contract for the remaining 4 months, including estimated escalations in the contract.

In July 2021, Western Bay Council entered into a five year contract with Downer Ltd for the provision of maintenance and professional services to the utilities network. The value of the contract as of 30 June 2023 is \$40.00 million.

In July 2021 Western Bay Council entered into a five year contract with Envirowaste Ltd for the provision of kerbside waste services. The value of the contract as of 30 June 2023 is \$26.14 million.

As part of these contracts there is ongoing performance and condition monitoring to ensure compliance with the key deliverables and performance of the contract. Failure to meet the deliverables and performance required can lead to termination of the contract.

## Contingencies

	2023 Actual \$'000	2022 Actual \$'000
Building Act claims	3,000	50
Weathertight Homes Resolution Service (WHRS)	-	400
<b>Total contingent liabilities</b>	<b>3,000</b>	<b>450</b>

## Other legal proceedings

### Building Act Claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities with respect to the issue of building consent and inspection of work done. At the date of this report, there is a potential liability of \$3,007,687 (2022: Nil) under the Act indicating. Although a proportion of the claim relates to weathertightness the bulk of the claim relates to structural issues which the council has insurance cover.

### Unquantified Claims

There were no additional claims lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2023 (2022: Nil). These claims relate to weather-tightness issues of homes in the Western Bay of Plenty District area and name Western Bay of Plenty District Council as well as other parties. There are a total of 3 claims that are still open as at balance date (2022: 3).

It is not yet certain whether these claims are valid and whom will be liable for the building defects, therefore, Western Bay is unable to assess its exposure to the claims lodged with the WHRS.

The costs of any successful claims against Western Bay with a claim date of 30 June 2009 or earlier are expected to be substantially covered under Western Bay's insurance policies, subject to an excess of \$50,000 per claim.

Any costs associated with a successful claim received after 1 July 2009 will be entirely met by Western Bay. As a result, \$3,000,000 has been recognised as a contingent liability. Council underwent mediation with a claimant earlier this year. This has been resolved after financial year end.

### New Zealand Local Government Funding Agency (LGFA)

Western Bay of Plenty District Council is a shareholder of The New Zealand Local Government Funding Agency Limited. This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. Standard and Poors have given the entity a credit rating of AA+ which is equal top New Zealand Government sovereign rating.

As at 30 June 2023 there were 31 (2022: 31) shareholders made up of 30 local authorities and the crown.



All 30 local authority shareholders have uncalled capital equal to their individual shareholding and totalling \$20million in aggregate which can be called on in the event that an imminent default is identified. The shareholders are also guarantors of the LGFA balance sheet and the borrowings of all other local authorities which totalled \$16,678m (2022: \$15,105m) at 30 June.

New Zealand Financial International Reporting Standards require Western Bay of Plenty Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that;

- We are not aware of any local authority debt default in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### Riskpool

Western Bay of Plenty District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). In November 2023, Riskpool notified Council that it would be making a call on members to pay a contribution. The contribution amount for Western Bay of Plenty District Council is \$127,053.00 + GST, due late December 2023. At this stage, any additional liability beyond this call is unable to be quantified.

### Share of associates' contingent liability

There are no shared contingent liabilities associated with any associates of Council.

## Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Western Bay Council would have adopted in dealing with the party at arm's length in the same circumstances.

# Transactions with Councillors and key management personnel

	2023 Actual \$'000	2022 Actual \$'000
<b>Councillors</b>		
Full-time equivalent members	12	12
Salaries and other short-term employee benefits	722	658
<b>Senior Management Team, including the Chief Executive</b>		
Full-time equivalent members	5	5
Salaries and other short-term employee benefits	1,449	1,627
<b>Total senior management remuneration</b>	<b>2,171</b>	<b>2,302</b>

Key management personnel include the Chief Executive Officer and other senior management personnel.

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 38.

<b>Elected member remuneration</b>	2023 Actual \$'000	2022 Actual \$'000
Councillors	628	626
Community Board Members	110	114
	<b>738</b>	<b>740</b>

## Events after balance date

There were no events which have caused significant impacts on the essential services of the organisation since balance date.

# Audit report

Please see the following pages for the 2023 Independent Auditor's Report received 20 December 2023

## Independent Auditor's Report

### To the readers of Western Bay of Plenty District Council's summary of the annual report for the year ended 30 June 2023

The summary of the annual report was derived from the annual report of the Western Bay of Plenty District Council (the District Council) for the year ended 30 June 2023.

The summary of the annual report comprises the following information on pages 12 to 42:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the key performance measures.

### Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

### Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

### The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2023 in our auditor's report dated 14 December 2023.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the uncertainty over the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities.

Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council as outlined in note 1 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved. In addition, there is uncertainty around the water services reform legislation. With the change in government, it may be repealed or substantially amended.

### **Council's responsibility for the summary of the annual report**

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

### **Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of a limited assurance engagement related to the District Council's debenture trust deed, the audit of the long-term plan and an assurance engagement over procurement, which are compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in the District Council.



Leon Pieterse  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand  
20 December 2023



**Western  
Bay of Plenty**  
District Council

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Te Kaunihera a rohe mai i  
Ngā Kuri-a-Whārei ki  
Otamarakau ki te Uru

[westernbay.govt.nz](http://westernbay.govt.nz)