

Mā tō tātou takiwā  
**For our District**

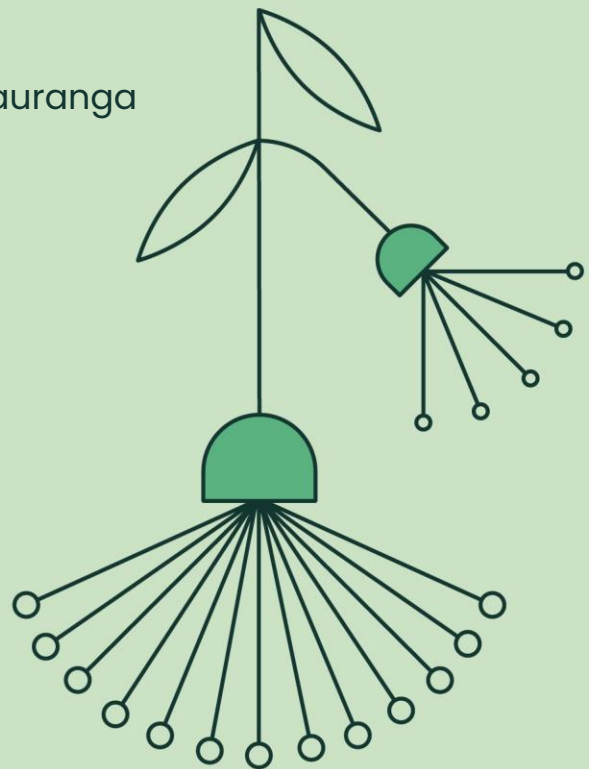
## Extraordinary Council

Te Kaunihera

CL24-14

Tuesday, 17 December 2024, 9.30am

Council Chambers, 1484 Cameron Road, Tauranga



# Council

## Membership:

<b>Chairperson</b>	Mayor James Denyer
<b>Deputy Chairperson</b>	Deputy Mayor John Scrimgeour
<b>Members</b>	Cr Tracey Coxhead Cr Grant Dally Cr Murray Grainger Cr Anne Henry Cr Rodney Joyce Cr Margaret Murray-Benge Cr Laura Rae Cr Allan Sole Cr Don Thwaites Cr Andy Wichers
<b>Quorum</b>	Six (6)
<b>Frequency</b>	Six weekly

## Role:

The Council is responsible for:

- Ensuring the effective and efficient governance and leadership of the District.
- Ensuring that all functions and powers required of a local authority under legislation, and all decisions required by legislation to be made by local authority resolution, are carried out effectively and efficiently, either by the Council or through delegation.

## Power to Act:

To exercise all non-delegable functions and powers of the Council including, but not limited to:

- The power to make a rate;
- The power to make a bylaw;
- The power to borrow money, purchase, or dispose of assets, other than in accordance with the Long Term Plan;
- The power to adopt a Long Term Plan, a Long Term Plan Amendment, Annual Plan or Annual Report and to receive any related audit report;
- The power to appoint a chief executive;
- The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long Term Plan or developed for the purpose of the Local Governance Statement;

- The power to adopt a remuneration and employment policy;
- The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991;
- The power to approve or amend the Council's Standing Orders;
- The power to approve or amend the Code of Conduct for Elected Members;
- The power to appoint and discharge members of committees;
- The power to establish a joint committee with another local authority or other public body;
- The power to make a final decision on a recommendation from the Parliamentary Ombudsman where it is proposed that Council not accept the recommendation.
- To exercise all functions, powers and duties of the Council that have not been delegated, including the power to compulsorily acquire land under the Public Works Act 1981.
- To make decisions which are required by legislation to be made by resolution of the local authority.
- To authorise all expenditure not delegated to officers, Committees or other subordinate decision-making bodies of Council, or included in Council's Long Term Plan or Annual Plan.
- To make appointments of members to Council Controlled Organisation Boards of Directors/ Trustees and representatives of Council to external organisations.
- To monitor the performance of and make decisions on any matters relating to Council Controlled Organisations (CCO), including recommendations for modifications to CCO or other entities' accountability documents (i.e. Letter of Expectation, Statement of Intent), including as recommended by the Strategy and Policy Committee.
- To approve joint agreements and contractual arrangements between Western Bay of Plenty District Council and Tauranga City Council and/or any other local authority including the requirement to review the terms of any such agreements or contractual arrangements.
- To approve the triennial agreement.
- To approve the local governance statement required under the Local Government Act 2002.
- To approve a proposal to the Remuneration Authority for the remuneration of Elected Members.
- To approve any changes to the nature and delegations of Committees.

**Procedural matters:**

Approval of elected member training/conference attendance.

**Mayor's Delegation:**

Should there be insufficient time for Council to consider approval of elected member training/conference attendance, the Mayor (or Deputy Mayor in the Mayor's absence) is delegated authority to grant approval and report the decision back to the next scheduled meeting of Council.

**Power to sub-delegate:**

Council may delegate any of its functions, duties or powers to a subcommittee, working group or other subordinate decision-making body, subject to the restrictions on its delegations and any limitation imposed by Council.

Notice is hereby given that an Extraordinary Meeting of Council will be held in the Council Chambers, 1484 Cameron Road, Tauranga on:  
Tuesday, 17 December 2024 at 9.30am

## Order Of Business

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**1 KARAKIA**

Whakatau mai te wairua  
Whakawātea mai te hinengaro  
Whakarite mai te tinana  
Kia ea ai ngā mahi

Āe

Settle the spirit  
Clear the mind  
Prepare the body  
To achieve what needs to be  
achieved.  
Yes

**2 PRESENT**

**3 IN ATTENDANCE**

**4 APOLOGIES**

**5 CONSIDERATION OF LATE ITEMS**

**6 DECLARATIONS OF INTEREST**

**7 PUBLIC EXCLUDED ITEMS**

**8 PUBLIC FORUM**

## 9 REPORTS

### 9.1 ANNUAL REPORT 2023-2024

**File Number:** A6588206

**Author:** Jonathan Fearn, Chief Financial Officer

**Authoriser:** Adele Henderson, General Manager Corporate Services

#### EXECUTIVE SUMMARY

The purpose of this report is to adopt the audited Annual Report for the year ended 30 June 2024, and to approve the loan funding of the 2023-2024 rates funded deficit.

The Annual Report is a statutory requirement under sections 98 and 99 of the Local Government Act 2002. For each financial year, Council is required to prepare, and adopt by resolution, an annual report.

#### RECOMMENDATION

1. That the Chief Financial Officer's report dated 17 December 2024 titled 'Annual Report 2023-2024' be received.
2. That the report relates to an issue that is considered to be of medium significance in terms of Council's Significance and Engagement Policy.
3. That the updated Annual Report 2023-2024 (**Tabled Item 1**) for the year ended 30 June 2024 be received, and that Council notes the table of amendments (**Tabled Item 2**) that outlines the changes made to the Annual Report originally included as **Attachment 1** of report 11.5 on the Council agenda for 12 December 2024.
4. That Council receives the Audit Opinion from Audit New Zealand for Western Bay of Plenty District Council's financial statements and performance information for the year ended 30 June 2024 (**Tabled Item 3**).
5. That, pursuant to sections 98 and 99 of the Local Government Act 2002, Council adopts Western Bay of Plenty District Council's audited Annual Report 2023-2024 (**Tabled Item 1**).
6. That the Chief Executive Officer be delegated authority to make such minor editorial changes to the Annual Report 2023-2024, as may be required prior to printing.
7. That Council approves loan funding the 2023-2024 rates funded deficit of \$4.2m for a period up to three years.

## BACKGROUND

The Annual Report for the year ended 30 June 2024 (**Tabled Item 1**), including Financial Statements, and Non-Financial Performance Reports for each of Council's activities, is presented for adoption.

Under Section 98 of the Local Government Act 2002 for each financial year, Council is required, within four months of the end of the financial year to which it relates, to prepare and adopt, by resolution, an annual report. We note that the change in legislation to enable the new Local Waters Done Well legislation has impacted the normal adoption date of 31 October 2024. Enabling legislation provided for an adoption date of 31 December 2024.

The Annual Report has been audited and finalised by Audit New Zealand in accordance with Section 99 of the Local Government Act 2002.

The Audit, Risk and Finance Committee received the draft Annual Report 2023-2024 on 3 December. Council received the draft Annual Report 2023-2024 on 12 December, which was left to lie on the table, as Audit New Zealand's opinion was not available at that time. Any further and subsequent changes from Audit New Zealand since the publishing of this agenda will be provided at the Council meeting as **Tabled Item 2**.

The Annual Report includes explanations of major variances under Note 39 to the Financial Statements, to assist readers in their review of the information.

## 2023/2024 CONTEXT

The economic environment during the 2023-24 financial year has made this a challenging year for Council and our community. Inflation and cost increases were seen across the business during the year. We note that the latest changes in the Official Cash Rate and national inflation data decreases have seen this begin to improve in the new year.

The government signalled a 40% decrease in the building activity early in the financial year, and this was seen within our district with a decrease of 32% in building consents, 60% in R1 building consents, and 19% decrease in resource consents. Resulting action was undertaken to reduce costs across the business. This impact also flowed through to a reduction in our financial contributions, only achieving 90% of budget.

Our Operations Control Benchmark was down as a result of cash funding some of our activities through the current account and reserves, and a rating shortfall from our rates funded activities. In addition, this negatively impacted our Balanced Budget Benchmark which is targeted for revenue to be equal to expenditure.

Council closed its financial year with actual borrowings of \$115m, below budget of \$141m. This was due to the capital programme not being fully delivered for the year 2023-2024.

These projects have been carried forward into future years and a positive start to the 2024-25 capital programme year will see these projects move forward with



speed. Council is still well positioned as a whole with a net debt to revenue ratio of 80% at year end.

There was a partial write off of assets for the Waihi Beach Elder Housing as a result of the decision not to rebuild due to being flood prone. This resulted in a loss for these assets for the year. A redevelopment of Katikati elder housing is now in progress, and once completed will see 26 modern purpose-built accessible units which will increase the overall portfolio to 85 units.

Major projects including Ōmokoroa road intersection continue to progress. Waihi Beach Library, Service Centre and Community Hub is now underway following significant engagement with the community.

Details regarding delivery of our services and capital programme are included in the Annual Report.

### **2023-2024 RATES FUNDED DEFICIT**

In 2023-2024 Council needed to cash fund activities in its current accounts and reserves, and in a rating shortfall from regulatory activity. These cash funded activities totalled to a rates funded deficit of \$4.2m for the year. Council has received legal guidance that a common approach in this scenario is to loan fund this shortfall. Based on this advice staff are recommending that this deficit be loan funded over a three-year period, with the aim of repaying this loan early in the 2024-2025 year through savings that have been identified; this will be reported quarterly through the Audit, Risk, and Finance Committee.

A Council resolution for this approach is noted above.

### **PREPARATION OF SUMMARY ANNUAL REPORT**

The Summary Report is a condensed view of the two major areas of the Annual Report, namely, the Group of Activities reports and Financial Statements. It also includes an extract from the prudential reporting section of the Annual Report.

Under section 98 of the Local Government Act 2002, Council is required to make its annual report, and summary of the information contained in its annual report, publicly available within one month of its adoption. The summary annual report will be made available within this timeframe and will be signed off by Audit New Zealand following the adoption of the Annual Report 2023-2024.

### **OUTSTANDING MATTER FOR AUDIT**

At the time of publishing this report our finance team is working with Audit on finalising reserve movements in Funding Impact Statements. This is expected to be confirmed to ensure provision of a fully completed Annual Report and signed Audit Report by 31 December 2024.

## AUDIT REPRESENTATION LETTER

Audit representation letters are required for the Annual Report 2023–2024 and will be presented at the Council meeting. Audit representation letters are provided by Council in connection with the audit of the financial statements, activities and services statements of Western Bay of Plenty District Council for the year ended 30 June 2024 for the purpose of expressing an opinion on the information presented. The audit is carried out by Audit New Zealand on behalf of the Auditor General.

## SIGNIFICANCE AND ENGAGEMENT

The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council’s Significance and Engagement Policy in order to guide decisions on approaches of engagement and degree of options analysis. In making this formal assessment it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.

The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.

In terms of the Significance and Engagement Policy this decision is considered to be of medium significance because:

- This 2023–2024 Annual Report is provided to compare Western Bay of Plenty District Council’s actual performance for the year, against what was forecasted in the Long-Term Plan or Annual Plan.
- There are no identifiable cultural impacts relating to the preparation of the end of year financial accounts, other than general interest.
- The subject does not affect the level of service of a significant activity.

## ENGAGEMENT, CONSULTATION AND COMMUNICATION

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication		
General Public	<p>The public are to be notified of the adoption of the Annual Report 2023–2024 by advertisement in the local papers and via Council’s website.</p> <p>As per the Local Government Act 2002, copies of the adopted Annual Report and summary are required to be sent within one month of adoption to several government departments, i.e.</p> <p>a) The Secretary of Local Government; b) The Auditor-General; and</p>	Planned	Completed

	c) The Parliamentary Library.		
Internal Staff	All staff to be notified accordingly.		

**ISSUES AND OPTIONS ASSESSMENT**

<b>Option 1</b>	
That the Annual Report for the year ending 30 June 2024 be received and adopted by Council.	
<b>Reasons why no options are available Section 79 (2) (c) and (3) Local Government Act 2002</b>	<b>Legislative or other reference</b>
Every local authority must prepare and adopt in respect of each financial year an annual report. Each annual report must be completed and adopted, by resolution, within four months after the end of the financial year to which it relates.	Section 98 of the Local Government Act 2002.  Section 99 of the Local Government Act 2002.

**STATUTORY COMPLIANCE**

The recommendation in this report is consistent with legislative requirements as per section 98 and 99 of the Local Government Act 2002. Council has met the Annual Report 2023-2024 within the extended statutory timeframe. We note again the change in legislation has provided for an adoption date by 31 December 2024.

**FUNDING/BUDGET IMPLICATIONS**

<b>Budget Funding Information</b>	<b>Relevant Detail</b>
	The Annual Report provides a comparison between budget and the prior year.