

Extraordinary Whangarei District Council Meeting

Agenda

Date: Thursday, 3 October, 2019

Time: 9:00 am

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

Elected Members: Her Worship the Mayor Sheryl Mai
(Chairperson)
Cr Gavin Benney
Cr Crichton Christie
Cr Vince Cocurullo
Cr Tricia Cutforth
Cr Shelley Deeming
Cr Sue Glen
Cr Phil Halse
Cr Cherry Hermon
Cr Greg Innes
Cr Greg Martin
Cr Sharon Morgan
Cr Anna Murphy

For any queries regarding this meeting please contact
the Whangarei District Council on (09) 430-4200.

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4.1 Adoption of the 2018-2019 Annual Report

Meeting: Extraordinary Whangarei District Council
Date of meeting: 3 October 2019
Reporting officer: Delyse Henwood (Manager – Finance)

1 Purpose

To adopt Council's Annual Report and Summary Annual Report for the year ended 30 June 2019.

2 Recommendations

That the Council:

- a) Accepts the Annual Report and Summary Annual Report for the year ended 30 June 2019
- b) Accepts the Independent Auditor's Report for the Annual Report and Summary Annual Report for the year ended 30 June 2019
- c) Adopts the audited Annual Report and Summary Annual Report for the year ended 30 June 2019
- d) Authorises the Chief Executive to make any minor editing amendments that are required.

3 Background

The Council is required to prepare and adopt an annual report each financial year under Section 98(1) of the Local Government Act 2002.

The purposes of an annual report are:

- to compare the actual activities and the actual performance of Council in the year with the intended activities and the intended level of performance as set out in respect of the year in the Long Term Plan; and
- to promote Council's accountability to the community for the decisions made throughout the year by the Council.

Council is also required to prepare a summary of the annual report which must contain a separate auditor's report relating to its compliance.

4 Discussion

The Annual Report and the Summary Annual Report for the year ended 30 June 2019 are attached to this agenda. At the time of writing this agenda several items were still being finalised and reviewed by Audit New Zealand. Any changes or amendments made to these documents will be provided in due course.

5 Significance and engagement

The adoption of an Annual Report and Summary Annual Report is a specific requirement of the Local Government Act 2002. The process to be followed and items to be reported are covered by Part 6 of the Act. Once adopted, the Annual Report and Summary Annual Report will be available on Council's website.

6 Attachments

1. Annual Report for the year ended 30 June 2019
2. Summary Annual Report for the year ended 30 June 2019

FOR ADOPTION
THURSDAY 3 OCTOBER





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Welcome

This 2018-19 Annual Report sets out what Whangarei District Council (Council) has achieved in the past financial year (from 1 July 2018 to 30 June 2019), why these things were done, how well we did them, what they cost and how they were paid for.

It communicates our performance in year one of the 2018-28 Long Term Plan (LTP) by outlining our set targets, performance results and key achievements for that year.

This Annual Report is laid out in the following sections:

Introduction

This high-level review of our role, political and organisational structures includes a financial and service performance overview.

Our work in detail

This section outlines the key achievements of each Council Activity Group (CAG) and details performance for the year against targets set through the 2018-28 LTP.

Financial statements

Here are detailed financial statements and a report on Council Controlled Organisations (CCOs).

Audit report

This section contains the Independent Auditor's Report provided by Audit New Zealand for the year ended 30 June 2019.

General information

This section details abbreviations and acronyms used throughout this report, including a glossary and index.

Statement of Compliance and Responsibility

For the year ended 30 June 2019

Council confirms meeting all the statutory requirements in relation to the Annual Report, as outlined in Schedule 10 of the Local Government Act 2002.

Responsibility

Council accepts responsibility for preparation of annual financial statements and non-financial statement of service performance and the judgements used in them.

Council accepts internal responsibility for providing reasonable assurance of the integrity and reliability of financial and non-financial reporting.

Council believes the annual financial statements and statements of service performance for the year ended 30 June 2019 fairly reflect our financial position and operations.

Sheryl L Mai

Mayor

Whangārei, 3 October 2019

Rob Forlong

Chief Executive

Part one

Introduction

Message from the Mayor

I am proud to present the 2019 Annual Report for Whangarei District Council. This Report provides a detailed overview of how Council is tracking against the goals laid out in year one of the Long Term Plan 2018-28.

Sustainability has been a major consideration this year, with Council adopting the Corporate Sustainability Strategy, which clarifies our internal policies in areas such as waste minimisation and energy conservation. We are all aware that our environmental impacts need to be more closely managed, and I am proud of the positive steps being taken by our Council in this area.

We began the process of installing more than 4,700 energy-efficient LED streetlights across our District, continued to upgrade our stormwater and wastewater networks, and with our community, planted native plants at both the Hikurangi flood plains and Whau Valley Dam to mitigate environmental impacts. Our contractors use eco-friendly cleaning products, we're trialling alternatives to traditional roadside sprays, and we're continuing to tighten up on waste minimisation.

Our plans to transform our city centre into a vibrant and attractive focal point continued with the adoption of the City Core Precinct Plan. This is particularly exciting, as it is part of a larger vision for our District, encouraging a flow of pedestrian traffic through our city and waterfront areas. We renewed playgrounds at Nixon Street, Jeeves Park, King Street and Norfolk Street (Reotahi), upgraded sportsgrounds at Ruakaka, Otaika, Otangarei, and built new playgrounds in Otangarei and Tikipunga.

Our District has more than \$1.79 billion worth of assets that we care for and maintain, and our capital works programme continues to add value. Of particular satisfaction was the seal extension work undertaken on Wright Road, with the heavy logging route now being completely sealed.

We are constantly thinking of future growth, this report highlights a year of commitment to a sustainable future, enhancing Whangarei District's reputation as a wonderful place to live, work and play.

Her Worship the Mayor

Sheryl Mai




Message from the Chief Executive

We entered the 2018-19 financial year with a clear steer from the community about the priorities for the following three years.

Our community said core infrastructure was their top priority for us – good roads, waste and water management.

The community could see the benefits of a growing and developing economy and said making sure we are ready for it and planning to be able to serve it was also a priority.

Making sure we keep our District attractive and make it an even better place to live, including working with the community on projects they initiate, were also hot topics.

I am pleased to report we have completed the first year of the 2018-28 Long Term Plan largely on track and with some good wins. We were unable to complete all capital projects and will be focussed on improving this in future.

Core infrastructure

Our work in roading has included extending sealed roads on our network and resurfacing and rehabilitating those that are already sealed, getting metal down and maintaining unsealed roads. We have renewed stormwater systems, improved our fresh water network (including letting contracts for the new Whau Valley Water Treatment Plant), improved the data we have on our assets so we can keep track of their conditions and manage them even better. Our sportsfields renewals and neighbourhood parks and gardens renewals have all come in for attention.

Around the city the Porowini/Tarewa intersection improvements have been completed and good progress is being made on the Porowini/Maunu roads intersection. In rural areas, sealing the remaining four unsealed kilometres on formerly dust plagued sections of Wright Road sees this heavy logging route completely sealed.

Wastewater improvements continued across the District, and historical problems with the sewer network at Hikurangi are resolving now with Stage One and half of Stage Two of the Hikurangi Sewer network upgrade completed.

A better place to live

We have supported projects led by other organisations such as the Hihiaua Cultural Centre, Hundertwasser Art Centre with Wairau Māori Art Gallery, Bland Bay Community Centre and other high-quality facilities.

Sports facilities at Ruakaka, Otaika and Otangarei have been improved, and playgrounds at Nixon St, Jeeves Park, King St and Norfolk St in Whangarei Heads have been renewed. Otangarei has received a new playground, shade sail, basketball hoops, murals and park furniture. Tikipunga received a new neighbourhood park 'Potter Park', which has a pump track, new playground, shade sail and park furniture. Bascule Park's upgrade and sealing of the Bascule Park carpark were both near completion at the end of the financial year.

New paving and street furniture has made a noticeable difference to the amenity and atmosphere along Bank Street and Rust Avenue.

Since 2016 we have added a net 188 carparks in the central city, 82 of those in the past financial year. In addition we are currently building 272 new carparks at Pohe Island. These carparks are on the very popular Hatea Loop walking circuit, which connects with the central city and many of our most popular spots along the way.

Planning for the future

Planning for the growth and development of our District and city has continued with Council adopting a City Core Precinct Plan that seeks to transform the city centre into a vibrant and attractive focal point for our District.

To be delivered over many years, the plan includes designing and re-developing parts of the central city to enable more inner city living, allowing the population of the centre city to increase to about 1100 residents. Better links between the central city (Cameron Street) and the Town Basin including walking routes, alfresco dining and pocket parks are planned to help create a vibrant atmosphere. Our intention is that the work we do to improve public spaces and facilities in the central city will motivate the large community of building owners in the city to make improvements too.

Partnering with community

Over the past year we have completely reviewed Council's Advisory Groups and developed formal workplans to inject renewed vigour into project and programme support. At the same time the amount of money available to communities working in partnership with Council has increased.

We also adopted an Alcohol Control Bylaw, Easter Trading Policy, Smokefree District Policy and Class 4 Gambling Policy.

Talking with our community

This year we expanded the range of people we talk to in our annual customer satisfaction survey. We did our usual landline-based telephone interviews and added online social media feedback into the mix.

As a result, we received more feedback from a more diverse group of people than in the past. A higher proportion of Māori and Pacific Island people, more people aged 18-39, and more people renting accommodation.

The people who responded online tended to have a more negative view of Council. While 91% of those surveyed via landline were satisfied to very satisfied, only 69% of those surveyed online were. On the one hand this could be viewed as a negative outcome, but we have decided to see it as valuable source of fresh information about areas needing more attention and investment if we are going to meet the needs of our developing community going forward.

Financial position

Council's finances remain in excellent order, with strong financial controls and robust budgeting processes. Unlike some other local authorities, we also have the capacity to take on more debt to fund expansion of the District.

International credit rating agency Standard and Poors has again awarded an AA credit rating (with a positive outlook) to Council. This is the highest credit rating currently available to any public body in New Zealand.

In July we finished the year in a strong position. With an economy that continues to improve, a very good financial situation, an outstanding natural environment, better facilities for our citizens, most of the challenges we face (i.e. increasing population and higher expectations from citizens) are good problems to have.

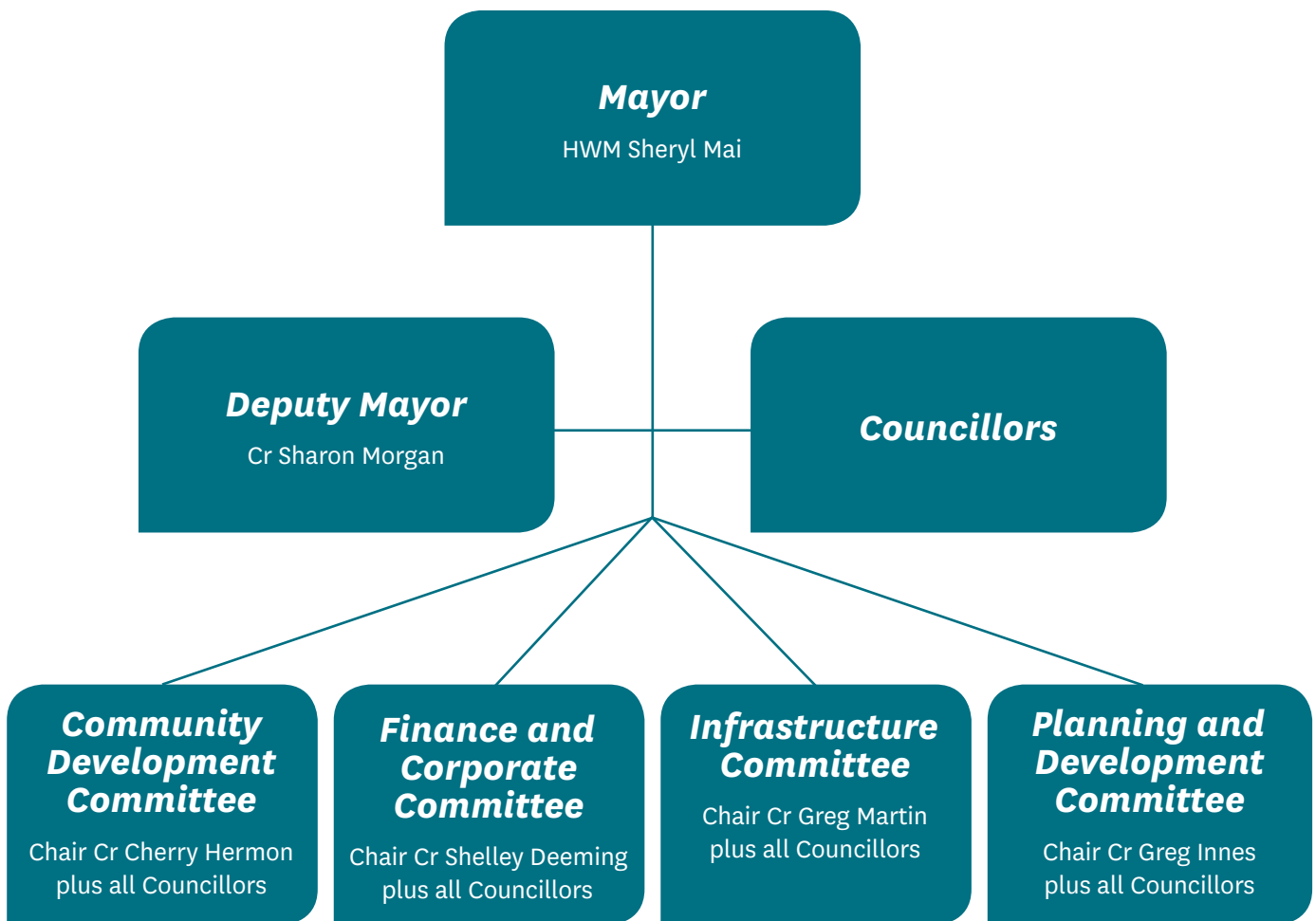
It has been a good year and the District has an exciting future.

Chief Executive

Rob Forlong




Political structure



Specialist committees

DISTRICT LICENSING COMMITTEE

Chair Commissioner

AIRPORT NOISE MANAGEMENT CONSULTATIVE COMMITTEE

Chair Independently Appointed

AUDIT AND RISK COMMITTEE

Chair Deputy Mayor Sharon Morgan

CIVIC HONOURS SELECTION COMMITTEE

Chair Cr Crichton Christie

CE REVIEW COMMITTEE

Chair HWM Sheryl Mai

EXEMPTIONS AND OBJECTIONS SUBCOMMITTEE

Chair Cr Greg Innes

COMMUNITY FUNDING SUBCOMMITTEE

Chair Cr Crichton Christie

Māori Liaison

TE KĀREAREA STRATEGIC PARTNERSHIP FORUM

Chair HWM Sheryl Mai

Your Elected Members



Mayor Sheryl Mai

All communications to Her Worship go to the Mayor's personal assistant.

Phone 09 470 3029

Email mayor@wdc.govt.nz



Councillor Sue Glen

Okara Ward

Home 09 436 2181

Mobile 027 292 8420

Email Cr.Glen@wdc.govt.nz



Deputy Mayor Sharon Morgan

Mangakahia-Maungatapere Ward

Mobile 027 443 4679

Email Cr.Morgan@wdc.govt.nz



Councillor Gavin Benney

Denby Ward

Mobile 021 256 0126

Email Cr.Benney@wdc.govt.nz



Councillor Shelley Deeming

Bream Bay Ward

Home 09 432 3779

Mobile 027 275 7330

Email Cr.Deeming@wdc.govt.nz



Councillor Phil Halse

Bream Bay Ward

Home 09 430 2251

Mobile 027 303 5671

Email Cr.Halse@wdc.govt.nz



Councillor Crichton Christie

Denby Ward

Home 09 430 2848

Mobile 027 392 2289

Email Cr.Christie@wdc.govt.nz



Councillor Cherry Hermon

Okara Ward

Home 09 437 1197

Mobile 021 529 929

Email Cr.Hermon@wdc.govt.nz



Councillor Vince Cocurullo

Okara Ward

Home 09 438 8834

Mobile 021 438 952

Email Cr.Cocurullo@wdc.govt.nz



Councillor Greg Martin

Hikurangi-Coastal Ward

Home 09 433 5629

Mobile 027 283 6147

Email Cr.Martin@wdc.govt.nz



Councillor Tricia Cutforth

Denby Ward

Mobile 027 287 0366

Email Cr.Cutforth@wdc.govt.nz



Councillor Anna Murphy

Hikurangi-Coastal Ward

Home 09 434 3009

Mobile 022 649 8730

Email Cr.Murphy@wdc.govt.nz



Councillor Greg Innes

Whangarei Heads Ward

Mobile 027 495 3382

Email Cr.Innes@wdc.govt.nz

Organisational structure



Group entities

Council Controlled Organisations

Council currently delivers a variety of services through Council Controlled Organisations (CCOs).

Council delivers strategic services or initiatives through a CCO where it considers this is a more effective, efficient and financially viable option compared to other means of delivery.

The Local Government Act 2002 defines a CCO as either:

A company:

- in which equity securities carrying 50% or more of the voting rights at a meeting of the shareholders of the company are:
 - held by one or more local authorities; or
 - controlled, directly or indirectly, by one or more local authorities; or
- in which one or more local authorities have the right, directly or indirectly, to appoint 50% or more of the directors; or

An entity in respect of which one or more local authorities have, whether or not jointly with other local authorities or persons:

- control, directly or indirectly, of 50% or more of the votes at any meeting of the members or controlling body of the organisation; or
- the right, directly or indirectly, to appoint 50% or more of the trustees, directors or managers (however described) of the entity.

Council has responsibility for four CCOs:

- Whangarei Waste Ltd
- Whangarei Art Museum Trust
- Northland Events Centre Trust
- Whangarei District Airport.

Each of these CCOs is required to complete a Statement of Intent, unless an exemption under the Local Government Act 2002 has been granted. Whangarei Waste Ltd and Northland Events Centre Trust are exempt entities.

Council Controlled Trading Organisations

A Council Controlled Trading Organisation (CCTO) is a CCO that operates a trading operation for the purpose of making profit.

Whangarei District Council has responsibility for one CCTO: the Northland Regional Landfill Limited Partnership.

Council Organisations

Council has responsibility for one Council Organisation: the Whangarei Quarry Gardens Trust.







Our performance at a glance

We have achieved an operating surplus, while managing our operations effectively within our financial parameters.













Council uses its funding through rates, user fees and government subsidies to provide daily services, maintain our assets and build new ones to cater for the current and future needs of our community.

- Our 'core operating surplus' (before various non-cash adjustments) for the year was \$13.0 million better than budget.
- Net external debt this year reduced by \$9.8 million, from \$112.6 million to \$102.8 million.
- While our debt was less than planned, it will be required in future years to complete scheduled projects. The lower debt has allowed us to make net interest savings of \$0.6 million this year.

Financial targets

Targets	Result
Achieve a balanced budget	
Limit rates revenue to maximum of 70% of total revenue	
Net debt no higher than 175% of total revenue	
Maintain net interest costs at less than 25% of rates revenue	
Net debt per capita level below \$2,193	
Provide sufficient funding to complete the planned capital expenditure programme without reliance on selling assets	

Benchmarks

Benchmark	Result
*Rates affordability	
Rates (income) affordability	
Rates (increase) affordability	
*Debt affordability	
External net debt	
Net interest to rates revenue	
External net debt per capita	
Balanced budget	
Essential services	
Debt servicing	
Debt control	
Operations control	

*The limits for these benchmarks are set within Council's 2018-28 Financial Strategy. The remaining limits are set by regulations.

We have met 50 of our 73 non-financial targets

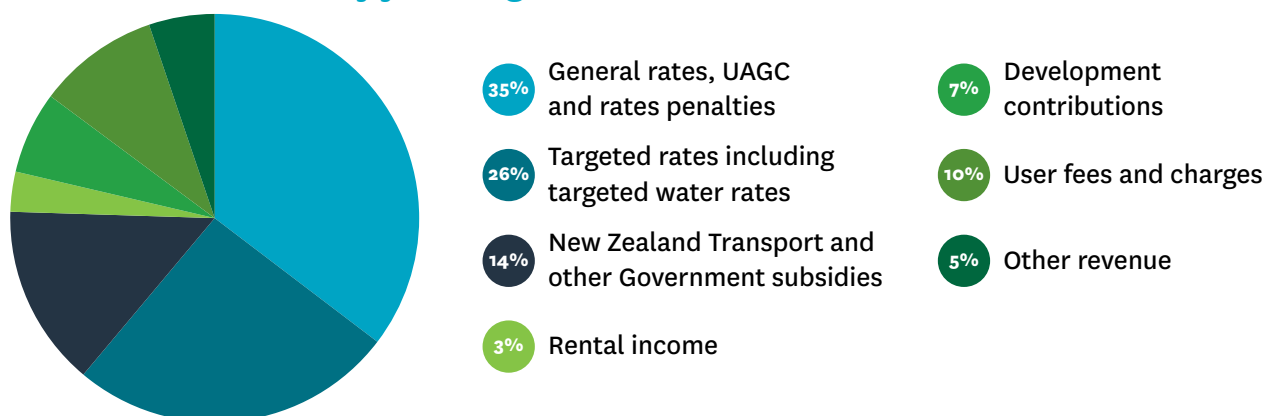
- Of the 73 Levels of Service targets 50 were achieved, 21 were not achieved and two were not measured. Overall, 69% of targets were achieved.
- Performance improved or stayed the same for 48% of measures over the course of the year, compared to 54% the previous year.
- Stormwater, flood protection, libraries, customer services, resource consents, and building control all achieved 100% of their annual targets.
- Some activity groups did not achieve all their targets or achieved lower results than last year.
- In light of the improvements to the resident survey sampling methods, some measures may now carry an unrealistic target, or the target measure itself does not accurately reflect performance expectations. These will be reviewed as part of the 2021-31 Long Term Plan.



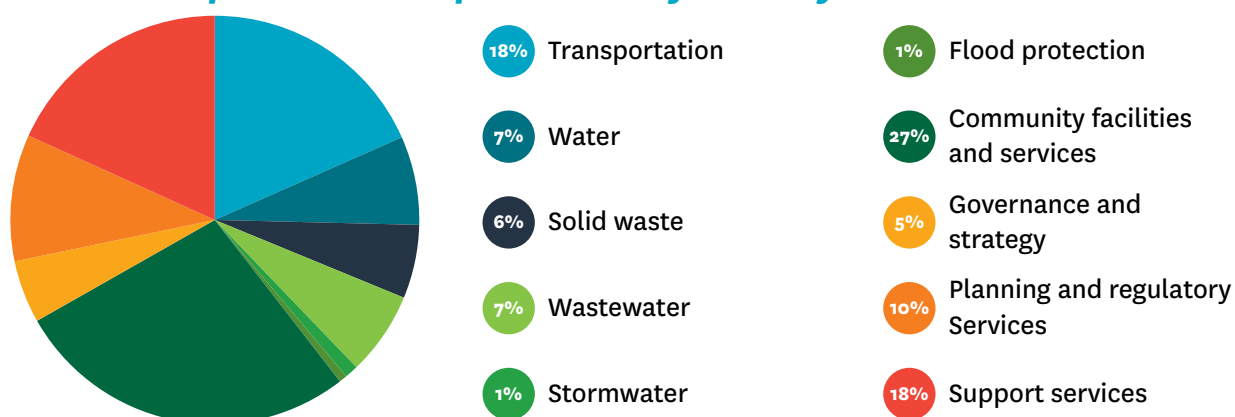
Financial performance

The following charts show operating revenue and expenses excluding accounting adjustments:

Council's sources of funding and revenue



Council's operational expenditure by activity



*Figures are calculated using the Funding Impact Statements.

Operating result – before accounting adjustments

Confirming Council's financial position at the end of the financial year is a two-step process. First establishing the core operating results (income less expenses), then applying additional accounting adjustments as required by the International Public Sector Accounting Standards (IPSAS).

The 2018-19 year has achieved a core operating surplus of \$21.0 million against a budgeted operating surplus of \$8.0 million resulting in a favourable variance of \$13.0 million.

	Actual (Millions)	Budget (Millions)	Variance (Millions)
Operating result – before non-cash adjustments			
Operational revenues	159.4	147.5	
Operational costs	138.4	139.5	
Operating surplus – before non-cash adjustments	21.0	8.0	13.0

Operating result – including accounting adjustments

Having established the core operating result, several accounting adjustments that do not impact on our cash flow or debt are made in accordance with accounting standards. After making these adjustments, Council has a total operating surplus of \$25.5 million, a variance of \$14.5 million (including accounting adjustments) when compared to the budgeted surplus of \$11.0 million.

	Note	Actual (Millions)	Budget (Millions)	Variance (Millions)
Operating surplus – before non-cash adjustments		21.0	8.0	13.0
Add: Income from vested assets	6	10.1	3.0	7.1
Add: Investment property revaluation	6	3.3	0.0	3.3
Add: Other adjustments		0.7	0.0	0.7
Less: Loss on disposal of assets	8	(3.7)	0.0	(3.7)
Less: Revaluation of debt instruments (SWAPs)	8	(5.9)	0.0	(5.9)
Total non-cash adjustments		4.5	3.0	1.5
Operating surplus/(deficit)		25.5	11.0	14.5

Vested assets

Council recognised income of \$10.1 million from vested assets. Vested assets are infrastructure such as roading, water, wastewater and stormwater assets, which are created as part of commercial or private developments. These assets are transferred to Council at the completion of the development.

Investment property revaluation

Council's investment properties had a revaluation gain of \$3.3 million over the year.

Loss on disposal of assets

Council recognised a total loss on disposal of assets of \$3.7 million. A loss on disposal occurs when an asset is disposed of before the end of its estimated useful life. Council has a programme of renewing ageing assets. As assets are renewed the existing assets are disposed of with any remaining book value recognised as a loss on disposal.

Revaluation of debt instruments

There was a \$5.9 million revaluation loss of debt instruments (swaps). Council purchases swaps to provide a 'corridor of certainty' for the medium-to-long term funding of its operations and capital programme. Swaps allow us to lock-in interest rates for several years ahead. We are required to revalue these on an annual basis based on financial market movements. These value movements reflect the difference between current floating rates and the long term fixed rates our swaps provide. If the value goes up we disclose a gain and if the value goes down we disclose a loss, although these are not realised unless the swap is terminated early. This process can create large swings in value from year to year.

Total comprehensive income

After the operating surplus is calculated, we recognise another category of items that go towards our total comprehensive income position. This is the movement in the Asset Revaluation Reserve, which was an increase of \$129.5 million for the year. This reflects the movement in the value of our property, plant and equipment assets, which is disclosed under IPSAS requirements. This process enables a better understanding of the value of Council's asset network, which assists us in developing plans for future asset renewal and allows us to calculate annual depreciation charges with more accuracy.

External net debt

External Net Debt is made up of our gross external borrowings, offset by deposits held with banks until needed to fund projects:

	Millions \$
Gross External Debt	142.0
Less	
Bank Deposits	23.3
Bank Cash Balances	5.9
	29.2
Net External Debt	102.8

Closing external net debt for the 2018-19 financial year was budgeted to be \$137.6 million. Actual closing debt was \$34.8 million lower at \$102.8 million. This positive variance can largely be attributed to the following:

- actual opening net debt being less than budgeted
- a positive cash impact from the operating surplus, compared to budget
- unspent capital works compared to the Annual Plan (this includes carry-forwards).

Credit rating remains AA

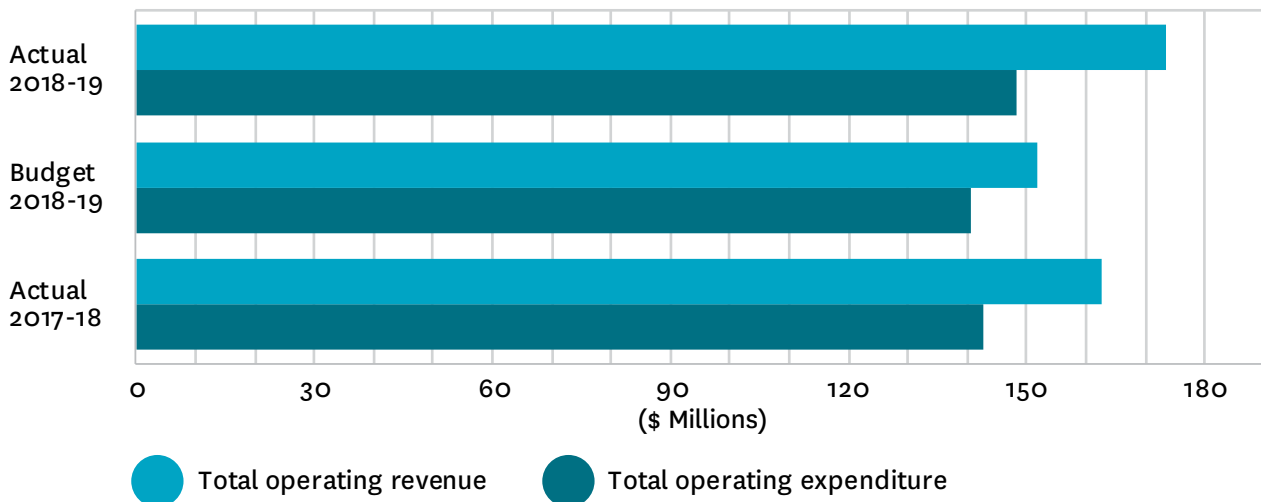
- Standard and Poor's reconfirmed Council's credit rating as AA, with a revised rating outlook from 'stable' to 'positive'. This was primarily in recognition of our continued strong financial management and very strong budgetary flexibility.
- Standard and Poor's independent evaluation compares our financial policies and practices, budgetary performance, liquidity, debt and revenue drivers against local government peers domestically and internationally.
- Re-achieving this rating continues to affirm the approach Council has taken to financial management, indicating that we are in a sound financial position, supported by a clear financial strategy and strong financial management.
- This rating is at the highest level in the New Zealand local government sector.

Water reserve

The water reserve reflects a surplus of water revenue, mainly volume usage based targeted rates, over and above operating and capital water expenditure. During the year, the water reserve increased by \$6.0 million from \$31.7 million to end at \$37.8 million. Due to significant water projects (including the new Whau Valley water treatment plant), this reserve is expected to be used by year seven of the 2018-28 Long Term Plan.

Financial details

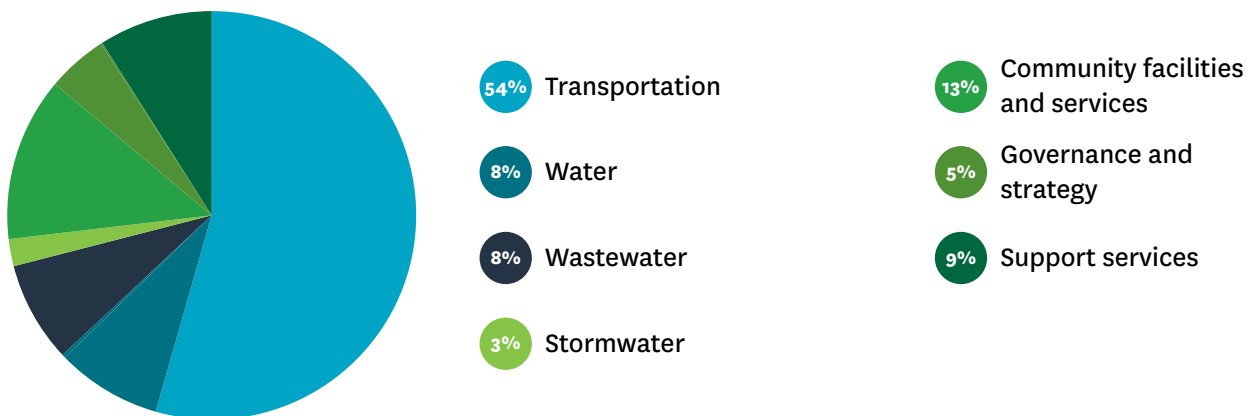
Total operating expenditure and revenue



Capital projects

The 2018-19 year was the first year we began implementing our 2018-28 LTP. This LTP put more funding into improvements in rural areas and allocated more money to community-led projects. It also set a record level of capital investment with a total budget of \$79.5 million. Due to a buoyant construction sector, we have faced some challenges in gearing up our capital expenditure and completed \$56.7 million of this budget. Going forward, we will need to work closely with our contractors to get work done.

Capital expenditure by activity – total \$56.7 million

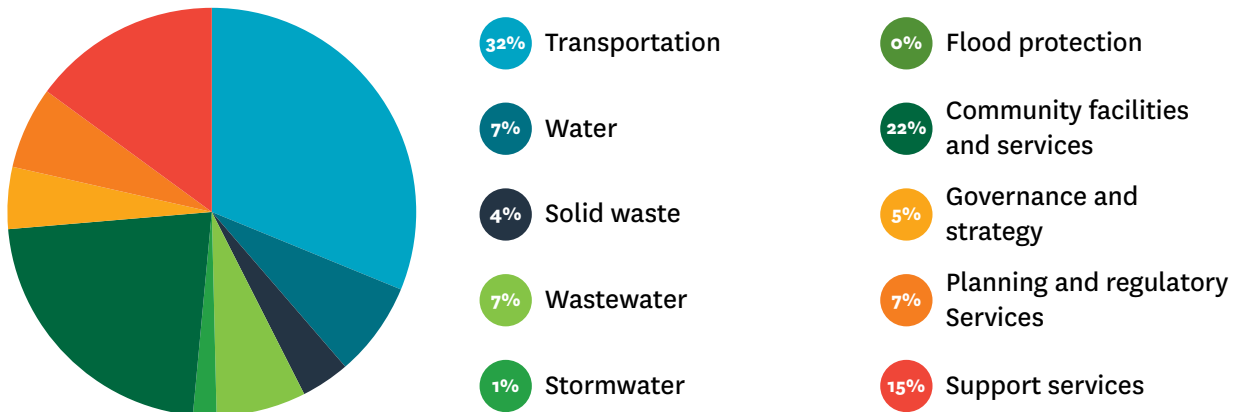


Although Planning and Regulatory and Solid Waste activities had a small amount of capital expenditure, they represented 0.1% and 0.3% of total capital expenditure respectively and do not appear on the above graph due to rounding. Flood Protection and Control Works had no capital expenditure.

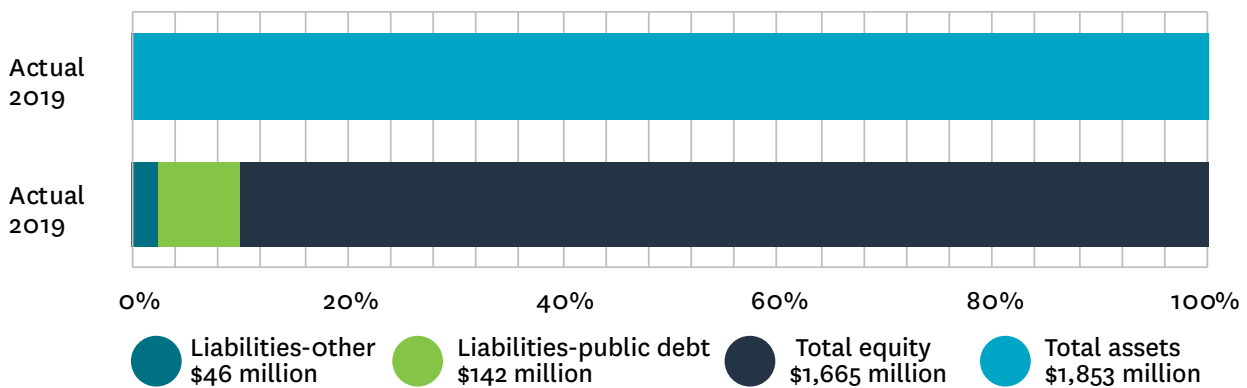
*Figures are calculated using the Funding Impact Statements.

Total expenditure

This chart represents Council's total expenditure by activity and combines the operational expenditure and capital expenditure as per previous charts.



Total assets, liabilities and equity



Our Financial Strategy

The Financial Strategy in the 2018-28 Long Term Plan contains a set of financial parameters that Council works within. The table below shows the current performance against the targets set:

Financial Limit	Parameter 2018-19	Achieved	Current Performance
Achieve a balanced budget	=> 100%	Yes	107%
Limit rates income (excluding water) to maximum of 70% of total revenue	<= 70%	Yes	48.10%
External net debt no higher than 175% of total revenue	< 175%	Yes	59.20%
Maintain net interest costs at less than 25% of rates revenue	< 25%	Yes	6.10%
External net debt per capita level below \$2,150 + LGCI	< \$2,193	Yes	\$1,124

Financial prudence benchmarks

Annual Report Disclosure Statement for year ending 30 June 2019

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

RATES AFFORDABILITY BENCHMARKS

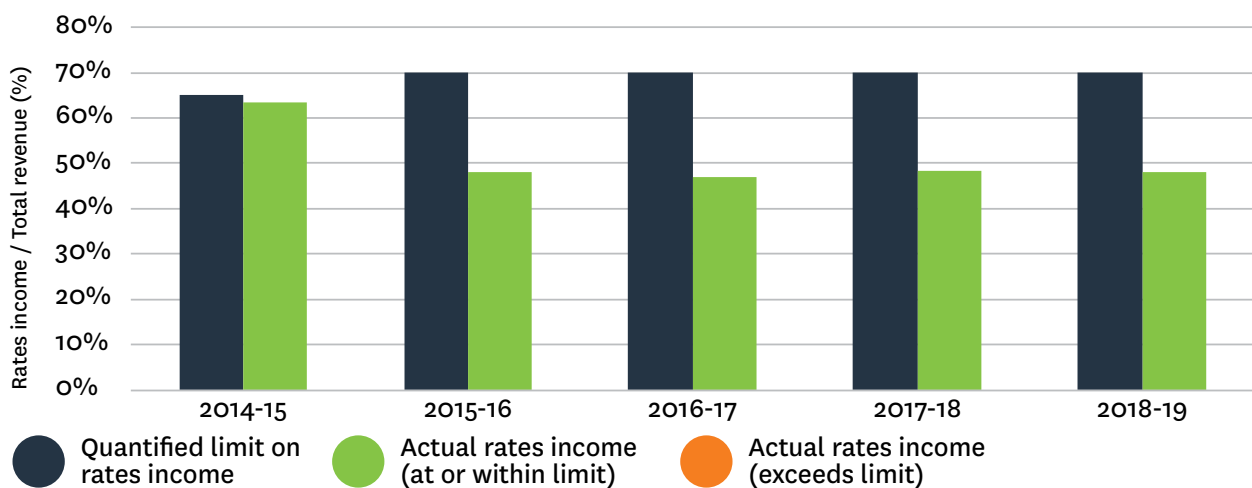
Council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares Council's actual rates with a quantified limit on rates contained in the Financial Strategy included in Council's Long Term Plan. In the graph below, actual rates income (excluding water) is within the rates income limit of 70% of total revenue.

Prior to the 2015-16 year this benchmark included water rates and the benchmark was 65% of total revenue.

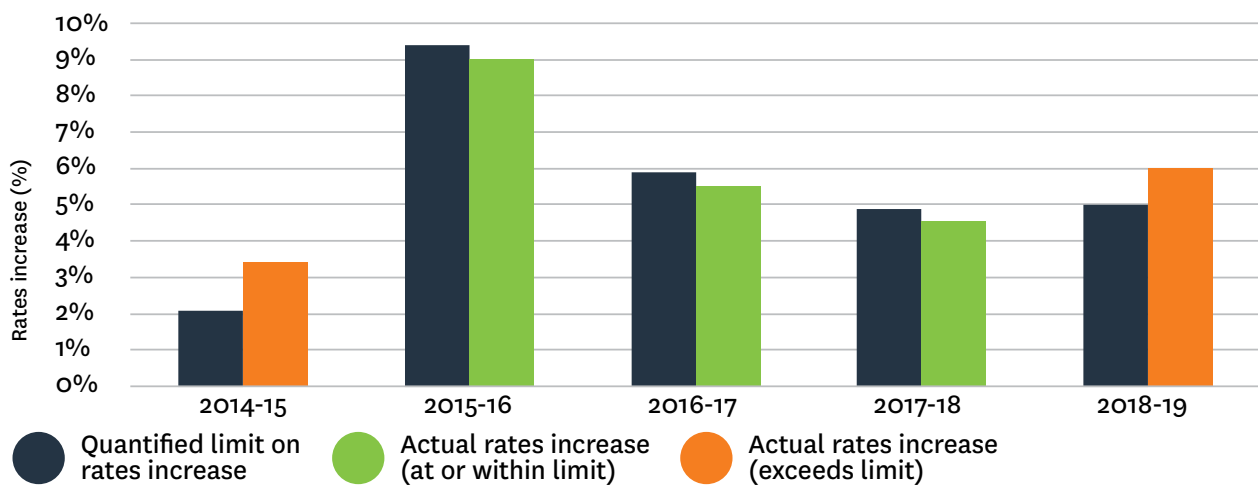


Rates (increases) affordability

The following graph compares Council's actual general rates increases with a quantified limit on rates increases contained in the Financial Strategy included in Council's Long Term Plan. The quantified limit for the 2018/19 year was that the general rates increase should not exceed LGCI plus 3% (prior to the 2015-16 year the quantified limit was that the general rates increase should not exceed LGCI).

Rates were set using property information held as at 5 June 2018, and the increase to the total rates set was within the benchmark limit to rates. However, the benchmark calculation in this report is based on revenue received rather than the rates set. Actual revenue was subject to additional movements, such as the addition of high value rating units, and both positive and negative adjustments in discounts and penalties applied. The total impact of these movements saw more rates revenue received that was anticipated, meaning the benchmark was not met this year.

Results prior to the 2015-16 year show an increase in excess of the policy limit in the first three years of the Financial Strategy. Actual fixed rates were increased by the forecast LGCI rate plus an additional 1% for growth. This growth factor was not specified in the 2012 Financial Strategy, which was set before the benchmarks were introduced.



DEBT AFFORDABILITY BENCHMARKS

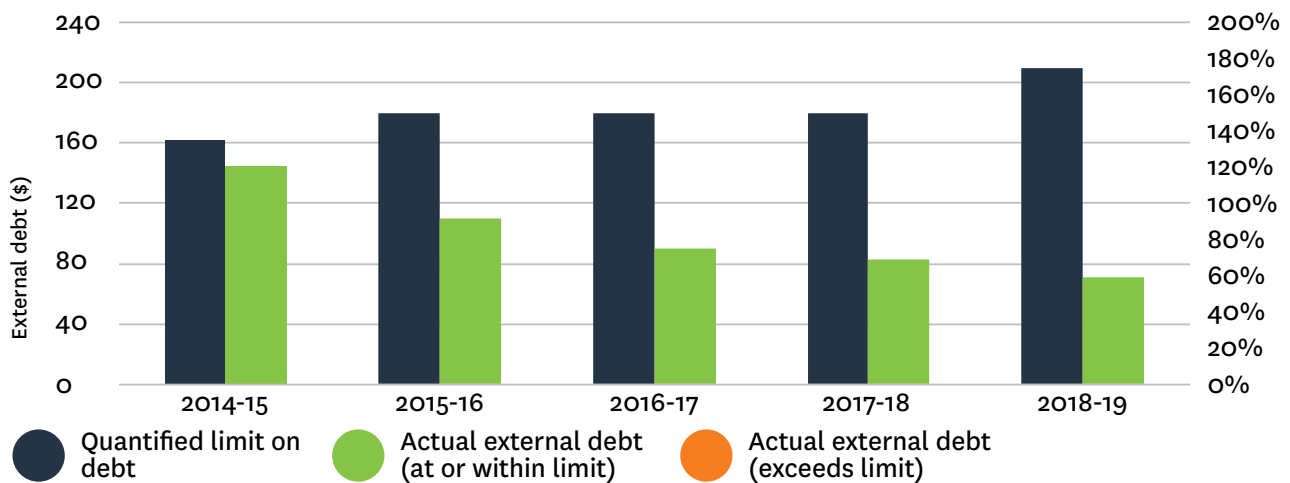
Council meets the debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

External net debt

The following graph compares Council's actual debt with a quantified limit on borrowing contained in the Financial Strategy included in Council's Long Term Plan.

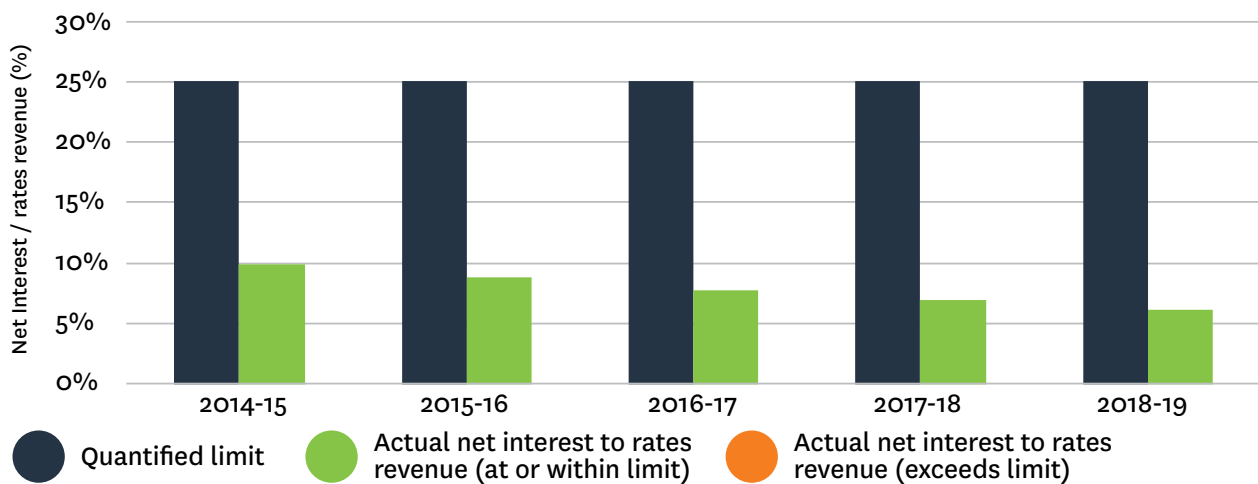
- The quantified limit prior to the 2015-16 year was that external debt be no higher than \$161.5 million (left hand axis). This benchmark has been amended in Council's 2015-25 Long Term Plan.
- The quantified limit in the 2018-19 year was that external net debt be no higher than 175% of total revenue (right hand axis).

Council has achieved this benchmark.



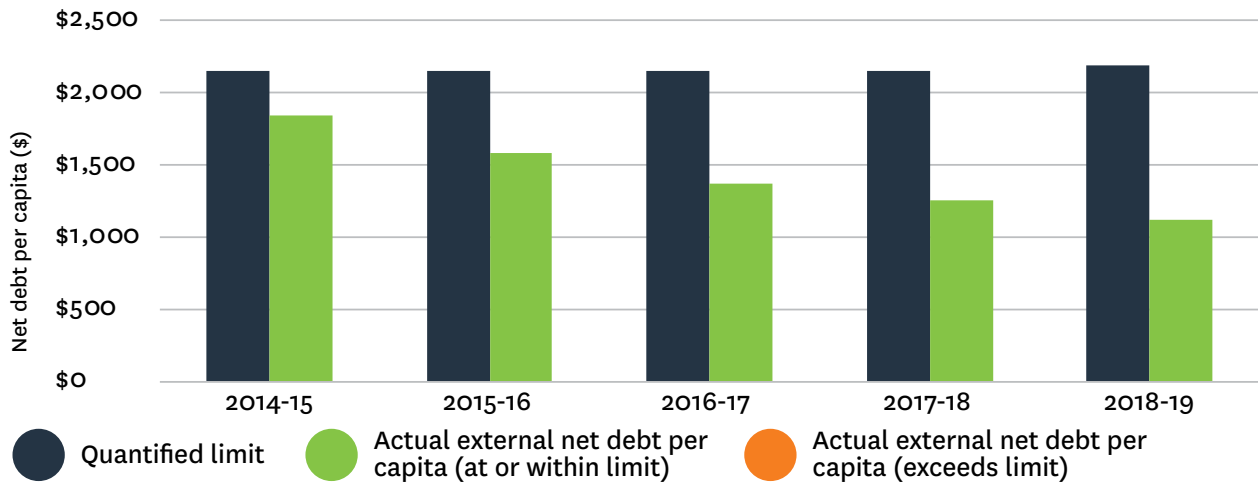
Net interest to rates revenue

The following graph compares Council's actual net interest on debt with a quantified limit on borrowing contained in the Financial Strategy included in the Long Term Plan. The quantified limit is that actual net interest should not exceed 25% of total rates revenue. The following graph indicates achievement of this benchmark.



External net debt per capita

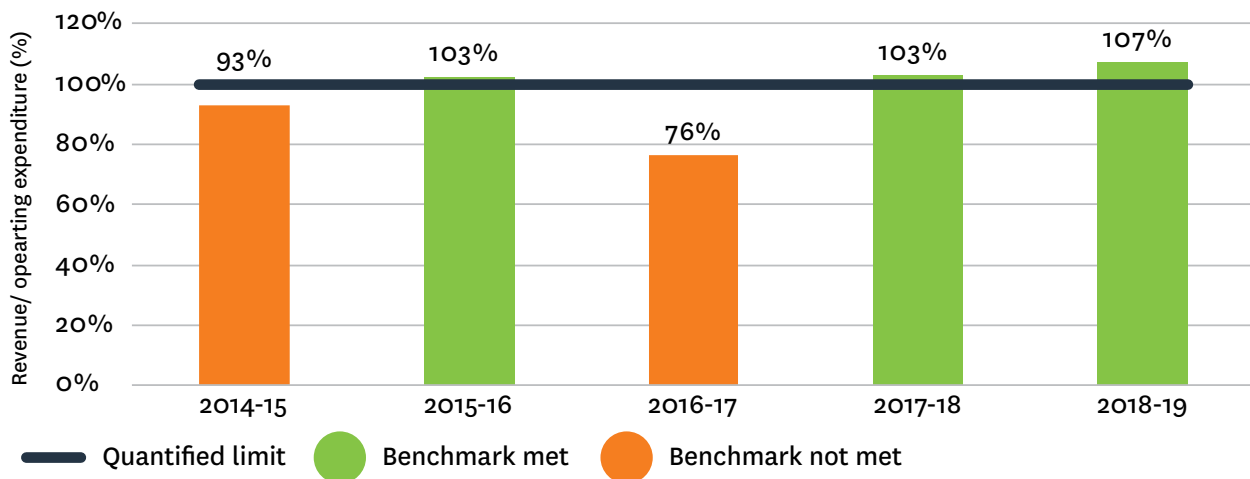
The following graph compares Council's actual external net debt with a quantified limit on borrowing contained in the Financial Strategy included in the Long Term Plan. The quantified limit is that external net debt per capita be less than \$2,150 (increased by LGCI each year from the 2018-19 year). In 2018-19 the population of Whangarei estimated by Statistics New Zealand using census data was 91,400. Council has achieved this benchmark.



BALANCED BUDGET BENCHMARK

The following graph displays Council's actual revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment) as a proportion of actual operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment). Council meets this benchmark if its actual revenue equals or is greater than its actual operating expenses.

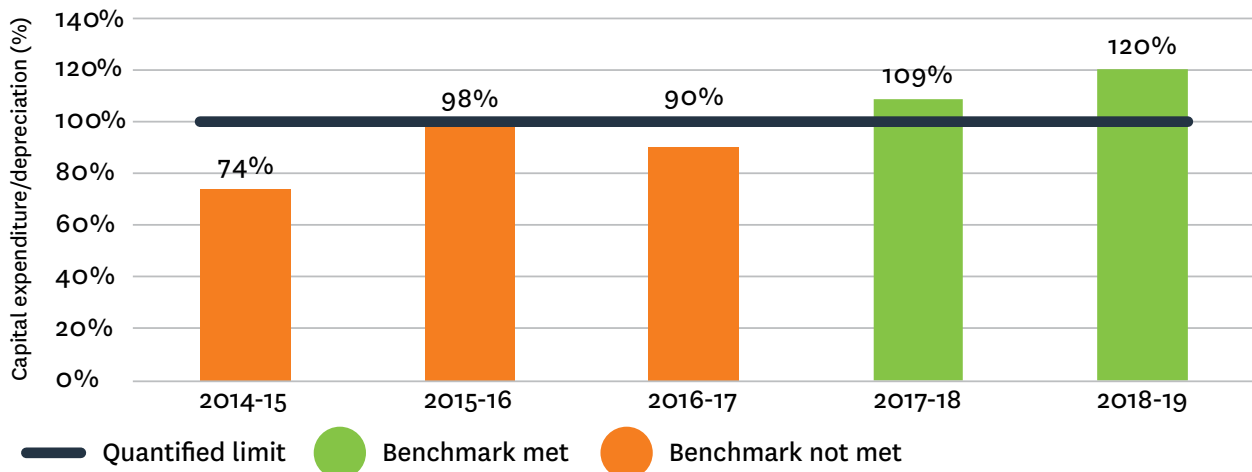
Council has achieved this benchmark.



2016-17: Council incurred a loss on Mangakahia Road which was transferred to NZTA (\$38.9 million). This resulted in the balanced benchmark not being achieved for the 2016-17 year.

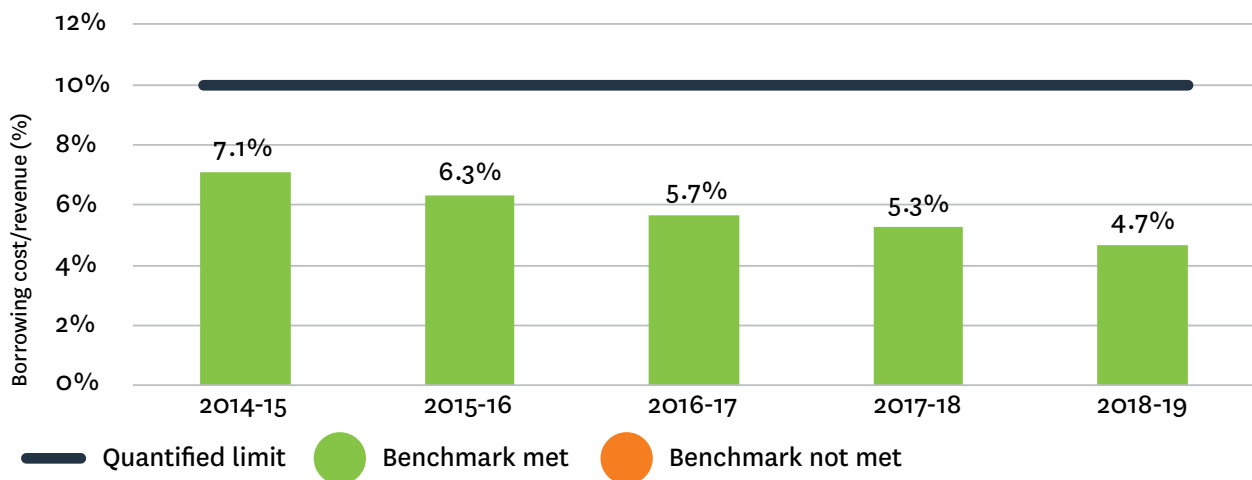
ESSENTIAL SERVICES BENCHMARK

The following graph displays Council's capital expenditure on network services as a proportion of depreciation on those same network services. Council meets the essential services benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Council has achieved this benchmark.



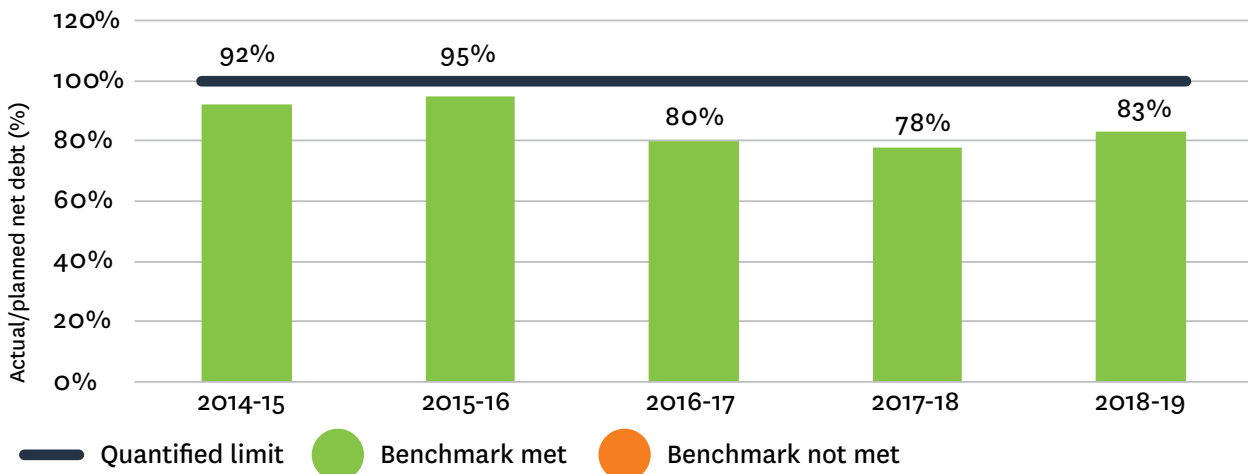
DEBT SERVICING BENCHMARK

The following graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment). Because Statistics New Zealand projects Council's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. Council has achieved this benchmark for a number of years.



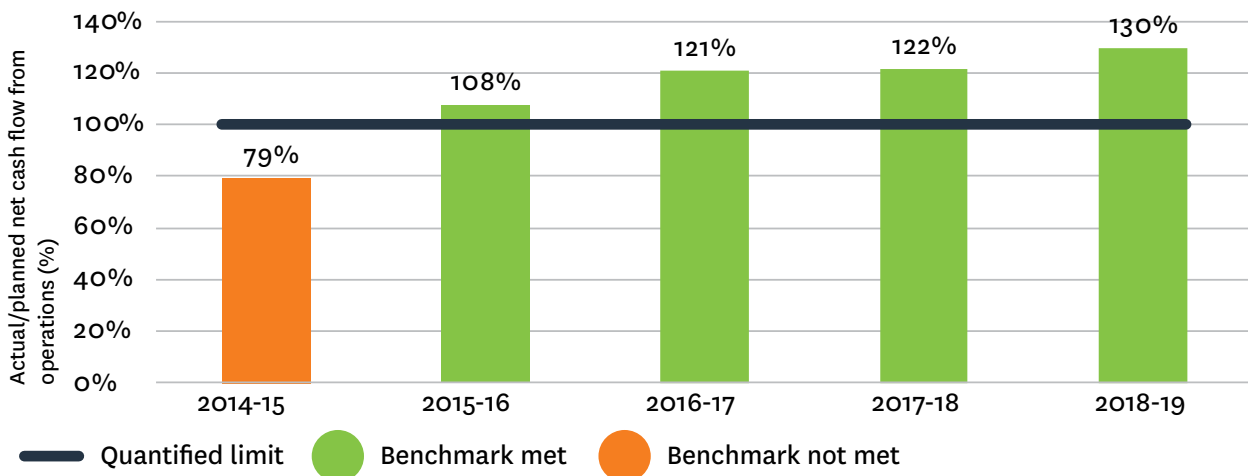
DEBT CONTROL BENCHMARK

The following graph shows Council's actual net debt as a proportion of planned net debt. For the purposes of this benchmark, net debt means financial liabilities less financial assets (excluding trade and other receivables). Council achieves this benchmark if actual net debt equals or is less than planned net debt. Council has achieved this benchmark.



OPERATIONS CONTROL BENCHMARK

This graph shows Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. Council meets the operations control benchmark if actual net cash flow from operations equals or is greater than planned net cash flow from operations. Council has achieved this benchmark.



Non-financial performance

Significant deliveries

A summary of some of our key achievements for the 2018-19 year are listed below. For a more detailed description of our performance in each activity area see pages 38-91 of this report.

Core services

- We completed the Porowini/Tarewa intersection and commenced work at the Porowini/Maunu Rd intersection upgrades as part of the city congestion relief programme.
- We continued the \$6.6 million programme to upgrade the District's street lights with new efficient LED technology. When completed more than 4,700 lights will be replaced.
- We rehabilitated 5.3km (0.5%) and resealed 106km (10%) of the sealed road network.
- Another 4km of seal extension was completed on Wright Rd this year, which means the heavy logging route is now completely sealed.
- We carried out wastewater work across the District including completing 50% of stage 2 of the Hikurangi Sewer network upgrade.
- We completed many improvements at our parks and reserves, including upgrades to sports facilities at Ruakaka and Otaika.
- Playgrounds were renewed at Nixon St, Jeeves Park, King St and Norfolk St. Otangarei received a new playground, shade sail, basketball hoops, murals and park furniture.
- Tikipunga received a new neighbourhood park, named Potter Park, with pump track, new playground, shade sail and park furniture.
- Stages 1 and 2 of the Kamo Shared Path were completed and stage 3 is very near to completion. Once the full path network is complete it will create a dedicated cycle and pedestrian path between Kamo and the central city.

Planning for the future

- Our plans to transform the city centre into a vibrant and attractive focal point for our District continued with the adoption of the City Core Precinct Plan.
- Work is underway on the Whau Valley Water Treatment Plan with the contract for construction awarded early in 2019.
- The Corporate Sustainability Strategy was adopted by Council; this is the first part of a strategic programme looking at our environmental impacts and our response to a changing climate.

Partnering with community

- We adopted a Whangarei Events Strategy to provide direction for events and maximise their benefits for our community.
- The 2018-28 LTP allocated budget towards the new partnership fund, allowing for greater flexibility and accessibility to partner with our community. The fund enables Council to support a more diverse range of groups and initiatives.
- A complete review of Council's Advisory Groups was undertaken with formal workplans injecting renewed vigour into project and programme support.
- To help manage a number of issues which are of concern to our community, we adopted an Alcohol Control Bylaw, Easter Trading Policy, Smokefree District Policy and Class 4 Gambling Policy.

Resident Satisfaction survey

As per prior years, a resident satisfaction survey was undertaken to collect community feedback on Council performance. As with the 2017-18 survey, we continued to survey residents using both the landline-based telephone calling and online social media techniques. As noted in the 2017-18 Annual Report, due to the declining use of landlines, and changes in how people communicate and engage in general, there is a need to ensure our current methods of reaching the target audience keep up with existing and emerging communication channels. Combining online and landline survey methods resulted in changes to the resident sample:

- a higher proportion of those from Māori and Pacific Island ethnicities were noted in the online sample
- a higher proportion of those aged 18-39 was noted in the online sample
- fewer ratepayers were noted in the online sample and therefore higher representation from those who rent.

The transition to include online surveying has had an overall negative impact on the results recorded this year. In relation to Council's overall performance, 91% of those surveyed via landline were satisfied to very satisfied in comparison to only 69% of those surveyed online.

Service priorities

PRIORITY 1 – TRANSPORT

Transportation and the roading network continues to be of high priority with 46% of respondents indicating areas such as maintenance and congestion needed improvement. This coincides with a reduction in resident satisfaction.

PRIORITY 2 – PLANNING

Strategic and District planning was the second priority area with respondents identifying a need for Council to develop plans for the future.

PRIORITY 3 – SOLID WASTE

Solid waste was the third priority with respondents noting more focus was needed on recycling, sustainability and environmental preservation.

Service level performance

Of the 73 Levels of Service targets 50 were achieved, 21 were not achieved and two were not measured. Overall, 69% of targets were achieved.

Performance improved or stayed the same for 48% of measures over the course of the year, compared to 54% the previous year.

Stormwater, flood protection, libraries, customer services, resource consents, and building control all achieved 100% of their annual targets.

Some activity groups did not achieve all their targets or achieved lower results than last year.

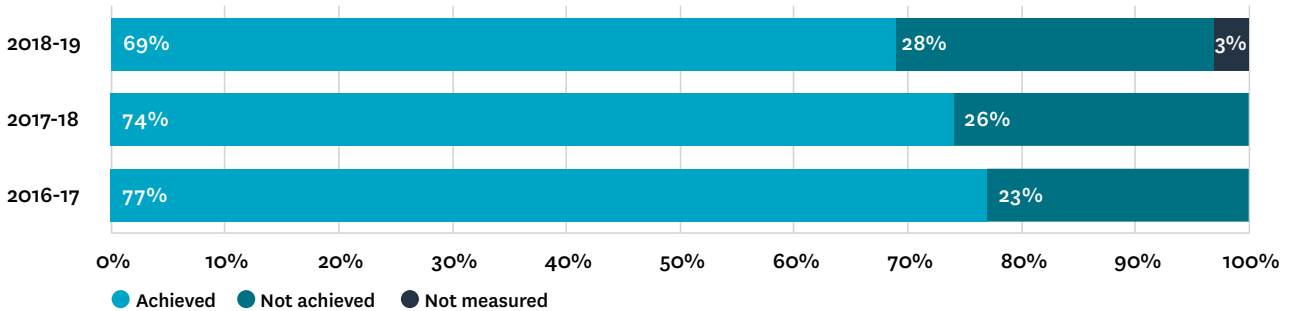
In light of the improvements to the resident survey sampling methods, some measures may now carry an unrealistic target, or the target measure itself does not accurately reflect performance expectations. These will be reviewed as part of the 2021-31 Long Term Plan.

More information about performance for each activity can be found in pages 38-91 of this report.

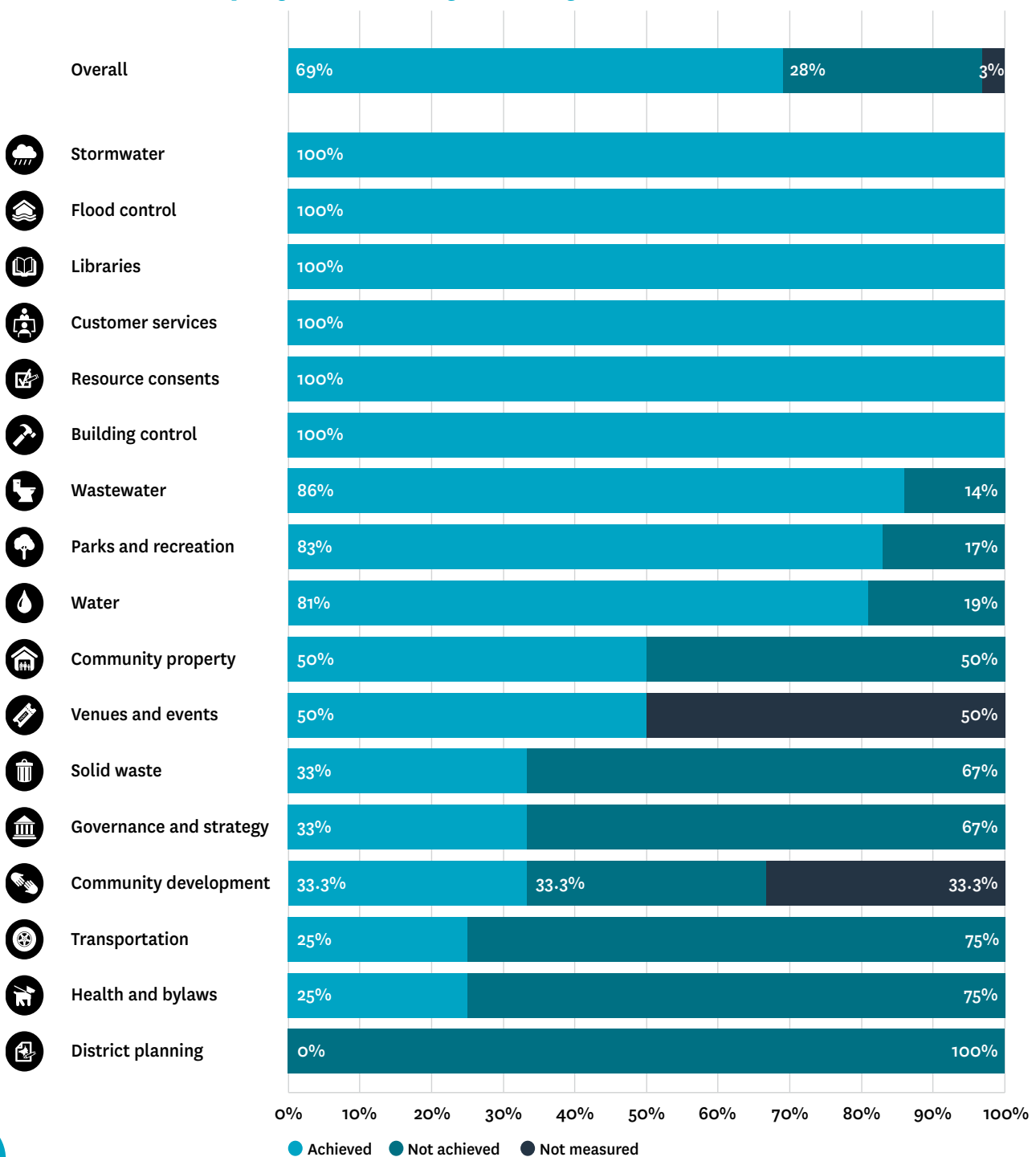
Overall non-financial performance

The following graphs summarise our overall performance.

Overall service performance by year





















Overall service performance by activity



Comparative performance results

The table below provides comparative data of performance results. For further details please see each activity.

Activity	2018-19 Measures	2018-19 Achieved	2018-19 Not Achieved	2018-19 Not Measured	2017-18 Achieved
 Transportation	8 measures achieved	25%	75%		46%
 Water	16 measures 13 achieved	81%	19%		100%
 Solid waste	3 measures 1 achieved	33%	67%		75%
 Wastewater	7 measures 6 achieved	86%	14%		71%
 Stormwater	5 measures 5 achieved	100%			80%
 Flood control	2 measures 2 achieved	100%			100%
 Community facilities and services					
 Parks and recreation	6 measures 5 achieved	83%	17%		100%
 Libraries	2 measures 2 achieved	100%			50%
 Community property	2 measures 1 achieved	50%	50%		100%
 Community development	3 measures 1 achieved 1 not measured	33%	33%	33%	100%
 Venues and events	2 measures 1 achieved 1 not measured	50%		50%	100%
 Customer services	4 measures 4 achieved	100%	0%		100%
 Governance and strategy	3 measures 1 achieved	33%	67%		67%
 Planning and regulatory					

Activity	2018-19 Measures	2018-19 Achieved	2018-19 Not Achieved	2018-19 Not Measured	2017-18 Achieved
 District planning	1 measure 0 achieved	0%	100%		0%
 Resource consents	3 measures 3 achieved	100%	0%		100%
 Building control	2 measures 2 achieved	100%			50%
 Health and bylaws	4 measures 1 achieved	25%	75%		33%

Council and Māori working in partnership

Council is committed to developing stronger relationships with tangata whenua at governance and operational levels. While progress has been made, more work is needed in some areas.

Te Kārearea, our strategic partnership forum with Māori formed in 2012, is made up of hapū representatives of the major hapū groupings from within our District. Together, these representatives advocate for hapū of Whangārei. They meet in their own forum, named Te Huinga, to discuss common issues that are then brought to Te Kārearea.

The purpose of this partnership is to build the relationship between Council and Whangārei hapū and to develop stronger partnerships over time.

Te Kārearea has the following vision, mission and principles:

Te pae tawhiti/vision

He whenua Rangatira – Whangārei, a District of prosperity, well-being and empowered communities.

Te kaupapa/mission

Ka tutuki te Kawanatanga a-rohe, ka puawai hoki te kotahitanga me ona tini kaupapa – Local Government that works through effective partnerships and provides practical solutions.

Nga tikanga/principles

- He kitenga mutunga kore, mahi tahi, mahi pono – Strategic partnership working collaboratively and in good faith.
- Kia maia – Providing leadership through courage.
- Te manawatopu – Of one heart and mind. We are stronger working together.
- Anga mua – Progressive and proactive.
- Me korero tika, tau noa nga take – Open and frank mutually-agreed outcomes.

Whangārei District's iwi and hapū are in a presettlement phase for Treaty of Waitangi claims. As these settlements occur Council will continue to incorporate these outcomes into our partnership work with tangata whenua.

Council will continue to meet all its legal obligations to Māori under legislation, including the Resource Management Act and Local Government Act.

Key achievements

The Māori Relationships Department have been actively involved with several significant projects and forums that have incorporated the values of our four tikanga: whanaungatanga, kotahitanga, atawhaitanga and manaakitanga.

Te Kārearea Strategic Partnership Forum and Te Huinga continue to be a valued relationships forum for both Māori and Council. The Relationship Agreement for Te Kārearea has been reviewed as per the triennial cycle and changes are expected due to the evolving environment of hapū dynamics pre and post Treaty Settlement.

The department continues to support the organisation with major infrastructure projects providing a leeway to the hapū connections for Māori input to narratives and cultural advice and guidance.

Over the last year, we have had major input into significant projects throughout the rohe allowing Māori input from the concept stage through to pre-works and opening blessings. The following are just a few projects.

- Omauri Marae pre-application hui
- Poroti Springs
- Ngunguru Cycleway
- Kamo Shared Path
- Potter Park
- Whau Valley Water Treatment Plant and 50-year celebration
- Matariki Festival
- TUIA 250
- Pohe Island Masterplan
- Mackesy Rd tracks upgrade
- heritage stories
- cultural awareness
- masterplan development

Critical to these projects have been well established relationships with our teams internally and with hapū.

Part two

Our work in detail

About this section

Council's work is grouped into 10 key activities and support services in this Annual Plan.

GROUP OF ACTIVITIES	ACTIVITY
 1. Transportation	Transportation
 2. Water	Water
 3. Solid waste	Solid waste
 4. Wastewater	Wastewater
 5. Stormwater	Stormwater
 6. Flood protection	Hikurangi Flood Protection Scheme
 7. Community facilities and services	 Parks and recreation
	 Libraries
	 Community property
	 Community development
	 Venues and events
	 Customer services
 8. Governance and strategy	 Democracy and assurance
	 Strategy
 9. Planning and regulatory services	 District planning
	 Resource consents
	 Building control
	 Health and bylaws
 10. Support services	Support services

The information provided about each of the activities (1-9) includes:

- what we do
- identified effects on the community
- which community outcomes the activity primarily contributes to
- the key achievements of the reporting year
- levels of service (what Council provides and to what extent)
- the performance measures, targets and results for 2018-19 (how you will be able to tell whether we have done what we said we would do – noting we provide comments where we have not achieved a set target, or the results require further explanation)
- where appropriate, an explanation of any variance in the operational and capital expenditure budgets from that planned.

Some information is also included about the support services provided to the rest of Council – enabling services such as information technology, human resources and financial management. The costs for these activities are apportioned over the nine significant activity areas.

For more detailed information on the performance measures, associated targets and background information on the levels of service, please refer to the relevant sections of the 2018-28 Long Term Plan (LTP).

Our community outcomes

All Council's work and activities are guided by four community outcomes – the set of aspirations or goals that the community told us are the most important for Whangārei.

Each activity contributes in some way to these community outcomes and the level to which each activity contributes to the following outcomes is indicated in this section.

EFFICIENT AND RESILIENT CORE SERVICES



- It is easy and safe for everyone to travel around the District
- There are opportunities to walk and cycle
- The District is well prepared for growth and can adapt to change
- Services are supplied in ways that benefit the environment.

POSITIVE ABOUT THE FUTURE



- The District has productive land, people and a thriving city centre
- There is a fair urban/rural balance
- Council has clear, simple documents and rules
- The District embraces new technology and opportunities.

CARING FOR THE ENVIRONMENT



- Communities work to keep the environment clean and healthy
- Access to the coast is protected
- Open spaces in parks and streets are places where nature thrives
- The District is positively adapting to climate change.

PROUD TO BE LOCAL



- The District is neat, tidy and looks attractive
- Public areas feel and are safe
- There is always something to do and see
- There are opportunities for people of all abilities, ages and life stages to be active.

Service delivery

This report details 36 levels of service with 73 associated performance measures and targets.

Of these measures, 16 are obtained through surveying the general community or specifically targeted individuals (such as users of the libraries) to gauge their satisfaction with specific Council services. This satisfaction survey was conducted by independent market research company Versus Research Limited. Interviewing for this survey was conducted across June 2019 and July 2019. This study had a final sample size of n=600, giving a maximum margin of error of +/- 4.0 percent at the 95% confidence interval. The questions asked will remain static throughout the first three years of the current LTP.

The survey records responses on a scale of one to 10, with results of five to 10 being an indicator of satisfaction.

The following classifications are applied to the results:

Scale	Explanation	Indicator
1-2	Very dissatisfied	Unsatisfied
3-4	Dissatisfied	Unsatisfied
5-6	Neutral	Satisfied
7-8	Satisfied	Satisfied
9-10	Very satisfied	Satisfied

The remaining measures are 'output' measures. Output measures are usually quantitative rather than qualitative in nature and these measures often provide a baseline for the community to gauge Council's performance. Examples include the length of walking/cycling tracks built each year, or the percentage of building consents processed within statutory timeframes.

The resident satisfaction survey included a "don't know" option for respondents to state whether they have no opinion or have not thought

about a particular service provided by Council. This is considered different to a neutral response, where a respondent does have an opinion about a particular service and that opinion is not exclusively satisfied or dissatisfied.

From the perspective of a qualitative satisfaction survey, several techniques are used to ensure satisfaction reported is accurate and true in relation to those who use the service.

Example: In relation to water, we look to exclude those respondents who do not use the reticulated water services of Council as they:

1. Do not use the water supply
2. Are more likely to pick a random response or skew neutral respondent results
3. May result in skewed satisfaction results.

Similarly, for respondents who don't know about a particular service, Council would look to understand the demographics of these respondents and understand why they are disengaged from this Council service (whether it be as mentioned above in the reticulated water example or other). Ultimately, we are looking for a relationship between the service and the user of the service to understand the satisfaction of the users of the service within the community. Understanding why a respondent chooses don't know is a question of disengagement and is considered separate when measuring the respondent's satisfaction.

Funding Impact Statements

Movements in general rates, debt and reserves

General rates are allocated across all activities at the end of the year, with allocation significantly dependent on the operating position per activity before rates are allocated. This can vary from the budgeted allocation due to other movements in revenue and expenditure.

Debt in Council's Funding Impact Statement relates to the movement in total external debt between the last financial year and this financial year. It has been allocated between Transportation, Wastewater, Community Facilities and Services, Solid Waste and Flood Protection and Control Works. The remaining major infrastructure activities are funded via targeted rates. Movements in internal debt are allocated evenly between Transportation, Community Facilities and Services and are classified as an increase/(decrease) in reserves.

The movement in reserves relates to the net movement in operating surplus, capital funding and capital expenditure. This can vary from budgeted movement in reserves as other balances change.

Summary Funding Impact Statement

	2017-18 Annual Plan \$000	2017-18 Annual Report \$000	2018-19 LTP \$000	2018-19 Actual \$000
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties	53,564	53,005	56,517	56,549
Targeted rates	38,796	39,009	40,806	41,185
Subsidies and grants for operating purposes	6,629	6,436	6,482	7,108
Fees and charges	21,112	14,214	14,144	15,386
Interest and dividends from investments	1,508	2,676	1,488	2,415
Local authorities fuel tax, fines, infringement fees and other receipts	3,076	9,493	8,578	8,864
Total Operating Funding	124,685	124,833	128,014	131,508
Applications of Operating Funding				
Payments to staff and suppliers	88,561	87,359	95,343	89,936
Finance costs	8,009	7,731	6,609	7,446
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	96,570	95,090	101,952	97,383
Surplus/(Deficit) of Operating Funding	28,115	29,743	26,061	34,125
Sources of Capital Funding				
Subsidies and grants for capital expenditure	13,312	15,764	16,042	18,018
Development and financial contributions	3,028	6,339	4,640	10,420
Increase/(decrease) in debt	18,314	(10,000)	12,974	(10,000)
Gross proceeds from sale of assets	-	322	-	5,111
Other dedicated capital funding	-	-	-	-
Lump sum contributions	53	-	-	-
Total Sources of Capital Funding	34,707	12,425	33,657	23,549
Applications of Capital Funding				
Capital expenditure				
to meet additional demand	4,628	3,659	7,710	5,631
to improve levels of service	13,669	17,640	17,564	24,275
to replace existing assets	43,697	26,675	29,458	26,784
Increase/(decrease) in reserves	828	(5,806)	4,986	984
Increase/(decrease) of investments	-	-		-
Total Applications of Capital Funding	62,822	42,168	59,718	57,675
Surplus/(Deficit) of Capital Funding	(28,115)	(29,743)	(26,061)	(34,125)
Funding Balance	-	-	-	-



1. Transportation

What we do

Easy movement of people and goods is critical to a thriving District. The way we move supports economic transactions, growth and development, social cohesion, health and the day-to-day running of our communities. It is one of the most important functions we provide.

Strategically, as a core service it is important that our transport network is efficient and provides choice. In certain parts of the network, pedestrians and cyclists are the priority while as our District grows, public transport will become more important.

An integrated, safe, responsive, and sustainable land transport system is a fundamental requirement of every district council under the Local Government Act 2002. We are the road-controlling authority for our District and we are responsible for planning, creating, operating and maintaining all roads (except state highways) in a financially responsible manner.

Identified effects on the community

Transportation contributes to several negative environmental effects including, but not limited to, water quality, air quality, noise and safety related issues. To mitigate these effects, we make sure our work meets environmental standards and, where appropriate, resource consent conditions, to ensure that negative impacts on the environment are avoided, remedied or appropriately mitigated.

Key achievements

Council continued construction of the Kamo Shared Path project during 2018-19 with the official opening of stages 1 and 2 taking place during December 2018. Construction of stages 3 and 4 is now scheduled for completion in September 2019 with an official opening planned for October 2019. Applications for funding for the final stage 5 have also been submitted with confirmation due in the 2019-20 financial year.

Major upgrade projects at the Porowini/Tarewa intersection were completed. We also commenced the Porowini/Maunu Rd intersection upgrade, which will include widening of the bridge. These projects are a continuation of the congestion relief programme that has been undertaken across the city in recent years.

Energy efficient LED streetlights have been replacing the old High Pressure Sodium and Mercury Vapour lights across the District in a \$6.6 million programme with an 85% subsidy from NZTA. In total, 4,700 lights will eventually be replaced and the project is due to be completed by December 2019.

We also continued with the capital renewals programme, rehabilitating 5.3km (0.5%), and resealing 106km (10%) of carriageway of the sealed network. Another 4km of seal extension was completed on Wright Rd this year, which means the heavy logging route is now completely sealed. 1,850m of new footpaths were also constructed during this year.

Contribution to Community Outcomes



Efficient and resilient core services

Provide a transportation network that enables a range of transport options to facilitate easy and safe travel around our District.

Transportation also provides safe and connected walking and cycling opportunities.

Road, footpath and cycle networks are managed and planned in a way that align with our District's growth and are supplied in an efficient way.



Caring for the environment

Street design and landscaping can contribute to our natural environment, particularly in urban areas.

Future transport infrastructure will recognise the need to adapt to effects of climate change.

Walking and cycling can help to protect our environment. They also have significant health and wellbeing benefits.



Positive about the future

Our transport network is of strategic importance to our future prosperity. Our roads are used by residents to get to and from work, by business to transport goods and by visitors to travel around our District.



Proud to be local

Maintenance of our local streets helps our District look neat and tidy.

The quality design of our streets can make our District safe and more attractive.



High contribution



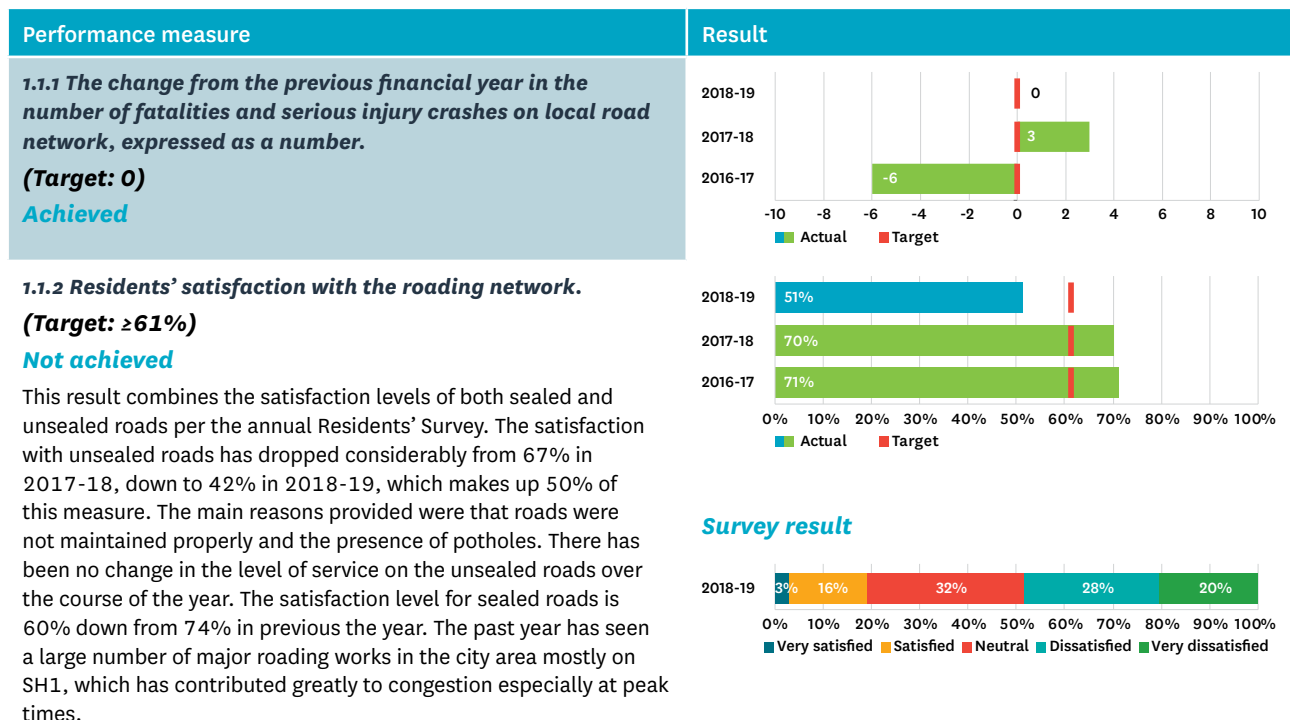
Medium contribution

How we performed



Mandatory performance measures

1.1 Our District's roading network will be maintained in a satisfactory condition and in accordance with national safety and engineering standards.



1.1 Our District's roading network will be maintained in a satisfactory condition and in accordance with national safety and engineering standards.

Performance measure	Result												
<p>1.1.3 The average quality of a ride on a sealed local road network, measured by smooth travel exposure. (Target: ≥87%) Not achieved</p> <p>The result has been a slight improvement from 2017-18 year, but is still lower than target. This indicates the smooth travel of the network is still deteriorating and the customer is experiencing a rougher ride. This may be a result of funding being targeted to the worst roads from a condition point of view and not solely focused on roughness as a driver to rehabilitate roads. This aligns satisfaction with quality of sealed roads as people are seeing only the worst roads being fixed.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>84%</td><td>87%</td></tr><tr><td>2017-18</td><td>83%</td><td>87%</td></tr><tr><td>2016-17</td><td>86%</td><td>87%</td></tr></table>	Year	Actual	Target	2018-19	84%	87%	2017-18	83%	87%	2016-17	86%	87%
Year	Actual	Target											
2018-19	84%	87%											
2017-18	83%	87%											
2016-17	86%	87%											
<p>1.1.4 The percentage of the sealed local road network that is resurfaced. (Target: ≥8%) Not achieved</p> <p>As noted last year, the backlog continues to be cleared. The forward work programme shows a total reduction in length to be resurfaced over next three years, which will start to match the steady state target of 8% per annum that was almost achieved this year. NZTA required a reduced programme as part of the current LTP.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>7.8%</td><td>8%</td></tr><tr><td>2017-18</td><td>8%</td><td>8%</td></tr><tr><td>2016-17</td><td>12%</td><td>8%</td></tr></table>	Year	Actual	Target	2018-19	7.8%	8%	2017-18	8%	8%	2016-17	12%	8%
Year	Actual	Target											
2018-19	7.8%	8%											
2017-18	8%	8%											
2016-17	12%	8%											
<p>1.1.5 The percentage of the sealed local road network that is rehabilitated. (Target: ≥0.6%) Not achieved</p> <p>This year again saw more expensive urban streets treated (asphaltic concrete), plus a shift towards more funding to address a reseal backlog.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>0.4%</td><td>0.6%</td></tr><tr><td>2017-18</td><td>0.8%</td><td>0.6%</td></tr><tr><td>2016-17</td><td>0.8%</td><td>0.6%</td></tr></table>	Year	Actual	Target	2018-19	0.4%	0.6%	2017-18	0.8%	0.6%	2016-17	0.8%	0.6%
Year	Actual	Target											
2018-19	0.4%	0.6%											
2017-18	0.8%	0.6%											
2016-17	0.8%	0.6%											
<p>1.1.6 The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the LTP. (Target: ≥95%) Not achieved</p> <p>Although this year saw a similar total number of customer service requests to last year, the type and complexity of the requests resulted longer timeframes for response. This includes where a contractor was identified to respond to the request.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>80%</td><td>95%</td></tr><tr><td>2017-18</td><td>94%</td><td>95%</td></tr><tr><td>2016-17</td><td>95%</td><td>95%</td></tr></table>	Year	Actual	Target	2018-19	80%	95%	2017-18	94%	95%	2016-17	95%	95%
Year	Actual	Target											
2018-19	80%	95%											
2017-18	94%	95%											
2016-17	95%	95%											

1.2 We will support alternative transport methods.

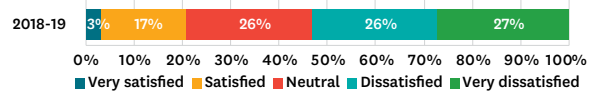
Performance measure	Result												
<p>1.2.1 The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or LTP).</p> <p>(Target: ≥80% in fair or better condition)</p> <p>Achieved</p> <p>Improvements to the footpaths have continued into 2018-19, which has resulted in the percentage of footpath in good condition remaining high.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>99%</td><td>80%</td></tr><tr><td>2017-18</td><td>95%</td><td>80%</td></tr><tr><td>2016-17</td><td>95%</td><td>80%</td></tr></table>	Year	Actual	Target	2018-19	99%	80%	2017-18	95%	80%	2016-17	95%	80%
Year	Actual	Target											
2018-19	99%	80%											
2017-18	95%	80%											
2016-17	95%	80%											

1.3 Travel times in and around the network will be predictable and disruptions to the network will be well managed and communicated.

Performance measure	Result												
<p>1.3.1 Residents' satisfaction with the way our District is managing its morning and evening traffic flows.</p> <p>(Target: ≥70%)</p> <p>Not achieved</p> <p>During the past year major roading projects have been undertaken simultaneously on the Whangarei District Council and the State Highways roading networks causing significant peak time congestion on the town's major roads. Council's project on Porowini Rd and Tarewa Rd intersection was completed in February 2019 and provided a significant improvement to traffic flows at that intersection. Work commenced on Council's Porowini Rd/Maunu Rd intersection project and NZTA's Tarewa intersection project on SH1. Both are still under construction, and combined with new traffic signals at the Hospital Rd/SH14 intersection, are also causing significant peak traffic congestion throughout the town. Another major project on SH1 at Loop Rd also commenced during this period causing disruption on the State Highway network. As these projects are completed we anticipate performance against this measure will continue to improve.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>46%</td><td>70%</td></tr><tr><td>2017-18</td><td>60%</td><td>70%</td></tr><tr><td>2016-17</td><td>54%</td><td>70%</td></tr></table>	Year	Actual	Target	2018-19	46%	70%	2017-18	60%	70%	2016-17	54%	70%
Year	Actual	Target											
2018-19	46%	70%											
2017-18	60%	70%											
2016-17	54%	70%											

Survey result												
<table><tr><th>Year</th><th>Very satisfied</th><th>Satisfied</th><th>Neutral</th><th>Dissatisfied</th><th>Very dissatisfied</th></tr><tr><td>2018-19</td><td>3%</td><td>17%</td><td>26%</td><td>26%</td><td>27%</td></tr></table>	Year	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	2018-19	3%	17%	26%	26%	27%
Year	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied							
2018-19	3%	17%	26%	26%	27%							

Survey result



What it cost

	2017-18 LTP \$000	2018-19 LTP \$000	2018-19 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	15,327	15,874	17,838
Targeted rates	39	34	35
Subsidies and grants for operating purposes	6,703	6,422	6,911
Fees and charges	1,799	1,328	1,545
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	2,520	645	1,498
Total Operating Funding	26,388	24,302	27,827
Applications of Operating Funding			
Payments to staff and suppliers	15,847	13,879	14,243
Finance costs	4,228	4,070	4,609
Internal charges and overheads applied	1,347	1,107	1,074
Other operating funding applications	-	-	-
Total Applications of Operating Funding	21,422	19,056	19,926
Surplus/(Deficit) of Operating Funding	4,966	5,246	7,900
Sources of Capital Funding			
Subsidies and grants for capital expenditure	11,354	14,820	16,113
Development and financial contributions	830	1,957	4,016
Increase/(decrease) in debt	5,518	3,928	(1,501)
Gross proceeds from sale of assets	-	-	22
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	17,702	20,705	18,650
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	2,499	3,227	1,735
to improve levels of service	4,434	3,922	15,832
to replace existing assets	13,623	16,778	13,286
Increase/(decrease) in reserves	2,112	2,024	(4,302)
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	22,668	25,951	26,550
Surplus/(Deficit) of Capital Funding	(4,966)	(5,246)	(7,900)
Funding Balance	-	-	-

*Note: Activities were reviewed as part of the 2018-28 LTP. The 2017-18 LTP figures relate to the previous groupings in line with the 2015-25 LTP.

Operational variance explanations

Local authorities fuel tax, fines, infringement fees and other receipts is favourable due to increased interest revenue.

Capital variance explanations:

Development and financial contributions are favourable against LTP due to increased development activity. Subsidies and grants for capital expenditure is favourable against LTP year one due to work done on the Kamo Shared Path originally budgeted for in 2019-20. Total capital expenditure is also higher than budget due to this project.



2. Water

What we do

We provide fresh, clean, healthy water to our District. Our water supply provides water for households to drink and use and also plays an important role in many industrial, commercial and some agricultural businesses. Water is also provided to fight fires within the spread of our network. The water is delivered via a network of treatment plants, reservoirs, pump stations and pipelines.

Strategically, the focus for the future is on the quality and resilience of this service. We provide water that meets necessary Ministry of Health standards. We also ensure our water supply is resilient to change through water efficiency programmes and infrastructure upgrades.

Identified effects on the community

We provide an adequate supply of safe, clean, potable water as needed by the community, with the key driver being health and wellbeing. Water is also provided for fire-fighting purposes within reticulated areas and is available to those with alternate supplies during times of drought via water tankers.

Various statutes set out Council's responsibilities for water supply. These include the Local Government Act 2002, the Resource Management Act 1991 and the Health Act 1956.

Provision of water can contribute to various negative environmental effects through the abstraction of water from bores and dams. However, water use is managed in line with environmental standards. We also invest in new technology and methods to reduce some of these environmental impacts.

Key achievements

Water Services continued to produce A grade water from all of our seven water treatment plants. All plants have both chlorine and UV disinfection to ensure full compliance with the New Zealand Drinking Water Standards.

The contract for the construction of the new Whau Valley water treatment plant was awarded early in 2019 and construction has started. It is hoped to be able to commission the new plant prior to Christmas 2020.

Algal blooms and a lack of rain provided challenges for the operations teams over the year. The algal blooms at Wilsons Dam necessitated the installation of a new aeration system to improve mixing of the lake water. In addition a record low rainfall for the 12 months to the end of June put extra pressure on our dam sources.

A number of asset renewals were completed during the year including water mains on Corks Road.

Contribution to Community Outcomes



Efficient and resilient core services

Providing water is a core service. It supports our communities and our commercial, industrial and agricultural activities.

Water is supplied in a planned, managed and efficient way to ensure it aligns with our District's growth.



Caring for the environment

Management of our water supply can support a clean and healthy environment through initiatives such as water conservation.



Positive about the future

New technology will be used to monitor the quality of our drinking water.

Providing water to appropriate locations across urban and rural areas of our District enables productivity.



High contribution



Medium contribution

How we performed

Mandatory performance measures

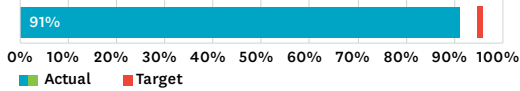
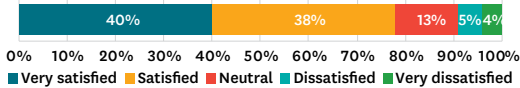
2.1 We provide safe, high-quality drinking water to all our customers.

Performance measure	Result
<p>2.1.1 Whangarei District's four water supply areas have approved Water Safety Plans as determined by a Ministry of Health drinking water assessor.</p> <p>(Target: 4)</p> <p>Achieved</p>	<p>2018-19</p> <p>0 1 2 3 4 5</p> <p>Actual Target</p> <p>New measure in 2018-19. No results held for previous years.</p>
<p>2.1.2 Compliance with the 2005 New Zealand Drinking Water Standards' requirements for bacterial monitoring.</p> <p>(Target: 100%)</p> <p>Achieved</p>	<p>2018-19</p> <p>2017-18</p> <p>2016-17</p> <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>Actual Target</p>
<p>2.1.3 Customer's overall satisfaction with the water quality provided by Council as measured in the annual Customer Satisfaction Survey (excludes 'don't knows').</p> <p>(Target: ≥95%)</p> <p>Not achieved</p> <p>Further analysis of survey needed to understand results and why dissatisfied. We had taste and odour issues in Bream Bay due to algae. First year of on-line survey targeting younger demographic had a lower satisfaction rate 87%.</p>	<p>2018-19</p> <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>Very satisfied Satisfied Neutral Dissatisfied Very dissatisfied</p> <p>Survey result</p>

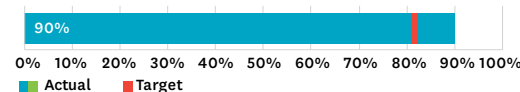
2.1 We provide safe, high-quality drinking water to all our customers.

Performance measure	Result												
<p>2.1.4 The extent to which the local authority's drinking water supply complies with:</p> <p>(a) part 4 of the drinking-water standards (bacteria compliance criteria) and</p> <p>(b) part 5 of the drinking-water standards (protozoal compliance criteria).</p> <p>(Target: Fully complies)</p> <p>Not achieved</p> <p>The occurrence of single fault caused by power failure at the Ruddell's Water Treatment Plant caused non-UV treated water entering into the supply network. This resulted in a failure of protozoal compliance for the month of October, meaning that this measure was not achieved.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>0%</td><td>100%</td></tr><tr><td>2017-18</td><td>100%</td><td>100%</td></tr><tr><td>2016-17</td><td>0%</td><td>100%</td></tr></table>	Year	Actual	Target	2018-19	0%	100%	2017-18	100%	100%	2016-17	0%	100%
Year	Actual	Target											
2018-19	0%	100%											
2017-18	100%	100%											
2016-17	0%	100%											
<p>2.1.5 The total number of complaints received by the local authority about any of the following:</p> <p>(a) drinking water clarity</p> <p>(b) drinking water taste</p> <p>(c) drinking water odour</p> <p>(d) drinking water pressure or flow</p> <p>(e) continuity of supply; and</p> <p>(f) the LA's response to any of these issues expressed per 1000 connections to the LA's networked reticulation system.</p> <p>(Target: ≤17)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>11.94</td><td>17</td></tr><tr><td>2017-18</td><td>14</td><td>17</td></tr><tr><td>2016-17</td><td>12</td><td>17</td></tr></table>	Year	Actual	Target	2018-19	11.94	17	2017-18	14	17	2016-17	12	17
Year	Actual	Target											
2018-19	11.94	17											
2017-18	14	17											
2016-17	12	17											
<p>2.1.6 Where the local authority (LA) attends a callout in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:</p> <p>(a) attendance for urgent callouts: from the time the LA received notification to the time service personnel reach the site</p> <p>(Target: ≤ less than 1hr)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>31 mins</td><td>60 mins</td></tr><tr><td>2017-18</td><td>27 mins</td><td>60 mins</td></tr><tr><td>2016-17</td><td>26 mins</td><td>60 mins</td></tr></table>	Year	Actual	Target	2018-19	31 mins	60 mins	2017-18	27 mins	60 mins	2016-17	26 mins	60 mins
Year	Actual	Target											
2018-19	31 mins	60 mins											
2017-18	27 mins	60 mins											
2016-17	26 mins	60 mins											
<p>(b) resolution of urgent callouts: from the time the LA received notification to the time that service personnel confirm resolution of the fault or interruption</p> <p>(Target: ≤ less than 4hrs)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>95 mins</td><td>4 hrs</td></tr><tr><td>2017-18</td><td>91 mins</td><td>4 hrs</td></tr><tr><td>2016-17</td><td>63 mins</td><td>4 hrs</td></tr></table>	Year	Actual	Target	2018-19	95 mins	4 hrs	2017-18	91 mins	4 hrs	2016-17	63 mins	4 hrs
Year	Actual	Target											
2018-19	95 mins	4 hrs											
2017-18	91 mins	4 hrs											
2016-17	63 mins	4 hrs											
<p>(c) attendance for non-urgent callouts: from the time that the LA receives notification to the time that service personnel reach the site; and</p> <p>(Target: ≤less than 12hrs)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>104 mins</td><td>12 hrs</td></tr><tr><td>2017-18</td><td>125 mins</td><td>12 hrs</td></tr><tr><td>2016-17</td><td>120 mins</td><td>12 hrs</td></tr></table>	Year	Actual	Target	2018-19	104 mins	12 hrs	2017-18	125 mins	12 hrs	2016-17	120 mins	12 hrs
Year	Actual	Target											
2018-19	104 mins	12 hrs											
2017-18	125 mins	12 hrs											
2016-17	120 mins	12 hrs											
<p>(d) resolution of non-urgent callouts: from the time that the LA receives notification to the time that service personnel confirm resolution of the fault or interruption.</p> <p>(Target: ≤ less than 24hrs)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>200 mins</td><td>24 hrs</td></tr><tr><td>2017-18</td><td>216 mins</td><td>24 hrs</td></tr><tr><td>2016-17</td><td>60 mins</td><td>24 hrs</td></tr></table>	Year	Actual	Target	2018-19	200 mins	24 hrs	2017-18	216 mins	24 hrs	2016-17	60 mins	24 hrs
Year	Actual	Target											
2018-19	200 mins	24 hrs											
2017-18	216 mins	24 hrs											
2016-17	60 mins	24 hrs											

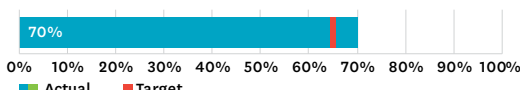
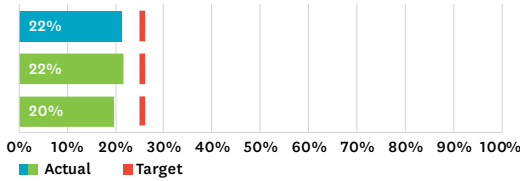
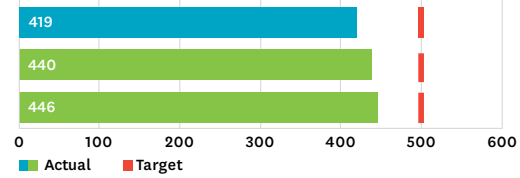
2.2 The water supplied is continuous and is adequate for customers' use.

Performance measure	Result
<p>2.2.1 Customer's satisfaction with the water flow and pressure provided by Council as measured in the annual Customer Satisfaction Survey.</p> <p>(Target: ≥95%)</p> <p>Not achieved</p> <p>This is a new measure informed by our annual resident survey. Although the survey showed satisfaction with the service, this did not meet the 95% target..</p>	<p>2018-19 91%</p>  <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>■ Actual ■ Target</p> <p>New measure in 2018-19. No results held for previous years.</p> <p>Survey result</p> <p>2018-19</p>  <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>■ Very satisfied ■ Satisfied ■ Neutral ■ Dissatisfied ■ Very dissatisfied</p>

2.3 In times of emergency there is adequate water supply available.

Performance measure	Result
<p>2.3.1 Whangārei City Water Supply Area can meet a one in 50-year drought (based on 2009-10 event data adjusted for growth and losses).</p> <p>(Target: ≥81%)</p> <p>Achieved</p>	<p>2018-19 90%</p>  <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>■ Actual ■ Target</p> <p>New measure in 2018-19. No results held for previous years.</p>
<p>2.3.2 Water restrictions imposed due to drought.</p> <p>(Target: 0)</p> <p>Achieved</p>	<p>0 restrictions imposed due to drought</p> <p>New measure in 2018-19. No results held for previous years.</p>

2.4 We manage the water supply system in a sustainable way that also caters for growth.

Performance measure	Result
<p>2.4.1 Residents in our District annually adopt water conservation techniques in their homes and/or businesses (as measured in the annual Customer Satisfaction Survey).</p> <p>(Target: ≥65%)</p> <p>Achieved</p>	<p>2018-19 70%</p>  <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>■ Actual ■ Target</p> <p>New measure in 2018-19. No results held for previous years.</p>
<p>2.4.2 Water restrictions imposed due to drought.</p> <p>(Target: 0)</p> <p>Achieved</p>	<p>0 restrictions imposed due to drought</p> <p>New measure in 2018-19. No results held for previous years.</p>
<p>2.4.3 The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).</p> <p>WaterNZ Benchloss</p> <p>(Target: ≤ Less than 25%)</p> <p>Achieved</p>	<p>2018-19 22%</p> <p>2017-18 22%</p> <p>2016-17 20%</p>  <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>■ Actual ■ Target</p>
<p>2.4.4 The average consumption of drinking water per day per resident within the territorial authority district.</p> <p>(Target: ≤ Less than 500 litres)</p> <p>Achieved</p>	<p>2018-19 419</p> <p>2017-18 440</p> <p>2016-17 446</p>  <p>0 100 200 300 400 500 600</p> <p>■ Actual ■ Target</p>

What it cost

	2017-18 LTP \$000	2018-19 LTP \$000	2018-19 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	13,884	15,129	15,460
Subsidies and grants for operating purposes	-	-	-
Fees and charges	336	169	175
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	731	1,416	1,609
Total Operating Funding	14,951	16,714	17,244
Applications of Operating Funding			
Payments to staff and suppliers	6,309	7,472	7,206
Finance costs	-	-	-
Internal charges and overheads applied	2,368	2,595	2,193
Other operating funding applications	-	-	-
Total Applications of Operating Funding	8,677	10,067	9,399
Surplus/(Deficit) of Operating Funding	6,274	6,648	7,845
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	558	944	2,912
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	558	944	2,912
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	2,326	720
to improve levels of service	-	2,285	1,551
to replace existing assets	10,759	4,446	2,446
Increase/(decrease) in reserves	(3,927)	(1,466)	6,040
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	6,832	7,591	10,757
Surplus/(Deficit) of Capital Funding	(6,274)	(6,648)	(7,845)
Funding Balance	-	-	-

*Note: Activities were reviewed as part of the 2018-28 LTP. The 2017-18 LTP figures relate to the previous groupings in line with the 2015-25 LTP.

Operational variance explanations

Targeted rates are higher than budget due to increased water consumption. Local authorities fuel tax, fines, infringement fees and other receipts is favourable due to additional internal interest received on the water reserve.

Capital variance explanations:

Development and financial contributions are favourable against LTP due to increased development activity. Total capital expenditure is lower than LTP primarily due to delays in the Whau Valley New Water Treatment Plant project.



3. Solid waste

What we do

We collect, process, dispose of and recycle solid waste in our District. This is essential for keeping our District attractive and vibrant. This core service also supports our District's economic activities supporting our growth and development.

Our aim is to do this in a way that, over time, will reduce the amount of waste we are required to process. Waste management is required by several pieces of legislation, including the Waste Minimisation Act (WMA) 2008, the New Zealand Waste Strategy 2010 and the Local Government Act 2002.

Identified effects on the community

Waste can have negative effects on air, land and water. To limit these effects, we comply with consents relating to the operation of our transfer station network. The volumes of rubbish disposed of are minimised through effective recycling.

If not appropriately collected and disposed of, solid waste can have significant negative effects on public health. To reduce the effects of this we have a reliable collection service and transfer station network throughout our District.

Key achievements

Northland Regional Landfill Limited Partnership (NRLLP), which is a 50:50 partnership between Council and Northland Waste Limited, has had another successful year. Good trading results were achieved and distributions made to partners. Tonnages to landfill are influenced by population growth and increased economic activity in Northland and North Auckland. Waste diversion initiatives continue at Resort with good results.

There have been no major changes to rubbish and recycling collection. Health and safety systems are being regularly reviewed with the aim of continuous improvement. Transfer stations are operating well.

EcoSolutions has continued to deliver waste minimisation lessons to school children and provide support to schools and community groups to assist them with their waste minimisation programmes.

Recycling tonnage has increased this year which is a good indication that attitudes towards recycling and waste continue to improve.

Contribution to Community Outcomes



Efficient and resilient core services

Solid waste is managed and planned for in a way that ensures it aligns with our District's growth and is supplied in an efficient way.



Caring for the environment

Waste minimisation, recycling and waste collection limits potential adverse effects on our environment.



Proud to be local

A clean environment across our District is vital to our wellbeing, as well as our attractiveness to visitors and investors.



High contribution

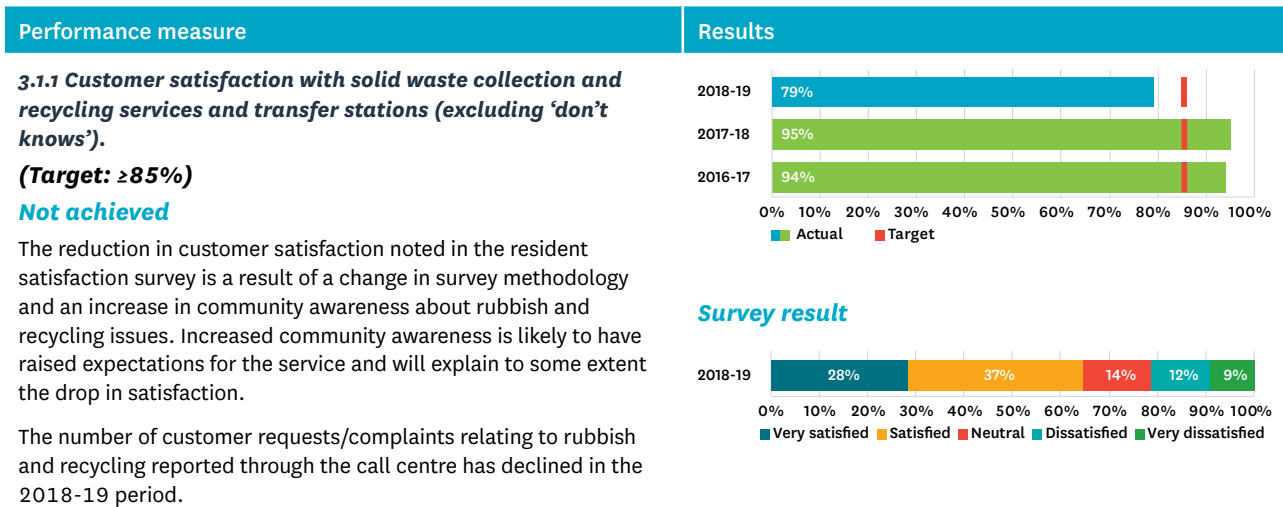


Medium contribution

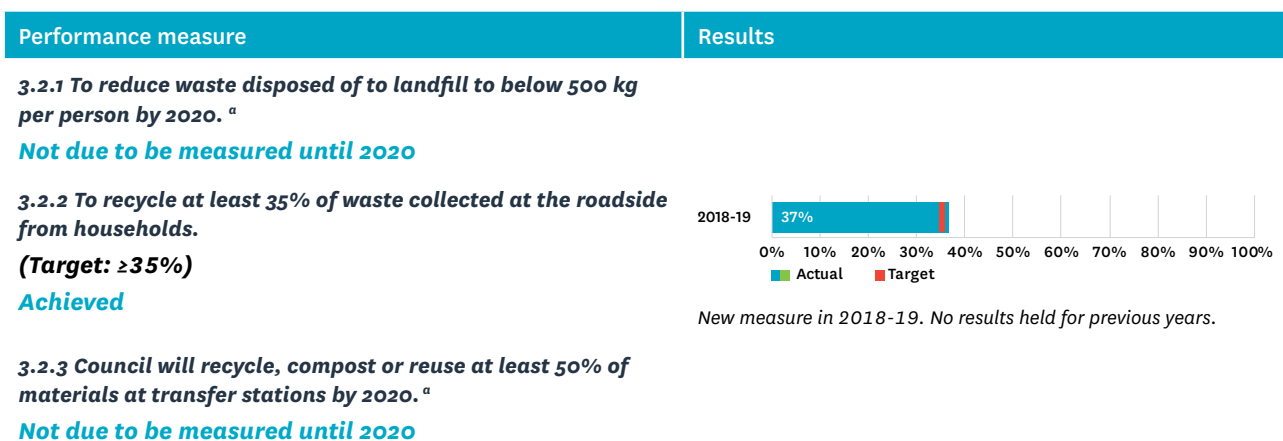
How we performed

Mandatory performance measures

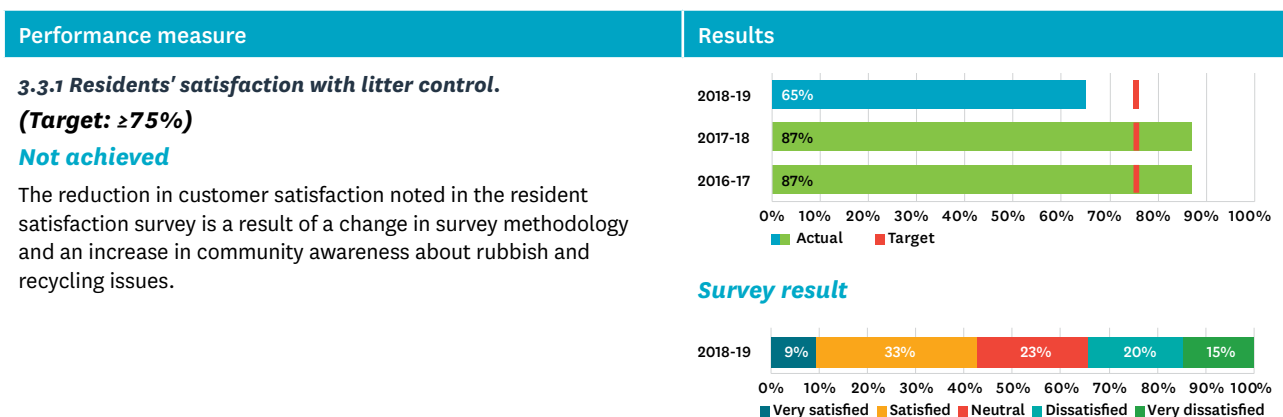
3.1 Council will provide kerbside refuse and recycling collection services to all properties in our District and transfer stations will be operated throughout our District.



3.2 Council will foster waste minimisation by supporting recycling and waste reduction practices so that a continued reduction in refuse sent to landfill occurs.



3.3 Council will provide and empty public rubbish bins and undertake litter control throughout public places in our District.



Notes

^a These performance measures relate to targets contained in the Whangarei District Waste Management and Minimisation Plan. These targets were set for 2020 and there will be no interim targets set.

What it cost

	2017-18 LTP \$000	2018-19 LTP \$000	2018-19 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,478	6,678	6,688
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,251	2,922	2,640
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	5	370	399
Total Operating Funding	9,734	9,969	9,726
Applications of Operating Funding			
Payments to staff and suppliers	6,443	6,861	5,832
Finance costs	470	296	152
Internal charges and overheads applied	323	167	114
Other operating funding applications	-	-	-
Total Applications of Operating Funding	7,236	7,324	6,098
Surplus/(Deficit) of Operating Funding	2,498	2,646	3,629
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	70
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(2,480)	(1,014)	(3,542)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(2,480)	(1,014)	(3,472)
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	17	1,632	157
to replace existing assets	-	-	-
Increase/(decrease) in reserves	1	-	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	18	1,632	157
Surplus/(Deficit) of Capital Funding	(2,498)	(2,646)	(3,629)
Funding Balance	-	-	-

*Note: Activities were reviewed as part of the 2018-28 LTP. The 2017-18 LTP figures relate to the previous groupings in line with the 2015-25 LTP.

Operational variance explanations

Payments to staff and suppliers is favourable against LTP due to and adjustment to the Pohe Island landfill aftercare provision

Capital variance explanations

Capital expenditure is lower than LTP due to planned spend on recycle bins which has been delayed to 2019-20.



4. Wastewater

What we do

Wastewater management is a core service that keeps our communities safe, healthy and clean. This is essential to being a vibrant, attractive and thriving District.

Our population produces a large amount of wastewater every year. Our job is to develop and manage systems to collect this wastewater, and treat and dispose of it in a way that meets a range of legal standards. This protects the health and wellbeing of our communities and the environment.

Our wastewater network includes wastewater systems and treatment plants, and processes wastewater from over 23,000 connections across our District. We also provide a network of public toilets that contribute to the wellbeing of visitors, as well as the local community.

Identified effects on the community

Sewage discharges to air, land and water affect the environment and public health. We have invested in targeted programmes to prevent and mitigate the effects of treated and untreated sewage discharges. We have also implemented an ISO 9001 certified system for effective management of the wastewater network. Compliance with resource consent conditions ensures adverse effects to the environment are avoided, mitigated or remedied.

Key achievements

The Hikurangi sewer network stage 2 was 50% complete at the end of financial year. The project will reduce infiltration and inflow to the network, and provide additional capacity for growth.

Waipu Wastewater Treatment Plant (WWTP) was upgraded with additional capacity provided.

The old pump station at Hikurangi WWTP was demolished and the area reinstated.

Whangarei WWTP Odour Control project has commenced with monitoring, investigation and design work well underway. This project is planned to significantly reduce odour at the boundary within a 2-year period.

The Whangarei WWTP dewatering building was successfully re-clad and re-roofed.

Contribution to Community Outcomes



Efficient and resilient core services

The management of wastewater is a core service. It supports our communities and our commercial, industrial and agricultural activities.

Wastewater is managed and planned in a way that ensures it aligns with our District's growth and is supplied in an efficient way.



Caring for the environment

Managing wastewater to agreed standards, with discharges from wastewater treatment plants having no detrimental environmental impact.



Positive about the future

New technology will be used at our wastewater treatment plants, including waste-to-energy processes.

The management of wastewater in appropriate locations across urban and rural areas of our District enables productivity.



High contribution



Medium contribution

How we performed



Mandatory performance measures

4.1 In defined areas, Council will collect, treat and dispose of wastewater through a reliable wastewater network which is managed to ensure blockages, breaks or spillages are kept to a minimum.

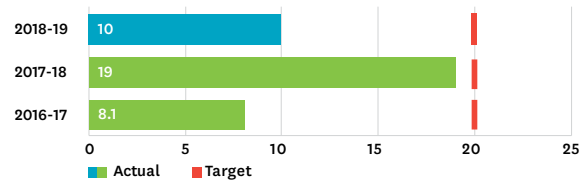
Performance measure	Result												
<p>4.1.1 Compliance with Territorial Authority (TA) resource consents for discharge from its sewerage system measured by the number of:</p> <p>(a) abatement notices</p> <p>(b) infringement notices</p> <p>(c) enforcement orders and</p> <p>(d) convictions</p> <p>received by the territorial authority in relation those resource consents.</p> <p>(Target: 0)</p> <p>Achieved</p>	<p>0 notices or convictions</p> <p>(2016-17: 0, 2017-18: 0)</p>												
<p>4.1.2 The number of dry weather sewerage overflows from the TA's sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p> <p>(Target: ≤1.35)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>1.02</td><td>1.35</td></tr><tr><td>2017-18</td><td>2.40</td><td>1.35</td></tr><tr><td>2016-17</td><td>2.22</td><td>1.35</td></tr></table>	Year	Actual	Target	2018-19	1.02	1.35	2017-18	2.40	1.35	2016-17	2.22	1.35
Year	Actual	Target											
2018-19	1.02	1.35											
2017-18	2.40	1.35											
2016-17	2.22	1.35											
<p>4.1.3 Residents' satisfaction with sewerage reticulation, treatment and disposal services.</p> <p>(Target: ≥70%)</p> <p>Achieved</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>85%</td><td>70%</td></tr><tr><td>2017-18</td><td>69%</td><td>70%</td></tr><tr><td>2016-17</td><td>75%</td><td>70%</td></tr></table>	Year	Actual	Target	2018-19	85%	70%	2017-18	69%	70%	2016-17	75%	70%
Year	Actual	Target											
2018-19	85%	70%											
2017-18	69%	70%											
2016-17	75%	70%											
	<p>Survey result</p> <table><tr><th>Satisfaction Level</th><th>Percentage</th></tr><tr><td>Very satisfied</td><td>21%</td></tr><tr><td>Satisfied</td><td>42%</td></tr><tr><td>Neutral</td><td>22%</td></tr><tr><td>Dissatisfied</td><td>10%</td></tr><tr><td>Very dissatisfied</td><td>5%</td></tr></table>	Satisfaction Level	Percentage	Very satisfied	21%	Satisfied	42%	Neutral	22%	Dissatisfied	10%	Very dissatisfied	5%
Satisfaction Level	Percentage												
Very satisfied	21%												
Satisfied	42%												
Neutral	22%												
Dissatisfied	10%												
Very dissatisfied	5%												

4.1.4 The total number of complaints received by the TA about any of the following:

- (a) sewage odour
- (b) sewerage system faults
- (c) sewerage system blockages; and
- (d) the TA's response to issues with its sewerage system expressed per 1000 connections to the TA's sewerage system.

(Target: ≤ 20)

Achieved

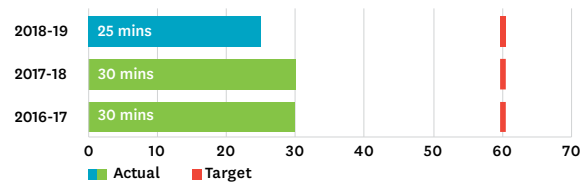


4.1.5 Where the TA attends to sewerage overflows resulting from a blockage or other fault in the TA's sewerage system, the following median response times measured:

- (a) attendance time: from the time that the TA receives notification to the time that service personnel reach the site

(Target: ≤ 1 hr)

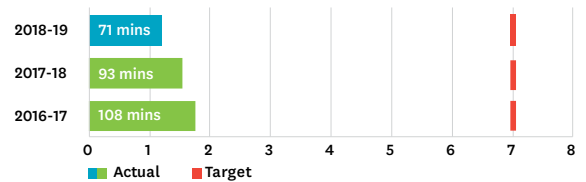
Achieved



- (b) resolution time: from the time that the TA receives notification to the time that service personnel confirm resolution of the blockage or other fault.

(Target: ≤ 7 hrs)

Achieved



4.2 Council will provide well maintained and accessible public toilets in high use areas.

Performance measure	Result
<p>4.2.1 Residents' satisfaction with public toilets. (Target: $\geq 75\%$) Not achieved</p> <p>Resulting from downward trend of satisfaction due to the new resident survey methodology which incorporates a more representative demographic through online surveying.</p>	<div><div><div><div>2018-19</div><div>69%</div></div><div><div>2017-18</div><div>80%</div></div><div><div>2016-17</div><div>82%</div></div></div><div><div>0%10%20%30%40%50%60%70%80%90%100%</div><div><div>Actual</div><div>Target</div></div></div></div> <p>Survey result</p> <div><div><div><div>2018-19</div><div>10%</div></div><div><div>32%</div></div><div><div>27%</div></div><div><div>18%</div></div><div><div>13%</div></div></div><div><div>0%10%20%30%40%50%60%70%80%90%100%</div><div><div>Very satisfied</div><div>Satisfied</div><div>Neutral</div><div>Dissatisfied</div><div>Very dissatisfied</div></div></div></div>

What it cost

	2017-18 LTP \$000	2018-19 LTP \$000	2018-19 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	17,180	18,064	18,111
Subsidies and grants for operating purposes	-	-	20
Fees and charges	1,093	684	1,024
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	625	345	317
Total Operating Funding	18,898	19,093	19,472
Applications of Operating Funding			
Payments to staff and suppliers	5,522	5,608	5,813
Finance costs	1,406	464	969
Internal charges and overheads applied	1,415	988	1,616
Other operating funding applications	-	-	-
Total Applications of Operating Funding	8,343	7,061	8,397
Surplus/(Deficit) of Operating Funding	10,555	12,032	11,074
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	1,172	1,488
Development and financial contributions	666	1,131	1,899
Increase/(decrease) in debt	(8,399)	(8,911)	(9,521)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(7,733)	(6,608)	(6,134)
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	42	436	578
to improve levels of service	315	1,471	2,097
to replace existing assets	2,319	1,727	1,843
Increase/(decrease) in reserves	146	1,790	423
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	2,822	5,424	4,940
Surplus/(Deficit) of Capital Funding	(10,555)	(12,032)	(11,074)
Funding Balance	-	-	-

*Note: Activities were reviewed as part of the 2018-28 LTP. The 2017-18 LTP figures relate to the previous groupings in line with the 2015-25 LTP.

Operational variance explanations

No material variances

Capital variance explanations

Development and financial contributions are favourable against LTP due to increased development activity. Total capital expenditure is higher than LTP due to completion of the Tarewa Park Storage Tank carried forward from the 2017-18 year.



5. Stormwater

What we do

Our stormwater network prevents flooding to properties and roads. How we manage stormwater can contribute significantly to vibrant and thriving communities through initiatives such as the Blue/Green Network Strategy.

Stormwater management is a core service and needs to align with the following legislative requirements:

- assess, from a public health perspective, the adequacy of stormwater services available to communities – this includes the actual or potential consequences of discharges
- preparing catchment management plans in accordance with the Northland Regional Plan
- adhering to the freshwater quality objectives of the Northland Regional Plan.

Identified effects on the community

Inadequate stormwater services have the potential to increase flood damage to property, incurring costs and elevated insurance premiums. This can be reduced by identification of flood-susceptible land through catchment management and District Plans.

Insufficient treatment of stormwater has the potential to adversely affect our environment. This can be addressed by resource consents for stormwater discharges being monitored for compliance against consent conditions. Catchment management plans and environmental engineering standards identify issues and specify treatment, respectively, in relation to the stormwater activities.

Key achievements

Stormwater catchment strategy is progressing well with work completed on the GIS mapping including LIDAR, network connectivity analysis, and high level overland flow path mapping.

A CCTV programme for assessing stormwater asset condition over the next three years has commenced. This will provide valuable information for targeted renewal or upgrade projects.

Contribution to Community Outcomes



Efficient and resilient core services

The management of stormwater is a core service. It supports our communities as well as enabling commercial, industrial and agricultural activities.

Stormwater is managed and planned in a way that ensures it aligns with our District's growth and is supplied in an efficient way.



Caring for the environment

Investment in infrastructure and natural systems seeks to minimise environmental effects of stormwater run-off into our waterways.

Stormwater water management through catchment management plans, resource consents and engineering standards mitigate and manage potential adverse environmental effects.



Positive about the future

The management of stormwater in appropriate locations across urban and rural areas of our District enables productivity.



High contribution



Medium contribution

How we performed

Mandatory performance measures

5.1 Council will manage the stormwater network to minimise flood risks within defined service areas.

Performance measure	Result												
<p>5.1.1 Compliance with the territorial authority’s (TA) resource consents for discharge from its stormwater system, measured by the number of:</p> <p>(a) abatement notices</p> <p>(b) infringement notices</p> <p>(c) enforcement orders; and</p> <p>(d) convictions</p> <p>received by the TA in relation to those resource consents.</p> <p>(Target: 0)</p> <p>Achieved</p>	<p>0 notices or convictions</p> <p>(2016-17: 0, 2017-18: 0)</p>												
<p>5.1.2 Residents’ satisfaction with stormwater drainage service.</p> <p>(Target: ≥70%)</p> <p>Achieved</p>	<table><caption>Residents' satisfaction with stormwater drainage service</caption><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2018-19</td><td>80%</td><td>70%</td></tr><tr><td>2017-18</td><td>74%</td><td>70%</td></tr><tr><td>2016-17</td><td>74%</td><td>70%</td></tr></tbody></table>	Year	Actual	Target	2018-19	80%	70%	2017-18	74%	70%	2016-17	74%	70%
Year	Actual	Target											
2018-19	80%	70%											
2017-18	74%	70%											
2016-17	74%	70%											
<p>5.1.3 The number of complaints received by a TA about the performance of its stormwater system, expressed per 1000 properties connected to the TA’s stormwater system.^c</p> <p>(Target: ≤16)</p> <p>Achieved</p>	<table><caption>Number of complaints received by a TA about the performance of its stormwater system, expressed per 1000 properties</caption><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2018-19</td><td>3.15</td><td>16</td></tr><tr><td>2017-18</td><td>6.8</td><td>16</td></tr><tr><td>2016-17</td><td>2.1</td><td>16</td></tr></tbody></table>	Year	Actual	Target	2018-19	3.15	16	2017-18	6.8	16	2016-17	2.1	16
Year	Actual	Target											
2018-19	3.15	16											
2017-18	6.8	16											
2016-17	2.1	16											
<p>5.1.4 (a) The number of flooding events^a that occur in a TA district; and</p> <p>(b) for each flooding event^a the number of habitable floors affected^b expressed per 1000 properties connected to the TA’s stormwater system.</p> <p>(Target: 0)</p> <p>Achieved</p> <p><i>Note: Only calls to Council were recorded. Calls to Fire and Emergency New Zealand and to other agencies were not captured in this measure.</i></p>	<table><caption>Number of flooding events and habitable floors affected per 1000 properties</caption><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2018-19</td><td>0</td><td>0</td></tr><tr><td>2017-18</td><td>3 flooding events</td><td>0</td></tr><tr><td>2016-17</td><td>0</td><td>0</td></tr></tbody></table>	Year	Actual	Target	2018-19	0	0	2017-18	3 flooding events	0	2016-17	0	0
Year	Actual	Target											
2018-19	0	0											
2017-18	3 flooding events	0											
2016-17	0	0											
<p>5.1.5 The median response time to attend a flooding event, measured from the time that the TA receives notification to the time service personnel reach the site.^a</p> <p>(Target: ≤ 1 hour)</p> <p>Achieved</p>	<table><caption>Median response time to attend a flooding event</caption><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2018-19</td><td>23 mins</td><td>60 mins</td></tr><tr><td>2017-18</td><td>19 mins</td><td>60 mins</td></tr><tr><td>2016-17</td><td>32 mins</td><td>60 mins</td></tr></tbody></table>	Year	Actual	Target	2018-19	23 mins	60 mins	2017-18	19 mins	60 mins	2016-17	32 mins	60 mins
Year	Actual	Target											
2018-19	23 mins	60 mins											
2017-18	19 mins	60 mins											
2016-17	32 mins	60 mins											

Notes

^a A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor (Department of Internal Affairs (DIA), 2014). It does not therefore apply outside declared stormwater service areas, or to non-habitable structures such as garages and sheds, or to flooding of yards.

^b While all flooding events will be recorded as per DIA requirements, the target is immunity from storm events with an annual exceedance probability (AEP) of more than 2% (1 in 50 year average recurrence interval). This is consistent with District Plan rules for minimum floor level.

^c This target expresses per 1000 properties rather than a total, which would have resulted in a target of 15.7 per 1000 properties. In the 2017-18 Annual Plan this was expressed as per 400 properties across the District.

What it cost

	2017-18 LTP \$000	2018-19 LTP \$000	2018-19 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,890	4,284	3,149
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6	-	-
Internal charges and overheads recovered	779	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	95	-	12
Total Operating Funding	2,770	4,284	3,161
Applications of Operating Funding			
Payments to staff and suppliers	816	1,232	1,089
Finance costs	-	-	-
Internal charges and overheads applied	1,303	1,250	853
Other operating funding applications	-	-	-
Total Applications of Operating Funding	2,119	2,481	1,942
Surplus/(Deficit) of Operating Funding	651	1,802	1,219
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	-	-	-
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	652	852	680
to replace existing assets	-	951	540
Increase/(decrease) in reserves	(1)	-	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	651	1,802	1,219
Surplus/(Deficit) of Capital Funding	(651)	(1,802)	(1,219)
Funding Balance	-	-	-

*Note: Activities were reviewed as part of the 2018-28 LTP. The 2017-18 LTP figures relate to the previous groupings in line with the 2015-25 LTP.

Operational variance explanations

No material variances

Capital variance explanations

Total capital expenditure is lower than LTP due to internal and external resourcing constraints.



6. Flood protection

What we do

The Hikurangi Flood Protection Scheme helps minimise flooding across the 5,600 hectares of farmland within the Hikurangi Swamp area.

The aim of the scheme is to protect the farming productivity of land within the swamp area. This is highly productive agricultural land that generates considerable economic benefit to the region.

We are responsible for managing, operating and maintaining the Hikurangi Scheme to ensure the required environmental, cultural and economic results are achieved. The scheme is funded by targeted rates from properties within the area.

Identified effects on the community

The scheme has little riparian cover and has the potential to increase sedimentation and nutrient loadings into waterways. To lessen this, we have a Scheme Riparian and Oxbow Management Plan detailing remedial works to restore habitat and riparian margins.

The scheme impacts on the native fish population, specifically eels, by presenting barriers to upstream and downstream migration and causing fish fatalities via the pumps. Eels have important cultural value to local iwi. To address this, we have prepared a Fishery Management Plan, which has seen the installation of fish passage floodgates and spat ropes. We are also proposing a future plan to upgrade pumps to fish-friendly pumps. Council is actively engaged with local iwi and other stakeholders.

Contribution to Community Outcomes



Efficient and resilient core services

Flood protection provides resilience for agricultural land in Hikurangi.



Caring for the environment

Investment in flood protection assists in the improvements in water quality within the Kaipara Harbour catchment.



High contribution



Medium contribution

How we performed

● Mandatory performance measures

6.1 Council will provide a reliable and sustainable flood protection scheme, which is managed to mitigate flooding within the Hikurangi Swamp Scheme area to an acceptable level.

Performance measure	Result
<p>6.1.1 The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the local authority's relevant planning documents (such as its activity management plan, asset management plan, annual works programme or long term plan).</p> <p>(Target: Yes)</p> <p>Achieved</p>	<p>2018-19: Yes</p> <p>(2016-17: Yes, 2017-18: Yes)</p>
<p>6.1.2 The number of infringement or abatement notices issued by Northland Regional Council in relation to the scheme consent.</p> <p>(Target: 0)</p> <p>Achieved</p>	<p>2018-19: 0 infringement or abatement notices issued</p> <p>(2016-17: 0, 2017-18: 0)</p>

What it cost

	2017-18 LTP \$000	2018-19 LTP \$000	2018-19 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,036	1,120	1,123
Subsidies and grants for operating purposes	-	-	-
Fees and charges	75	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1	61	33
Total Operating Funding	1,112	1,181	1,156
Applications of Operating Funding			
Payments to staff and suppliers	781	750	615
Finance costs	100	31	33
Internal charges and overheads applied	-	9	9
Other operating funding applications	-	-	-
Total Applications of Operating Funding	881	790	656
Surplus/(Deficit) of Operating Funding	231	392	500
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(126)	(392)	(500)
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	(126)	(392)	(500)
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	105	-	-
Increase/(decrease) in reserves	-	-	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	105	-	-
Surplus/(Deficit) of Capital Funding	(231)	(392)	(500)
Funding Balance	-	-	-

*Note: Activities were reviewed as part of the 2018-28 LTP. The 2017-18 LTP figures relate to the previous groupings in line with the 2015-25 LTP.

Operational variance explanations

No material variances.

Capital variance explanations

No material variances



7. Community facilities and services

Community facilities and services are a key part of an attractive, vibrant and thriving District. This includes our parks and recreation spaces, as well as our community buildings. It also includes our services that support our communities through community development, libraries, and venues and events – a key way we add activity to our public spaces. Meanwhile, our customer services team represents our first point of contact with our community.

This profile also includes Civil Defence. Civil Defence provides emergency management services for our District. A comprehensive emergency management organisation is in place that encompasses the management of the Rural Fire Service and is focused around the four phases of the emergency management continuum known as the four R's (reduction, readiness, response and recovery). The intention is to encourage greater self-reliance in the community by developing and maintaining Community Response Plans for prompt and effective recovery in the event of a disaster.



Parks and recreation

What we do

We provide parks and reserves for sport and recreation, landscapes and green places. We administer 20,720 hectares of land as open space, with an asset value of \$46.9 million. This includes:

- sportsfields and playgrounds
- natural areas such as wetlands and mangrove estuaries, coastal areas and esplanade reserves
- city parks and street gardens
- cemeteries
- former quarries and landfills
- forest remnants, pine forests and regenerating bush
- areas reserved for water supply, waste treatment and other public utilities.

Our objective is to create, operate, maintain, renew and dispose of assets to provide for existing and future customers in the most cost-effective manner.

The quality of these spaces and the activities that take place on them contribute to the attractiveness and vibrancy of our District. Our parks and associated facilities are significant assets which are used and appreciated by residents and visitors.

The Reserves Act 1977 requires land administered by Council to be managed in accordance with the Act.

Identified effects on the community

The under-supply of public space could be harmful to the wider community, particularly in urban areas. To address this, Council will develop an open space strategy to guide the provision of public space.

Key achievements

Upgrades to sports facilities were undertaken with new lighting at the Hikurangi multi-use hardcourts and Ruakaka and Otaika sports parks. New toilet facilities at Otangarei Sports park were also installed.

The Limestone Island pontoon and piles were replaced, with the associated gangway getting an extensive makeover. Piles were also replaced at the Town Basin marina office area.

Playgrounds were renewed at Nixon Street, Jeeves Park, King Street and Norfolk Street. Otangarei received a new playground, shade sail, basketball hoops, murals and park furniture. Tikipunga received a new neighbourhood park, named Potter Park, with pump track, new playground, shade sail and park furniture.

The final stages of Whangarei Falls (Otuihau) and Laurie Hall park were completed. The Pohe Island Dog Park makeover was driven by the need for better site drainage to improve the experience for dogs and their owners.

The Mackesy Track was closed and realignment work undertaken with funding from the Ministry of Primary Industries to protect kauri. The balance of the track was upgraded to New Zealand short walk standard.

Freedom camping initiatives across the District improved services such as parking, fences, tables as well as an upgraded water supply at Waipu Caves and a rubbish compactor at Parua Bay.

Contribution to Community Outcomes



Efficient and resilient core services

The adequate provision of open space is needed to support the development of an attractive, vibrant and thriving community.

Opportunities for walking and cycling are provided through public spaces.



Caring for the environment

Our Parks team supports community initiatives to keep our District clean, as well as managing weeds and pests.

Access to the coast is protected through reserves managed by Parks.

Design and landscaping in our public spaces and streets enables nature to thrive.



Positive about the future

Open space is distributed across our District and contributes to a fair urban and rural balance.

New technology is improving service delivery, including turf maintenance.



Proud to be local

Maintenance of our parks and public spaces ensures our District looks neat and tidy.

Our public spaces and parks are the venue for many community events and activities.

Our parks and sports grounds and walking tracks provide opportunities for people to be active and healthy.



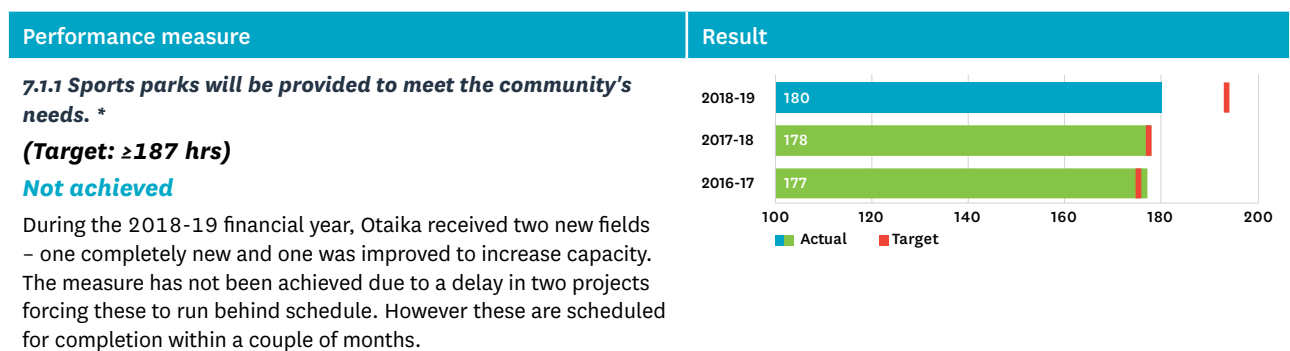
High contribution



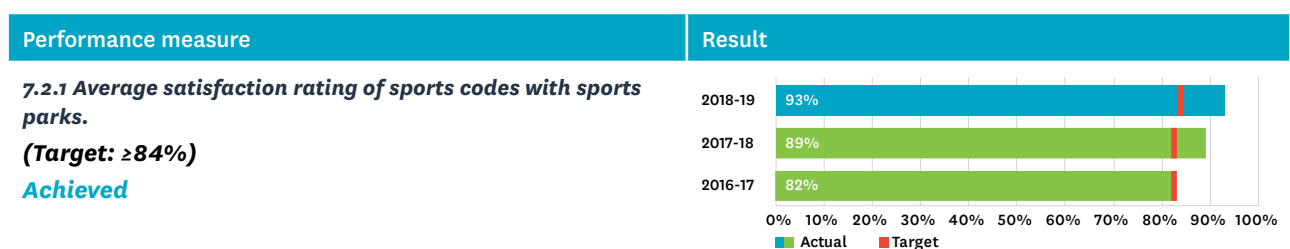
Medium contribution

How we performed

7.1 Council will provide and maintain outdoor sporting facilities to support and promote active recreation in the community through participation in both organised and informal sporting activities.



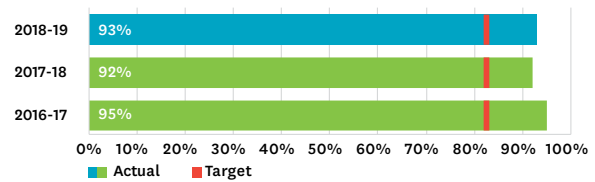
7.2 Council will provide and maintain a range of reserves, including built facilities, to meet the needs of the community as well as protecting and enhancing the natural environment.



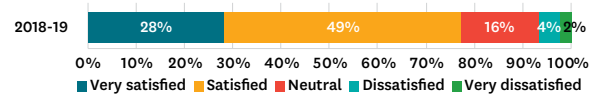
7.2.2 Residents' satisfaction with neighbourhood, civic space, cultural heritage, public gardens and recreational and ecological linkages to parks.

(Target: ≥90%)

Achieved



Survey result



7.3 Council will convert or upgrade identified existing open spaces to provide a wider range of high quality recreational and leisure opportunities within our District for our community and visitors.

Performance measure

7.3.1 Hectares of open space land transformed does not drop below. **

(Target: 0.5 ha)

Achieved

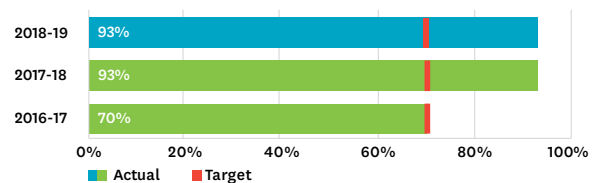
Result



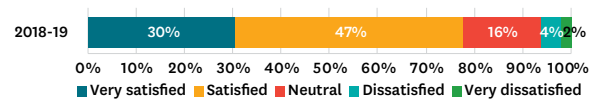
7.3.2 Residents' perception that Council is making sufficient investment in developing a strong sense of place for our District and its communities.

(Target: ≥70%)

Achieved



Survey result



7.4 Council will provide and maintain cemeteries and a crematorium in a satisfactory manner.

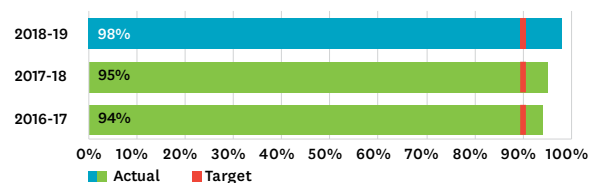
Performance measure

7.4.1 Residents' satisfaction with cemeteries.

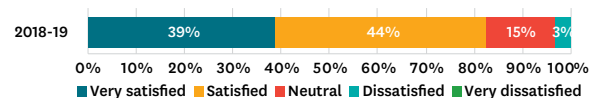
(Target: ≥90%)

Achieved

Result



Survey result



* This measure is expressed as the number of hours available at sports parks per 1000 members of our District population during the winter season.

** This measure relates to parks and reserve lands that have been developed with amenities that promote increased public use.



Libraries

What we do

Libraries provide our community with opportunities for life-long learning, access to information, leisure and reading. This contributes to a vibrant and thriving District.

Public libraries provide free and open access to knowledge and services. They are a neutral, respected gateway to information and a safe place that offers equal access for all community members.

The Local Government Act 2002 requires that, where such a service is provided, residents can join the library free of charge.

Identified effects on the community

No potential negative effects have been identified for libraries.

Key achievements

Over the past year 788,728 items were borrowed from all libraries, of which 37,655 were eBooks and the door counts totalled 486,005. Patronage of all libraries remains on a par with previous years while the use of online services continues to increase.

We have made significant progress with the digitisation of the Northland Room Heritage Collection including the large selection of newspaper clippings originally collected by local author Florence Keene. The digitised copies of the Northland Photo News and the Whangarei Photo News are the most viewed images in the Heritage Collection. Whangarei District Libraries have joined the worldwide Lilliput Library initiative with currently eight libraries dotted around the District. Lilliput Libraries, which are the size of large letterboxes, can be located anywhere from private homes to pre-school centres and largely rely on donated material with the mantra “take a book now return a book later”. We have upgraded the security systems at all libraries including more CCTV cameras and increased staff personal safety procedures.

The library has hosted a series of talks with both the Heritage and Spring into Summer talks, attracting capacity audiences. Another very successful activity held in Central Library was the delivery of Te Reo classes to both Council staff and the public. The demand from staff was so great that we needed to schedule further series of classes.

Contribution to Community Outcomes



Positive about the future

Our libraries embrace technology to improve the customer's access to information through initiatives such as providing internet access, e-books and self-service checkouts.



Proud to be local

Our libraries are key community facilities providing equitable access to life-long learning as well as fulfilling leisure and recreational needs.



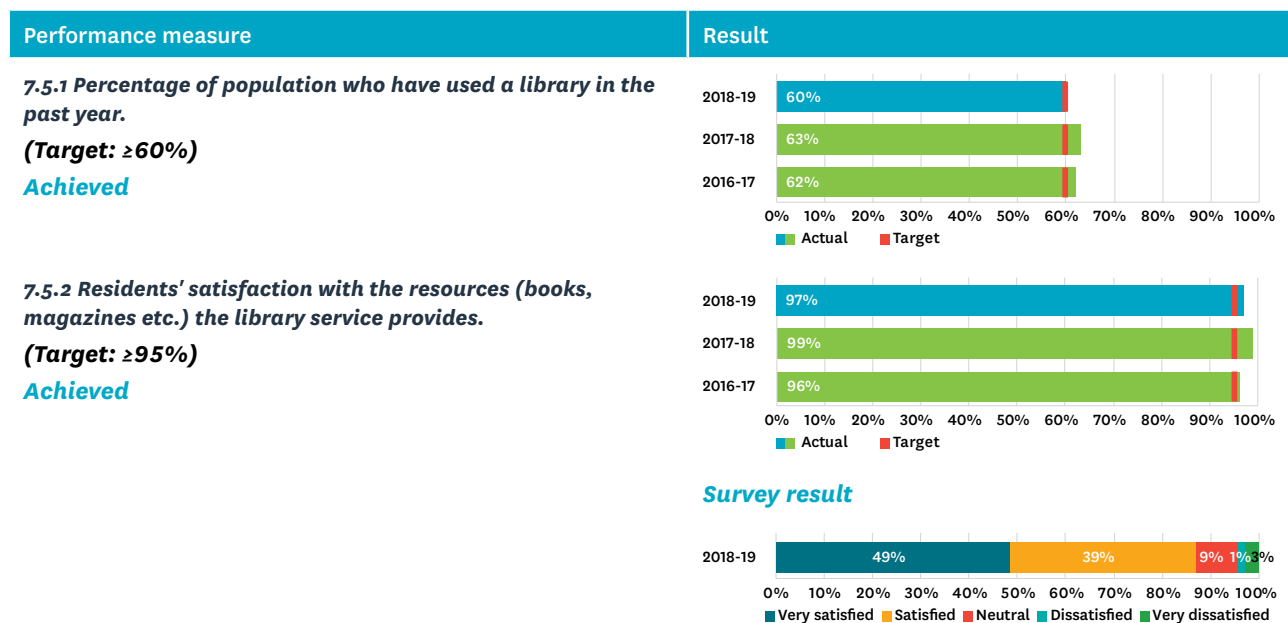
High contribution



Medium contribution

How we performed

7.5 Council will provide library services to our District via the central library, the mobile and branch libraries.





Community property

What we do

Council is committed to providing appropriate pensioner housing and community buildings for our District to use. Our property service helps to build thriving and vibrant communities.

Where community halls are not Council-owned, operational grants may be provided to assist in the maintenance of these important community facilities.

Identified effects on the community

No potential negative effects have been identified for community property.

Key achievements

The community property asset management programme initiated in 2015 has continued with 18 units re-painted and two re-roofed. A decrease in numbers of vacancies this year has resulted in fewer internal upgrades with nine units refurbished. As vacancies occur units are assessed and, where appropriate, upgraded to meet all Healthy Homes guidelines coming on stream; improved accessibility is also being achieved.

A lack of off street parking for tenants was identified as an issue in previous annual tenant surveys and we are pleased that four villages now have extra car parks established with a total of 14 new spaces. The tenancy management services contract has been reviewed this year and a two-part procurement process resulted in the appointment of a new supplier. This contract will commence in the 2019-20 year. Finally, it is particularly pleasing to see the annual tenant survey achieving good results with 97% of tenants satisfied with their pensioner housing units.

Contribution to Community Outcomes



Positive about the future

Our community facilities are located across our District to ensure there is a fair urban and rural balance.



Proud to be local

Our community facilities ensure activities and facilities are available across our District for people of all abilities, ages and lifestyles.



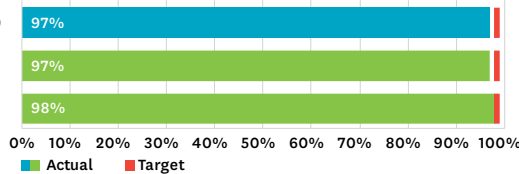
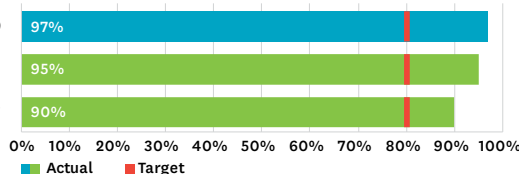
High contribution



Medium contribution

How we performed

7.6 Council will provide rental accommodation that meets the specific needs of eligible elderly members of the community.

Performance measure	Result												
7.6.1 Percentage occupancy rate of pensioner housing. (Target: ≥98%) Not achieved Occupancy figures were affected this year by a number of refurbishments. One unit was difficult to re-tenant due to its location in Hikurangi, whilst six units were difficult to re-tenant due to parking related issues. Tenants are carefully selected with these known issues in mind.	 <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>97%</td><td>98%</td></tr><tr><td>2017-18</td><td>97%</td><td>98%</td></tr><tr><td>2016-17</td><td>98%</td><td>98%</td></tr></table>	Year	Actual	Target	2018-19	97%	98%	2017-18	97%	98%	2016-17	98%	98%
Year	Actual	Target											
2018-19	97%	98%											
2017-18	97%	98%											
2016-17	98%	98%											
7.6.2 Pensioner housing residents' satisfaction with the standard of accommodation. (Target: ≥80%) Achieved	 <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>97%</td><td>80%</td></tr><tr><td>2017-18</td><td>95%</td><td>80%</td></tr><tr><td>2016-17</td><td>90%</td><td>80%</td></tr></table>	Year	Actual	Target	2018-19	97%	80%	2017-18	95%	80%	2016-17	90%	80%
Year	Actual	Target											
2018-19	97%	80%											
2017-18	95%	80%											
2016-17	90%	80%											



Community development

What we do

Council is committed to a community development framework that aims to work with our communities to ensure they are vibrant and thriving as well as cohesive and sustainable. This is achieved through various initiatives including:

- community-led development programmes
- grants and community funding
- crime reduction and community safety programmes such as City Safe
- support for our positive aging, disability and youth advisory groups.

It seeks to help strengthen and enhance our District by ensuring that people feel safe, able to access and participate in activities and are supported in becoming more resilient.

Identified effects on the community

No potential negative effects have been identified for community development.

Key achievements

The Community Development Department is now fully formed and functioning well. This significant milestone follows 18 months of work from adoption of the Community Development Framework last year that seeks to guide and enhance Council's interaction with the community.

The first investments from the new Partnership Fund, from community funding, have been made. An increase in funding and widened criteria has supported community success in the District, with community groups being able to leverage funding for significant investment from third parties into projects that would have been difficult to achieve previously. Funding has also supported key community events such as the highly successful Streets Print Manaia mural festival and events held at the Hihiaua peninsula, such as Pasifika Fusion.

A notable achievement is the 9th successive year of our Summer Safe Carpark Programme, ensuring the experience for residents and visitors alike is secure and enjoyable. Council partnered with volunteers to deliver this service, as well as with volunteers who support our expanded CCTV and CitySafe.

A complete review of Council's Advisory Groups, including new terms of reference, recruitment and induction of members, has renewed vigour in support of projects and programmes that affect us all, such as City Centre Plan design, Active Recreation and Sustainability strategies, and new policies and practice being considered across Council.

We have also become better able to support Partner projects such as the Kai Ora Fund in conjunction with Far North District Council, Kaipara District Council, Te Puni Kokiri and the District Health Board. Community-led projects are underway now in Tikipunga and Maungatapere building on lessons learnt from the pilot 'village plan' trials held across the District.

Contribution to Community Outcomes



Positive about the future

Through the Community Development Framework our communities will be involved across both rural and urban parts of our District.



Proud to be local

Community development enhances and strengthens our communities to ensure people feel safe and can participate in a range of events and opportunities.



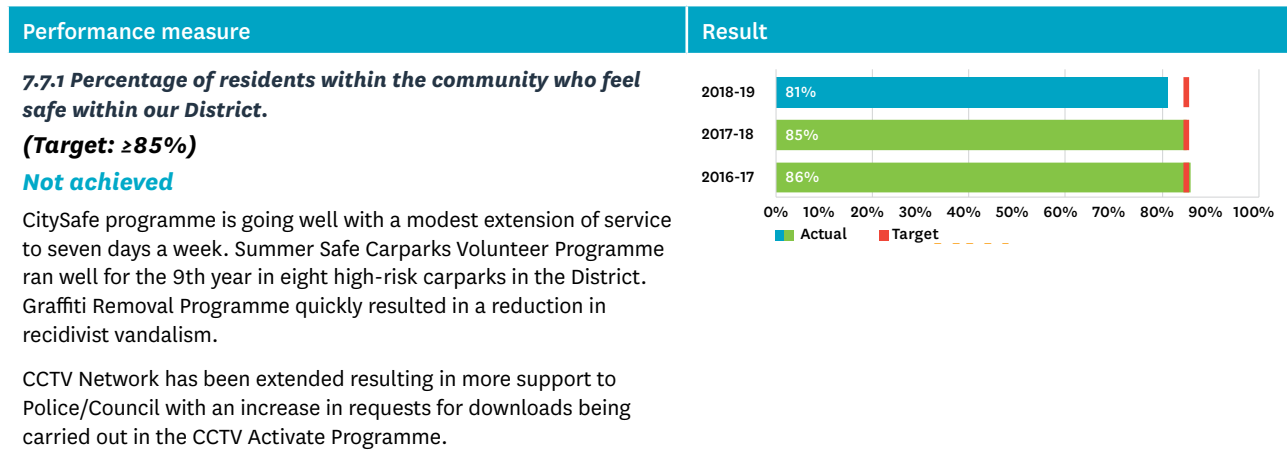
High contribution



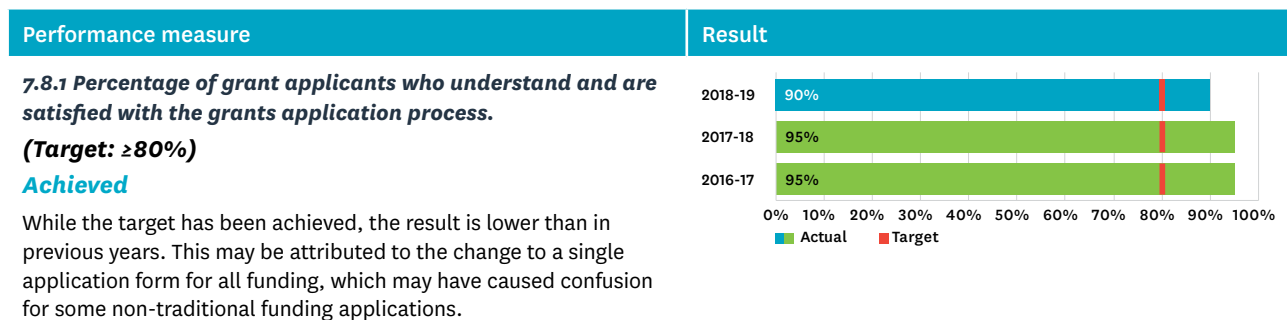
Medium contribution

How we performed

7.7 Council will promote and support community safety.



7.8 Council will support our District's social and cultural wellbeing through its involvement in activities and programmes which support and develop the community.



7.9 Council is actively involved in youth, positive ageing, accessibility and other groups of interest issues.

Performance measure	Result												
<p>7.9.1 Percentage of people active in these sectors who believe Council is achieving strong engagement.</p> <p>(Target: ≥80%)</p> <p>Not measured</p> <p>The advisory groups went through a review and re-establishment process in February 2019 and new members were identified and</p>	<table><thead><tr><th>Year</th><th>Actual</th><th>Target</th></tr></thead><tbody><tr><td>2018-19</td><td>0%</td><td>80%</td></tr><tr><td>2017-18</td><td>100%</td><td>80%</td></tr><tr><td>2016-17</td><td>100%</td><td>80%</td></tr></tbody></table>	Year	Actual	Target	2018-19	0%	80%	2017-18	100%	80%	2016-17	100%	80%
Year	Actual	Target											
2018-19	0%	80%											
2017-18	100%	80%											
2016-17	100%	80%											

The advisory groups went through a review and re-establishment process in February 2019 and new members were identified and appointed to the groups. From March to June 2019 these members have been reviewing existing documentation and embedding new processes. Evaluation of strong engagement will be undertaken as a part of Year two of the LTP 2018-28, when the advisory members can reflect on whether they believe Council has achieved strong engagement.



Venues and events

What we do

We provide venues, while managing and producing events that contribute to the cultural and social fabric of our community. This contributes to our District's attractiveness and vibrancy, and our District's economy.

Identified effects on the community

No potential negative effects have been identified for venues and events.

Key achievements

As with prior years, Venues and Events have been pleased with the volume of events being held within the District. Northland Event Centre hosted many events including The Whangarei Christmas Festival (re-branded as a kiwi summer Christmas), Fat Freddy's Drop, Vodafone Warriors v West Tigers and as always – Fritter Festival, headlined by Dragon and Drax Project.

The International Rally of Whangarei included an exciting new jump as part of the Super Special Stage on Pohe Island which made for very exciting viewing.

Forum North hosted a number of performances including 16 shows of Phantom of the Opera, produced by the Whangarei Theatre Company.

Matariki at Hihiaua was a collaboration between the Whangarei District Council and Hihiaua Cultural Centre Trust to deliver the festival and coincided with the Opening of the Hihiaua Cultural Centre. The event was Council's first successful Zero Waste festival with 91% of waste being diverted from landfill.

Contribution to Community Outcomes



Positive about the future

Venues and events have a District focus, ensuring there is a fair balance between rural and urban areas.



Proud to be local

Venues and events provide a wide variety of activities ensuring there is always something to see and do for both residents and visitors.



High contribution



Medium contribution

How we performed

7.10 Our venues will encourage increased use and high satisfaction levels of those using our facilities.

Performance measure	Result																								
<p>7.10.1 Number of attendees over all facilities will increase annually. (Target: ≥3%) Not measured</p> <p>Due to staff turnover and prioritisation of existing work, data for this measure is not currently available. As a result, we are unable to report an accurate result this year. Staff will review the existing process for producing the results associated with this measure and ensure sufficient documentation is in place. Results for the 2018-19 financial year will be disclosed in the 2019-20 Annual Report.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>0%</td><td>80%</td></tr><tr><td>2017-18</td><td>75%</td><td>70%</td></tr><tr><td>2016-17</td><td>65%</td><td>65%</td></tr></table>	Year	Actual	Target	2018-19	0%	80%	2017-18	75%	70%	2016-17	65%	65%												
Year	Actual	Target																							
2018-19	0%	80%																							
2017-18	75%	70%																							
2016-17	65%	65%																							
<p>7.10.2 Satisfaction with the quality of venues and events. (Target: ≥80%) Achieved</p> <p>Although the measure was achieved, a change in survey methodology has resulted in a lower result than previously recorded.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>89%</td><td>80%</td></tr><tr><td>2017-18</td><td>92%</td><td>80%</td></tr><tr><td>2016-17</td><td>96%</td><td>80%</td></tr></table> <p>Survey result</p> <table><tr><th>Category</th><th>Percentage</th></tr><tr><td>Very satisfied</td><td>17%</td></tr><tr><td>Satisfied</td><td>49%</td></tr><tr><td>Neutral</td><td>23%</td></tr><tr><td>Dissatisfied</td><td>7%</td></tr><tr><td>Very dissatisfied</td><td>3%</td></tr></table>	Year	Actual	Target	2018-19	89%	80%	2017-18	92%	80%	2016-17	96%	80%	Category	Percentage	Very satisfied	17%	Satisfied	49%	Neutral	23%	Dissatisfied	7%	Very dissatisfied	3%
Year	Actual	Target																							
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Category	Percentage																								
Very satisfied	17%																								
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Dissatisfied	7%																								
Very dissatisfied	3%																								



Customer services

What we do

Customer services is our interface with our communities and with our visitors. This is where questions are received and where transactions take place. Customer services is delivered through our contact centres, our various customer service centres across our District and our visitor information centres.

A satisfactory customer experience and access to the right information is essential for our District to thrive.

Identified effects on the community

No potential negative effects have been identified for customer services.

Contribution to Community Outcomes



Positive about the future

Customer services assists the community to do business and understand our documents, rules and processes.



Proud to be local

Our customer services are a key point of contact with our community. This interface enables us to work with the community to ensure our District is safe, tidy and attractive.



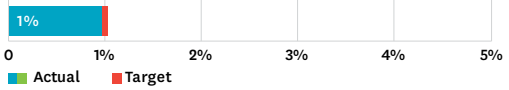
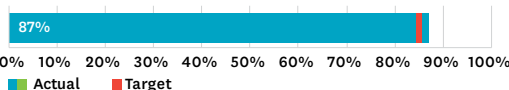
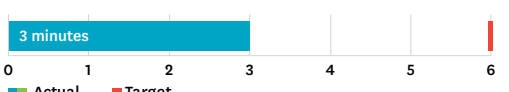
High contribution



Medium contribution

How we performed

7.11 The community has access to Council's activities through our service centres and contact centre, which provide a 'first point of contact' service.

Performance measure	Result
7.11.1 Percentage annual increased levels of satisfaction with service received by 'first point of contact' customer service. (Target: ≥1%) Achieved	<p>2018-19</p>  <p>0 1% 2% 3% 4% 5%</p> <p>Actual Target</p> <p>New measure in 2018-19. No results held for previous years.</p>
7.11.2 Contact centre service calls answered in under 20 seconds. (Target: ≥85%) Achieved	<p>2018-19</p>  <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>Actual Target</p> <p>New measure in 2018-19. No results held for previous years.</p>
7.11.3 Wait time for walk-in customers. (Target: No more than 6 mins) Achieved	<p>2018-19</p>  <p>0 1 2 3 4 5 6</p> <p>Actual Target</p>

7.12 Council will provide, through the Whangārei visitor centres, an accurate booking and information service which influences more visitors to stay longer and spend more.

Performance measure	Result
7.12.1 Visitors' satisfaction with the service provided by the information consultants at our information centres. (Target: Very satisfied) Achieved	<p>2018-19</p>  <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>Actual Target</p> <p>New measure in 2018-19. No results held for previous years.</p>

What it cost

	2017-18 LTP \$000	2018-19 LTP \$000	2018-19 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	25,008	25,899	29,104
Targeted rates	-	-	-
Subsidies and grants for operating purposes	60	60	88
Fees and charges	2,191	971	1,064
Internal charges and overheads recovered	-	2,573	2,269
Local authorities fuel tax, fines, infringement fees and other receipts	561	3,124	3,331
Total Operating Funding	27,820	32,628	35,855
Applications of Operating Funding			
Payments to staff and suppliers	16,622	24,538	23,251
Finance costs	4,662	4,961	4,725
Internal charges and overheads applied	5,368	9,177	8,207
Other operating funding applications	-	-	-
Total Applications of Operating Funding	26,652	38,675	36,183
Surplus/(Deficit) of Operating Funding	1,168	(6,047)	(328)
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	50	348
Development and financial contributions	105	608	1,593
Increase/(decrease) in debt	9,284	16,549	1,416
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	9,389	17,208	3,356
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	1,163	2,367
to improve levels of service	4,395	3,968	1,932
to replace existing assets	4,053	4,006	3,053
Increase/(decrease) in reserves	2,109	2,024	(4,324)
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	10,557	11,160	3,028
Surplus/(Deficit) of Capital Funding	(1,168)	6,047	328
Funding Balance	-	-	-

*Note: Activities were reviewed as part of the 2018-28 LTP. The 2017-18 LTP figures relate to the previous groupings in line with the 2015-25 LTP.

Operational variance explanations

Payments to staff and suppliers is favourable against LTP due to underspends on pensioner housing and community buildings maintenance. Internal charges and overheads applied is favourable against LTP due to less overall overheads to charge.

Capital variance explanations

Development and financial contributions are favourable due to increased development activity. Capital expenditure is lower than budget due to delays in budgeted capital works.



8. Governance and strategy

What we do

This includes the democratic functions of our organisation, which drives robust decision-making through Council meetings, briefings and workshops. Governance functions also include hearings and consultation and engagement opportunities.

This group also sets the strategic direction. The focus is on how our District grows and develops through our District-wide, issue-based or place-based strategies.

District development encourages economic development and investment in our District including managing Council's commercial property portfolio and marketing our District as a desirable place to visit, work and do business.

Fostering meaningful and sustainable relationships with iwi, hapū and mātāwaka (a term that applies for all Māori who live in our District but who generally whakapapa to an area outside of it) organisations across our District is a crucial function of this group. These relationships also exist through specific programmes of work as well as larger scale projects such as Treaty of Waitangi settlements.

Identified effects on the community

Ineffective strategies or the absence of strategic direction could lead to adverse environmental effects. This is mitigated through a review of our growth strategy to ensure it is relevant and based on current information.

Key achievements

The Corporate Sustainability Strategy was adopted by Council; this is the first part of strategic programme looking our environmental impacts and our response to a changing climate. To support our ongoing work on climate change adaptation, we are members of the Tai Tokerau Councils Climate Change Adaptation Group.

The revitalisation of the city centre has been a key focus with the adoption of the City Core Precinct Plan. This plan adds more detail and implementation to the City Centre Plan which was adopted in December 2017.

We have completed a full review of our growth strategy Sustainable Futures 30/50 and completed a detailed assessment of the demand and capacity for new homes and businesses across the District. These two programmes of work have resulted in a draft Whangarei District Growth Strategy which we have sought public feedback on.

We have also developed a draft Active Recreation and Sports Strategy. This included both detailed stakeholder engagement as well as wider public feedback.

In the policy space we have adopted an Easter Trading Policy, Smokefree District Policy, Class 4 Gambling Policy, Alcohol Control Bylaw and completed a statutory review of our Board Venue Policy.

Contribution to Community Outcomes



Efficient and resilient core services

Our strategic planning ensures that core infrastructure is provided to meet the demands of growth in a managed and coordinated way.



Caring for the environment

Strategic planning ensures our environment is cared for.



Positive about the future

Democracy functions ensure transparent and robust decision-making.

Strategic planning and implementation of key projects allows our city centre to thrive.



High contribution

Medium contribution

How we performed

8.1 Our democratic functions are transparent and meet the legislative requirements.

Performance measure	Result
8.1.1 Responses to requests for information made under the Local Government Official Information Act 1987 and the Privacy Act 1993 are provided within relevant statutory timeframes. (Target: 100%) Not achieved <p>Council continues to receive a high number of LGOIMA requests. 26 requests were scheduled for closure during the month of June; one response was dispatched outside the statutory time frame.</p> <p>For the 2018-19 Financial Year responses to requests under the Local Government Official Information Act 1987 were provided within the required statutory timeframe in over 96% of cases.</p>	<p>2018-19 96%</p> <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>Actual Target</p> <p>New measure in 2018-19. No results held for previous years.</p>
8.1.2 Percentage of Council, committee and hearing agendas that meet relevant legislative timeframes. (Target: 100%) Achieved <p>Council continues to receive a high number of LGOIMA requests. 26 requests were scheduled for closure during the month of June; one response was dispatched outside the statutory time frame.</p> <p>For the 2018-19 Financial Year responses to requests under the Local Government Official Information Act 1987 were provided within the required statutory timeframe in over 96% of cases.</p>	<p>2018-19 100%</p> <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>Actual Target</p> <p>New measure in 2018-19. No results held for previous years.</p>

8.2 We deliver the requirements of the National Policy Statement on Urban Development Capacity.

Performance measure	Result
8.2.1 Meet the statutory timeframes and deliverables as set out in the National Policy Statement on Urban Development Capacity. (Target: 100%) Not achieved <p>Timeframes in the National Policy Statement on Urban Development Capacity have not been met. The statutory timeframe was not completed because we did not deliver an adopted Future Development Strategy by December 2018. However, we did complete a housing and business capacity assessment as required by the National Policy Statement on Urban Development Capacity and we developed a draft Growth Strategy which was publicly notified in May 2019. We will consider the changes to the National Policy Statement on Urban Development Capacity and work towards adopting the Growth Strategy in 2020.</p>	<p>2018-19 0%</p> <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>Actual Target</p> <p>New measure in 2018-19. No results held for previous years.</p>

What it cost

	2017-18 LTP \$000	2018-19 LTP \$000	2018-19 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	2,687	1,775	1,763
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	327	394
Local authorities fuel tax, fines, infringement fees and other receipts	1,189	6,149	5,779
Total Operating Funding	3,876	8,252	7,935
Applications of Operating Funding			
Payments to staff and suppliers	2,335	6,028	4,851
Finance costs	363	281	251
Internal charges and overheads applied	1,152	1,881	2,037
Other operating funding applications	-	-	-
Total Applications of Operating Funding	3,850	8,190	7,138
Surplus/(Deficit) of Operating Funding	26	61	797
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	5,053
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	-	-	5,053
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	5	-	-
to improve levels of service	-	61	60
to replace existing assets	21	-	2,645
Increase/(decrease) in reserves	-	-	3,145
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	26	61	5,850
Surplus/(Deficit) of Capital Funding	26	(61)	(797)
Funding Balance	-	-	-

*Note: Activities were reviewed as part of the 2018-28 LTP. The Governance and Strategy activity was created as part of this process. The 2017-18 LTP figures relate to an activity from the 2015-25 LTP, Economic Growth.

Operational variance explanations

Payments to staff and suppliers are favourable against LTP due to less spend on the Airport Evaluation project.

Capital variance explanations

Gross proceeds from sale of assets is higher than budget due to sale of property at Kioreroa Road and Port Road. Total capital expenditure is higher due to the unbudgeted purchase of property at John Street.



9. *Planning and regulatory services*

We are required to undertake planning, monitoring and enforcement activities that meet the requirements of a wide range of legislation, such as the Resource Management Act (RMA). This includes:

- issuing resource and building consents and ensuring they meet required conditions
- providing health and liquor licences
- monitoring and enforcing bylaws such as animal and noise control, health, liquor and parking
- undertaking District planning.

The functions within this activity are covered by four separate departments: District Planning, Resource Consents, Building Control and Health and Bylaws.

The outcomes of these functions are important in ensuring our District remains attractive and that our communities thrive.



District planning

What we do

The population of Whangārei is growing, creating demand on the District's resources. To manage this we develop long, medium and short term strategies and policies to help set future directions for the resources we manage. Other aspects support this through land use planning, environmental regulation, monitoring and reporting.

Identified effects on the community

District Plan requirements may inhibit economic activity if they are overly strict. For this reason our District Plan is reviewed within statutory timeframes to reflect the changing nature of our District.

Key achievements

Appeals against Rural, Coast, Landscapes and Minerals plan changes have been resolved and the plan changes are operative. The Urban and Services plan change package has been adopted and notified for submission. Three appeals have been received against the PC129 Notable and Public Trees decision. PC134 Designations recommendation has been released to Requiring Authorities. The Significant Ecological Areas mapping project has commenced.

Contribution to Community Outcomes



Efficient and resilient core services

Our District Plan aligns with core infrastructure provision to enable planned and integrated growth in appropriate locations.



Caring for the environment

Our District Plan is a key regulatory tool to manage the effects on our environment.

Provisions in our District Plan ensure existing public access to coastal areas are maintained and new opportunities are provided, where appropriate.



Positive about the future

Our District Plan enables productive land uses and activities across our District.



Proud to be local

Our District Plan supports urban design outcomes which promote activity, safety and attractive built forms and public spaces.



High contribution



Medium contribution

How we performed

9.1 Develop, implement and maintain a District Plan in accordance with the RMA while reflecting the desires of the community and issues of sustainability.

Performance measure	Result												
<p>9.1.1 Plan changes are researched, proposed, consulted and reported on as required by Council in accordance with the relevant statutory requirements.</p> <p>(Target: 100%)</p> <p>Not achieved</p> <p>Council is undertaking a rolling review of the plan, which has not been completed within the required 10-year period since the District Plan became operative on 3 May 2007. All plan changes continue to be researched, proposed, consulted and reported on in accordance with the statutory requirements of the RMA.</p>	<table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>60%</td><td>100%</td></tr><tr><td>2017-18</td><td>45%</td><td>100%</td></tr><tr><td>2016-17</td><td>35%</td><td>100%</td></tr></table>	Year	Actual	Target	2018-19	60%	100%	2017-18	45%	100%	2016-17	35%	100%
Year	Actual	Target											
2018-19	60%	100%											
2017-18	45%	100%											
2016-17	35%	100%											



Resource consents

What we do

The RMA directs the processes and functions of Council, as well as guiding the overall outcome of the resource consent process, which is to:

- promote the sustainable management of natural and physical resources
- ensure our District remains attractive, vibrant and thriving.

This is achieved by processing resource consents and associated applications.

Identified effects on the community

Negative environmental effects can result from poor decision making on resource consent applications. This is reduced by the approval of applications being delegated to senior staff members. Negative economic results can occur if consents are not processed in a timely manner which delays start times. External contractors are used to ensure that statutory timeframes are met during times of high workloads that cannot be met by staff.

Key achievements

Resource consent applications have increased by over 10% from the previous year with a total of 666 applications received. The increase is due to economic conditions and also proposed changes to the District Plan. These factors resulted in applicants taking development opportunities prior to more stringent rules coming into effect. Again the nationwide shortage of qualified and experienced planning staff has impacted on the ability to recruit senior staff. This has resulted in an over dependence on external consultants which has resulted in level of service goals being met but has impacted adversely on cost recovery for the department.

Contribution to Community Outcomes



Caring for the environment

Resource consents enact our District Plan and RMA to ensure the long-term maintenance and protection of significant stands of bush, outstanding landscapes and other natural features that contribute to a valued environment.



Positive about the future

The resource consent processes are clear and simple, guided by our District Plan and RMA.



Proud to be local

Ensuring compliance with District Plan rules and conditions of resource consents contributes to the appearance of our District and a community's enjoyment of places and spaces.



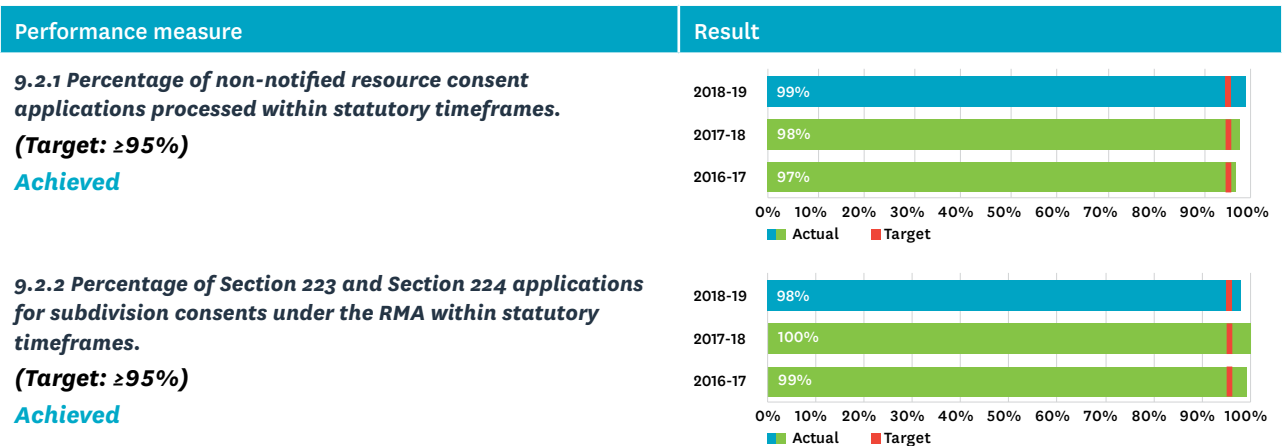
High contribution



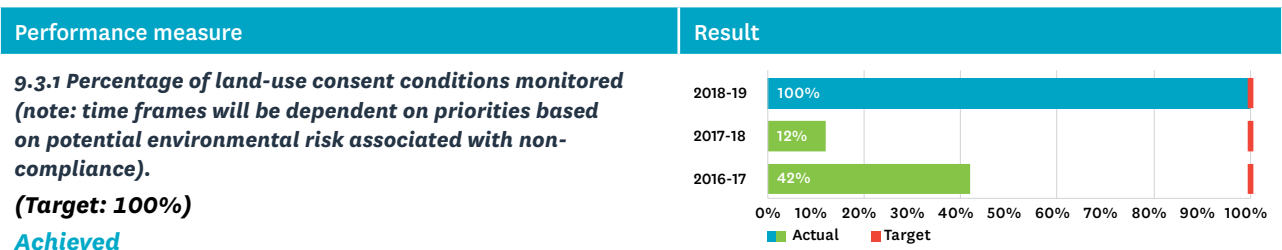
Medium contribution

How we performed

9.2 Council will process resource consent and associated applications within statutory timeframes.



9.3 Council will ensure compliance with land-use consents by monitoring consents issued.





Building control

What we do

This department ensures that buildings in our District are designed and constructed to the agreed standards and quality. The healthy design and construction of our homes is important to us and has a direct bearing on our residents' health and perspective on life.

We promote the safe and sanitary use of living and public facilities, as well as access for people with disabilities. We will act against owners of buildings that pose a risk to the general safety and well-being of the public.

This department also has responsibilities to establish buildings that may be earthquake prone to ensure building owners meet their responsibilities under new legislation.

Identified effects on the community

Negative effects from not administering the related statutes can range from dangerous and insanitary public use and residential buildings, and non-compliant housing stock. Not issuing building consents and failing to meet the requirements of accreditation may result in a loss of confidence and accreditation to perform these functions as a building consent authority.

Key achievements

In this year, we have continued to see strong residential sector performance with continuing confidence in residential house delivery. The department has continued to deliver inspections on time and achieve compliance within the statutory timeframes. The department has continued to develop the electronic building consent capability and increased the user numbers. We continue to work with overflow contractors and this has ensured better compliance with statutory timeframes.

Contribution to Community Outcomes



Caring for the environment

The building control measures around construction methods ensures our environment is protected.



Positive about the future

Building control processes are clear and simple and enable economic activity while appropriately protecting our communities from unsafe and poor quality building practices.



Proud to be local

Building compliance ensures that built structures are safe and durable.

● **High contribution**

● **Medium contribution**

How we performed

9.4 Council will responsively and accurately manage the building consents and compliance process.

Performance measure	Result												
<p>9.4.1 Percentage of building consent applications processed within statutory timeframes.</p> <p>(Target: ≥96%)</p> <p>Achieved</p>	<p>A horizontal bar chart comparing actual performance (green bars) against a target (red dashed line) for three financial years. The x-axis represents the percentage from 0% to 100% in 10% increments. The y-axis lists the years 2016-17, 2017-18, and 2018-19. The target is set at 96%.</p> <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>97%</td><td>96%</td></tr><tr><td>2017-18</td><td>73%</td><td>96%</td></tr><tr><td>2016-17</td><td>82%</td><td>96%</td></tr></table>	Year	Actual	Target	2018-19	97%	96%	2017-18	73%	96%	2016-17	82%	96%
Year	Actual	Target											
2018-19	97%	96%											
2017-18	73%	96%											
2016-17	82%	96%											
<p>9.4.2 Percentage of inspections completed within two days.</p> <p>(Target: ≥95%)</p> <p>Achieved</p>	<p>A horizontal bar chart comparing actual performance (green bars) against a target (red dashed line) for three financial years. The x-axis represents the percentage from 0% to 100% in 10% increments. The y-axis lists the years 2016-17, 2017-18, and 2018-19. The target is set at 95%.</p> <table><tr><th>Year</th><th>Actual</th><th>Target</th></tr><tr><td>2018-19</td><td>100%</td><td>95%</td></tr><tr><td>2017-18</td><td>96%</td><td>95%</td></tr><tr><td>2016-17</td><td>89%</td><td>95%</td></tr></table>	Year	Actual	Target	2018-19	100%	95%	2017-18	96%	95%	2016-17	89%	95%
Year	Actual	Target											
2018-19	100%	95%											
2017-18	96%	95%											
2016-17	89%	95%											



Health and bylaws

What we do

This department undertakes monitoring and enforcement functions across a wide cross-section of statutes focussing on the protection of community health, safety and amenity. We have two teams:

- Environmental Health is responsible for registering, monitoring, verifying, inspecting, enforcing and ensuring general compliance in the food, health and liquor licensing work areas
- Armourguard Security is contracted to provide services relating to dog and stock control, parking enforcement, excessive noise control and general bylaw enforcement.

Identified effects on the community

Failure to effectively enforce and monitor can lead to significant adverse environmental, health and nuisance issues across our District. This is mitigated through an appropriate enforcement and monitoring regime.

Key achievements

Environmental Health

FOOD ACT

There are currently a total of 511 Food Act premises registered with Council. Of these, 362 operate under a Food Control Plan; 23 under a National Programme 1; 47 under a National Programme 2; and 79 under a National Programme 3.

The Environmental Health team conducted a total of 440 verifications during the past year. This was made up by 325 Food Control Plan verifications; 16 NP1 verifications; 34 NP2 verifications and 65 NP3 verifications. The remaining businesses were either not due for verifications; are seasonal or for some other reason could not be verified; or the verification is overdue, and team is still to conduct the verification.

In order to be able to verify food businesses under the Act, the Environmental Health Team developed, implemented and are maintaining a quality management system, approved by Ministry

of Primary Industries and independently verified by external auditors to be able to undertake these verification services. However, the impact of this has been a much greater cost and workload.

HEALTH ACT

The total Health Act registered premises within Council's area of jurisdiction is 83. These are made up of 20 camping grounds; four funeral homes; 53 hair dressers; and six offensive trades. The Regulations stipulate that these premises be registered and inspected once a year. Unfortunately, and due to staff shortages and Food Act priorities, only 69 of these premises were inspected last year. The aim is to ensure that we inspect all premises during the current year to ensure full compliance.

SALE AND SUPPLY OF ALCOHOL ACT

The Sale and Supply of Alcohol Act requires that all licensed premises be inspected at least once a year to ensure compliance with legislation and licensing conditions. 173 such licensed premises inspections were conducted by the team during the past year. This represents 100% achievement of those premises that were operating, licensed and due for inspections over this period.

In addition to the above function, the team also reports on all new and renewal applications for On, Off, and Club-licensed premises, including Special Licence applications. Applications for new and renewal of Manager Certificates are also reported on by the team to the District Licensing Committee, who hear these applications and either grants or refuses them.

CUSTOMER RELATIONSHIP MANAGEMENT

The Environmental Health Team also is allocated health and liquor type customer requests, mainly complaints, which are investigated, assessed, and where possible, resolved either under the Health Act, Food Act or Sale and Supply of Alcohol Act.

During the last year, the team received and dealt with a total of 355 customer requests. These were broadly categorised as follows:

44 food complaints; one alcohol breach complaint; 67 'unsanitary' complaints; and 243 general requests. All have been suitably addressed and closed off.

Bylaws

Council uses a contractor, Armourguard, to provide round the clock enforcement services relating to dog and stock control, parking and bylaw enforcement and control of excessive noise. The initial contract term was three years, with two 1-year renewal clauses. As of 1 July 2019, the contract has been renewed for the first of the two 1-year renewal periods and this will ensure

continuity of service. During the past year (2018-19) Armourguard have met the set target of >85% of customer requests responded to within contracted timeframes, staff have identified several improvement areas outside these measures, as well as the removal of the swimming pool inspection process, which is currently undertaken by Building Compliance staff.

Contribution to Community Outcomes



Caring for the environment

The enforcement of bylaws ensures our environment is protected.



Positive about the future

Regulatory processes are clear and simple and enable economic activity while appropriately protecting our communities from nuisance activities.



Proud to be local

Ensuring compliance with our bylaws contributes to the appearance of our District and the community's enjoyment of places and spaces.



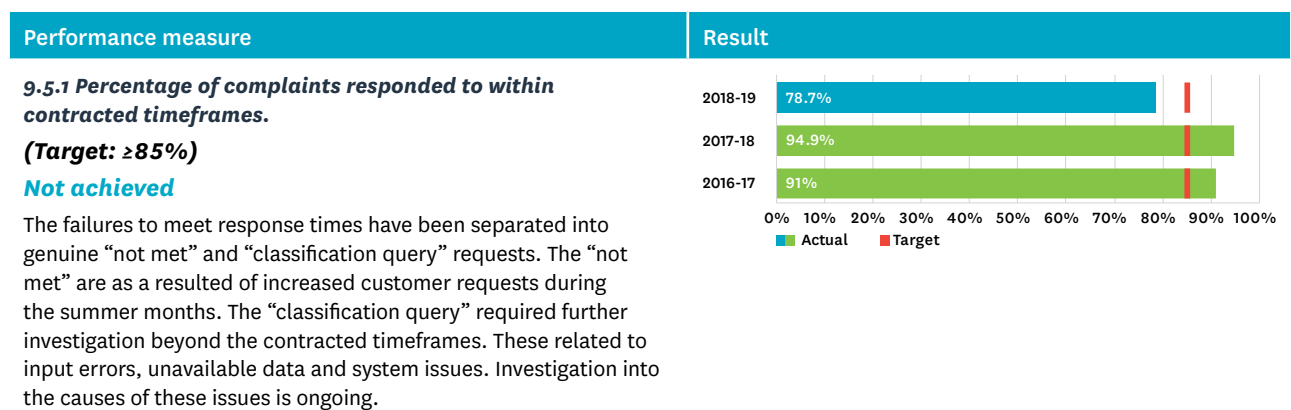
High contribution



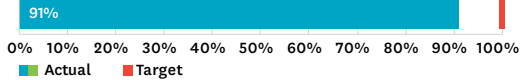
Medium contribution

How we performed

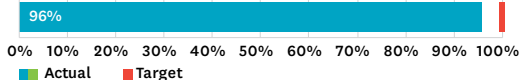
9.5 Council will ensure responses to complaints relating to parking, excessive noise, dogs, stock and bylaws are carried out within contracted timeframes.



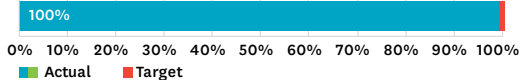
9.6 Council will protect and promote public health by monitoring those premises, which under the Health Act 1956 require annual registration and inspection.

Performance measure	Result
<p>9.6.1 Percentage of Health Act registered premises inspected annually. (Target: 100%) Not achieved</p> <p>The Environmental Health team were not able to complete all inspections due to an increased workload due to the implementation of the Food Act 2014 and an increasing number of food and alcohol licensed premises in the District. Staff shortages coupled with the increased workload has resulted in lower than desired inspections for the financial year.</p>	<p>2018-19 91%</p>  <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>Actual Target</p> <p>New measure in 2018-19. No results held for previous years.</p>

9.7 Council will promote food safety by registering and verifying those food businesses which the Food Act 2014 specifies that local authorities can register and verify.

Performance measure	Result
<p>9.7.1 Percentage of food businesses verified within timeframes as specified by the Food Act 2014. (Target: 100%) Not achieved</p> <p>The Environmental Health team were not able to complete all inspections due to an increased workload due to the implementation of the Food Act 2014 and an increasing number of food and alcohol licensed premises in the District. Staff shortages coupled with the increased workload has resulted in lower than desired inspections for the financial year.</p>	<p>2018-19 96%</p>  <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>Actual Target</p> <p>New measure in 2018-19. No results held for previous years.</p>

9.8 Council will aim to reduce alcohol-related harm by annually inspecting alcohol licensed premises to ensure compliance with the Sale and Supply of Alcohol Act 2012 and licensing conditions in general.

Performance measure	Result
<p>9.8.1 Percentage of alcohol licensed premises inspected annually. (Target: 100%) Achieved</p>	<p>2018-19 100%</p>  <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>Actual Target</p> <p>New measure in 2018-19. No results held for previous years.</p>

What it cost

	2017-18 LTP \$000	2018-19 LTP \$000	2018-19 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	8,203	8,455	6,028
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	90
Fees and charges	7,033	7,809	8,331
Internal charges and overheads recovered	2,297	4,254	3,680
Local authorities fuel tax, fines, infringement fees and other receipts	1,892	1,204	1,503
Total Operating Funding	19,425	21,722	19,631
Applications of Operating Funding			
Payments to staff and suppliers	9,828	10,990	10,297
Finance costs	-	-	-
Internal charges and overheads applied	9,597	10,527	9,259
Other operating funding applications	-	-	-
Total Applications of Operating Funding	19,425	21,518	19,556
Surplus/(Deficit) of Operating Funding	-	204	75
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	-	-	-
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	-	-	-
to improve levels of service	-	-	-
to replace existing assets	-	204	75
Increase/(decrease) in reserves	-	-	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	-	204	75
Surplus/(Deficit) of Capital Funding	-	(204)	(75)
Funding Balance	-	-	-

*Note: Activities were reviewed as part of the 2018-28 LTP. The 2017-18 LTP figures relate to the previous groupings in line with the 2015-25 LTP.

Operational variance explanations

Internal charges and overheads applied is favourable against LTP due to less overall overheads to charge.

Capital variance explanations

No material variances.

10. Support services

Support services are focussed on supporting the nine activity areas so that they are best positioned to deliver their various goods and services to the community. The following provides a brief background to the various support activities.

Financial services

Financial Services plays a key stewardship role. As well as facilitating the development of an effective financial strategy, the team support Council in managing its financial resources on a day-to-day basis, as well as in the long-term.

The department provides services in respect of planning, monitoring and reporting to Council's financial and business resources and our treasury function actively manages Council's debt and investment positions for both the short and long-term. We also administer transactional functions including rates, water billing, accounts receivable and receipting, including the efficient administration and maintenance of property records by ensuring the Rating Information Database and other property information systems are kept up to date. Efficient billing processes are undertaken for land and water rates as well as sundry debt and receipting functions for all of Council. Direct debit processing and timely follow up of overdue amounts mean that arrears are kept to a minimum. Another service provided by our team is general procurement advice and management. Our team also supports some Council Controlled Organisations by providing shared financial services to them.

People and capability

This team works across the business supporting and leading through day-to-day transactions, including recruitment and payroll and longer-term strategic matters such as employee development and change management. The department's vision is: to have the right people, motivated, engaged and delivering. To enable us to attract the right people into our business, it is important that Council is perceived as a good place to work.

Capital projects, planning and development engineering

This department provides technical and administrative support to the Infrastructure Group. This includes planning, contract and general administration, asset management systems, databases, project and contract management.

Information services

This department supports the technical and informational function requirements of Council. From desktop systems to the management of data and documentation, we ensure accurate information is readily available and can be easily stored and accessed. We also ensure that our technology and systems allow Council to comply with its legislative requirements. Council's website plays a vital role as an interactive service for providing extensive resources for public information, documents and publications, consultations and GIS (Geographic Information System) mapping (including District Plan and hazard overlays).

The team also ensures that the underlying structures for the storage and fast retrieval of all corporate data are stable and available 24/7, with the ability to recover vital systems in the event of a disaster or interruption to services. This includes the ongoing development and enhancement of existing software systems to enable Council to meet the growing consumer demands from our District for faster supply and access to information.

Communications

How we communicate with the community is essential in raising awareness of what Council does and why. It is also key to promoting projects and events that occur across our District. This team drives strategic communications, branding and internal, corporate and daily media communications through various channels to acknowledge our District's diversity.

The department also efficiently produces all written, visual and audio content for digital and print publication – ensuring it is aligned to strategy, brand, legislation, media law and our audience's needs. Additionally, we support all Council functions in responding to daily media enquiries and various team members also serve as Public Information Managers in any civil defence event within our District.

What it cost

	2017-18 LTP \$000	2018-19 LTP \$000	2018-19 Actual \$000
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	637	1,748	181
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,288	259	607
Internal charges and overheads recovered	22,101	23,181	21,375
Local authorities fuel tax, fines, infringement fees and other receipts	2,912	246	311
Total Operating Funding	29,938	25,434	22,474
Applications of Operating Funding			
Payments to staff and suppliers	22,641	19,721	18,483
Finance costs	586	-	220
Internal charges and overheads applied	2,303	2,635	2,356
Other operating funding applications	-	-	-
Total Applications of Operating Funding	25,530	22,356	21,059
Surplus/(Deficit) of Operating Funding	4,408	3,078	1,415
Sources of Capital Funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	5,248	2,814	3,645
Gross proceeds from sale of assets	-	-	36
Other dedicated capital funding	-	-	-
Lump sum contributions	-	-	-
Total Sources of Capital Funding	5,248	2,814	3,681
Applications of Capital Funding			
Capital expenditure			
to meet additional demand	26	558	232
to improve levels of service	1,898	3,373	1,967
to replace existing assets	7,735	1,346	2,897
Increase/(decrease) in reserves	(3)	615	-
Increase/(decrease) of investments	-	-	-
Total Applications of Capital Funding	9,656	5,892	5,096
Surplus/(Deficit) of Capital Funding	(4,408)	(3,078)	(1,415)
Funding Balance	-	-	-

*Note: Activities were reviewed as part of the 2018-28 LTP. The 2017-18 LTP figures relate to the previous groupings in line with the 2015-25 LTP.

Operational variance explanations

Payments to staff and suppliers is favourable against LTP due to a lower than expected portion of operating costs on ICT projects.

Capital variance explanations

The variance between capital expenditure to improve levels of service and to replace existing assets is offset and relates to a different expected split for the Civic Centre project.

Part three

Financial statements and information

Financial statements

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2019		Council			Group	
	Note	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Revenue						
Rates	2	97,733	97,322	92,016	97,733	92,016
Development contributions		10,420	4,640	6,339	10,420	6,339
Subsidies and grants	3	25,126	22,524	22,200	25,199	24,853
Fees and charges	4	15,386	14,144	14,214	15,386	14,214
Interest revenue	5	1,449	53	1,330	1,638	1,379
Other revenue	6	22,537	13,013	25,106	30,548	27,549
Share of profit/(loss) from joint ventures		928	-	1,304	965	1,344
Total revenue		173,579	151,696	162,509	181,889	167,694
Expenses						
Personnel costs	7	27,059	29,463	25,770	27,363	25,907
Depreciation and amortisation	19	40,414	38,720	38,662	40,563	38,757
Finance costs	5	7,446	6,609	7,731	7,456	7,731
Other expenses	8	73,209	65,880	70,635	73,314	67,554
Total expenses		148,128	140,672	142,798	148,696	139,949
Surplus/(deficit) before tax		25,451	11,024	19,711	33,193	27,745
Income tax expense	9	-	-	-	(62)	277
Surplus/(deficit) after tax		25,451	11,024	19,711	33,255	27,468
Other comprehensive revenue and expense						
Items not classified to surplus/(deficit)						
Gain/(loss) on infrastructure revaluations	25	129,461	42,003	12,996	129,461	12,996
Gain/(loss) on other asset revaluations	25	67	-	7,997	67	7,997
Total comprehensive income		154,979	53,027	40,704	162,783	48,461

Explanations of major variances against budget are provided in note 31.

The Accounting Policies and Notes on pages 100-178 form part of these financial statements.

Statement of Changes in Equity

<i>For the year ended 30 June 2019</i>	Note	Council			Group	
		Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Opening balance as at 1 July		1,509,917	1,480,857	1,469,214	1,518,742	1,470,284
Total comprehensive revenue and expense		154,979	53,027	40,704	162,783	48,461
Balance at 30 June	25	1,664,898	1,533,884	1,509,917	1,681,526	1,518,742

The Accounting Policies and Notes on pages 100-178 form part of these financial statements.

Statement of Financial Position

As at 30 June 2019		Council			Group	
	Note	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
ASSETS						
Current assets						
Cash and cash equivalents	10	29,230	300	29,420	33,716	33,772
Debtors and receivables	11	16,043	17,057	15,154	15,858	15,248
Derivative financial instruments	20	61	-	-	61	-
Other financial assets	13	10,328	607	10,576	14,188	10,576
Other current assets	12	693	822	711	707	712
Assets held for sale	14	-	-	1,546	-	1,546
Total current assets		56,355	18,786	57,407	64,530	61,854
Non-current assets						
Derivative financial instruments	20	-	10	7	-	7
Other financial assets:						
- Investment in other entities	13	2,970	2,924	3,137	2,995	3,128
- Investment in CCO's and similar entities	13	11,100	11,589	10,923	8,923	8,756
Property, plant and equipment	17	1,716,821	1,610,830	1,571,275	1,728,730	1,576,102
Intangible assets	18	5,736	8,540	4,996	5,736	4,996
Forestry assets	16	909	787	891	909	891
Investment properties	15	59,084	55,919	53,965	59,084	53,965
Total non-current assets		1,796,620	1,690,599	1,645,194	1,806,377	1,647,845
Total assets		1,852,975	1,709,385	1,702,601	1,870,907	1,709,699

As at 30 June 2019		Council			Group	
	Note	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
LIABILITIES						
Current liabilities						
Payables and deferred revenue	21	24,105	21,615	22,678	24,747	20,240
Derivative financial instruments	20	804	283	304	804	304
Current borrowings	23	30,000	29,000	29,000	30,000	29,000
Employee benefits liabilities	24	2,514	2,478	2,377	2,535	2,385
Provisions	22	75	108	1,602	75	1,602
Total current liabilities		57,498	53,484	55,961	58,161	53,531
Non-current liabilities						
Derivative financial instruments	20	17,298	11,233	11,881	17,298	11,881
Non-current borrowings	23	112,000	108,860	123,000	112,000	123,000
Employee benefits liabilities	24	389	399	352	389	352
Provisions	22	791	1,368	1,389	791	1,389
Payables and deferred revenue	21	101	156	101	101	101
Deferred tax liability	9	-	-	-	641	703
Total non-current liabilities		130,579	122,016	136,723	131,220	137,426
Total liabilities		188,077	175,500	192,684	189,381	190,957
Net assets		1,664,898	1,533,885	1,509,917	1,681,526	1,518,742
EQUITY						
Accumulated funds	25	912,210	896,165	892,988	928,274	901,327
Other reserves	25	83,642	71,933	74,697	84,206	75,183
Asset revaluation reserve	25	669,046	565,787	542,232	669,046	542,232
Total equity		1,664,898	1,533,885	1,509,917	1,681,526	1,518,742

Explanations of major variances against budget are provided in note 31.

The Accounting Policies and Notes on pages 100-178 form part of these financial statements.

Statement of Cash Flows

<i>For the year ended 30 June 2019</i>	Council			Group	
	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Cash flows from operating activities					
Receipts from rates revenue	97,426	96,625	92,975	97,426	92,975
Subsidies and grants received	23,834	22,373	21,707	23,908	23,998
Other revenue including development contributions	19,285	13,107	16,735	27,649	17,909
Fees and charges received	16,248	14,048	14,833	16,248	14,833
Interest received	1,453	50	1,341	1,642	1,390
Dividends received	38	540	41	38	41
Payments to suppliers and employees	(92,433)	(94,345)	(86,169)	(89,795)	(85,480)
Interest paid	(7,341)	(6,609)	(7,812)	(7,341)	(7,812)
GST (net)	817	-	(1,052)	827	(1,055)
Net cash flow from operating activities	59,327	45,789	52,599	70,602	56,799
Cash flows from investing activities					
Proceeds from sale of fixed assets	5,111	-	324	5,111	324
Receipts from investments and loans	910	-	20,531	917	20,531
Purchase and development of fixed assets	(55,798)	(58,763)	(46,410)	(63,020)	(47,901)
Purchase of investments & loans provided	-	-	(10,000)	(3,860)	(10,000)
Net cash flow from investing activities	(49,777)	(58,763)	(35,555)	(60,852)	(37,046)
Cash flows from financing activities					
Proceeds from borrowing	49,000	12,974	50,000	49,000	50,000
Loan repayments received	320	-	834	254	822
Repayment of borrowings	(59,000)	-	(60,000)	(59,000)	(60,000)
Loans granted	(60)	-	-	(60)	-
Net cash from financing activities	(9,740)	12,974	(9,166)	(9,806)	(9,178)
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	(190)	-	7,878	(56)	10,575
Cash, cash equivalents, and bank overdrafts at the beginning of the year	29,420	300	21,542	33,772	23,197
Cash, cash equivalents, and bank overdrafts at the end of the year	29,230	300	29,420	33,716	33,772

During the period property, plant and equipment totalling \$nil (2018: \$nil) was acquired by means of finance leases.

The Accounting Policies and Notes on pages 100-178 form part of these financial statements.

Reconciliation of net Surplus/(Deficit) to Net Cash Flow from operating activities

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Surplus/(deficit) after tax	25,451	19,711	33,255	27,468
Share of associate's surplus	(928)	(1,304)	(928)	(1,304)
Depreciation and amortisation expense	40,414	38,662	40,563	38,757
Net vested and found assets	(10,097)	(10,219)	(10,097)	(10,219)
(Gains)/losses in fair value of forestry assets	(18)	(235)	(18)	(235)
(Gains)/losses in fair value of investments	(3,256)	(3,329)	(3,256)	(3,329)
Other non-cash items	242	823	395	588
Change in fair value of derivatives	5,863	776	5,863	776
(Gain)/loss in value of Community Loans	(5)	(546)	(5)	(546)
Total non-cash items	32,215	24,628	32,517	24,488
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant, and equipment	3,400	4,465	3,452	4,465
Add/(less) movements in working capital items				
(Inc)/Dec in debtors and other receivables	(889)	19	(610)	42
(inc)/Dec in other current assets	18	110	5	110
Inc/(Dec) in creditors and other payables	522	2,173	3,422	(1,547)
Inc/(Dec) in provisions	(1,527)	1,497	(1,527)	1,497
Inc/(Dec) in deferred tax liability	-	-	(62)	276
Inc/(Dec) in employee entitlements	137	(4)	150	-
Net movement in working capital items	(1,739)	3,795	1,378	378
Net cash inflow/(outflow) from operating activities	59,327	52,599	70,602	56,799

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Note 1: Statement of accounting policies for the year ended 30 June 2019

1.1 Reporting entity

Whangarei District Council (Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. Council provides local infrastructure, local public services, and performs regulatory functions to the community.

The relevant legislation governing Council's operations includes the Local Government Act 2002 and the Local Government (Rating) Act 2002.

The Group financial statements provide the consolidated results of Council and its controlled entities (Springs Flat Contractors Limited, Whangarei Art Museum Trust, Northland Events Centre Trust, Whangarei Waste Limited and Whangarei Quarry Gardens Trust) and the equity accounted results of the joint venture entities in which Council is a venturer (Whangarei District Airport and Northland Regional Landfill Limited Partnership).

For the purposes of complying with generally accepted accounting practice in New Zealand (NZ GAAP), Council and Group are public benefit entities (PBEs).

The financial statements of Council and the Group are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 3 October 2019.

1.2 Basis of preparation

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

STATEMENT OF COMPLIANCE

The financial statements of Council and the Group 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 generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Standards.

PRESENTATION CURRENCY AND ROUNDING

The functional currency of Council, each of its subsidiaries and each of the joint ventures in which Council is a venturer, is New Zealand dollars. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

STANDARDS ISSUED AND NOT YET EFFECTIVE THAT HAVE BEEN EARLY ADOPTED

There have been no standards issued that have been early adopted during the financial year.

STANDARDS ISSUED AND NOT YET EFFECTIVE THAT HAVE NOT BEEN EARLY ADOPTED

Interest in other entities

In January 2017, the XRB (External Reporting Board) issued new standards for interest in other entities (PBE IPSAS 34-38). These new standards replace the existing standards for interest in other entities (PBE IPSAS 6-8). The new standards are effective for financial year beginning on or after 1 January 2019, with early application permitted.

Council plans to apply the new standards in preparing the 30 June 2020 financial statements. Council and the Group have not yet assessed the effects of these new standards.

Financial Instruments

In January 2017, the XRB (External Reporting Board) issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for financial years beginning on or after 1 January 2021, with early application permitted. The main changes under the standard relevant to Council are:

- new financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- a new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council and the Group have not yet assessed the effects of the new standard.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the financial year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

1.3 Basis of consolidation

SUBSIDIARIES

A subsidiary is an entity that Council controls. Control is the capacity to govern an entity's financing and operating policies so as to obtain benefits from its activities.

This capacity exists where:

- Council controls the majority voting power of the governing body
- an entity's financing and operating policies have been irreversibly predetermined by Council
- the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary
- Council benefits from the activities of the subsidiary

Subsidiaries are consolidated into the Group financial statements from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The investment in subsidiaries is carried at cost in Council's financial statements.

Inter-entity transactions, balances and unrealised gains on transactions between the Group entities are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been aligned where necessary to ensure consistency with the policies adopted by Council and the Group.

JOINT VENTURE

A joint venture is a binding arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint control is the agreed sharing of control over an activity. Council is a joint venturer in jointly controlled entities.

Council's interest in the Northland Regional Landfill Limited Partnership (NRLLP) and Whangarei District Airport (WDA) are equity accounted in both Council and the Group's financial statements. This means that the investments are initially recognised at cost and adjusted thereafter for the post-acquisition change in Council's share of the joint venture's net assets/equity. Council's share of the surplus or deficit of the joint ventures is included in Council and the Group's surplus or deficit.

Profits or losses on transactions establishing the jointly controlled entity and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the jointly controlled entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred. Accounting policies of jointly controlled entities have been aligned where necessary to ensure consistency with the policies adopted by Council and the Group.

1.4 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the group.

Revenue may arise from exchange or non exchange transactions. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Non exchange transactions are transactions that are not exchange transactions. In a non exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Where a non exchange transaction stipulates that the Group must provide specified services in exchange for revenue, the Group determines whether that stipulation constitutes a restriction or a condition:

- a restriction specifies the services that must be performed, but does not require funds to be returned if they are not spent as stipulated. Revenue from a non exchange transaction with restrictions is recognised when received, or when the Group becomes entitled to it.
- a condition specifies the services that must be performed and requires funds to be returned if they are not spent as stipulated. Non exchange transactions with conditions are recognised as liabilities when received and revenue is recognised and the associated liability extinguished as the specified services are provided.

Revenue from non exchange transactions that do not stipulate that the Group must provide specified services in exchange for revenue is recognised on receipt.

Pledges are not recognised as revenue as the Group is unable to control the access to the funds. Pledges are disclosed as a contingent asset when the money is pledged and recognised as revenue when the pledged money is received.

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

1.5 Goods and services tax

Items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Cash Flow Statement.

Commitments and contingencies are disclosed exclusive of GST.

1.6 Budget Figures

The budget figures are those approved by Council in year one of the 2018-28 LTP. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council in preparing these financial statements.

1.7 Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions

that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- the assessed useful life of an item of property, plant and equipment impacts the carrying amount of that item and the amount of depreciation recognised in relation to that item (more information on the useful lives of items of property, plant and equipment is provided in note 17)
- assumptions and estimates are applied in determining the fair value of infrastructure assets (more information is provided in note 17)
- the impairment assessment of non-financial assets requires the use of key assumptions and estimates (more information is provided in note 13)
- the determination of the landfill aftercare provision requires the use of key assumptions and estimates (more information is provided in note 22)
- Council relies on the assumptions and estimates made by external valuers when performing the investment property revaluation (more information is provided in note 15).

1.8 Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2019:

- classification of property: Council owns a number of properties held to provide housing to pensioners. The receipt of market based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.
- revenue from exchange and non exchange transactions: Council has exercised professional judgement when determining whether the substance of a transaction is that of non exchange or exchange. Council has reviewed its revenue streams and referred to its Revenue and Financing Policy to identify activities partially funded by rates revenue. When this occurs, the revenue from that activity is treated as non exchange. Council believes revenue recognition materially complies with the PBE accounting standards.
- determine control/joint control: Council has determined in respect to associated entities its control or joint control when deciding inclusion or non inclusion in Council and the Group's financials. Council considers various factors to determine control including: its capacity to control financing and operating policies, benefits obtained from the activities of the subsidiary, majority voting power on the governing body, trust deeds, as well as external advice.

Note 2: Rates

Accounting policy

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of Northland Regional Council (NRC) are not recognised in the financial statements, as Council is acting as an agent for NRC.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
General rates	59,149	54,923	59,149	54,923
Less internal rates on Council properties	(1,514)	(1,448)	(1,514)	(1,448)
Total general rates revenue	57,635	53,475	57,635	53,475
Targeted rates:				
Wastewater rates	18,495	17,500	18,495	17,500
District-wide refuse management	6,870	6,643	6,870	6,643
Metered water supply	14,314	13,320	14,314	13,320
Hikurangi swamp	1,123	1,041	1,123	1,041
Water rates	842	835	842	835
Roading scheme	35	34	35	34
Total targeted rates	41,679	39,373	41,679	39,373
Rate remissions	(2,142)	(1,411)	(2,142)	(1,411)
Rate penalties	561	579	561	579
Total rates	97,733	92,016	97,733	92,016

Council is required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. The Indemnity Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates revenue of Council for the year ended 30 June 2019 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	Actual 2019 \$'000	Actual 2018 \$'000
Rates	97,733	92,016
Internal rates	1,514	1,448
Total annual rates income	99,247	93,464

Rating base information

The number of rating units within Council's District at the end of the year was 44,536 (June 2018: 43,829).

The total capital value of rating units within Council's District at the end of the year was \$29,098,036,541 (June 2018: \$20,759,050,600).

The total land value of rating units within Council's District at the end of the year was \$14,685,780,750 (June 2018: \$9,921,457,170).

Note 3: Subsidies and grants

Accounting policy

Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
New Zealand Transport Agency roading subsidies	23,023	20,373	23,023	20,373
Other grants	595	535	595	535
Wastewater	1,508	1,292	1,508	1,292
Subsidiaries	-	-	73	2,653
Total subsidies and grants	25,126	22,200	25,199	24,853

At balance date, there are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2018: \$nil).

Note 4: Fees and charges

Accounting policies

BUILDING AND RESOURCE CONSENT REVENUE

Fees and charges for building and resource consent services are recognised when complete.

SALE OF GOODS

Revenue from the sale of goods is recognised when a product is sold to the customer.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Building and resource consent charges	6,620	6,290	6,620	6,290
Sale of goods	2,389	2,576	2,389	2,576
Other fees and charges	4,460	3,517	4,460	3,517
Parking fees	1,441	1,269	1,441	1,269
Landfill charges	476	562	476	562
Total fees and charges	15,386	14,214	15,386	14,214

Note 5: Interest revenue and finance costs

Accounting Policy

Borrowing costs are expensed in the financial year in which they are incurred.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Interest revenue				
Interest revenue:				
- cash and term deposits	1,438	1,316	1,443	1,318
- community loans	3	3	3	3
- other	8	11	192	58
Total interest revenue	1,449	1,330	1,638	1,379
Finance costs				
Interest expense:				
- discount unwind on provision (note 22)	59	63	59	63
- interest on bank borrowings	3,858	3,984	3,868	3,984
- interest paid on derivatives	3,529	3,684	3,529	3,684
Total finance costs	7,446	7,731	7,456	7,731
Net finance costs	5,997	6,401	5,818	6,352

Note 6: Other revenue

Accounting policy

VESTED OR DONATED PHYSICAL ASSETS

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue.

The fair value of vested or donated assets is usually determined by reference to Council's most recent valuation rates and useful lives.

	Note	Council		Group	
		Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Forestry asset revaluation	16	18	235	18	235
Traffic and parking infringements		1,287	1,108	1,287	1,108
Rental revenue		5,062	4,973	5,062	4,973
Investment property revaluation gains	15	3,256	3,329	3,256	3,329
Donations and bequests		1	1	7,676	2,640
Other		1,836	3,660	2,172	3,464
Petrol tax		679	670	679	670
Vested assets		10,097	10,219	10,097	10,219
Dividend revenue		38	41	38	41
Fair value gains		5	546	5	546
Gains on property sales		258	324	258	324
Total other revenue		22,537	25,106	30,548	27,549

Note 7: Personnel costs

Accounting Policy

SUPERANNUATION SCHEMES

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Salaries and wages	26,126	25,046	26,413	25,182
Other personnel costs	106	98	123	99
Defined contribution plan employer contributions	681	613	681	613
Increase/(decrease) in employee entitlements/liabilities	146	13	146	13
Total personnel costs	27,059	25,770	27,363	25,907

Remuneration

KEY MANAGEMENT PERSONNEL REMUNERATION

	Council	
	Actual 2019 \$'000	Actual 2018 \$'000
Elected members		
Remuneration	857	829
Full time equivalent (FTE) members	14	14
Executive leadership team, including the Chief Executive		
Remuneration	1,454	1,432
Full time equivalent (FTE) members	6	6
Total key management personnel remuneration	2,311	2,261
Total key management personnel FTE members	20	20

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

During the year key management personnel as part of normal local authority relationships were involved in transactions of a minor and routine nature with Council (such as paying rates).

Chief Executive remuneration

The total remuneration (including any non-financial benefits) paid for the year to the Chief Executive was \$339,904 (2018: \$334,904).

ELECTED MEMBERS

	Council	
	Actual 2019 \$'000	Actual 2018 \$'000
Current Elected Members		
Mayor – MAI	141	140
Councillor – BENNEY*	51	26
Councillor – CHRISTIE	50	49
Councillor – COCURLLO	50	49
Councillor – CUTFORTH	50	49
Councillor – DEEMING	66	62
Councillor – GLEN	51	49
Councillor – HALSE	50	49
Councillor – HERMON	63	61
Councillor – INNES	65	62
Councillor – MARTIN	65	62
Councillor – MORGAN	64	62
Councillor – MURPHY	52	50
Previous Elected Members		
Councillor – BELL**	39	49
Councillor – GOLIGHTLY***	-	10
Total elected representatives' remuneration	857	829

Remuneration is disclosed based on amounts paid for the financial year.

The Remuneration Authority is responsible for setting elected members' remuneration levels. In the case of Council, it was resolved that the chairs of the standing committees should receive a higher salary than the remaining elected members.

Variation in elected members remuneration is due to participation on additional committees, as well as their length of term.

* Councillor Benney was sworn in 14/12/17

** Councillor Bell resigned 1/4/19

*** Councillor Golightly resigned 6/9/17

EMPLOYEES

	Number of employees	
	2019	2018
< \$60,000	202	205
\$60,000 - \$79,999	102	100
\$80,000 - \$99,999	58	43
\$100,000 - \$119,999	20	20
\$120,000 - \$159,999	10	7
\$160,000 - \$239,999	6	7
\$240,000 - \$339,999	1	1
Total employees	399	383

Total remuneration includes non-financial benefits provided to employees.

At balance date, Council employed 314 (2018: 297) full-time employees, with the balance of staff representing 51 (2018: 53) full-time equivalent employees. A full-time employee is determined on the basis of a 37.5 hour working week.

Severance payments

For the year ended 30 June 2019, Council made two severance payments to employees totalling \$29,807 (2018: \$20,500). The value of each of the severance payments was \$5,000 and \$24,807 (2018: \$1,500, \$9,000 and \$10,000).

Note 8: Other expenses

Accounting policy

GRANT EXPENDITURE

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria. They are recognised when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants that are awarded at the discretion of Council. They are recognised when a grant has been approved by Council and that approval has been communicated to the applicant. Council's grants awarded have no substantive conditions attached.

OPERATING LEASES

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Fees to Audit New Zealand for audit of Council's financial statements	199	197	243	228
Fees to Audit New Zealand for the review of the debenture trust deed	4	4	4	4
Councillor remuneration	867	830	867	830
Fees to Audit New Zealand for the audit of Council's Long Term Plan 2018-28.	45	121	45	121
Electricity costs	2,974	3,012	2,974	3,012
Impairment of receivables	5	(237)	5	(237)
Impairment of loans receivable	-	(500)	-	(500)
Operating lease expense	973	869	973	869
Repairs and maintenance expenses	-	-	206	161
Loss on derivatives	5,863	776	5,863	776
Insurance premiums*	1,111	762	1,121	767
General grants*	4,891	6,507	4,055	3,236
Software expenses	2,292	1,832	2,293	1,832
Loss on assets disposed of	3,658	4,789	3,710	4,789
Bad debts written off	76	567	76	567
Professional fees and consultants*	6,431	6,942	6,437	6,942
Legal fees	1,186	1,252	1,186	1,261
Contractors*	38,669	34,652	38,675	34,660

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Other expenses*	3,965	8,260	4,581	8,236
Total other expenses	73,209	70,635	73,314	67,554

*We have reclassified certain prior year amounts to conform to the current year presentation of Other Expenses.

Note 9: Income tax

Accounting policy

Council is not subject to income tax except for revenue derived from Council Controlled Organisations (Northland Regional Landfill Limited Partnership and Whangarei District Airport).

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Components of tax expense				
Current tax	-	-	-	-
Deferred tax	-	-	(62)	277
Tax expense	-	-	(62)	277

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	25,451	19,711	33,193	27,745
Tax at 28%	7,126	5,519	9,294	7,769
Plus/(less) tax effect of:				
Non-deductible expenditure	-	-	19	18
Non-taxable income	(7,126)	(5,519)	(9,013)	(7,402)
Council share of NRLLP revenue	171	398	-	-
Deferred tax adjustment	-	-	-	-
Other adjustments	(171)	(398)	(362)	(108)
Tax expense	-	-	(62)	277

	PP&E \$'000	Other \$'000	Tax losses \$'000	Total \$'000
Deferred tax assets/(liabilities)				
Council				
Balance at 30 June 2017	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-
Balance at 30 June 2018	-	-	-	-
Opening balance 1 July 2018	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-
Balance at 30 June 2019	-	-	-	-
Group				
Balance at 30 June 2017	(1,589)	4	1,159	(426)
Charged to surplus or deficit	(287)	(4)	14	(277)
Credited (charged) to other comprehensive revenue	-	-	-	-
Balance at 30 June 2018	(1,876)	-	1,173	(703)
Opening balance 1 July 2018	(1,876)	-	1,173	(703)
Charged to surplus or deficit	45	-	17	62
Credited (charged) to other comprehensive revenue	-	-	-	-
Balance at 30 June 2019	(1,831)	-	1,190	(641)

Council (the parent) has an unrecognised deferred tax asset in relation to tax losses of \$3.3 million (2018: \$3.3 million) with a tax effect of \$0.9 million (2018: \$0.9 million).

These losses have been recognised at the Group level.

Note 10: Cash and cash equivalents

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Cash on hand	6	8	6	8
Bank balances – HWMAC	-	-	4,023	3,886
Bank deposits	23,323	26,349	23,450	26,465
Bank balances	5,901	3,063	6,237	3,413
Total cash and cash equivalents	29,230	29,420	33,716	33,772

Group

For further information regarding the Hundertwasser Wairau Māori Arts Centre (HWMAC) refer to note 27.

Note 11: Debtors and receivables

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Sundry debtors	5,129	4,854	4,944	4,948
Accrued revenue	3,624	3,703	3,624	3,703
Rates receivable	7,453	6,754	7,453	6,754
Less provision for impairment	(163)	(157)	(163)	(157)
Total debtors and receivables	16,043	15,154	15,858	15,248

Exchange and non-exchange transactions

Receivables from exchange transactions of \$4.7 million (2018: \$4.3 million) include outstanding amounts for interest and fees and charges that have not been subsidised by rates.

The remaining debtors and receivables are from non-exchange transactions and include outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates.

Fair value

Debtors and receivables (excluding community loans) are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of receivables approximates their fair value.

Assessment for uncollectability

Council does not provide for any uncollectability for rates on general land, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Due to the historical experience of non-payment of Council rates assessed on Māori freehold land, Council can make a reasonable estimate of the amount that will not be paid. The estimated amount of non-collectible rates has been deducted from the gross revenue and rates receivable. The estimated amount of uncollectible Māori freehold land rates for 2018 was based on the proportion written off over the past two years.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to the present value of future payments if the effect of discounting is material.

The ageing profile of receivables at year-end is detailed below:

	2019			2018		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
Council						
Current	9,993	-	9,993	9,743	-	9,743
30 days	517	-	517	462	-	462
60 days	851	-	851	800	-	800
90 days and over	4,845	(163)	4,682	4,306	(157)	4,149
Total	16,206	(163)	16,043	15,311	(157)	15,154
Group						
Current	9,748	-	9,748	9,813	-	9,813
30 days	524	-	524	476	-	476
60 days	860	-	860	801	-	801
90 days and over	4,889	(163)	4,726	4,315	(157)	4,158
Total	16,021	(163)	15,858	15,405	(157)	15,248

The provision for uncollectability has been calculated based on a review of specific overdue receivables and a collective assessment. The collective assessment is based on an analysis of past collection history and debt write-offs.

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Individual provision for uncollectability	(48)	(45)	(48)	(45)
Collective provision for uncollectability	(115)	(112)	(115)	(112)
Total provision for impairment	(163)	(157)	(163)	(157)

An analysis of impaired debtors is as follows:

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
90 days and over	(163)	(157)	(163)	(157)
Total individual impairment	(163)	(157)	(163)	(157)

Council and the Group hold no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Note 12: Other current assets

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Prepayments				
Prepayments	693	711	696	712
Lease receivable	-	-	11	-
	693	711	707	712

Note 13: Other financial assets

Accounting policy

The Group classifies its financial assets in the following categories: financial assets at fair value through surplus or deficit, loans and receivables, held to maturity financial assets and financial assets at fair value through the statement of comprehensive revenue and expense. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition and re evaluates this designation at every reporting date.

FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT

This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of balance date.

The Group's financial assets at fair value through surplus or deficit comprise in the money derivatives (principally interest rate swaps).

LOANS AND RECEIVABLES

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are included in non current assets.

The Group's loans and receivables comprise cash and cash equivalents, trade and other receivables, loans to community organisations and related party loans.

Loans to community organisations at nil or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the face value and present value of expected future cash flows of the loan is recognised in surplus or deficit as a grant.

HELD TO MATURITY INVESTMENTS

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

The Group currently has no financial assets classified as held to maturity.

FINANCIAL ASSETS AT FAIR VALUE THROUGH THE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Financial assets at fair value through the statement of comprehensive revenue and expense are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of balance date.

The Group's shares in public companies are included in this category as they are not classified in any other category. These are held for strategic purposes and there is no intention to sell.

MEASUREMENT

Purchases and sales of financial assets are recognised on trade date (which is the date on which the Group commits to purchase or sell the asset). Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case they are recognised at fair value and the transaction costs are expensed.

After initial recognition, all financial assets are measured at fair value. Council uses a variety of methods to determine fair value of financial assets. Some of these include quoted market prices and estimated discounted cash flows. Realised and unrealised gains and losses arising from changes in the fair value of financial assets are included in surplus or deficit in the period in which they arise.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment is recognised in surplus or deficit.

DE-RECOGNITION

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Current portion				
Short term deposit	10,000	10,000	13,860	10,000
Community loans	168	272	168	272
LGFA borrower notes	160	304	160	304
Total current portion	10,328	10,576	14,188	10,576
Non-current portion				
Investments held in CCOs and similar entities				
Investments held in CCO's and similar entities	11,100	10,923	8,923	8,756
Total investment CCO's and similar entities	11,100	10,923	8,923	8,756
Community Loans	430	586	427	517
LGFA borrower notes	1,792	1,808	1,792	1,808
Shares held	748	743	748	743
Lease receivable	-	-	28	60
Total investment in other entities	2,970	3,137	2,995	3,128
Total non-current portion	14,070	14,060	11,918	11,884
Total other financial assets	24,398	24,636	26,106	22,460

Civic Assurance Limited

Shares held by Council: 63,524, \$101,000 (2018: 63,524, \$96,000) in Civic Assurance Limited.

New Zealand Local Government Funding Agency (LGFA)

Council is a shareholder in the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poors of AA+.

The carrying amount of shares in LGFA approximates their fair value. Shares held by Council: 1,492,784, \$0.6 million (2018: 1,492,784, \$0.6 million).

Council is one of 31 shareholders of the NZLGFA. When aggregated with the uncalled capital of other shareholders, \$20 million unpaid Ordinary Shares are available to be called where the NZLGFA Board has determined that there is an imminent risk of default. Also, together with other shareholders, Council is a guarantor of all NZLGFA's borrowings. As at 30 June, NZLGFA had issued bonds totalling \$9.840 billion (2018: \$8.594 billion).

Investments held in joint ventures and subsidiaries

- Council owns 100 shares (2018: 100) in Springs Flat Contractors Limited, valued at \$1 each. This is a dormant company.
- Council's investment in the joint venture with the Ministry of Transport in Whangarei District Airport is \$1.78 million (2018: \$1.85 million).
- Council's investment in the Northland Regional Landfill Limited Partnership is \$9.3 million (2018: \$9.1 million).

Impairment

There have been no impairments recognised during the year (2018: \$nil).

Community loans

- The fair value of community loans is \$0.60 million (2018: \$0.86 million). Fair value has been determined using cash flows discounted using a weighted average cost of capital 4.93% (2018: 5.06%).
- The face value of community loans is \$0.66 million (2018: \$0.92 million).
- Movements in the carrying value of loans are as follows:

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Opening Balance at 1 July	858	1,015	789	934
Amount of new loans granted during the year	60	-	60	-
Loans repaid during the year (principal and interest)	(335)	(720)	(269)	(708)
Reversal of prior year impairment	-	500	-	500
Bad debt written off	-	(500)	-	(500)
Unwind of discount and interest charged	15	563	15	563
At 30 June	598	858	595	789

Note 14: Non-current assets held for sale

Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Non-current assets held for sale				
Opening balance	1,546	-	1,546	-
Transfers (to)/from investment properties	-	1,546	-	1,546
Disposals	(1,546)	-	(1,546)	-
Impairment loss	-	-	-	-
Total assets held for sale	-	1,546	-	1,546

Note 15: Investment properties

Accounting policy

Investment properties are properties which are held either to earn rental revenue or for capital appreciation or for both and generate cash flows largely independent of other assets held by the entity.

An investment property is measured initially at its cost, including transaction costs. After initial recognition, investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in surplus or deficit.

Investment properties do not include property held primarily for strategic purposes or to provide a social service (such as pensioner housing), even though such property may earn rentals or appreciate in value. Such properties are instead classified as items of property, plant and equipment.

When the use of a property changes from investment property to owner occupied property, the property is reclassified as owner occupied property and recorded at its fair value at the date of transfer.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Opening Balance at 1 July	53,965	51,496	53,965	51,496
Additions from acquisitions	6,001	836	6,001	836
Fair value gains/(losses) on valuation	3,262	3,329	3,262	3,329
Disposals and transfers	(4,144)	(1,696)	(4,144)	(1,696)
Balance at 30 June	59,084	53,965	59,084	53,965

Council's investment properties are valued annually at fair value effective 30 June. Values for the investment properties have been assessed primarily on a market related basis where sufficient data is available for rentals, investment return rates and land and improvement levels related directly to a wide range of Northland sales evidence. The valuation was performed by a member of the Associate New Zealand Institute of Valuers (ANZIV) TelferYoung (Northland) Limited, an experienced valuer with extensive market knowledge of the types of investment property owned by Council.

Information about the revenue and expenses in relation to investment property is detailed below:

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Rental revenue	2,854	2,807	2,854	2,807
Direct operating expenses from investment property generating revenue	(877)	(1,030)	(877)	(1,030)
Direct operating expenses from investment property not generating revenue	(5)	(16)	(5)	(16)

Council has no contractual obligations for capital or operating expenditure for investment properties (2018:\$nil).

Note 16: Forestry assets

Accounting policy

Standing forestry assets are independently revalued to fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit when incurred.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Forestry assets	909	891	909	891
Balance at 30 June 2019	909	891	909	891

Council ownership of forestry assets

Council owned forest estate comprises nine geographically separate forest areas planted between 1987 and 2008, totaling 92.4 planted hectares. The forests are located at Parihaka, Waikaraka, Oakura, McLeod Bay, Ocean Beach, Whau Valley, Manaia, Sargent Hill and Purua. Four forests located in McLeod Bay, Manaia, Whau Valley and Parihaka forest are un-stocked. The estate is comprised entirely of Radiata pine.

FORESTRY ACTIVITIES DURING THE YEAR

The tree crop value has increased by 2% due to growth.

Valuation assumptions

Independent registered valuers, Woodlands Pacific Consulting Limited, have valued Council's forestry assets as at 30 June 2019. The following significant valuation assumptions have been used in determining the fair value of forestry assets:

- log prices are based upon a five-year export log price index series
- no allowance for inflation has been provided
- it is assumed due to the age of the forests, with the exception of Sargents Hill and Purua, no expenditure will be required on forest development. It is assumed Sargents Hill and Purua will be managed under an unpruned regime, requiring one waste thin and fertiliser.
- notional land rental costs have been included for freehold land
- a discount rate of 9% has been used in discounting the present value of expected future cash flows
- costs have been reviewed and updated based upon the current industry rates and the management regimes being applied

Financial risk management strategies

Council is exposed to financial risks arising from changes in log prices and production costs. However, the sales value of harvested trees does not represent a significant proportion of Council's revenue stream so the potential financial risk involved is not considered material.

Forestry Assets

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Balance at 1 July	891	787	891	787
Gain/(losses) arising from changes in fair value	18	235	18	235
Decreases due to harvest	-	(131)	-	(131)
Balance at 30 June	909	891	909	891

Note 17: Property, plant and equipment

Accounting policy

Property, plant and equipment is initially recognised at cost.

The cost of an item of property, plant and equipment includes its purchase/construction price and costs directly attributable to bringing it to the location and condition necessary for it to operate as intended. In the case of landfills, post closure costs and restoring the site on which it is located are included.

Where an item of property, plant and equipment is self constructed, its construction cost includes the cost of materials and direct labour and an appropriate proportion of production overheads. Costs are recognised as work in progress and are transferred to the relevant asset class only when construction is complete.

Where an item of property, plant and equipment is donated or received at a subsidised amount, it is initially recognised at fair value. This applies to some infrastructure assets and land which has been vested to the Group and as part of the subdivision consent process:

- the vested reserve land has been recognised at the time of transfer at market value, which is recognised as vested asset revenue and deemed to be its initial cost.
- vested infrastructure assets have been valued on initial recognition based on the actual quantities of infrastructure components vested and the current 'in the ground' cost of providing identical services.

REVALUATION

Property, plant and equipment that is carried under the revaluation model is revalued with sufficient regularity to ensure that the carrying amount does not materially differ from fair value. All revalued property, plant and equipment is revalued at least every three years, except for roading which is revalued annually, and pensioner housing, which is revalued every five years. The valuation method employed is optimised depreciated replacement cost, except pensioner housing which is valued at market value.

Revaluations are accounted for on a class of asset basis.

An increase in carrying amount is recognised in an asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset class previously recognised in surplus or deficit, in which case the increment is recognised in surplus or deficit. Decreases that offset previous increases of the same asset class are recognised in the asset revaluation reserve in equity; all other decreases are recognised in surplus or deficit. Any accumulated depreciation as at the

revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

ADDITIONS

The cost of an item of property, plant, and equipment is recognised as an asset if and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are recognised when the recognition criteria above is met. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

DISPOSALS

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are carried under either the cost model (cost less accumulated depreciation and accumulated impairment) or the revaluation model (fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses).

When the use of a property changes from owner-occupied to investment property, the property is reclassified as an investment property at its carrying value at the date of the transfer, and then revalued annually in line with the investment property accounting policy.

DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant, and equipment (excluding land and work in progress), at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Where material parts of an item of property, plant and equipment have different useful lives, or where significant parts of an item of property, plant and equipment are required to be replaced at intervals, they are accounted for as separate items of property, plant and equipment.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of PP&E	Estimated useful life
Operating assets	
Land	Indefinite
Buildings	10-100
Strategic land	Indefinite
Strategic buildings	35-50
Pensioner housing – land	Indefinite

Class of PP&E	Estimated useful life
Pensioner housing – buildings	14-80
Library books	5
Motor vehicles	5
Office furniture and fittings	3-20
Plant and equipment	3-80
Infrastructural assets	
Land for roads*	Indefinite
Roading network	
Bridges	15-100
Carriageways	4-70
Formation	Indefinite
Culverts	35-80
Footpaths	10-55
Kerbs and channels	60
Street and road signs	15
Traffic services	15-40
Water	
Pipes	50-107
Plant and equipment	5-80
Treatment plant	60
Wastewater	
Pipes	30-101
Pumps and pump stations	20-100
Manholes	80-101
Treatment plant	15-100
Stormwater	
Pipes	11-125
Manholes	11-100
Parks and Recreation	
Walkways, reserves and sport	10-100
Restricted assets	
Heritage assets**	Indefinite
Parks and reserve land	Indefinite
Marina structures***	40-44

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

* Land under roads was valued based on fair value of adjacent land, effective 30 June 2005. On transition to NZ IFRS Council elected to use the fair value of land under roads as at 30 June 2007 as deemed cost. Land under roads is no longer revalued.

** Valued at the estimated current market value as at 30 June 2002 by the Art Museum Curator. Subsequent additions are recorded at cost or market value. Donated assets do not form part of the cyclical valuation.

*** Historical assets situated at Whangarei Marina and Tutukaka Marina (under the management of the Whangarei Harbour Marina Trust and the Tutukaka Marina Management Trust respectively).

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual review of asset values, which is used as a source of information to assess for any indicators of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. Impairment losses for revalued items are recognised in the same manner as revaluation decrements. Impairment losses for items carried at cost are recognised in the surplus or deficit.

VALUE IN USE FOR NON-CASH-GENERATING ASSETS

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined as the present value of the asset's remaining service potential, which is the depreciated replacement cost of the asset.

VALUE IN USE FOR CASH-GENERATING ASSETS

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets is the estimated present value of expected future cash flows.

	Cost/revaluation	Accumulated depreciation	Carrying amount	Transfers from WIP	Current year additions	Net current year disposals	
Council 2019	1-Jul-18 \$'000	1-Jul-18 \$'000	1-Jul-18 \$'000	\$'000	\$'000	\$'000	
Operating assets							
At cost & valuation							
Land	42,049	-	42,049	-	250	-	
Buildings	39,894	(10,260)	29,634	152	-	(17)	
Strategic land	1,735	-	1,735	-	-	-	
Strategic buildings	400	(78)	322	-	-	-	
Pensioner housing – land	6,210	-	6,210	-	-	-	
Pensioner housing – buildings	16,210	-	16,210	377	-	(237)	
Library books	9,672	(8,184)	1,488	559	-	-	
Motor vehicles	2,052	(976)	1,076	194	-	(25)	
Office furniture and fittings	7,109	(5,919)	1,190	222	-	-	
Plant & equipment	5,317	(3,372)	1,945	387	-	(17)	
Capital work in progress	115	-	115	(1,954)	2,327	(8)	
Total operating assets	130,763	(28,789)	101,974	(63)	2,577	(304)	
Infrastructure assets							
At cost & valuation							
Land for roads	34,671	-	34,671	63	-	-	
Roading	749,663	-	749,663	26,519	447	(399)	
Stormwater	186,065	(2,767)	183,298	740	5,411	(115)	
Flood protection	22,466	(273)	22,193	-	-	-	
Solid waste	1,156	(41)	1,115	26	3	(129)	
Wastewater	222,882	(6,219)	216,663	3,176	2,297	(353)	
Parks and recreation	41,506	(1,697)	39,809	3,079	48	(1,229)	
Water	180,831	(5,528)	175,303	2,075	1,645	(1,162)	
Capital work in progress	22,804	-	22,804	(35,615)	47,092	(804)	
Total infrastructure assets	1,462,044	(16,525)	1,445,519	63	56,943	(4,191)	
Restricted assets							
At cost & valuation							
Reserve land	22,090	-	22,090	-	-	-	
Heritage assets	1,275	-	1,275	-	-	-	
Marina facilities	721	(304)	417	-	-	-	
Total restricted assets	24,086	(304)	23,782	-	-	-	
Total Council assets	1,616,893	(45,618)	1,571,275	-	59,520	(4,495)	

	Current year impairment charges	Current year depreciation	Reclassifications /Transfers	Revaluation surplus*	Cost/revaluation	Accumulated depreciation	Carrying amount
	\$'000	\$'000	\$'000	\$'000	30-Jun-19 \$'000	30-Jun-19 \$'000	30-Jun-19 \$'000
	-	-	800	-	43,099	-	43,099
	-	(989)	(446)	-	39,330	(10,996)	28,334
	-	-	-	-	1,735	-	1,735
	-	(3)	-	-	400	(82)	318
	-	-	-	-	6,210	-	6,210
	-	(880)	-	-	16,333	(863)	15,470
	-	(417)	-	-	8,180	(6,550)	1,630
	-	(203)	-	-	2,164	(1,122)	1,042
	-	(538)	-	-	6,949	(6,075)	874
	-	(344)	-	-	5,489	(3,517)	1,972
	-	-	-	-	480	-	480
	-	(3,374)	354	-	130,369	(29,205)	101,164
	-	-	-	-	34,734	-	34,734
	-	(19,192)	73	54,633	811,744	-	811,744
	-	(2,831)	182	6,789	193,483	(8)	193,475
	-	(272)	-	1,523	23,445	(1)	23,444
	-	(43)	(5)	199	1,166	-	1,166
	-	(6,350)	16	37,907	253,374	(19)	253,355
	-	(1,983)	129	13,339	53,199	(7)	53,192
	-	(5,665)	51	15,071	187,334	(16)	187,318
	-	-	-	-	33,475	-	33,475
	-	(36,336)	446	129,461	1,591,954	(51)	1,591,903
	-	-	-	-	22,090	-	22,090
	-	-	-	-	1,275	-	1,275
	-	(28)	-	-	712	(323)	389
	-	(28)	-	-	24,077	(323)	23,754
	-	(39,738)	800	129,461	1,746,400	(29,579)	1,716,821

	Cost/revaluation	Accumulated depreciation	Carrying amount	Transfers from WIP	Current year additions	Net current year disposals	
Group 2019	1-Jul-18 \$'000	1-Jul-18 \$'000	1-Jul-18 \$'000	\$'000	\$'000	\$'000	
Subsidiaries property, plant and equipment							
At cost & valuation							
Land developments	255	(98)	157	-	-	-	
Buildings	1,404	(57)	1,347	-	-	(54)	
Other plant & equipment	1,161	(710)	451	-	76	-	
Artworks	911	(101)	810	-	-	-	
Work in progress	2,062	-	2,062	-	7,259	(50)	
Total subsidiaries	5,793	(966)	4,827	-	7,335	(104)	
Total Group assets	1,622,686	(46,584)	1,576,102	-	66,855	(4,599)	

Core infrastructure asset disclosures

Included within Council's infrastructure assets above are the following core Council assets:

	Closing book value \$'000	Additions constructed by Council \$'000	Additions transferred to Council \$'000	Replacement cost \$'000
Water supply				
Treatment plants and facilities	12,265	71	-	24,013
Other assets	175,052	2,004	2,848	345,594
Sewerage				
Treatment plants and facilities	29,006	438	7	52,993
Other assets	224,350	2,738	2,817	392,629
Stormwater	193,475	740	5,956	282,282
Flood protection	23,444	-	-	42,455
Roads and footpaths	811,744	26,519	447	1,255,777
Total	1,469,336	32,510	12,075	2,395,743

	Current year impairment charges	Current year depreciation	Reclassifications /Transfers	Revaluation surplus	Cost/revaluation	Accumulated depreciation	Carrying amount
	\$'000	\$'000	\$'000	\$'000	30-Jun-19 \$'000	30-Jun-19 \$'000	30-Jun-19 \$'000
	-	-	(69)	-	186	(98)	88
	-	(23)	282	-	1,632	(80)	1,552
	-	(126)	228	-	1,465	(836)	629
	-	-	(372)	-	539	(101)	438
	-	-	(69)	-	9,202	-	9,202
	-	(149)	-	-	13,024	(1,115)	11,909
	-	(39,887)	800	129,461	1,759,424	(30,694)	1,728,730

	Cost/revaluation	Accumulated depreciation	Carrying amount	Transfers from WIP	Current year additions	Net current year disposals	
Council 2018	1-Jul-17 \$'000	1-Jul-17 \$'000	1-Jul-17 \$'000	\$'000	\$'000	\$'000	
Operating assets							
At cost & valuation							
Land	38,118	-	38,118	-	3,931	-	
Buildings	39,668	(9,276)	30,392	-	160	-	
Strategic land	1,735	-	1,735	-	-	-	
Strategic buildings	415	(78)	337	-	-	(13)	
Pensioner housing – land	4,055	-	4,055	-	-	-	
Pensioner housing – buildings	12,026	(1,187)	10,839	-	669	(383)	
Library books	9,096	(7,666)	1,430	-	576	-	
Motor vehicles	2,156	(1,129)	1,027	-	241	-	
Office furniture and fittings	6,608	(5,383)	1,225	-	501	-	
Plant & equipment	5,046	(3,074)	1,972	-	215	-	
Capital work in progress	392	-	392	-	6,164	(6,315)	
Total operating assets	119,315	(27,793)	91,522	-	12,457	(6,711)	
Infrastructure assets							
At cost & valuation							
Land for roads	34,671	-	34,671	-	-	-	
Roading	739,750	-	739,750	-	19,637	(1,161)	
Stormwater	180,779	(7)	180,772	-	5,058	(323)	
Flood protection	22,466	(1)	22,465	-	-	-	
Solid waste	1,099	-	1,099	-	51	(2)	
Wastewater	216,112	(17)	216,095	-	7,449	(840)	
Parks and recreation	36,837	(5)	36,832	-	3,842	(966)	
Water	177,045	(15)	177,030	-	4,014	(821)	
Capital work in progress	12,537	-	12,537	-	40,517	(30,250)	
Total infrastructure assets	1,421,296	(45)	1,421,251	-	80,568	(34,363)	
Restricted assets							
At cost & valuation							
Reserve land	22,090	-	22,090	-	-	-	
Heritage assets	1,275	-	1,275	-	-	-	
Marina facilities	721	(277)	444	-	-	-	
Total restricted assets	24,086	(277)	23,809	-	-	-	
Total Council assets	1,564,697	(28,115)	1,536,582	-	93,025	(41,074)	

	Current year impairment charges	Current year depreciation	Reclassifications /transfers	Revaluation surplus*	Cost/revaluation	Accumulated depreciation	Carrying amount
	\$'000	\$'000	\$'000	\$'000	30-Jun-18 \$'000	30-Jun-18 \$'000	30-Jun-18 \$'000
	-	-	-	-	42,049	-	42,049
	-	(977)	60	-	39,894	(10,260)	29,634
	-	-	-	-	1,735	-	1,735
	-	(3)	-	-	400	(78)	322
	-	-	-	2,156	6,210	-	6,210
	-	(649)	-	5,734	16,210	-	16,210
	-	(517)	-	-	9,672	(8,184)	1,488
	-	(191)	-	-	2,052	(976)	1,076
	-	(536)	-	-	7,109	(5,919)	1,190
	-	(296)	53	-	5,317	(3,372)	1,945
	-	-	(126)	-	115	-	115
	-	(3,169)	(13)	7,890	130,763	(28,789)	101,974
	-	-	-	-	34,671	-	34,671
	-	(18,104)	(656)	10,196	749,663	-	749,663
	-	(2,765)	-	557	186,065	(2,767)	183,298
	-	(272)	-	-	22,466	(273)	22,193
	-	(41)	-	8	1,156	(41)	1,115
	-	(6,244)	14	189	222,882	(6,219)	216,663
	-	(1,840)	529	1,412	41,506	(1,697)	39,809
	-	(5,555)	-	634	180,831	(5,528)	175,303
	-	-	-	-	22,804	-	22,804
	-	(34,821)	(113)	12,996	1,462,044	(16,525)	1,445,519
	-	-	-	-	22,090	-	22,090
	-	-	-	-	1,275	-	1,275
	-	(27)	-	-	721	(304)	417
	-	(27)	-	-	24,086	(304)	23,782
	-	(38,017)	(126)	20,886	1,616,893	(45,618)	1,571,275

	Cost/revaluation	Accumulated depreciation	Carrying amount	Transfers from WIP	Current year additions	Net current year disposals	
Group 2018	1-Jul-17 \$'000	1-Jul-17 \$'000	1-Jul-17 \$'000	\$'000	\$'000	\$'000	
Subsidiaries property, plant and equipment							
At cost & valuation							
Land	255	(98)	157	-	-	-	
Buildings	1,404	(57)	1,347	-	-	-	
Other plant & equipment	1,105	(615)	490	-	56	-	
Artworks	911	(101)	810	-	-	-	
Work in progress	390	-	390	-	1,673	(1)	
Total subsidiaries	4,065	(871)	3,194	-	1,729	(1)	
Total Group assets	1,568,762	(28,986)	1,539,776	-	94,754	(41,075)	

Core infrastructure asset disclosures

Included within Council's infrastructure assets above are the following core Council assets:

	Closing book value \$'000	Additions constructed by Council \$'000	Additions transferred to Council \$'000	Replacement cost \$'000
Water supply				
Treatment plants and facilities	12,578	94	-	22,283
Other assets	162,725	2,114	2,440	328,079
Sewerage				
Treatment plants and facilities	29,803	704	-	49,855
Other assets	186,861	4,497	2,437	327,909
Stormwater	183,298	704	4,911	263,249
Flood Protection	22,193	-	-	40,766
Roads and footpaths	749,663	18,469	1,648	1,143,952
Total	1,347,121	26,582	11,436	2,176,093

Valuation

INFRASTRUCTURE ASSETS

Council's infrastructural assets (excluding roading and land under roads) are valued at fair value.

INFRASTRUCTURE ASSETS (EXCLUDING ROADING)

Fair value is determined using market-based evidence by an independent valuer. The most recent valuation is effective as at 30 June 2019. Council commissioned Pattle Delamore Partners Limited to review and develop unit rates and base lives for water utilities (water supply, wastewater and stormwater), flood protection, parks

	Current year impairment charges	Current year depreciation	Reclassifications /Transfers	Revaluation surplus	Cost/revaluation	Accumulated depreciation	Carrying amount
	\$'000	\$'000	\$'000	\$'000	30-Jun-18 \$'000	30-Jun-18 \$'000	30-Jun-18 \$'000
	-	-	-	-	255	(98)	157
	-	-	-	-	1,404	(57)	1,347
	-	(95)	-	-	1,161	(710)	451
	-	-	-	-	911	(101)	810
	-	-	-	-	2,062	-	2,062
	-	(95)	-	-	5,793	(966)	4,827
	-	(38,112)	(126)	20,886	1,622,686	(46,584)	1,576,102

and solid waste infrastructure assets and then to carry out a review of the valuation calculations undertaken by Council staff.

The valuation has been undertaken in accordance with the following documents:

- PBE IPSAS 17 Property Plant and Equipment, New Zealand Accounting Standards Board, January 2019
- New Zealand Infrastructure Asset Valuation and Depreciation Guidelines, Edition 2.0, National Asset Management Steering Group, February 2006

Infrastructure assets are valued using the optimised depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- estimating any obsolescence or surplus capacity of the asset. There have been no optimisation adjustments in the most recent valuation.
- estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- estimates of the remaining useful life over which the asset will be depreciated. Useful lives have been determined with reference to the Infrastructure Valuation Guidelines and have been adjusted based on local conditions and past experience. Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

LAND UNDER ROADS

Land under roads was valued based on fair value of adjacent land, effective 30 June 2005. On transition to NZ IFRS Council elected to use the fair value of land under roads as at 30 June 2007 as deemed cost. Land under roads is no longer revalued.

ROADING

Council's roading assets are valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Opus International Consultants, and the valuation is effective as at 30 June 2019. Fair value was determined on an optimised depreciated replacement cost basis.

OPERATIONAL ASSETS

Pensioner Housing (non-investment) is valued at fair value on a five-year basis by independent registered valuers. The most recent valuation was performed by TelferYoung (Northland) Limited, and the valuation is effective as at 30 June 2018. Fair value was determined on a market value basis. Between valuations, expenditure on asset improvements is capitalised at cost. All other operational assets are carried at depreciated historical cost.

IMPAIRMENT

Council's process for impairment assessment requires asset managers to assess for any impairment (including as a result of any seismic strengthening requirements) in their activity area on a regular basis. No impairment expense has been recorded as at 30 June 2019 (2018: none).

INSURANCE OF ASSETS

As at the end of the financial year:

- the total value of all assets of Council that are covered by insurance contracts and the maximum amount to which they are insured is \$865.9 million (2018: \$820.4 million).
- the total value of all assets of Council that are covered by financial risk sharing arrangements, and the maximum amount available to Council under these arrangements is \$1.90 billion (2018: \$1.79 billion).
- the total value of all assets of Council that are self-insured, and the value of any fund maintained by Council for this purpose is \$26.0 million (2018: \$19.0 million).

Assets	Book value \$'000	Replacement cost \$'000	Insured value \$'000	Insurance provided by government schemes \$'000	Replacement value of Self-insured assets \$'000	Commentary
Operating assets						
Land	43,108	-	-	-	-	Land is not insured due to the low risk of loss.
Motor vehicles	1,042	-	2,197	-	-	
Other operating assets (excluding Land)	57,011	-	397,739	-	-	Total cover for Material Damage is \$397.7 million. This cover applies to assets classified as operating assets, some above ground infrastructure assets and restricted assets (excluding land).
Infrastructure assets						
Land	34,734	-	-	-	-	Land is not insured due to the low risk of loss.
Roading	811,744	1,227,026	-	1,227,026	-	Roads are uninsured. However, subject to meeting defined criteria, the cost associated with the immediate response, reopening and/or restoration of these assets as a result of a short natural event such as a earthquake, tsunami, could be subsidised by the New Zealand Transport Agency.

Assets	Book value \$'000	Replacement cost \$'000	Insured value \$'000	Insurance provided by government schemes \$'000	Replacement value of Self-insured assets \$'000	Commentary
Bridges	-	28,750	17,575	-	14,375	50% (\$14.4 million) of the value of the Te Matau a Pohe and Waiarohia bridges (Loop Walk) is covered by Council insurance. Council also holds separate insurance cover valued at \$3.2 million for machinery breakdown. This cover specifically relates to the bridge lifting mechanisms for these two bridges.
Other infrastructure	745,427	1,230,117	447,420	671,130	11,594	Central Government funds 60% of the cost of replacing below ground water and wastewater networks damaged in a natural disaster. Council holds insurance for 40% of the replacement value. As noted under other operating assets, Council holds Material Damage insurance cover for \$368 million. This cover applies to assets classified as operating assets and above ground infrastructure assets.
Restricted assets						
Land	22,090	-	-	-	-	Land is not insured due to the low risk of loss.
Restricted assets (excluding land)	1,664	-	-	-	-	Council's Material Damage insurance of \$397.7 million includes cover for these assets.
Forestry						
Forestry	909	-	945	-	-	
Total assets	1,717,729	2,485,893	865,876	1,898,156	25,969	

Work in progress

The total amount of PPE work in progress is \$34.0 million (2018: \$22.9 million). Work in progress are capital projects that have not been capitalised into Council's asset management system at 30 June.

PPE work in progress by asset class is detailed below:

	Council	
	Actual 2019 \$'000	Actual 2018 \$'000
Parks	6,143	3,891
Wastewater	7,967	5,863
Roading	14,752	10,474
Water	4,614	2,575
Other	480	115
Total work in progress	33,956	22,918

Note 18: Intangible assets

Accounting policy

COMPUTER SOFTWARE

Acquired computer software licences are capitalised based on the costs incurred to acquire and prepare the software for use.

Costs directly associated with the development of identifiable and unique software products, where the criteria for capitalisation have been met, are recognised as an asset.

Staff training costs are recognised in the surplus or deficit when incurred.

Computer software assets are amortised using the straight line method over their estimated useful lives (three to ten years).

EASEMENTS

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

CARBON CREDITS

The Group participates in the New Zealand Emission Trading Scheme (ETS). Purchased New Zealand Units (NZU's) are recognised at cost on acquisition, and NZU's which represent carbon credits received from the Government are recognised at fair value as at the date of transfer. NZU's have an indefinite useful life and consequently aren't amortised, but are tested for impairment annually.

After initial acquisition, NZU's are recorded at the NZU spot rate at 30 June. This is considered to be fair value.

AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

<i>Class of intangible asset</i>	<i>Estimated useful life (years)</i>
Computer software	3-10

IMPAIRMENT OF INTANGIBLE ASSETS

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant and equipment in note 17. The same approach applies to the impairment of intangible assets.

Movements in the carrying value for each class of intangible asset are as follows:

Council and Group	Easements \$'000	Intangibles work in progress \$'000	Forestry carbon credits \$'000	Software assets \$'000	Total \$'000
At 1 July 2017					
Cost or valuation	63	486	598	9,219	10,366
Accumulated amortisation and impairment	-	-	-	(5,013)	(5,013)
Net book amount	63	486	598	4,206	5,353
Additions	-	564	-	102	666
Transfers/disposals at cost	-	(485)	-	-	(485)
Fair value gain	-	-	107	-	107
Amortisation charge	-	-	-	(645)	(645)
Closing net book amount 30 June 2018	63	565	705	3,663	4,996
Additions	81	1,319	-	164	1,564
Transfers/disposals at cost	-	(215)	-	(65)	(280)
Fair value gain	-	-	67	-	67
Amortisation charge	-	-	-	(611)	(611)
Closing net book amount 30 June 2019	144	1,669	772	3,151	5,736
At 30 June 2019					
Cost or valuation	144	1,669	772	9,419	12,004
Accumulated amortisation and impairment	-	-	-	(6,268)	(6,268)
Net book amount	144	1,669	772	3,151	5,736

Impairment

EASEMENTS

Easements are not cash-generating in nature, as they give Council the right to access private property where infrastructural assets are located. As such, impairment of an easement is determined by considering the future service potential of the easement. No impairment losses have been recognised for easements, as they all have ongoing service potential.

Easements have been assessed as having an indefinite useful life because they provide Council with access to infrastructural assets for an indefinite time period.

CARBON CREDITS

Council considers that there is no impairment of carbon credits held, as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations.

Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

Note 19: Depreciation and amortisation expense by group of activity

	Note	Council		Group	
		Actual	Actual	Actual	Actual
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Directly attributable depreciation and amortisation expense by group of activity					
Transportation	17	19,226	18,134	19,226	18,134
Water	17	5,677	5,575	5,677	5,575
Solid Waste	17	43	41	43	41
Wastewater	17	6,367	6,261	6,367	6,261
Stormwater	17	2,832	2,765	2,832	2,765
Flood Protection	17	272	272	272	272
Community Facilities & Services	17	4,512	4,184	4,512	4,184
Economic Growth	17	8	14	8	14
Planning & Regulatory	17	56	47	56	47
Support Services	17	746	724	746	724
Subsidiaries	17	-	-	149	95
Total depreciation expense		39,739	38,017	39,888	38,112
Directly attributable amortisation expense by group of activity					
Support Services	18	671	645	671	645
Community Facilities & Services	18	4	-	4	-
Total amortisation expense		675	645	675	645
Total directly attributable depreciation and amortisation by group of activity		40,414	38,662	40,563	38,757

Note 20: Derivative financial instruments

Accounting policy

The Group uses derivative financial instruments (principally interest rate swaps) to hedge various risks (principally those associated with borrowing at variable interest rates).

Derivatives are initially recognised at fair value on the date a derivative contract is entered into. Any associated transaction costs are expensed.

Derivatives are subsequently carried at fair value. In the money derivatives are classified as financial assets at fair value through surplus or deficit and out of the money derivatives are classified as financial liabilities at fair value through surplus or deficit.

The method of recognising changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. None of the Group's derivatives is designated as a hedging instrument. All changes in the fair value of the Group's derivatives are recognised in surplus or deficit and fair value is assessed annually.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Current asset portion				
Interest rate swaps – fair value	61	-	61	-
Total current asset portion	61	-	61	-
Non-current asset portion				
Interest rate swaps – fair value	-	7	-	7
Total non-current asset portion	-	7	-	7
Current liability portion				
Interest rate swaps – fair value	804	304	804	304
Total current liability portion	804	304	804	304
Non-current liability portion				
Interest rate swaps – fair value	17,298	11,881	17,298	11,881
Total non-current liability portion	17,298	11,881	17,298	11,881

The Group's derivative financial instruments such as interest rate swaps and forward rate agreements are used to manage interest rate risk of the Group's borrowings.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arms-length transaction. The fair values of all derivative financial instruments are determined using a discounted cash flows valuation technique based on the market values of the derivatives as at 30 June 2019. Due to fluctuations in interest rates the fair value of these instruments may change after being recognised as an asset or a liability in the Group's Financial Statement.

Gains and losses arising from changes in the fair value of derivatives are recognised in notes 6 and 8.

Interest rate swaps

The notional amount of derivative financial instruments as at 30 June 2019 for Council and the Group was \$242.0 million (2018: \$237.5 million). This is made up of:

- \$116.0 million of active derivative financial instruments hedging floating rates to fixed rates at rates between 3.27% to 5.99%.
- \$20.0 million of active derivative financial instruments hedging fixed rates to floating rates to reduce Council's fixed rate hedging.
- \$106.0 million of future derivative financial instruments hedging fixed rates to floating rates. These instruments will only become active on maturity of an existing active instrument.

Council's maximum net fixed rate hedging from derivative financial instruments is \$96.0 million.

Note 21: Payables and deferred revenue

Accounting policy

Short-term creditors and other payables are recorded at their face value.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Current portion				
Trade and other payables	1,830	4,440	1,870	1,649
Revenue in advance	3,278	2,614	3,303	2,624
Accrued expenses	12,778	9,912	13,355	10,255
Rates paid in advance	3,726	3,334	3,726	3,334
Deposits held	652	589	652	589
Accrued interest on borrowings	985	939	985	939
Retentions	856	850	856	850
Total current portion	24,105	22,678	24,747	20,240
Non-Current Portion				
Retentions	101	101	101	101
Total non-current portion	101	101	101	101
Total payables and deferred revenue	24,206	22,779	24,848	20,341

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

Exchange and non-exchange transactions

\$14.4 million (2018: \$11.2 million) of trade payables, revenue in advance, accrued expenses, deposits held, accrued interest and retentions are classified as exchange payables. All other payables are non-exchange.

Note 22: Provisions

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs” (see note 5).

Pohe Island landfill post closure costs

As operator of the Pohe Island Landfill, Council has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post closure costs is recognised as a liability.

Puwera landfill aftercare costs

The Northland Regional Landfill Limited Partnership has an obligation under its resource consent to monitor and manage risks of the Puwera landfill post closure. The aftercare period is estimated to be 30 years.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Current portion				
Landfill aftercare	75	102	75	102
Other provisions	-	1,500	-	1,500
Total current portion	75	1,602	75	1,602
Non-current portion				
Landfill aftercare	791	1,389	791	1,389
Total non-current portion	791	1,389	791	1,389
Total provisions	866	2,991	866	2,991

Movement in provisions	Landfill aftercare \$'000	Other provisions \$'000	Total \$'000
Council and group 2019			
Balance at 1 July 2018	1,491	1,500	2,991
Adjustments to provisions made	(578)	-	(578)
Amounts utilised	(45)	(933)	(45)

Movement in provisions	Landfill aftercare \$'000	Other provisions \$'000	Total \$'000
Unused amounts reversed	(61)	(567)	(1,561)
Discount unwind (note 5)	59	-	59
Balance at 30 June 2019	866	-	866

Provisions for landfill post closure costs – Council

Council gained a discharge permit from the Northland Regional Council to cease operating the Pohe Island Landfill in 1992. As operator of the landfill, Council has a legal obligation to provide ongoing maintenance and monitoring services at the site after closure.

The landfill closed in 2005 and after care costs have been calculated for 30 year period. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that could be incurred. The provision has been estimated using known improvements in technology and known changes to legal requirements. Based on the projected cash flows, the total of this closure and aftercare liability at net present value to the year ended 30 June 2019 is \$0.9 million (2018: \$1.5 million). This represents Council's projection of the amount required to settle the obligation.

The following significant assumptions have been made in calculating the provision:

- the cash flows are assumed to occur at the end of the financial year
- the landfill has only one stage. The initial development as well as the ongoing development costs are assumed to relate to that one stage
- the discount rate is calculated on the 10 year swap rate of 1.903% plus a margin of 70.25 basis points
- the September 2018 BERL inflation factor has been applied

Note 23: Borrowings

Accounting policy

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council or the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Current portion				
Debentures	30,000	29,000	30,000	29,000
Total current portion	30,000	29,000	30,000	29,000
Non-current portion				
Debentures	112,000	123,000	112,000	123,000
Total non-current portion	112,000	123,000	112,000	123,000
Total borrowings	142,000	152,000	142,000	152,000

Secured loans

Council's secured loans consist of the drawn down balance on the committed cash advance facility. The total available for drawdown against this facility is \$30.0 million (2018: \$30.0 million). The interest rate is based on the BKBM (Bank Bill Reference Rate) rate plus a margin for credit risk.

Council's debentures are mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

SECURITY

Council's external debt is secured by way of a debenture trust deed over the rates of Council.

FAIR VALUES

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans and debentures approximates their fair value.

Internal borrowings

Internal borrowings are eliminated on consolidation in Council's Summary Funding Impact Statement and in the main financial statement, but are not eliminated in the activity Funding Impact Statements.

Council uses its reserves and external borrowing to internally fund both capital expenditure and working capital. Council approves overall borrowing by resolution during the Annual Plan and/or LTP process.

The primary objective in funding internally is to use reserves and external borrowing effectively, by establishing a portfolio that provides funding to internal activity centres. This creates operational efficiencies, as savings are created by eliminating the margin that would be paid through Council separately investing and borrowing externally. In addition to external borrowing mechanisms all reserve accounts are used for internal borrowing purposes.

- Interest is set quarterly on all internal loans at the weighted average cost of external borrowing (including credit margin and other related costs).
- Interest on investment (reserve) balances is set quarterly at the 90 day Bank Bill rate. No adjustment is included for treasury related operational costs.
- Internal borrowing is repaid when funds are needed for the relevant activity. For example, as budgeted water projects are needed, funds previously advanced to another activity would be repaid (with external debt raised if necessary). The reserve would then be reduced as funds are expended.
- Where reserves have been created through a targeted rate (such as water), budgeted expenditure will always have priority over internal leading to another activity.

	Opening balance 1 July 2018 \$'000	Loans repaid \$'000	Loans raised \$'000	Closing balance 30 June 2019 \$'000
Transportation	36,188	-	4,747	40,935
Community facilities & services	36,188	-	4,747	40,935
Total	72,376	-	9,494	81,870

	Opening balance 1 July 2017 \$'000	Loans repaid \$'000	Loans raised \$'000	Closing balance 30 June 2018 \$'000
Transportation	35,003	-	1,185	36,188
Community facilities & services	35,003	-	1,185	36,188
Total undrawn committed facilities	70,006	-	2,370	72,376

Interest on internal borrowings

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Transportation	1,754	1,741	1,754	1,741
Community facilities & services	1,754	1,741	1,754	1,741
Total minimum lease payments	3,508	3,482	3,508	3,482

Note 24: Employee entitlements

Accounting policy

SHORT-TERM EMPLOYEE ENTITLEMENTS

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken at balance date.

LONG-TERM EMPLOYEE ENTITLEMENTS

Employee benefits that are due to be settled beyond 12 month after the end of the year which the employee provides the related service, such as long service leave, have been calculated on an actuarial basis.

Loyalty and performance bonuses are one off payments to staff members who have provided ten or more years of service to Council and have attained the prerequisite performance achievements over the preceding three years of service. The liability is assessed using current rates of pay taking into account years of service, years to entitlement and likelihood that staff will reach the point of entitlement and achieve the targeted performance level. These estimated amounts are discounted to their present value using an appropriate discount rate.

DEFINED CONTRIBUTION SCHEMES

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Current portion				
Accrued Pay	523	495	523	495
Annual leave	1,891	1,782	1,912	1,790
Loyalty and performance bonuses	100	100	100	100
Total current portion	2,514	2,377	2,535	2,385
Non-current portion				
Loyalty and performance bonuses	389	352	389	352
Total non-current portion	389	352	389	352
Total employee entitlements	2,903	2,729	2,924	2,737

Accrued annual leave is calculated at the full amount owing at 30 June each year based on current pay rates. The net increase of \$109,000 (2018: \$13,000 increase) has been recognised in the Statement of Comprehensive Revenue and Expense.

Loyalty and performance bonuses are payable on completion of each 10 years of service and are subject to performance criteria. The provision is assessed based on the estimated staff eligibility over the next 10 years at an average salary rate to which inflation of 3% is applied. The total is discounted to present value using a discount rate of 4.93% (2018: 5.06%). The increase in the value of the provision of \$37,000 (2018: \$16,000 increase) has been recognised in the Statement of Comprehensive Revenue and Expense.

Note 25: Equity

Accounting policy

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- reserves and special funds
- asset revaluation reserve

RESERVES AND SPECIAL FUNDS

These reserves and funds are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Some reserves and special funds are subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the courts or a third party. Transfers to and from these reserves may be made only for specified purposes or when specified conditions are met.

Also included in reserves and special funds are reserves restricted by Council decision. Council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

ASSET REVALUATION RESERVES

This reserve relates to the revaluation of property, plant, and equipment to fair value.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Ratepayers' equity				
Accumulated funds	912,210	892,988	928,212	901,327
Reserves and special funds	83,642	74,697	84,206	75,183
Asset revaluation reserve	669,046	542,232	669,046	542,232
Balance at 30 June 2019	1,664,898	1,509,917	1,681,464	1,518,742

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Accumulated funds				
Balance at 1 July	892,989	873,057	901,327	873,715
Transfer (to)/from special purpose reserves	(8,944)	(2,324)	(9,022)	(2,400)
Transfers from asset revaluation reserves on disposal	2,714	2,544	2,714	2,544
Total surplus/(deficit) after taxation	25,451	19,711	33,193	27,468
Balance 30 June	912,210	892,988	928,212	901,327

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Reserves and Special Funds				
Fishermen's levy	115	112	115	112
Trust funds	11	21	11	21
Community development fund 1	4,035	4,014	4,035	4,014
Community development fund 2	6,856	6,475	6,856	6,475
Community development fund 3	321	312	321	312
Art acquisitions	14	15	14	15
Clock purchases	52	51	52	51
AH Reed reserve	-	3	-	3
Leonard library reserve	245	257	245	257
General reserve	457	1,062	457	1,062
Property reinvestment reserve	33,540	30,395	33,540	30,395
Water reserve	37,759	31,719	37,759	31,719
Dog reserve	237	261	237	261
Sundry asset replacement reserve	-	-	564	486
Total reserves and special funds	83,642	74,697	84,206	75,183

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Asset revaluation reserve				
Balance at 1 July	542,232	523,783	542,232	523,783
Transfer to accumulated funds on disposal of assets	(2,714)	(2,544)	(2,714)	(2,544)
Revaluations gains/(losses) on infrastructure assets*	129,461	12,996	129,461	12,996
Revaluations gains/(losses) on other assets	67	7,997	67	7,997
Balance at 30 June	669,046	542,232	669,046	542,232

*Revaluations gains/(losses) on infrastructure assets includes \$3.1 million (2018: \$3.3 million) of found assets.

Reserve	Purpose	Balance 1-Jul-18 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30-Jun-19 \$'000
2019					
Fishermen's Levy	To fund maintenance and upgrading of marine facilities for use by commercial fishing vessels.	112	3	-	115
Trust funds	Bequests held for specific purpose.	21	-	10	11

Reserve	Purpose	Balance 1-Jul-18 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30-Jun-19 \$'000
Community development fund 1	To provide funding for land for reserves or community facilities on Council owned reserve land.	4,014	21	-	4,035
Community development fund 2	To provide funding for community facilities on non-Council reserve land.	6,475	381	-	6,856
Community development fund 3	To provide funding for performing art activities.	312	9	-	321
Art acquisitions	To fund acquisitions of artworks.	15	-	1	14
Clock purchases	To fund purchase of clocks for Claphams Clocks.	51	1	-	52
AH Reed Reserve	Residual balance.	3	-	3	-
Leonard Library Reserve	Bequest for the purchase of library books.	257	1	13	245
General Reserve	To fund operational grants committed but not paid	1,062	7	612	457
Property Reinvestment Reserve	To fund property purchases for a commercial return.	30,395	9,077	5,932	33,540
Water Reserve	Holds any surpluses for future funding of Water activities.	31,719	7,504	1,464	37,759
Dog Reserve	Holds any surpluses for future funding of Dog activities.	261	-	24	237
Total restricted reserves – 2019		74,697	17,004	8,059	83,642

Reserve	Purpose	Balance 1 July 2017 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June 2018 \$'000
2018					
Fishermen's Levy	To fund maintenance and upgrading of marine facilities for use by commercial fishing vessels.	109	3	-	112
Trust funds	Bequests held for specific purpose.	20	1	-	21
Community development fund 1	To provide funding for land for reserves or community facilities on Council owned reserve land.	4,014	-	-	4,014
Community development fund 2	To provide funding for community facilities on non-Council reserve land.	6,308	167	-	6,475
Community development fund 3	To provide funding for performing art activities.	304	8	-	312
Art acquisitions	To fund acquisitions of artworks.	5	10	-	15
Clock purchases	To fund purchase of clocks for Claphams Clocks.	51	-	-	51

Reserve	Purpose	Balance 1 July 2017 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30 June 2018 \$'000
AH Reed Reserve	Residual balance.	3	-	-	3
Leonard Library Reserve	Bequest for the purchase of library books.	296	-	39	257
Hihiaua Reserve	To reserve Council's grant for future funding of Hihiaua Cultural Centre Trust.	1,127	22	87	1,062
Property Reinvestment Reserve	To fund property purchases for a commercial return.	33,139	662	3,406	30,395
Water Reserve	Holds any surpluses for future funding of Water activities.	26,888	4,831	-	31,719
Dog Reserve	Holds any surpluses for future funding of Dog activities.	110	151	-	261
Total restricted reserves – 2019		72,374	5,855	3,532	74,697

Capital management

Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (LGA) requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

Council has the following Council created reserves:

- Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.
- Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purpose they were donated.

Note 26: Capital commitments and operating leases

Accounting policy

OPERATING LEASES

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

The Group as a lessee

The Group is a lessee in operating leases. Lease payments under an operating lease are recognised on a straight-line basis over the term.

The Group as a lessor

The Group is a lessor in operating leases. Receipts from operating leases (net of incentives provided to lessees) are recognised on a straight line basis over the term of the lease.

CAPITAL COMMITMENTS

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Water system	28,262	3,088	28,262	3,088
Parks	3,247	1,828	3,247	1,828
Roading network	4,669	5,887	4,669	5,887
Library	-	487	-	487
Information management	651	1,594	651	1,594
Other major projects	391	70	19,152	19,068
Waste	4,376	2,090	4,376	2,090
Total capital commitments	41,596	15,044	60,357	34,042

Operating leases as lessee

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Not later than one year	1,013	940	1,274	1,200
Later than one year and no later than two years	1,013	87	1,242	548
Later than two years and not later than five years	990	152	993	185
Total non-cancellable operating leases	3,016	1,179	3,509	1,933

Council

Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a minimum non-cancellable term of 36 to 45 months. The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is nil (2018: nil). Leases can be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council does not have the option to purchase the asset at the end of the lease term. There are no restrictions placed on Council by any of the leasing arrangements.

Group

NORTHLAND EVENTS CENTRE TRUST (NECT)

NECT leases property, plant, and equipment in the normal course of its business.

WHANGAREI ART MUSEUM TRUST (WAMT)

WAMT's operating lease consists of the annual rental paid to Council and WAMT receives a rent concession of the same amount from Council.

Operating leases as lessor

The future minimum lease payments to be received under non-cancellable operating commitments are:

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Not later than one year	2,513	2,759	2,513	2,759
Later than one year and not later than two years	2,077	2,161	2,077	2,161
Later than two years and not later than five years	3,703	4,669	3,703	4,669
Later than five years	6,030	7,817	6,030	7,817
Total non-cancellable operating leases	14,323	17,406	14,323	17,406

Council operating lease revenue commitments

Council operating lease revenue commitments relate to commercial lease revenue which is contractually owed until the next scheduled rent review.

Note 27: Contingent assets and liabilities

Contingent liabilities

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Loan guarantees	250	250	257	257
Weathertightness	1,672	1,522	1,672	1,522
Total contingent liabilities	1,922	1,772	1,929	1,779

Council loan guarantees

Council is guarantor to a number of community and sporting organisation bank loans. Should these organisations default on the loans, Council is obligated under the guarantee to make loan repayments. There is no evidence of potential default or any payments by Council being required. Whangarei Art Museum Trust's payroll services are outsourced to Payroll Plus Ltd, who require a letter of credit for \$7,500 as guarantee that any direct debits up to this amount will be honoured.

Weathertightness

Every Council with statutory responsibilities under the Building Act has been impacted by the leaky building issue that arose from building industry failures spanning the early 1990s to the mid-2000s. During this period, legislation prescribed Council as the authority to issue building consents and code compliance certificates and allowed private certifiers to enter the market and perform other functions. This resulted in consent decisions being made by multiple entities, including Council.

In 2009 Council's then insurer Risk Pool removed cover for weathertightness claims and capped all previously-lodged claims to \$250k per annum. There is no insurance cover for weathertight or leaky home claims.

Over the years, the leaky claims process has evolved and matured in mediation, litigation, statement of claims, points of law and precedent. Many parties or respondents to a claim, such as designers, builders, plasterers, engineers and private certifiers, have ceased to trade or companies have shut down. Council is often left as the last man standing and it could be said the law that is applied in this area is not appropriate as joint and several liability allows for companies and entities to cease trading and remove themselves from liability and risk in the claims area. It is unlikely that proportional liability will be enacted as this would require a substantial change to the legal framework for the Country and the Ministry (MBIE) have indicated through the latest discussion document that they will not cap liability or consider changing the Building Act 2004 to address this.

Council has six (6) claims registered with Weathertight Homes Resolution Service (WHRS) as at 30th June 2019 and (1) additional claim relating to a leaky building that is not registered with WHRS. All of these (7) claims are in various stages of activity and it is yet to be determined under joint and severable liability what Council's liability may be if the claims are successful. It is difficult to forecast with certainty on the WHRS status as this is a mediation process.

In the 2018-19 financial year:

- six claims are accepted and registered by WHRS and one claim is being mediated separately
- two of the WHRS claims have been settled but have not been removed from WHRS due to their process requirements;
- this leaves four claims that are current in the WHRS system with no claim value except the original build value from the date of original application

Council has allowed a contingency of \$1.67 million for weathertightness claims. This assumes the total to settle all claims at their estimated values, with no allowance made for contributions from the other parties or professional fees.

Private Developer Agreement Termination

In April 2018 Council resolved to terminate an existing Private Developer Agreement. As part of this agreement Council expects to receive revenue of \$2.0 million on or before 1 December 2020 to remove an obligation on members to construct wastewater infrastructure. As at 30 June 2019 \$0.9 million had been received.

The termination agreement also gives rise to a contingent liability of \$0.7 million. Council's obligation to pay this liability cannot be determined until May 2021, this being the latest date at which members can exercise the terms of the termination agreement.

Other Building Act Claims

MINISTRY OF EDUCATION AND CARTER HOLT HARVEY (CHH)

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. The MOE's claim against CHH is for 833 school buildings. Some of these are in Whangārei. In 2016, CHH commenced proceedings against 48 councils, including Whangārei District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

The court has directed that the trial be staged. The first stage will be a six month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

HOMEOWNERS AND CHH

During the year, a group of homeowners initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. CHH has joined 19 councils as co-defendants in this claim.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

Large Commercial Development – Building Consent Claim

Council has been joined as a respondent to a claim that relates to a large commercial development of car showrooms and workshops. It is alleged that the ground underneath the buildings has continued to settle since construction, causing significant damage. Council is alleged to have breached its statutory duty under the Building Act 2004 when issuing the building consents, conducting inspections and issuing the Code Compliance Certificate. The other parties to the claim are the engineers and the builders of the development. The claim is covered by Council's insurance and the value of the claim is yet to be quantified. It is unlikely that there will be further loss over the initial insurance claim (premium excess).

Unquantified contingent liabilities

There are various other claims that Council and the group are currently contesting which have not being quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which Council and the group have a responsibility to the claimant.

New Zealand Local Government Funding Agency (LGFA)

Council is a shareholder of the LGFA and is party to the guarantee of all borrowings of the entity.

Council is one of 30 local authority shareholders. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of the LGFA's borrowings. At 30 June, LGFA had issued bonds totalling \$9.840 billion (2018: \$8.594 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value, however, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- Council is not aware of any local authority debt defaults in New Zealand
- 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

Airport feasibility project

In late 2013 Council staff raised concerns about the long term adequacy of the existing Onerahi airport and in particular the runway. In February 2014 Council formally resolved to commence a review to ensure that the District has an aerodrome facility that was capable of meeting the long term needs of the its users and the District.

This first phase of this project entailed a detailed review of the adequacy of the Onerahi Airport together with possible options to overcome identified inadequacies. In conjunction with this work a preliminary analysis was undertaken of a possible alternative site centred on an area of land called Port Nikau. This was land previously associated with Port Whangārei. Both these investigations were undertaken by Beca Ltd and their two reports were presented to Council in December 2014. The report to Council did confirm a number of short and medium term inadequacies of the existing airport and some options to partially deal with them. It also concluded that the Port Nikau site had a number of short comings as an alternative airport; the most significant being ground penetrations of the obstacle limitation surfaces associated with a new airport. This would lead to real difficulties gaining regulatory approval for the Civil Aviation Authority.

Council resolved to proceed with Phase Two of the project which entailed the identification of a range of possible sites within the District, evaluation of those sites and the selection of a preferred site for further more detailed examination. Beca were awarded the Phase 2 Contract.

Since awarding the Phase Two contract, Beca have progressed through the agreed methodology having completed tasks relating to:

- project objectives
- site evaluation criteria
- identification of a long list of potential sites
- analysis of the long list to identify a short list of five sites
- further analysis of short listed sites

A short list of sites has been presented to Council. Work is being undertaken on the evaluation of those sites to determine the preferred location including planning and designation requirements.

Further work with government agencies confirmed the requirement for funding applications to follow the Treasury better business case model. To achieve this, Council has engaged in an investment logic mapping process with key stakeholders to assist with the strategic assessment required for the business case. Further work is also being undertaken with Air New Zealand, and we currently await their review of regional services. Council, with assistance from Beca has drafted a community and stakeholder's communication strategy and communications plan.

Hundertwasser Wairau Māori Arts Centre (HWMAC)

BACKGROUND

In 1993, artist Friedensreich Hundertwasser was invited by the then Mayor of Whangārei to design an art centre for the city. He chose the former Northland Harbour Board building in the Town Basin (the Building).

Council considers that it is important to have a high level of transparency around the project and its funding.

REFERENDUM

After several years of debate a binding referendum was held in June 2015 in regards to the use of the Building. A majority voted for HWMAC as the Whangarei District community's preferred option for re-development. As a condition of the referendum, there was a two-year period to June 2017 in which to raise the required funding needed. By June 2017 WAMT with the assistance of the Prosper Northland Trust (PNT) reached the required funding target. Donations and pledges came from the government, general public, community groups, corporates, businesses and the Lotteries Commission. The terms of the referendum have been met and the project has been initiated, and the re-development works have commenced.

OPERATOR AND GUARANTEES AND INDEMNITIES

Whangarei Art Museum Trust (WAMT), a CCO of Whangarei District Council will operate the HWMAC on an on-going basis once re-development is completed.

There is no intention for Council to provide funding for the operating costs of the HWMAC once it begins operation and is open to the public. Underwriting mechanisms have been established to cover any trading losses/operating deficits and re-entry and termination costs up to \$2 million over a ten year period, with the maximum amount payable in any single year \$500 thousand.

Westpac is the first guarantor, to a maximum amount of \$1.25 million. To facilitate the establishment of this guarantee WAMT will deposit \$1.0 million with Westpac. However, once any cumulative losses reaches \$750 thousand, Westpac has the option to crystallise its exposure and be relieved from any further obligations.

At this point, the second guarantor, WAMT will cover any remaining amount up to \$1.25 million, using any remaining funds from their \$1 million deposit with Westpac and a further cash bond of \$250 thousand.

Together these arrangements cover any potential losses up to the first \$1.25 million.

The remaining \$750 thousand of the \$2 million is covered by a guarantee from the Ngatiwai Trust Board.

Because the maximum amount payable in any single year is \$500 thousand, at the expiration of the seventh year the guarantors' total liability shall reduce from \$2.0 million to \$1.5 million (with a further \$500 thousand reduction each year thereafter).

Council is satisfied that these underwriting mechanisms are appropriate.

There are controls in place that allow both Whangarei District Council and Westpac to directly monitor the performance of the HWMAC if significant losses start to accumulate.

TENDER PROCESS

A tender process for the HWMAC construction contract was held in at the end of 2017 and in early 2018. The construction contract has been awarded to Trigg Construction Limited. The building consent has been issued by Council. The tender process and the building consent process has determined a finalised project cost of \$26.09 million.

THE LAND AND THE BUILDING

Council owns the land and the former Harbour Board building. The building was recognised by Council at a nil value because it required seismic strengthening and was not habitable.

Extensive engineering for seismic strengthening being additional structural foundations to support HWMAC on the reclaimed land was required. As a result, it was determined it was not feasible to redevelop the building, so the building was deconstructed.

PROJECT UPDATE

Deconstruction of the pre-existing Council building on the site was completed and foundation work commenced in September 2018. Piling was completed in late November 2018 and the tower crane was erected. To date the floor has been poured, first floor walls have been erected and the second floor support beams are being cast. External and internal design modifications have been incorporated into the plans and the internal fit out details are currently being worked through.

For a variety of reasons the construction has faced some unexpected costs. The additional costs are estimated to be \$4.2 million in a worst case scenario. The board is investigating a range of options to meet the shortfall. These options include obtaining new funding and instigating cost savings on the build. Construction is presently continuing and the board has funds to continue the construction through to near completion. Cash flow forecasts predict that additional funds or material cost savings will be required by September 2020. The board is monitoring cash flow requirements.

LEASE AND OWNERSHIP OF THE HWMAC STRUCTURE

Council and WAMT have entered into a Lease for the HWMAC. The Lease has a nominal annual rental of \$1 and a lease term of 34 years and 11 months. The lease commenced on 11 June 2018 and expires on 11 May 2052. The portion of land being leased has not been subdivided and is part of a wider parcel owned by Council. It would have been Council's preference to lease the land in-perpetuity but under the Resource Management Act, 35 years is the maximum period that a lease can be issued for a sub parcel of land. WAMT will retain substantially all the risk and rewards incidental to ownership of the HWMAC building. Due to this control, WAMT will recognise the HWMAC building in its financial statements.

COUNCIL FUNDING FOR THE PROJECT

Council spent an initial sum of \$1.1 million between 2011 to 2013 on consents and other pre-project costs for the project. Council provided for additional partial capital funding for "Old Harbour Board Development" in the 2015-25 Long-Term Plan of \$1.4 million in year three (2017-18 – inflated \$) and \$1.5 million in year four (2018-19 – inflated \$), a total of \$2.9 million. This Council funding is factored in as part of the required funding for the project. It has been determined that Council will not own any part of HWMAC, so consequently it was determined that it was more appropriate to provide the funding to the project as a grant. This grant was included in the 2018-19 financial statements.

DONATIONS AND CONTRIBUTIONS

At 30 June 2019, the total amount of money collected and held by WAMT combined with Council's contribution and the net pledges was \$29.8 million (including interest received of \$270k)

Category	Amount (\$'000)
Donations/Pledges	13,607
Council contribution	4,077
Pledges	11,799
	29,483

(1) Donations/Pledges

This consists of two components:

- donations received. These are donations that have been received and treated as revenue. At 30 June 2019 the total amount of donations collected was: \$13.6 million
- pledges receivable. These are pledges that have been received by WAMT and all the conditions have been fulfilled. They have not been collected and therefore recognised as revenue. At 30 June 2019 the total amount of pledges receivable was: \$nil (2018: \$403k)

(2) Council Contribution

Council spent an initial sum of \$1.1 million between 2011 to 2013 on consents and other pre-project costs.

Council provided a total of \$2.977 million for funding of the development of the 'Old Harbour Board Development' in the 2015-25 Long-Term Plan. This amount was recognised as a grant receivable from Council at the end of June 2018.

This funding is factored in as part of the required funding for the project. At 30 June 2018 the total amount of Council funding was: \$4.1 million.

(3) Pledges

As all the conditions of the Referendum have been met and the project has commenced, remaining pledges are in essence unconditional, although subject to individual funding agreements. When money is received as part of an overall pledge amount it becomes a donation and recognised as revenue. Remaining pledges do not meet the definition of an asset so are not recorded as an asset of WAMT (as per IPSAS 23). Instead, pledges have been disclosed as a contingent asset in the below table (as per IPSAS 19).

Pledges have an element of uncertainty of collection so the collectability of pledges needs to be assessed. As at 30 June 2019 the pledges have been assessed and analysed as follows:

	Pledged \$'000	Collectability %	Net Pledge \$'000
Government	9,340	100	9,340
Local Government	1,000	100	1,000
Corporates	140	100	140
Charitable Trusts	1,200	100	1,200
Professional firms	28	100	28
General public	90	90	81
Total	11,798		11,789

(4) 'In Kind' Products and Services

- There are in kind trade products and services that have been or will be donated to the overall project. All in-kind trade products and services provided were of a minor nature and therefore have not been quantified.
- Professional services – various professional services in the form of time have and will continue to be donated to the overall project. These include, legal, accounting, project and other management, planning, architectural, design etc. For the year ended 30 June 2019, material professional services to the value of \$55k (2018: \$261k) have been quantified and recognised.
- Additionally, professional services to the value of \$397k have been been quantified but not recognised.

Note 28: Financial instruments

(a) Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
FINANCIAL ASSETS				
Fair value through surplus or deficit – Held for trading				
Derivative financial instrument assets	61	7	61	7
Loans and receivables				
Cash and cash equivalents	29,230	29,420	33,716	33,772
Receivables	15,634	13,928	15,449	14,022
Other financial assets:				
- term deposits	10,000	10,000	10,000	10,000
- community loans	598	858	595	789
- LGFA borrower notes	1,952	2,112	1,952	2,112
Total loans and receivables	57,414	56,318	61,712	60,695
Fair value through the Statement of Comprehensive Revenue and Expense				
Other financial assets:				
- unlisted shares	748	743	748	743
FINANCIAL LIABILITIES				
Fair value through Surplus or Deficit – Held for trading				
Derivative financial instrument liabilities	18,102	12,185	18,102	12,185
Financial liabilities at amortised cost				
Payables	17,202	16,832	17,819	14,384
Borrowings:				
- debentures	142,000	152,000	142,000	152,000
Total financial liabilities at amortised cost	159,202	168,832	159,819	166,384

(b) Fair value hierarchy disclosures

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets
- valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2019 – Council				
Financial assets				
Derivatives	61	-	61	-
Unlisted shares	748	-	748	-
Total financial assets	809	-	809	-
Financial liabilities				
Derivatives	18,102	-	18,102	-
30 June 2018 – Council				
Financial assets				
Unlisted Shares	743	-	743	-
Financial liabilities				
Derivatives	12,185	-	12,185	-
30 June 2019 – Group				
Financial assets				
Derivatives	61	-	61	-
Unlisted shares	748	-	748	-
Total financial assets	809	-	809	-
Financial liabilities				
Derivatives	18,102	-	18,102	-
30 June 2018 – Group				
Financial assets				
Shares	743	-	743	-
Financial liabilities				
Derivatives	12,185	-	12,185	-

There were no transfers between the different levels of the fair value hierarchy.

(c) Financial instrument risks

Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. Council and the Group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. Council has established Council-approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risks arise on share investments which are classified as financial assets held at fair value through other comprehensive income. Equity securities price risk is not managed as the only quoted share investments are in the Local Government Funding Agency and Civic Assurance Limited, which are held for strategic reasons.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Council purchases plant and equipment associated with the construction of certain infrastructure assets from overseas, which results in transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

Council enters into a limited number of foreign transactions and therefore is exposed to minimal currency risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose Council and the Group to fair value interest rate risk. Council's Liability Management Policy is to maintain between 50-95% of its current borrowings in fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where Council has borrowed at fixed rates in excess of the 95% maximum.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council and the group to cash flow interest rate risk.

Generally, Council and the Group raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Council or the Group borrowed at fixed rates directly. Under the interest rate swaps, Council and the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to Council and the Group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which gives rise to credit risk.

Council's Investment Policy limits the amount of credit exposure to any one financial institution or organisation to no more than \$20.0 million (except for LGFA which is no more than \$50.0 million). The Group invests funds only with entities that have a Standard and Poor's credit rating of at least A-1 for short-term and A for long-term investments.

Maximum exposure to credit risk

Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Cash at bank and term deposits	29,230	29,420	33,716	33,772
Receivables	15,634	13,928	15,449	14,022
Community and related party loans	598	858	595	789
Short term deposits	10,000	10,000	13,860	10,000
Derivative financial instrument assets	61	7	61	7
Financial guarantees	250	250	257	257
Total credit risk	55,773	54,463	63,938	58,847

Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 27.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA-	39,230	39,420	39,230	43,772
Total cash at bank and term deposits	39,230	39,420	39,230	43,772
Derivative financial instrument assets				
AA-	61	7	61	7
Total derivative financial instrument assets	61	7	61	7
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Community and related party loans				
Existing counterparty with no defaults in the past	598	858	595	789
Total community and related party loans	598	858	595	789

Receivables arise mainly from Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers.

LIQUIDITY RISK

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy which includes a liquidity ratio defined as “external debt plus committed loan facilities plus liquid investments, divided by external debt”. The Policy requires the ratio to remain above 110%.

Council has a maximum that can be drawn down against its committed facility of \$30.0 million. (2018 \$30.0 million). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses Council and the Group’s financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than one year \$'000	Greater than one year \$'000
Council 2019				
Payables	17,202	17,202	17,101	101
Bank overdraft	-	-	-	-
Debentures	142,000	156,308	33,144	123,164
Financial guarantees	250	250	250	-
Total	159,452	173,760	50,495	123,265
Council 2018				
Payables	16,832	16,832	16,731	101
Bank overdraft	-	-	-	-
Debentures	152,000	169,097	32,693	136,404
Financial guarantees	250	250	250	-
Total	169,082	186,179	49,674	136,505
Group 2019				
Payables	17,819	17,819	17,718	101
Bank overdraft	-	-	-	-
Debentures	142,000	156,308	33,144	123,164
Financial guarantees	257	257	257	-
Total	160,076	174,384	51,119	123,265
Group 2018				
Payables	14,384	14,384	14,283	101
Bank overdraft	-	-	-	-
Debentures	152,000	169,097	32,693	136,404
Financial guarantees	257	257	257	-
Total	166,641	183,738	47,233	136,505

Council is exposed to liquidity risks as a guarantor of the LGFA’s borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 27.

Contractual maturity analysis of derivative financial instrument liabilities

The table below analyses Council and the group's derivative financial instrument liabilities into those that are settled on a net basis and those that will be settled on a gross basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount \$'000	Contractual Cash flows \$'000	Less than one year \$'000	Greater than one year \$'000
Council and Group 2019				
Net settled interest rate swaps	18,102	18,102	804	17,298
Council and Group 2018				
Net settled derivative liabilities	12,185	12,185	304	11,881

Contractual maturity analysis of financial assets

The table below analyses Council and the Group's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount \$'000	Contractual Cash flows \$'000	Less than one year \$'000	Greater than one year \$'000
Council 2019				
Cash and cash equivalents	29,230	29,230	29,230	-
Receivables	15,634	15,634	15,634	-
Net settled derivative assets	61	61	61	-
Other financial assets:				
- term deposits	10,000	10,093	10,093	-
- community loans	598	687	180	507
- LGFA borrower notes	1,952	2,318	179	2,139
Total	57,475	58,023	55,377	2,646
Council 2018				
Cash and cash equivalents	29,420	29,420	29,420	-
Receivables	13,928	13,928	13,928	-
Net settled derivative assets	7	7	7	-
Other financial assets:				
- term deposits	10,000	10,263	10,263	-
- community loans	858	976	287	689
- LGFA borrower notes	2,112	2,517	359	2,158
Total	56,325	57,111	54,264	2,847

	Carrying amount \$'000	Contractual Cash flows \$'000	Less than one year \$'000	Greater than one year \$'000
Group 2019				
Cash and cash equivalents	33,716	33,716	33,716	-
Receivables	15,449	15,449	15,449	-
Net settled derivative assets	61	61	61	-
Other financial assets:				
- term deposits	13,860	13,980	13,980	-
- community loans	595	684	177	507
- LGFA borrower notes	1,952	2,318	179	2,139
Total	65,633	66,208	63,562	2,646
Group 2018				
Cash and cash equivalents	33,772	33,772	33,772	-
Receivables	14,022	14,022	14,022	-
Net settled derivative assets	7	7	7	-
Other financial assets:				
- term deposits	10,000	10,263	10,263	-
- community loans	789	906	274	632
- LGFA borrower notes	2,112	2,517	359	2,158
Total	60,702	61,487	58,697	2,790

SENSITIVITY ANALYSIS

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council and the Group's financial instrument exposures at balance date.

	2019				2018			
	-50bps Surplus \$'000	-50bps Other equity \$'000	+100bps Surplus \$'000	+100bps Other equity \$'000	-50bps Surplus \$'000	-50bps Other equity \$'000	+100bps Surplus \$'000	+100bps Other equity \$'000
Council								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(196)	-	392	-	(197)	-	394	-
Derivatives – held for trading	(26)	-	48	-	(122)	-	236	-
Financial liabilities								
Derivatives – held for trading	(3,486)	-	6,572	-	(3,621)	-	6,792	-
Borrowings:								
- secured loans	-	-	-	-	-	-	-	-
- debentures	710	-	(1,420)	-	760	-	(1,520)	-
Total sensitivity	(2,998)	-	5,592	-	(3,180)	-	5,902	-
Group								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(219)	-	437	-	(219)	-	438	-
Derivatives – held for trading	(26)	-	48	-	(122)	-	236	-
Financial liabilities								
Derivatives – held for trading	(3,486)	-	6,572	-	(3,621)	-	6,792	-
Borrowings:								
- secured loans	-	-	-	-	-	-	-	-
- debentures	710	-	(1,420)	-	760	-	(1,520)	-
Total sensitivity	(3,021)	-	5,637	-	(3,202)	-	5,946	-

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -50bps/+100bps.

Note 29: Group 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; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect Council and the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within Council Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

Northland Events Centre Trust (NECT)

Previously Council has chosen to underwrite any operating shortfalls in NECT operations. Underwriting of \$nil (2018: \$103,315) was provided from Council to NECT. These amounts are disclosed in the Statement of Comprehensive Revenue and Expense. An amount of \$504 was outstanding at 30 June 2019 (2018: \$102,020).

Whangarei Art Museum Trust (WAMT)

WAMT received an annual operating grant (including rent concession) from Council of \$567,000 (2018: \$513,000). Council also provided a grant of nil (2018: \$2.977 million) towards the HWMAC project. An amount of \$71,000 was outstanding at 30 June 2019 (2018: \$3.011 million).

Services relocation costs of \$310,948 are owing to Council.

Note 30: Events occurring after the balance date

There were no significant events after the balance sheet date (2018: nil).

Note 31: Explanation of major variances against budget

Key financial information	Actual 2019 \$'000	Budget 2019 \$'000	Comments
Statement of comprehensive revenue and expense			
Total revenue	173,579	151,696	<p>Total revenue was higher than budget by \$21.9 million:</p> <ul style="list-style-type: none"> development contributions were \$5.8 million higher than budget reflective of the continuing growth in the region. subsidies and grants was \$2.6 million higher than budget. fees and charges revenue was \$1.2 million higher than budget. interest received was \$1.4 million higher than budget due to prefunding future debt repayments. vested asset income was higher than budget by \$7.1 million. an unbudgeted investment property revaluation gain of \$3.3 million. other revenue was \$0.4 million higher than budget.
Total expenses	148,128	140,672	<p>Total operating expenses were higher than budget by \$7.5 million:</p> <ul style="list-style-type: none"> personnel costs were \$2.4 million lower than budget. depreciation and amortisation was \$1.7 million higher than budget. unbudgeted loss on derivatives of \$5.9 million. unbudgeted losses on disposal of other assets of \$3.7 million. other expenses were \$1.4 million lower than budget.
Surplus/(deficit)	25,451	11,024	
Statement of financial position			
Total assets	1,852,975	1,709,385	<p>Total assets are higher than budget by \$143.6 million:</p> <ul style="list-style-type: none"> cash and cash equivalents are \$28.9 million above budget due to additional deposits from short term debt not yet required other financial assets are \$9.7 million above budget due to excess cash that has been placed on term deposit <p>Property, plant and equipment is \$106.0 million above budget:</p> <ul style="list-style-type: none"> Council's opening balance for year one of the 2018-28 LTP was \$25.2 million lower than 2017-18 actual results mainly due to roading and pensioner housing revaluation and higher than budgeted vested assets actual spend was \$8.2 million lower than budget due to assumptions regarding the timing of project completion including carry forwards and brought forwards. Council's 2018-19 actuals were \$88.3 million higher than budget due to vested assets (\$7.1 million higher than budget), infrastructure revaluation (\$87.5 million higher than budget), offset by \$4.4 million of disposals not budgeted and depreciation of \$1.8 million higher than budget. investment properties are \$3.5 million below budget due to unbudgeted sales as well as some properties being reclassified as property, plant and equipment.
Total liabilities	(188,077)	(175,500)	<p>Total liabilities are higher than budget by \$12.6 million:</p> <ul style="list-style-type: none"> non current derivative financial instruments are \$6.1 million over budget due to unrealised revaluation losses. borrowings are \$4.1 million over budget due to short-term borrowings placed on term deposit.
Net assets	1,664,898	1,533,885	

Key financial information	Actual 2019 \$'000	Budget 2019 \$'000	Comments
Cash flow statement			
Net cash flows from operating activities	59,327	45,789	<p>Net cash flows from operating activities was higher than budget by \$13.5 million:</p> <ul style="list-style-type: none"> • other revenue including development contributions were higher than budget by \$6.2 million. • fees and charges received were higher than budget by \$2.2 million. • subsidies and grants were higher than budget by \$1.5 million due to the timing of completion of projects subject to NZTA subsidies. • interest received was higher than budget by \$1.4 million due to prefunding future capital expenditure. • payments to suppliers and employees were \$1.9 million lower than budget.
Net cash flows from investing activities	(49,777)	(58,763)	<p>Net cash flows from investing activities was lower than budget by \$9.0 million:</p> <ul style="list-style-type: none"> • purchase and development of fixed assets was lower than budget by \$3.0 million due to deferred capital works. • proceeds from sale of fixed assets were higher than budget by \$5.1 million due to the sale of investment properties.
Net cash flows from financing activities	(9,740)	12,974	<p>Net cash flows from financing activities was lower than budget by \$22.7 million due to budgeted borrowings not required as a result of carry forwards of capital expenditure.</p>
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	(190)	-	

Note 32: Joint ventures

Whangarei District Airport (WDA)

WDA is a joint venture between Council and the Ministry of Transport that provides airport and landing facilities for the use of visitors, residents, and ratepayers of the Whangarei District. WDA is incorporated in New Zealand. Council ownership is 100% of buildings and lighting, 50% interest of all other assets and liabilities and net surplus. WDA operates in New Zealand only. Pursuant to the Local Government Act 2002, WDA is Council-Controlled Organisation (CCO).

Name	Principal activity	2019	2018
		Percentage ownership %	Percentage ownership %
Whangarei District Airport	Provision of airport and landing facilities	50%	50%

The joint venture has a balance date of 30 June. Included in the financial statement are the following items that represent Council's interest in the assets, liabilities, revenue and expenditure of the joint venture.

	Council	
	Actual 2019 \$'000	Actual 2018 \$'000
Council's interest in the Joint Venture		
Current assets	222	336
Non-current assets	2,221	2,185
Current liabilities	49	57
Non-current liabilities	-	-
Revenue	315	280
Expenses	388	323

Northland Regional Landfill Limited Partnership (NRLLP)

NRLLP is a joint venture between Council and Northland Waste Limited and operates under a limited partnership. The principal activity of the partnership is the development and provision of landfill facilities for the Whangarei District. Ownership is 50% interest in all assets and liabilities and net surplus. NRLLP is governed by the Companies Act 1993 and operates in New Zealand only. Pursuant to the LGA, NRLLP is a Council-Controlled Trading Organisation (CCTO).

Name	Principal activity	2019	2018
		Percentage ownership %	Percentage ownership %
Northland Regional Landfill Limited Partnership	Provision of waste and landfill facilities	50%	50%

The joint venture has a balance date of 30 June. Included in the financial statements are the following items that represent Council's interest in the assets, liabilities, revenue and expenditure of the joint venture.

	Council	
	Actual 2019 \$'000	Actual 2018 \$'000
Council's interest in the Joint Venture		
Current assets	1,213	757
Non-current assets	15,283	12,970
Current liabilities	4,359	2,991
Non-current liabilities	2,818	1,663
Revenue	5,443	4,758
Expenses	4,367	3,415

Note 33: Subsidiaries

The consolidated financial statements include the assets, liabilities and financial performance of the following subsidiaries in accordance with the accounting policies.

Subsidiary	Governed by	Principal activity	Equity holding	
			2019	2018
Springs Flat Contractors Limited (SFCL)	Companies Act 1993	SFCL is a limited liability shelf company. Council retains this company due to the unrealised tax losses held by SFCL.	100%	100%
Whangarei Art Museum Trust (WAMT)	Charitable Trusts Act 1957 of New Zealand	<p>WAMT is a Charitable Trust and is operated by the Trustees of WAMT with the bulk of funding being received from Council. WAMT was established to maintain and display the District's art collection, the acquisition, collection, conservation and display of works of art; the promotion of the understanding, enjoyment and study of art in the Whangarei District and Northland region.</p> <p>WAMT is a fully controlled entity for financial reporting purposes. Whilst Council is not involved in the day-to-day operating activities, Council governs the overall financial management and benefits from the WAMT activities.</p> <p>WAMT with the assistance of the Prosper Northland Trust have reached the required funding target for the Hundertwasser Wairau Māori Arts Centre. Project works commenced in June 2018 (see note 27).</p>	Controlling	
Northland Events Centre Trust (NECT)	Charitable Trusts Act 1957 of New Zealand	NECT is a charitable trust that operates and maintains a multi-purpose centre for sports bodies, arts, musical, social and cultural events. NECT is a fully controlled entity for financial reporting purposes. Whilst Council is not involved in the day to day operating activities, Council governs the financial management and benefits from its activities.	Controlling	
Whangarei Waste Limited (WWL)	Companies Act 1993	WWL is a partnership holding company for the Northland Regional Landfill Limited Partnership (NRLLP) joint venture between Council and Northland Waste Limited. WWL operates in New Zealand only.	50%	50%
Whangarei Quarry Gardens Trust (WQGT)	Charitable Trusts Act 1957 of New Zealand	WQGT is a charitable trust that operates a recreational facility. Council has a representative on the board of Trustees. WQGT was formed to develop the former metal quarry in Russell Road which is in Council ownership. WQGT has established a group of volunteers who assist in maintaining the grounds and have completed a master plan for the future development of the site as a horticultural and educational asset for the Whangarei District.	Controlling	

Note 34: Report of Council Controlled Organisations Performance

Council Controlled Organisations

NORTHLAND REGIONAL LANDFILL LIMITED PARTNERSHIP

Objective	Result 2019	Result 2018
Operate at a Profit	Achieved	Achieved
To open both the Puwera landfill and Re-Sort facilities for a minimum of 40 hours each week	Achieved	Achieved
NRLLP to ensure that its principal contractor employed to run Puwera and Resort maintains ACC Accreditation standards for its Health and Safety Management System.	Not applicable	Achieved
Ensure no serious harm incidents occur at all operational sites owned by NRLLP.	Achieved	Achieved
Ensure Resort facilitates a minimum of 40% diversion away from landfill of all material being handled through the site.	Achieved	Achieved
Maintain compaction of 0.7 tonnes of placed refuse per cubic metre of airspace used.	Achieved	Achieved
Ensure six months landfill capacity is maintained at all times.	Achieved	Achieved
Achieve a minimum of 70% landfill gas destruction.	Achieved	Achieved

WHANGAREI DISTRICT AIRPORT (WDA)

Performance Target	Result 2019	Result 2018	Comment			
				Actual 2019	Budget 2019	Actual 2018
1 To operate to financial budget	Target not met	Target met	Revenue	\$630,390	\$638,000	\$565,517
	Target met	Target not met	Expenditure	\$775,119	\$780,855	\$645,698
2 To meet or exceed Airport Certification Standards as laid down by the Civil Aviation Authority for the Airport and reported by random audit.	Target met	Target met	Airport certificate was renewed in May 2018. Airports own internal audit was carried out to ensure continued compliance in April 2019.			
3 To conduct a survey of airport users and determine their views on Airport facilities and future facility developments.	Target met	Target met	Survey carried out May/June 2019.			
4 Engage third party quality auditor to report each June	Target met	Target met	Completed in April. Carried out in conjunction with the CAA from previous year (February 2018).			
5 To implement necessary changes to Health and Safety policy/ procedures to address any changes to legislation.	In progress	in progress	On track. Safety Management System implementation plan in place incorporating Health and Safety procedures and reporting. November 2019 legislative timeframe.			
6 To explore economic development opportunities.	In progress	in progress	New leases to Thrifty, Air NZ storage, Lock N Fly expansion. Investigating opportunities re attracting a large flying school (work in progress). Avis expansion and office underway. Car Park charges now in place. Fly My Sky trial re additional services to Auckland explored but not to progress.			

Note 35: Contractual Arrangements

Northland Regional Landfill Limited Partnership (NRLLP) has an agreement to accept bio solids (sludge) from Council's wastewater plants in exchange for Council accepting the Landfill's leachate for processing. This arrangement is of mutual benefit with neither party financially disadvantaged over the life of the landfill.

Council and Northland Waste Limited (NWL) have agreed to deliver waste and green waste under their contract to the landfill. This is an arms length transaction with the agreement dependent on NRLLP accepting the waste at market rates.

Part four

Audit Report

Audit opinion to be inserted post adoption.

Part five

General information

Abbreviations and acronyms

AMP

Activity or Asset Management Plan

BERL

Business and Economic Research Limited

CAA

Civil Aviation Authority

CAPEX

Capital expenditure

CCO

Council Controlled Organisation

CCTO

Council Controlled Trading Organisation

CE

Chief Executive

CO

Council Organisation

CPI

Consumer Price Index

DCP

Development Contributions Policy

FN

Forum North

GAAP

Generally Accepted Accounting Practice

GIS

Geographic Information System

GST

Goods and Services Tax

HWMAC

Hundertwasser Wairau Māori Art Centre

IPSAS

International Public Sector Accounting Standards

LA

Local Authority

LGA

Local Government Act 2002

LGCI

Local Government Cost Index

LGFA

Local Government Funding Agency

LTP

Long Term Plan

NEC

Northland Events Centre

NIF

Northland Intersectoral Forum

NRC

Northland Regional Council

NRLLP

Northland Regional Landfill Limited Partnership

NZIFRS

New Zealand International Financial Reporting Standards

NZTA

New Zealand Transport Agency

OCR

Official Cash Rate

OPEX

Operational expenditure

PBE

Public Benefit Entity

PPE

Property, Plant and Equipment

RDF

Regional Development Fund

RPS

Regional Policy Statement

RFP

Request for Proposal

RMA

Resource Management Act

SOI

Statement of Intent

SCP

Special Consultative Procedure

SUIP

Separately Used or Inhabited Part

TA

Territorial Authority

UAGC

Uniform Annual General Charge

WAMT

Whangarei Art Museum Trust

WQGT

Whangarei Quarry Gardens Trust

Glossary

Activity

The goods or services that Council provides to the community.

Activity Management Plan (AMP)

An operational plan that details policy, financial forecasting, engineering requirements and levels of service for non-asset-related Council activities.

Arrears

Money that is owed and should have been paid earlier.

Assets

Physical items owned by Council and used for the purpose of service provision to the community, for example property, plant and equipment.

Asset Management Plan (AMP)

An operational plan that details policy, financial forecasting, engineering requirements and levels of service for asset-related Council activities.

Annual Plan

An annual plan must be prepared by a council annually except in an LTP year and it must be adopted before the commencement of the year in which it operates. The purpose of the annual plan is set out in the Local Government Act 2002, section 95 (5).

Capital expenditure

The category of funding used for building new assets or increasing the value of existing assets.

Capital Value

The total value of the land including improvements. This is the probable price that would have been paid for the property if it had sold at the date of the last general valuation.

Community

The people of the area covered by Council.

Community Outcomes

Outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions. A local authority will consider these outcomes in the course of its decision-making.

Council Controlled Organisation (CCO)

An organisation for which Council maintains at least 50% voting rights or has the right to appoint at least 50% of the directors or trustees. CCOs are generally operated without the objective of making a surplus or profit and are usually set up to

independently manage Council facilities or deliver specific services.

Council Controlled Trading Organisation (CCTO)

As for a Council Controlled Organisation but with the objective of making a profit.

Depreciation

The accounting expense that reflects the annual consumption of an asset's economic life.

Development Contributions (DC)

Payments received from developers to fund growth-related capital expenditure. These charges recover part of the cost of additional or upgraded infrastructure that is required to service new developments, e.g. roading, water, wastewater.

General rate

The rates charge against each rateable unit. It comprises the Uniform Annual General Charge (UAGC) and the rate in the dollar calculated in accordance with Council rating policies.

Inflation

The Consumer Price Index (CPI) is the inflation rate that relates to household price increases while the Local Government Cost Index (LGCI) is the rate that relates to local government cost increases.

Infrastructure

Fixed utility assets including roads, sewerage, stormwater, water and waste.

Intergenerational equity

A common term used to express the spread of benefits across time. Much of the expenditure of a local authority is for infrastructure assets that have long service lives (such as roading networks). Current ratepayers should not be expected to fund all the benefits of future users, so costs are spread across current and future users.

Land Value

The assessment of the probable price that would have been paid for the bare land as at the date of the last general valuation.

Levels of Service

Describes in measurable terms the standard of services that Council will provide for each activity undertaken.

Local Authority (LA)

A regional council or territorial authority.

Local Government Act 2002 (LGA)

The key legislation that defines what Council's purpose and responsibilities are to the community and how they must be fulfilled and reported on.

Long Term Plan (LTP)

A 10-year plan adopted every three years that sets out the planned activities, budgets and service provision of Council.

Official Cash Rate (OCR)

The interest rate set by the Reserve Bank to meet the inflation target specified in the Policy Targets Agreement. The Agreement, dated September 2002, requires the Reserve Bank to keep inflation at between 1% and 3% per annum.

Operating expenditure

The category of expenditure incurred as a result of Council's normal business operations.

Penalty (rates)

A charge that is added to rates that remain outstanding after the due date for payment.

Rating unit

One Certificate of Title equals one rating unit which will receive one rates assessment.

Rates postponement

A postponement delays the payment of rates until a later time (such as when the property is eventually sold).

Rates remission

Policies to provide assistance in the form of rates relief to ratepayers who meet specific criteria.

Regional Council

A council charged with managing the natural resources of its region including water, soil and air. Our regional council is the Northland Regional Council which represents the communities of the Far North, Kaipara and Whangarei districts.

Special Consultative Procedure (SCP)

The procedure that councils are required to undertake in certain decision-making circumstances, as defined by the Local Government Act 2002 (section 83).

Strategic asset

An asset or group of assets that the local authority needs to retain to maintain its capacity to promote any outcome it considers important to the current or future well-being of the community.

Targeted rate

A rate collected to fund a specific activity. A rate that is targeted can only be used for the purpose of which it was collected. Targeted rates are only charged to people who will benefit from the activity.

Territorial Authority (TA)

A city council or a district council.

Uniform Annual General Charge (UAGC)

A rate of fixed dollar amount applied to all properties. This is not related to the value of the property.

Valuation

An estimation of a property's worth. Council carries out property revaluations every three years.



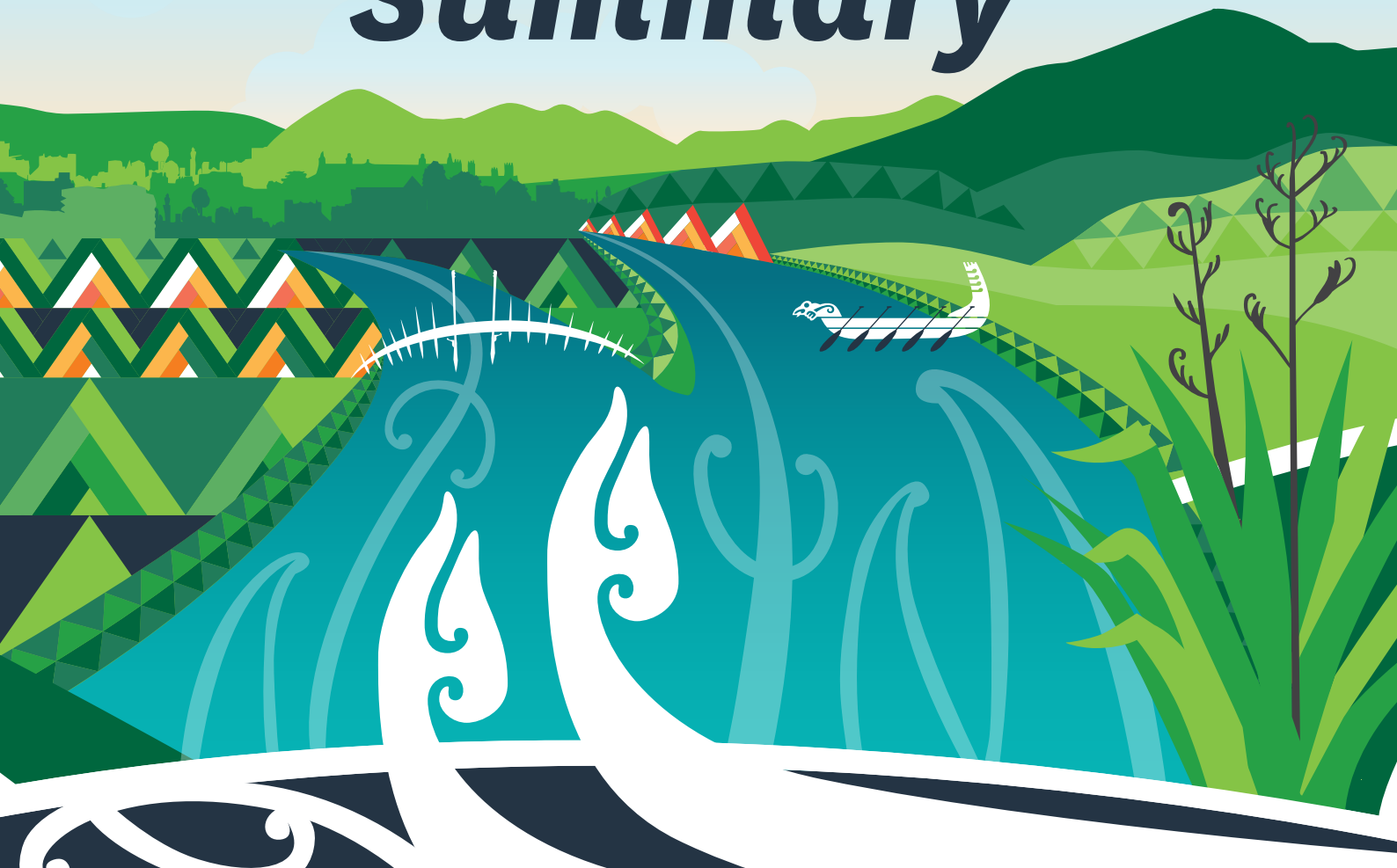


FOR ADOPTION
THURSDAY 3 OCTOBER



**Annual
Report**
2018-19

Summary



How we spent each dollar*



Transportation



32c

on roads, cycleways,

footpaths, streetlighting, parking and more

Storm Water



1c

on drainage systems and flood minimisation

Parks



13c

on parks, reserves, sportsfields, playgrounds & more

Water

7c



on treatment and supply

Governance & Strategy

5c



on our strategic and democratic functions

Community Services

6c



on enhancing & strengthening our communities

Venues & Events



for venue management & producing events

Wastewater

7c



on disposal and treatment

Planning & Regulatory



for planning monitoring & enforcement activities

Libraries



learning reading & leisure

Support Services

15c

on keeping Council running



Solid Waste



4c

on dealing with rubbish & recycling

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Introduction	4
Our Achievements	5
Meeting our Targets	7
Highlights from the Annual Report	8
Summary Financial Statements	11
Independent Auditor's Report.	14

Our summary document

This is a summary of Council's activities for the year 1 July 2018 to 30 June 2019. The information has been extracted from our 2018-19 Annual Report, which was adopted on Thursday 3 October 2019. It has been prepared in accordance with FRS-43: Summary Financial Statements.

This summary does not provide detailed information about our finances and service performance. This can be obtained from the Annual Report available on our website (www.wdc.govt.nz) or at any Council office. Audit NZ has audited the full financial statements and issued an unqualified report. This Summary has been examined by Audit NZ for consistency with the full Annual Report. This report was authorised for issue by Council resolution on Thursday 3 October 2019.



Sheryl L Mai
Mayor



Rob Forlong
Chief Executive

Thursday 3 October 2019

Introduction

We have completed the first year of the 2018-28 Long Term Plan largely on track and with some good wins.

Council's finances remain in excellent order, with strong financial controls and robust budgeting processes. Unlike some other local authorities, we also have the capacity to take on more debt to fund expansion of our growing District.

International credit rating agency Standard and Poors has again awarded an AA credit rating (with a positive outlook) to Council. This is the highest credit rating currently available to any public body in New Zealand.

Sustainability has been a major consideration this year, with Council adopting the Corporate Sustainability Strategy, which clarifies our internal policies in areas such as waste minimisation and energy conservation. We are all aware that our environmental impacts need to be more closely managed, and we are proud of the positive steps being taken by our Council in this area.

Our plans to transform our city centre into a vibrant and attractive focal point continued with the adoption of the City Core Precinct Plan. This is particularly exciting, as it is part of a larger vision for our District, encouraging a flow of pedestrian traffic through our city and waterfront areas.

We renewed playgrounds at Nixon Street, Jeeves Park, King Street and Norfolk Street (Reotahi), upgraded sportsgrounds at Ruakaka, Otaka, Otangarei, and built new playgrounds in Otangarei and Tikipunga.

Our District has more than \$1.79 billion worth of assets that we care for and maintain, and our capital works programme continues to add value. Though we've made some great progress across the board, we were unable to complete all capital projects outlined in year 1 of our Long Term Plan, which will be a focus for improvement moving forward.

We finished the year in a strong position. With an economy that continues to improve, a very good financial situation, an outstanding natural environment, better facilities for our citizens, most of the challenges we face (i.e. increasing population and higher expectations from citizens) are good problems to have.

This report highlights a year of commitment to a sustainable future, enhancing Whangārei District's reputation as a wonderful place to live, work and play.



**Her Worship the Mayor
Sheryl Mai**



**Chief Executive
Rob Forlong**

Our achievements

- **Reduced net debt** by \$9.8 million to \$102.8 million.
- **Operating surplus** of \$25.5 million – \$14.4 million better than budget.
- Standard and Poors **credit rating reaffirmed** as AA.
- **100% of targets** were met in the stormwater, flood protection, libraries, customer services, resource consents and building control areas.
- Met **69% of our non-financial targets** and service levels.
- Overall satisfaction with Council at **80%.***

*2019 resident satisfaction survey



**\$173.6
million**

Revenue

**\$148.1
million**

Expenses

**\$25.5
million**

Operating surplus

**\$102.8
million**

Net external debt

**\$56.7
million**

Capital works completed

AA

Credit rating

Key projects

Core services

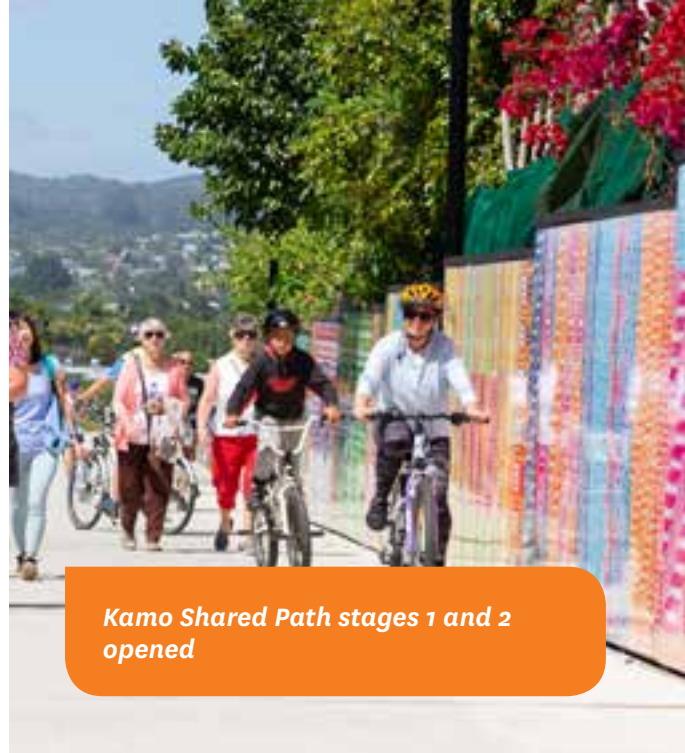
- Completed:
 - » Porowini/ Tarewa intersection upgrade
 - » 5.3km of rehabilitation on the sealed road network
 - » 106km of resealing on the sealed road network
 - » 4km of new seal on Wright Rd
 - » sports facility upgrades at Ruakaka, Otaika and Otangarei
 - » playground renewals at Nixon St, Jeeves Park, King St and Norfolk St (Reotahi)
 - » playground installation in Tikipunga and Otangarei
 - » 50% of stage 2 of the Hikurangi sewer network upgrade
 - » Stages 1 and 2 of the Kamo Shared Path.
- Commenced work at the Porowini / Maunu Rd intersection
- Continued the \$6.6 million LED street light upgrade programme

Planning for the future

- Adopted the:
 - » City Core Precinct Plan which sets out a vision for the city centre to be a vibrant and attractive focal point for our District
 - » Corporate Sustainability Strategy which focuses on our environmental impacts and our response to a changing climate.
- Awarded the contract for construction on the Whau Valley Water Treatment Plant and work has now commenced.

Partnering with community

- Adopted a Whangarei Events Strategy to provide direction for events and maximize their benefits for our community.
- Allocated budget towards a new partnership fund. The fund enables Council to support a more diverse range of groups and initiatives.
- Reviewed Council's Advisory Groups with formal workplans being created which will inject renewed vigour into project and programme support.
- Adopted an Alcohol Control Bylaw, Easter Trading Policy, Smokefree District Policy and Class 4 Gambling Policy to assist in managing issues that are important to our community.



Kamo Shared Path stages 1 and 2 opened



Playground renewals and installations across the District



Whangarei Events Strategy 'Experience Local' was adopted

Meeting our targets

We've achieved all six of our financial targets

Targets	Result
Achieve a balanced budget	
Limit rates revenue to maximum of 70% of total revenue	
Net debt no higher than 175% of total revenue	
Maintain net interest costs at less than 25% of rates revenue	
Net debt per capita level below \$2,193	
Provide sufficient funding to complete the planned capital expenditure programme without reliance on selling assets	

We have achieved an operating surplus, while managing our operations effectively within our financial parameters.

We've met 50 of our 73 non-financial targets

Of the 73 Levels of Service targets 50 were achieved, 21 were not achieved and two were not measured. Overall, 69% of targets were achieved.



Performance improved or stayed the same for 48% of measures over the course of the year, compared to 54% the previous year.

Stormwater, flood protection, libraries, customer services, resource consents, and building control all achieved 100% of their annual targets.

Some activity groups did not achieve all their targets or achieved lower results than last year.

In light of the improvements to the resident survey sampling methods, some measures may now carry an unrealistic target, or the target measure itself does not accurately reflect performance expectations. These will be reviewed as part of the 2021-31 Long Term Plan.

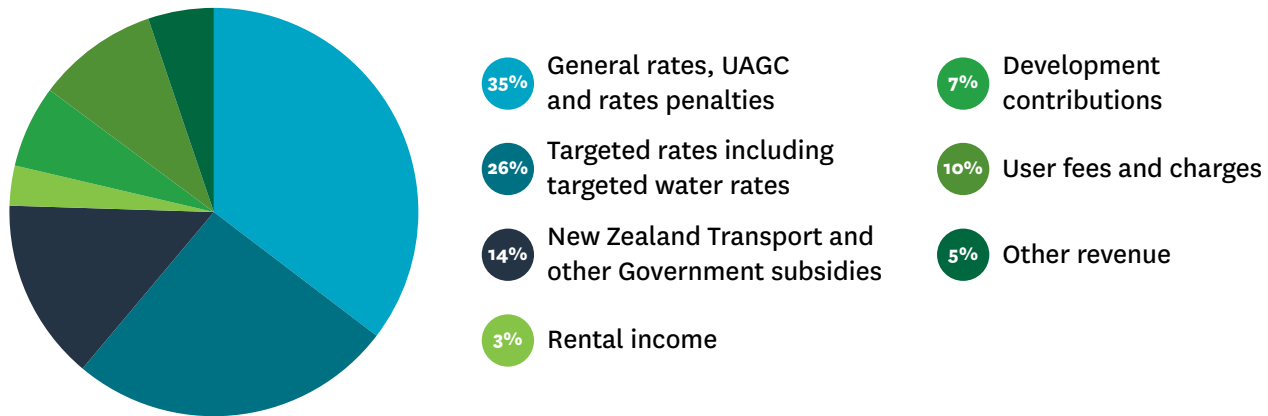
Highlights from the Annual Report

Our finances

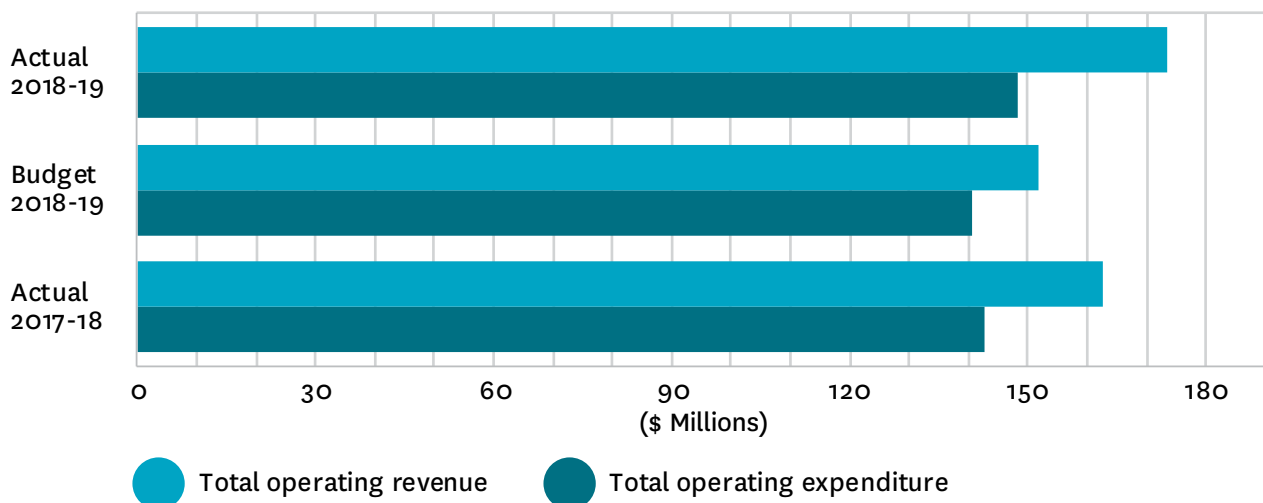
Council uses funding through rates, user fees and government subsidies, to provide day-to-day services, maintain our assets and build new ones to cater for the current and future needs of our community.

The graphs on these pages are key indicators of our financial performance and show you where our income came from, how it was spent across all areas of Council, how much we own (our assets) and how much debt we have.

Where the money came from

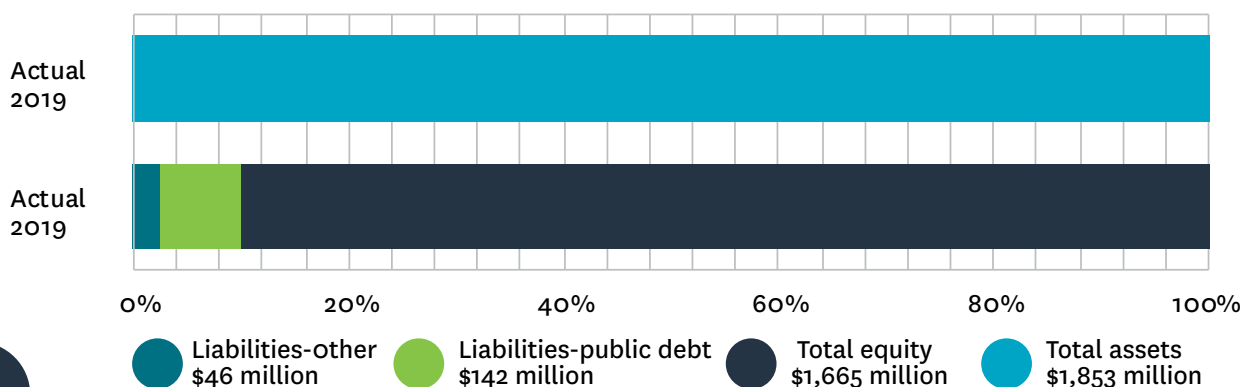


Balancing the budget



What we own – what we owe

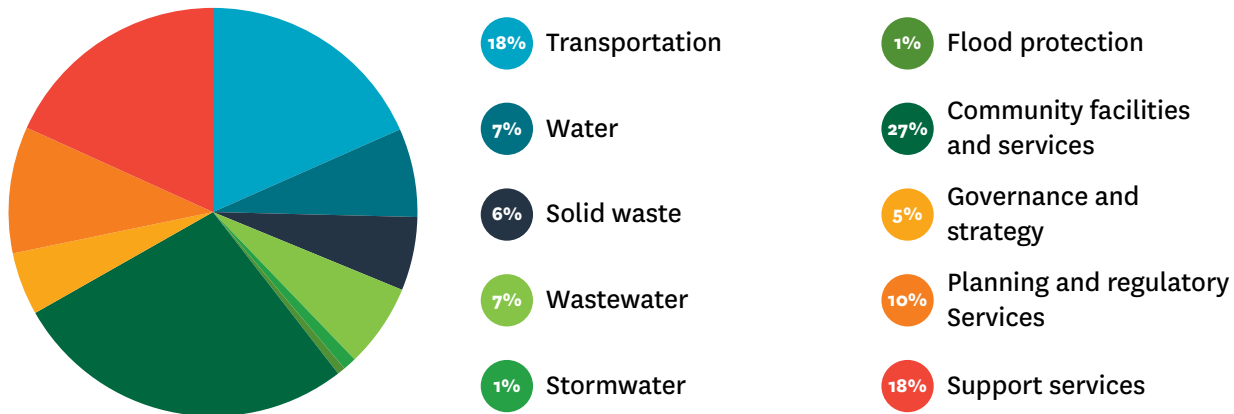
Total assets, liability & equity



How the money was spent on activities

Operational expenditure

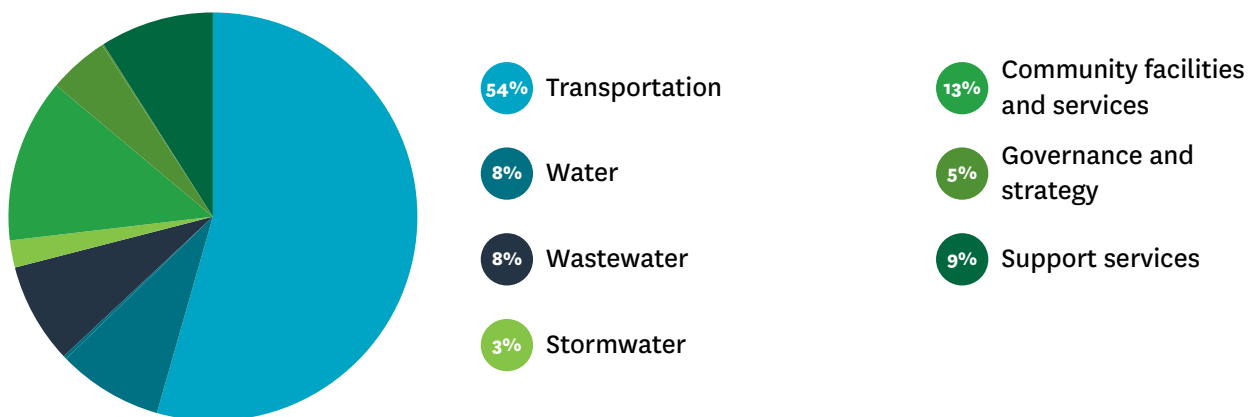
Funding our day-to-day operations



*Figures are calculated using the activity Funding Impacts Statements.

Capital expenditure

Building or replacing our assets

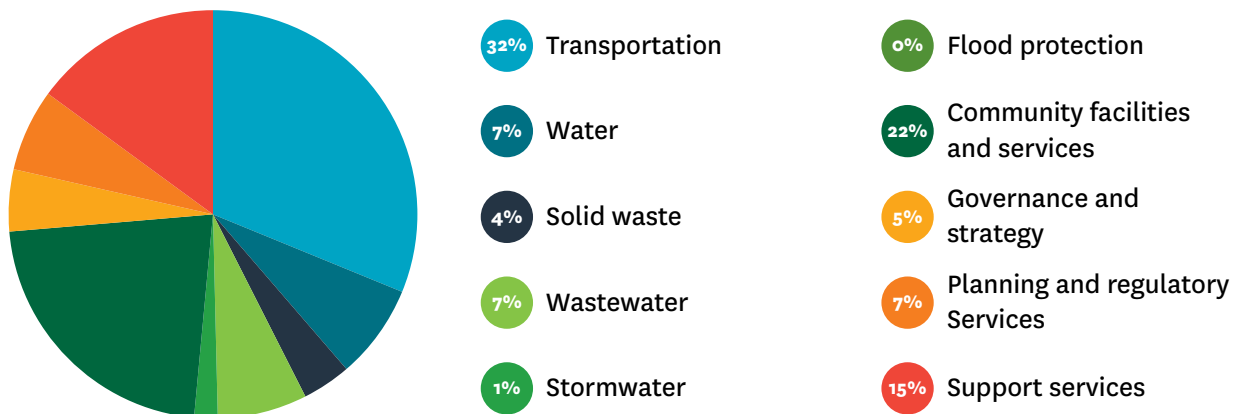


Although planning and regulatory and solid waste activities had a small amount of capital expenditure, they represented 0.1% and 0.3% of total capital expenditure respectively and do not appear on the above graph due to rounding. Flood protection had no capital expenditure

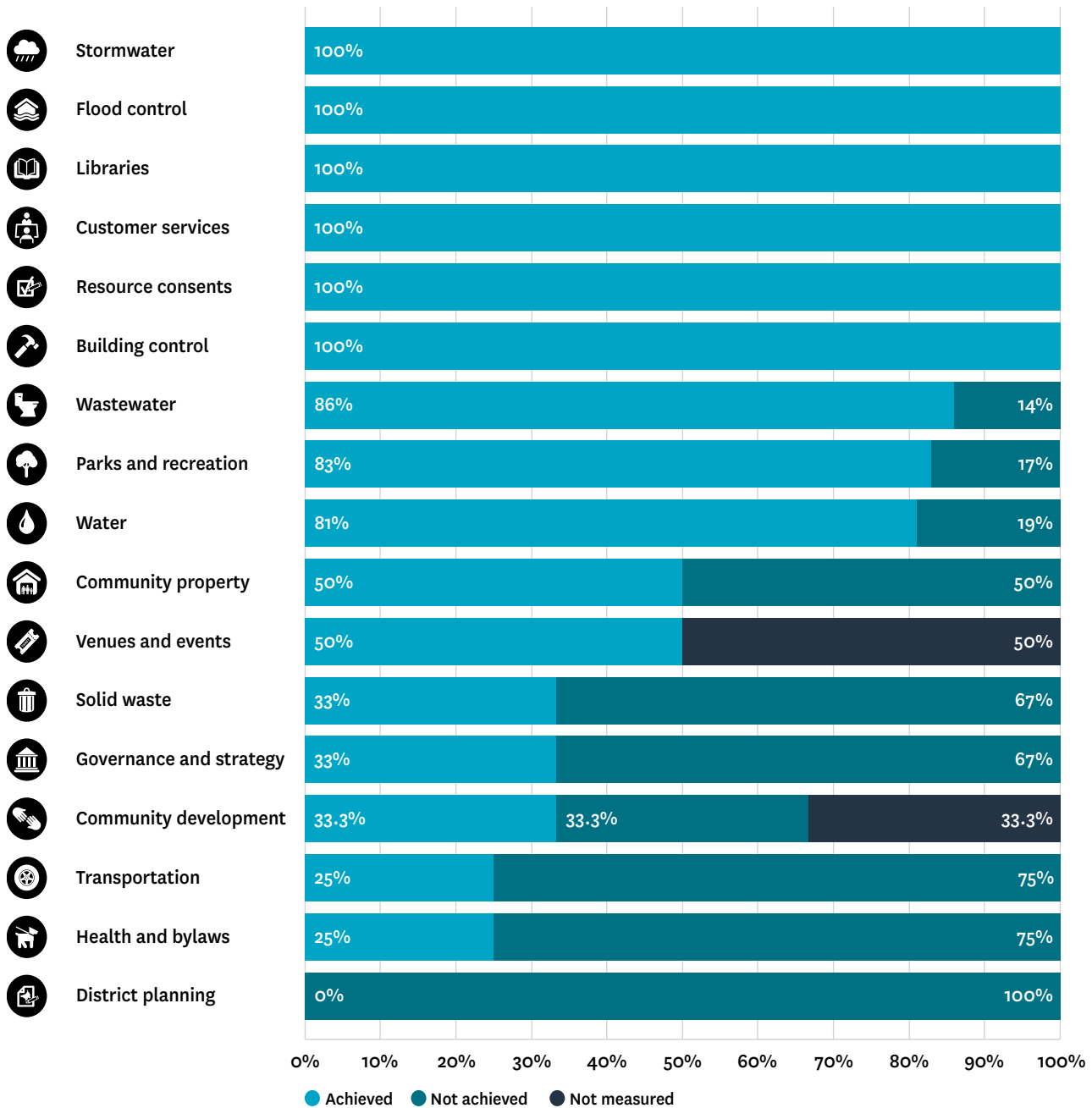
*Figures are calculated using the activity Funding Impacts Statements.

Total expenditure

Operational expenditure + capital expenditure



Overall service performance



Summary Financial Statements

Summary Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2019

	Council			Group	
	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Revenue					
Rates	97,733	97,322	92,016	97,733	92,016
Other revenue	74,918	54,374	69,189	83,191	74,334
Share of profit/(loss) from joint ventures	928	-	1,304	965	1,344
Total income	173,579	151,696	162,509	181,889	167,694
Expenses					
Finance costs	7,446	6,609	7,731	7,456	7,731
Other expenses	140,682	134,063	135,067	141,240	132,218
Total operating expenditure	148,128	140,672	142,798	148,696	139,949
Operating (surplus) / deficit before taxation	25,451	11,024	19,711	33,193	27,745
Taxation charge	-	-	-	(62)	277
Operating (surplus) / deficit after taxation	25,451	11,024	19,711	33,255	27,468
Gain / (Loss) on infrastructure asset revaluation	129,461	42,003	12,996	129,461	12,996
Gain / (Loss) on other asset revaluations	67	-	7,997	67	7,997
Total comprehensive income	154,979	53,027	40,704	162,783	48,461

Summary Statement of Changes in Equity

For the year ended 30 June 2019

	Council			Group	
	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Opening balance as at 1 July 2018	1,509,919	1,480,857	1,469,214	1,518,745	1,470,284
Total comprehensive revenue and expense	154,979	53,027	40,704	162,783	48,461
Total recognised equity as at 30 June 2019	1,664,898	1,533,884	1,509,918	1,681,528	1,518,745

Summary of commitments and contingent liabilities

Council has capital commitments of \$41.6 million (2018: \$15.0 million).

Council has contingent liabilities, the significant ones being weathertightness, Hundertwasser Wairau Māori Arts Centre (through Council's interest in WAMT) and also the Northland Events Centre Trust underwrite.

Summary Statement of Financial Position

As at 30 June 2019

	Council			Group	
	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Assets					
Total current assets	56,355	18,786	57,407	64,530	61,854
Total non-current assets	1,796,620	1,690,599	1,645,194	1,806,377	1,647,845
Total assets	1,852,975	1,709,385	1,702,601	1,870,907	1,709,699
Liabilities					
Total current liabilities	57,498	53,484	55,961	58,161	53,531
Total non-current liabilities	130,579	122,016	136,723	131,220	137,426
Total liabilities	188,077	175,500	192,684	189,381	190,957
Total equity	1,664,898	1,533,885	1,509,917	1,681,526	1,518,742

Debt Summary

As at 30 June 2019

	Council			Group	
	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Public debt - current portion	30,000	29,000	29,000	30,000	29,000
Public debt - term portion	112,000	108,860	123,000	112,000	123,000
Total debt	142,000	137,860	152,000	142,000	152,000

Summary Cash Flow Statement

For the year ended 30 June 2019

	Council			Group	
	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Net cash from operating activities	59,327	45,789	52,599	70,602	56,799
Net cash used in investment activities	(49,777)	(58,763)	(35,555)	(60,852)	(37,046)
Net cash used in financing activities	(9,740)	12,974	(9,166)	(9,806)	(9,178)
Net increase / (decrease) in cash and cash equivalents for the year	(190)	-	7,878	(56)	10,575
Cash and cash equivalents at the beginning of the year	29,420	300	21,542	33,772	23,197
Total cash and cash equivalents at the end of the year	29,230	300	29,420	33,716	33,772

Statement of compliance

The financial statements have been prepared in accordance with Tier 1 PBE Standards and comply with NZ GAAP. They also comply with the requirements of the Local Government Act 2002. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ('000).

Events after balance date

There were no significant events after the balance sheet date (2018: nil).

Variance Explanations

Key financial information	Actual 2019 \$'000	Budget 2019 \$'000	Comments
Statement of comprehensive revenue and expense			
Total revenue	173,579	151,696	Total revenue was higher than budget by \$21.9 million: <ul style="list-style-type: none"> development contributions were \$5.8 million higher than budget reflective of the continuing growth in the region. subsidies and grants was \$2.6 million higher than budget. fees and charges revenue was \$1.2 million higher than budget. interest received was \$1.4 million higher than budget due to prefunding future debt repayments. vested asset income was higher than budget by \$7.1 million. an unbudgeted investment property revaluation gain of \$3.3 million. other revenue was \$0.4 million higher than budget.
Total expenses	148,128	140,672	Total operating expenses were higher than budget by \$7.5 million: <ul style="list-style-type: none"> personnel costs were \$2.4 million lower than budget. depreciation and amortisation was \$1.7 million higher than budget. unbudgeted loss on derivatives of \$5.9 million. unbudgeted losses on disposal of other assets of \$3.7 million. other expenses were \$1.4 million lower than budget.
Surplus/(deficit)	25,451	11,024	
Statement of financial position			
Total assets	1,852,975	1,709,385	Total assets are higher than budget by \$143.6 million: <ul style="list-style-type: none"> cash and cash equivalents are \$28.9 million above budget due to additional deposits from short term debt not yet required other financial assets are \$9.7 million above budget due to excess cash that has been placed on term deposit Property, plant and equipment is \$106.0 million above budget: <ul style="list-style-type: none"> Council's opening balance for year one of the 2018-28 LTP was \$25.2 million lower than 2017-18 actual results mainly due to roading and pensioner housing revaluation and higher than budgeted vested assets actual spend was \$8.2 million lower than budget due to assumptions regarding the timing of project completion including carry forwards and brought forwards. Council's 2018-19 actuals were \$88.3 million higher than budget due to vested assets (\$7.1 million higher than budget), infrastructure revaluation (\$87.5 million higher than budget), offset by \$4.4 million of disposals not budgeted and depreciation of \$1.8 million higher than budget. investment properties are \$3.5 million below budget due to unbudgeted sales as well as some properties being reclassified as property, plant and equipment.
Total liabilities	(188,077)	(175,500)	Total liabilities are higher than budget by \$12.6 million: <ul style="list-style-type: none"> non current derivative financial instruments are \$6.1 million over budget due to unrealised revaluation losses. borrowings are \$4.1 million over budget due to short-term borrowings placed on term deposit.
Net assets	1,664,898	1,533,885	
Cash flow statement			
Net cash flows from operating activities	59,327	45,789	Net cash flows from operating activities was higher than budget by \$13.5 million: <ul style="list-style-type: none"> other revenue including development contributions were higher than budget by \$6.2 million. fees and charges received were higher than budget by \$2.2 million. subsidies and grants were higher than budget by \$1.5 million due to the timing of completion of projects subject to NZTA subsidies. interest received was higher than budget by \$1.4 million due to prefunding future capital expenditure. payments to suppliers and employees were \$1.9 million lower than budget.
Net cash flows from investing activities	(49,777)	(58,763)	Net cash flows from investing activities was lower than budget by \$9.0 million: <ul style="list-style-type: none"> purchase and development of fixed assets was lower than budget by \$3.0 million due to deferred capital works. proceeds from sale of fixed assets were higher than budget by \$5.1 million due to the sale of investment properties.
Net cash flows from financing activities	(9,740)	12,974	Net cash flows from financing activities was lower than budget by \$22.7 million due to budgeted borrowings not required as a result of carry forwards of capital expenditure.
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	(190)	-	

Independent Auditor's Report

Summary Audit opinion to be inserted post adoption.





Private Bag 9023, Whangarei 0148, New Zealand

Forum North Building, Rust Avenue, Whangarei

Ruakaka Service Centre, Takutai Place, Ruakaka

P +64 9 430 4200

mailroom@wdc.govt.nz | www.wdc.govt.nz

Facebook & Twitter: WhangareiDC



4.2 2019-20 Performing Arts Fund – consideration of grant by exception

Meeting: Whangarei District Council
Date of meeting: 3 October 2019
Reporting officer: Cindy Velthuisen, Community Funding Officer

1 Purpose

A grant application was missed for consideration from the 2019-20 Performing Arts Fund. This report is to request consideration of the grant application outside of normal process by exception.

2 Recommendation

That the Council

1. Approves an allocation of \$3,820 from the 2019-20 Community Fund to Indian Ink Theatre Company.

3 Background

An application to the Performing Arts Fund was received from Indian Ink Theatre Company by email to the Funding Officer on Monday 29 July 2019, a week prior to the closing date.

Due to an administrative error the application was overlooked, and the Community Funding Committee advised that no applications had been received. The error was discovered on 26 September when files were updated following the September Community Funding Committee meeting.

The Community Fund agenda report presented in September advised that no applications had been received to the Performing Arts Fund and that this budget would be transferred into the Community Fund for allocation over its two funding rounds. The remaining budget for Round 2 of the Community Fund (including PAF budget) is \$84,585.

4 Discussion

4.1 Assessment of application

Indian Ink Theatre Company wish to present a return season of the award-winning play 'Krishnan's Dairy' to Northland, in May 2020. They are seeking the cost of hiring the Forum North theatre for the 2 Whangarei shows, at \$3,820.

They anticipate at least 350-400 audience members over the two shows (57% capacity used for budgeting purposes).

Indian Ink toured the follow up play Mrs Krishnan's Party 18 months ago, which was well received with strong ticket sales.

The application if successful would bring a quality theatre company with a proven track record to our district, providing a low-cost arts experience to a wide-ranging audience, while fostering cultural connection and understanding.

Had the application been presented under the Performing Arts Fund, it would have been recommended for a grant. There is sufficient funding budget available to meet this request if Councillors are supportive.

5 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website, Council News and/or Facebook.

6 Attachment

Grant application from Indian Ink Theatre Company

Community Funding Application Form

If you need help to complete this application form or would like to discuss your application, please contact the Community Funding Officer well before the closing date of the round you are applying to. Call 09 430 4200 or email funding@wdc.govt.nz to make an appointment.

Application summary	
Organisation name	Indian Ink Theatre Company
Amount requested	\$ 3,819.72
Project name	Northland tour of Krishnan's Dairy including Whangarei

Section 1: Applicant Details	
Tell us about your organization/group	
Group's postal address	PO Box 5189, Wellesley Street, Auckland
Postcode	1141
Group's bank account name:	Indian Ink Theatre Company
Group's bank account number:	06 0199 0106581 00
Group's GST number	71 227 936
Describe your group's purpose (e.g. "to provide mobility aids for the disabled in Northland")	
Indian Ink Theatre Company creates and tours original New Zealand Indian theatre nationally that leaves an indelible imprint on people's hearts. Our vision is: People are transported imaginatively and arrive somewhere unexpected. They leave feeling enriched.	
Who are your group's main contact(s) for this funding application?	
Primary contact's name	Jude Froude
Position in group	General Manager
Email	jude@indianink.co.nz
Daytime phone number(s)	09 815 3302
Second contact's name	Justin Lewis
Position in group	Managing Director
Email	justin@indianink.co.nz
Daytime phone number(s)	09 815 3302

Section 2: Eligibility

Have you received funding from Whangarei District Council in the last three years?

☐ No

☒ Yes – if yes, ensure you have completed your grant reports and have met your grant obligations.

Does your group have a legal status?

☒ Yes – please provide:

- Your incorporated society or charitable trust registration number.
- A copy of your latest statement of financial performance
- Evidence of your bank account details.

☐ No* – you will need to either:

- Gain legal status (see <http://www.societies.govt.nz/cms/customer-support/faqs>), or
- Apply under the umbrella of a group that does (refer below).

*Umbrella Group Guarantee

Applicants that are not a registered charitable trust or incorporated society must apply under an umbrella group that is.

An umbrella group knows the applicant well and is willing to vouch for them and their project, and are prepared to accept legal liability and responsibility.

Grants are paid to the umbrella group for disbursement to the applicant in accordance with the grant agreement.

If the grant conditions are not met, Council may request the grant monies to be returned and/or may place restrictions on granting funds to the applicant and the umbrella organisation in future.

The following section is to be completed by an authorised officer of the umbrella group.

Umbrella group name

Society or trust number:

Contact person

Email

Daytime phone number(s)

GST number (or n/a)

I confirm that our organisation is willing to guarantee and receive any monies granted to:

Applicant organisation:

Project name:

Signature

Date

Please provide evidence of umbrella group's bank account details and a copy of the latest financial statements.

Section 3: The Project

Tell us what you want to do – Who, What, When, Where, Why, How

Describe your project in terms of the following:

Name of project	Touring Krishnan's Dairy to Whangarei
Amount requested	\$ 3,819.72
When will this take place?	14 - 16 May 2020
Where will this take place?	Forum North, Whangarei
Who and how many people will benefit?	at least 350 people will experience this project including students. We anticipate this play will appeal to ages from 8+, all ethnicities and demographics.

Ethnicities of likely beneficiaries of this project – tick as appropriate and include a percentage estimate for each that you think will benefit from this project:

<input checked="" type="checkbox"/> NZ European	Estimate %: 93
<input checked="" type="checkbox"/> Maori	Estimate %: 3
<input checked="" type="checkbox"/> Pacific Peoples	Estimate %: 1
<input checked="" type="checkbox"/> Other European	Estimate %: 1
<input checked="" type="checkbox"/> Asian	Estimate %: 2
<input type="checkbox"/> Middle Eastern/Latin American/African	Estimate %:
<input type="checkbox"/> Other ethnicity	Please specify: _____ Estimate %:

Area of work

To help us understand where support is being requested, please select which of the following relate most closely to your project.

- ☒ **Arts and Culture** – Projects and activities that facilitate education and enjoyment of the arts and of culture for the people of our District.
- ☐ **Heritage and Environment** – Projects and activities that preserve and promote the heritage of our District and that protect and enhance the environment in which we live.
- ☐ **Recreation and Sport** – Projects and activities that enable participation and engagement in recreation and sport for people in our district of all abilities, ages and life stages.
- ☐ **Community Connectedness and Wellbeing** – Projects and activities that strengthen community cohesion and connectedness in ways that cultivate healthy, happy and positive relationships across our District.

Tell us about your request in the following questions. Be succinct and clear.

The Idea – Briefly explain what it is that you want to do:

Error on form.
Missing text is provided
in separate document. - WDC

The Need – How do you know there is a need for your project, programme or service?

The Impact – What difference will your project make?

Your Readiness – What controls and checks do you have in place to manage the funding?

Your Readiness – How ready is your organisation to deliver the project, programme or service?

Collaboration – Who will you work with to deliver your project, programme or service?

Your Approach – How will you demonstrate value for money and the impact of your work?

Your Approach – How does your project, programme or service meet best practice and is it evidence based?

Copy of text hidden in application form (pages 4-5)

Indian Ink Theatre Company

The Idea

One of Indian Ink Theatre Company's key aims is to tour our work nationally to provide a wider range of experiences to all communities around New Zealand. Indian Ink is taking its award-winning production of Krishnan's Dairy to Forum North, Whangarei for two performances (14 - 16 May 2020) as part of a Northland Tour. This play is part of the secondary school curriculum so we will also be providing greatly reduced ticket prices for students, free education packs, free workshop opportunities and post-performance Q&A sessions for public/schools.

The Need

Since Indian Ink began in 1997 with its first play, Krishnan's Dairy, it has been a pioneer of touring throughout New Zealand. During that time, we have built strong relationships with audiences and venues in regional centres as well as major cities, but we can only maintain and grow these networks if we return consistently.

With the success of the 2018 tour of Mrs Krishnan's Party (a story that picks up Krishnan's Dairy 20 years on), we have had direct requests from audience members (particularly in Whangarei) to see the iconic show that sparked our most recent play and the character of Mrs Krishnan. Considering this and:

- it is over 20 years since it was performed in Whangarei
- it's a classic NZ play that is in secondary and tertiary curriculums
- it has generated strong interest in other centres in the past
- there is now a whole new generation of audiences who have never seen it
- people everywhere need to see work that is world-class
- the migrant story is as relevant now as it was when it was written.

... it's perfect timing to take Krishnan's Dairy to Whangarei

The Impact

We anticipate that our activity will:

- help build on a 20 year relationship with Whangarei
- be unique, but accessible (and we are performing in an accessible venue)
- allow people with lower incomes to have access to world-class theatre through more affordable ticket prices with subsidised school student tickets (only \$15) and senior/family/group booking opportunities
- expose communities in Whangarei to a culture that is perhaps not their own
- contribute to a more vibrant and sustainable arts sector
- engage with a diverse audience

- allow school students to gain an appreciation of NZ Indian culture and see a work that features in the secondary curriculum
- provide economic benefit to the community through expenditure on venue, labour, and services.
- bring new audiences to theatre through our audience development programmes
- be inspirational to audiences from a diverse range of communities with a special focus on connecting South Asian audiences with other communities through the shared experience of theatre.
- add to the venue's reputation for presenting high quality work
- deepen the various Whangarei communities' understanding of the world in which we live.

Your Readiness – checks and controls

Indian Ink has been successfully creating and touring high quality, original productions nationally and internationally for over 22 years. We have a highly skilled management team leading the business with the best people in the right roles. This enables us to work to a high standard with relatively limited capacity, including managing multi-layered budgets.

We have strong financial systems in place including but not limited to:

- top quality auditors (EY)
- double-person sign-offs on all invoices and again on all payments
- extremely experienced financial advisors on our Board in John Gow and John Judge
- detailed budgets created well in advance that are updated weekly
- tracking of payments through Xero and Calxa
- robust risk mitigation planning

Your Readiness – delivery

Extremely ready.

We have well-developed systems and processes to manage the marketing and delivery of the tour with our strong management team, supported by key contractors.

We know that historically there is an audience in Whangarei keen to see Indian Ink's original and engaging plays.

Forum North has traditionally been an active partner in promoting the seasons there.

Our process is to begin planning well in advance to ensure everything is in place and it allows space for risk mitigation should there be any issues.

Refer the summarised timeline below:

- October 2019: draft venue agreement received, touring team in place, Whangarei schools approached, budgets signed off
- November 2019: community meetings/outreach, Publicist briefed, marketing & comms plan in place, budgets updated

- December 2019: venue & ticketing agreements signed off, all touring contracts fully executed, budgets updated
- January 2019: logistics finalised, cross-promotional plan in place, budgets updated
- February 2019: Database EDMs (pre-sale notification), Outreach begins in earnest, schools' follow up, budgets updated
- March 2019: Pre-sale/public sales begin, tour marketing begins in earnest, tech specs to venues, budgets updated
- April 2019: school education pack emailed, sales & marketing continues, budgets updated
- May 2019: performances, surveys distributed and collated, thank yous, budgets updated

Collaboration

Indian Ink has a number of connections in the Whangarei area who have traditionally been part of any project we've delivered in the region, including but definitely not limited to:

- Forum North - venue, database support, advice on the region
- OneOneSix - community outreach, key partner for workshops, advice on the region
- Whangarei District Council - community outreach, advice on the region
- Our database - understanding of what people want, outreach, sales
- Our Champions and Patrons - advice on who to speak to, gathering of groups to come, advice on the region
- Educare - big supporters, in 2018 they also provided us with a house for the touring team
- Schools such as Whangarei Girls High (which has previously travelled to Auckland to see our work)
- Whangarei Theatre Company
- Whangarei central library
- Whangarei Malayalee Association via founder Jacob Rajan

Your Approach – value for money

The work's value and impact is most clearly assessed through audience feedback. We now have a two-pronged system in place whereby we provided hard copy surveys that can be completed and returned on the night, as well as a digital follow up. This proved extremely effective in 2018, with at least double the usual responses.

In addition to audience surveys, we will also use all our other usual methods, including but not limited to:

- reviews
- word of mouth
- debriefs with the touring team
- venue debrief
- feedback from peers and the office team
- audience numbers to target
- costs and revenue to budget
- surplus to target
- good relationships with the various communities and funders continues
- people want us to come back Whangarei

Your Approach – best practice

Indian Ink Theatre Company has been successfully creating and touring high quality, original NZ Indian work for over 22 years in an industry that is notorious for its high turnover. National and international touring at this level means our activity must fit with best practice globally in order to maintain our high standards, high performing team, and retain and build our audience and Presenters' trust.

This project meets best practice guidelines and is evidence based including but not limited to the following:

Meets best practice through:	Evidence is/will be:
Focus on Wellbeing/People management	People are paid appropriately, are well looked after, have been offered development and training, are more enthusiastic and productive and are keen to keep working for Indian Ink
Building the right team for the show	The performing team works well together and audiences enjoy the work
Project planning well in advance	The project is timely and everything happens as it should
Strong financial guidelines in place	Costs and revenue to budget
The work is of the highest quality	This work has won multiple awards, is in the secondary and tertiary curriculum, and will garner positive feedback from audiences, touring team, venues etc
Strong delivery systems in place	People know about the show, feel engaged, and attend
Market to New Audiences	At least 20% of the audience is new to Indian Ink
Serve our Audience	Audience feedback shows they were engaged, felt it was high quality, they'd come again and would recommend it to others
Reduce as many barriers as we can	A range of ticket prices are offered, we perform in an accessible venue, we meet with various communities in advance of the show and encourage engagement with our organisation in whatever way is best suited (free workshops, Q&As, Talks, Meet the artists etc).
Create work sustainably	This work was first created in 1997 and other than a sari refresh, the set and props are still being used in the current version 22 years later.

Section 4: Project Budget

Provide a full list of your project income, fundraising and expenses. If your budget is detailed, provide a summary below and attach your budget separately.

Are you registered for GST?	<input type="checkbox"/>	No – your budget figures must <u>include</u> GST where applicable
	<input checked="" type="checkbox"/>	Yes – your budget figures must <u>exclude</u> GST where applicable
GST number	71 227 936	
Project income e.g. ticket sales 50 x \$10 = \$500.	Amount	
In-kind support	\$ 750.00	
Ticket sales e.g. 57% capacity x 2 shows = 399 x ave tix price \$39.39	\$ 15717.13	
(see attached budget for breakdown)	\$	
(we hope income shortfall will reduce by WDC/other INK initiatives to break even)	\$	
Total of other grants and donations	\$ 9400.00	
Own contribution / fundraising	\$	
(A) Total income expected	\$ 25867.13	
In-kind support – please list e.g. volunteer numbers, estimated hours work, plus any donated materials, equipment		
Volunteer Numbers: 10 Estimated Hours Work: 8 each		
Total project costs Include <u>all</u> your project costs. e.g. materials, venue hire, promotion, equipment hire, personnel costs. If you have quotes, please attach them. You may be requested to provide quotes as evidence of some costs.		
Artist Practitioner expenses	\$	
	\$ 9479.83	
Touring expenses	\$ 3338.00	
Marketing expenses	\$ 4060.00	
Other (including royalties and in-kind)	\$ 12926.00	
Contingency	\$ 414.56	
	\$	
	\$	
	\$	
(B) Total expenses expected	\$ 33218.39	
(C) Income less expenses	\$ -7351.25	

Section 6: Declaration

I undertake that I have obtained the consent of the group/organisation to make this application and provide these details.

I declare that the information supplied here is correct. If the application is successful, I/we agree to:

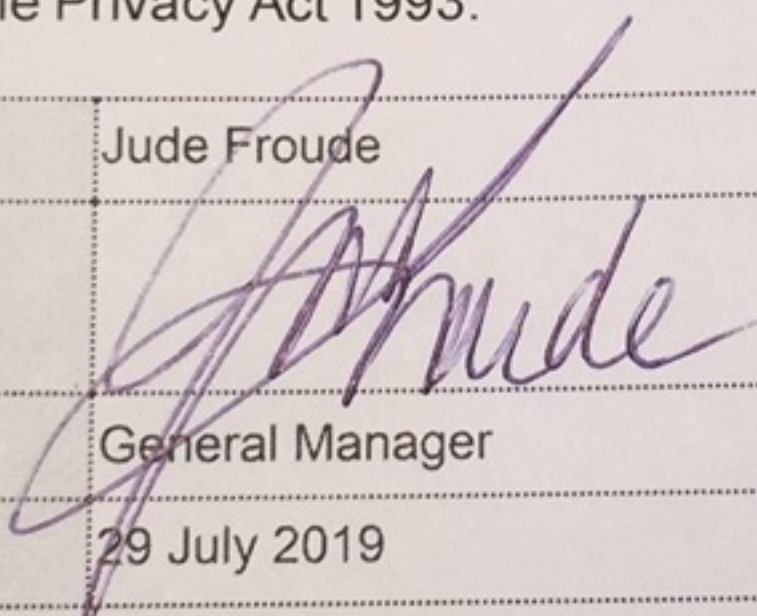
- provide a tax invoice to Whangarei District Council for the amount of the grant within one month of being advised of the grant for the event
- acknowledge Whangarei District Council in all publicity
- spend the grant on the purpose for which the application was made within 12 months of funding being approved
- return any unspent money to Whangarei District Council if the event is completed under budget
- meet any additional terms and conditions that may be set by the Community Funding Committee
- acknowledge that we will be liable to return any monies granted should any breach of the above conditions occur.

We will submit an Impact Report within two months of the completion of the project to Whangarei District Council attaching copies of all invoices and/or receipts accounting for the full amount of the grant. We understand that failure to do so will affect future funding applications.

We consent to the Whangarei District Council recording the personal contact details provided in this application, retaining and using this information to send us relevant Council information.

We understand that my name and/or the name of my group/organisation and brief details about the project/event may be released to the media or appear in publicity material.

We are aware that we have the right to have access to this information held by Council. This consent is given under the Privacy Act 1993.

Name	Jude Froude
Signature *	
Position in Group	General Manager
Date	29 July 2019

* We prefer to receive applications by email (send to funding@wdc.govt.nz). To include your signature, print and sign this page then attach a scan or photo of it to your application email. Alternatively, you can post or deliver the printed form to us or pop in to sign it.

Final check – make sure you have:

- ☒ Checked that the budget balances and have accounted for GST
- ☒ Attached quotes where available
- ☒ Attached your group's (or the umbrella group's) bank account details e.g. Bank Deposit Slip
- ☒ Attached your group's (and the umbrella group's) most recent set of financial accounts

Send your completed application with supporting documents to funding@wdc.govt.nz.

Project Outline

Krishnan's Dairy



What is the event:

Touring *Krishnan's Dairy* to Northland from 14 – 24 May 2020.

Specific dates: **14 – 16 May 2020**
 19 – 21 May 2020
 22 – 23 May 2020

Forum North, Whangarei (2 performances)
Turner Centre, KeriKeri (1-2 performances)
Te Ahu, Kaitaia (1 performance)

Krishnan's Dairy – Synopsis

Ordinary people, legendary love

Gobi and Zina Krishnan have come to New Zealand in search of better life. They keep their dreams stacked on the shelf of the suburban dairy. But now Zina wants to go back home to India.

This comedy with a sting in the tail contrasts the love of two immigrant Dairy owners in an arranged marriage with the romance of the Shah Jahan. Ultimately the selfless love shared by the ordinary shopkeepers is revealed to be greater than the obsessive emperor who bankrupted his kingdom to build the Taj Mahal

Indian Ink was built upon *Krishnan's Dairy*. It has become a classic New Zealand play that is taught in universities and schools. It is much loved for the charm of the story and the mesmerising performance of Jacob Rajan who plays all the characters with lightning fast changes of mask.

Project outline.docx

C:\Users\oem\OneDrive - Indian Ink Trust\Sales\Investors\Trusts & Local Bodies\Proposals\2020\Whangarei District Council\Project outline.docx

Our Company

Founded by Justin Lewis and Jacob Rajan, Indian Ink Theatre Company creates and tours original New Zealand Indian theatre nationally and internationally, to great acclaim. The Company's core capabilities are in creative development, arts management and touring theatre.

"total theatre which offers humanity and psychological insight in a package of good plain laughs, luminous performances and brilliant staging"

(Dominion Post, NZ)

Jacob (MNZM) and Justin's extraordinary partnership has generated a great deal of success in the past 22 years; 13 national and international awards, significant critical approval, and standing ovations and sell-out seasons in New Zealand and overseas.

Since 1997 over 395,000 people have had their lives enriched by their original plays.



*Jacob and Justin in New York
for performances of Guru of Chai*

Productions tend to be intimate in scale and to occupy an 'art house' niche. National tours reach from Kaitia to Invercargill, as well as internationally to countries such as the USA, Singapore, India and Australia.

Alongside a team of multi-talented artists, Indian Ink creates spirited, fresh and vibrant theatre that combines artful storytelling, mischievous wit and theatrical magic to unearth the simple truths of life. This truly unique style stands out on the national and global stage.

Our Vision

People are transported imaginatively and arrive somewhere unexpected. They leave feeling enriched.

Our Team

Advisory Board

John Judge – Chair
Jude Hooson
Christine Fernyhough
Craig Anderson
John Gow

Management Team

Justin Lewis & Jacob Rajan – Company Directors
Jude Froude – General Manager
Rosalyn Lesurf-Olner – Producer
Sehej Khurana – Social media co-ordinator
Angela Hicks – Office Manager
Mike Rudd – Chartered Accountant

Krishnan's Dairy – Creative and Touring Team

Over its 20-year history Indian Ink has developed a team of committed artists and managers who support the company to achieve its vision of high quality and original theatre that leaves an indelible imprint on the hearts of our audiences.

The Krishnan's Dairy team is:

Jacob Rajan – Writer, Actor, co-composer
John Verryt – Set, Costumes, Props Designer
Conrad Wedde – Co-composer
Cathy Knowsley – Tour Manager, Lighting

Justin Lewis – Director
Murray Edmond – Dramaturge
Adam Ogle – Touring Musician

A Note from Jacob Rajan

I didn't know it at the time, but in writing Krishnan's Dairy, I think I was trying to make sense of my parents' arranged marriage. I grew up in the West, where romantic love was the be all and end all, so the love they shared seemed, well, *weird*.

Mum and Dad met on their wedding day, so they didn't fall in love, they *grew* in love. Raising us in the farthest corner of the world, isolated from everything familiar and desperate to justify their move financially, the pressure on their relationship must have been immense. But it was also pretty funny. Isn't any duck out of water?

Don't get me wrong. I wasn't poking fun at my parents, but I was always conscious of opening people's mouths with laughter in order to slip something serious in. Justin and I called it "the serious laugh" – laughter leading to understanding and empathy. This philosophy has underpinned all my writing and, I hope, is embedded in this screenplay.

The capacity of ordinary people to create extraordinary love together is what I witnessed in my parents' marriage and it still fills my heart. That's what I hope you'll feel too when you spend some time in *Krishnan's Dairy*.

A Note from Justin

I'm not of Indian descent, but the migrant story is part of my heritage as a New Zealander. This story resonates, wherever you're from.

Krishnan's Dairy is a love story that offers us a peek behind the shop counter to reveal the humanity of the people who serve us. It's a story of love that celebrates hard work, commitment and self-sacrifice — with some laughter sprinkled into the masala.

I've lived with this story for more than two decades, sharing it with tens of thousands of people all over the world and know its power to move people. It's an enduring, beloved classic. Zina and Gobi are hopeful, vulnerable, ordinary people just trying, against incredible odds, to build a better life.

In a world where violence and prejudice against migrants is becoming increasingly common and where love seems harder to find, their story is more timely than ever.

BUDGET

Please see the budget attached to this application outlining income and expenditure for this event. We anticipate making up the current budget shortfall from funding applications and more engagement with the community to reach aspirational box office targets.

Marketing & Sales

Our Audience and Community

Community engagement is a core value of Indian Ink Theatre Company. It is our belief we contribute to the wellbeing of the communities we visit by crafting work that creates a two-way relationship between artists and audience, through the medium of theatre. Using simple storytelling, audience participation and a commitment to reducing the barriers to our performances (ticket prices, marketing, accessibility) we deliver events that are easily consumed, leave a lasting impression and a greater understanding of the world we all share.

We go to great lengths to engage new people in the arts. Around 25% of our audience is attending an Indian Ink show for the first time and a significant number of those are also attending theatre for the first time. Surveys show our audiences are extremely diverse with a wide range of ages, cultures, geographic locations and incomes represented.

Indian Ink has built an audience for contemporary theatre in Indian communities and this group now accounts for more than 9% of total attendees nationally. We provide the South Asian community with accessible mainstage and western theatre performances that show their culture being celebrated on stage.

We attract young people through our schools' performances and workshops and work hard to build relationships with teachers and key leaders in the communities we visit (In 2018, 18% of our audience was under 25). We tailor education packs, talks and workshops to meet curriculum requirements and enrich the lives of youth.

Our audience survey data tells us that our works are benefitting a broad cross section of New Zealanders and that we are creating work that is accessible. We make inclusive events that bring diverse peoples together in a theatre context – and that we know are impacting an ever-increasing number of people in positive ways.

Audience development and community engagement

We are active in performance markets for 2 to 3 months in the lead up to opening night and utilise a wide variety of marketing channels to communicate our message and create a buzz around our productions. Key communication channels are:

- Website, www.indianink.co.nz; Facebook, Twitter and Instagram
- Digital advertising (Google ads, Facebook, website)
- Online advertising (Stuff.co.nz, Eventfinda)
- Print advertising and collaterals
- Radio advertising
- Media coverage, such as interviews or editorial
- Word of mouth

We are also committed to a pricing structure that creates a range of access points for audiences and reflects the diverse nature of the communities we visit. Our tickets for *Krishnan's Dairy* will range from \$15.00 to \$55.00. We don't simply hold a show and hope that people will come. We go to great lengths to engage people in our performances and the wider world of the performing arts.

BUDGET**Krishnan's Dairy**

for Whangarei District Council
from Indian Ink Theatre Company
2020 Tour

Artist/Practitioner Expenses**Budget NOTES****wks Actors**

1	0 Jacob Rajan	0.00	included in overheads
1	1000 Musician	1,000.00	
Prod/Tour Manager/Operator			
1	1,400 Cathy Knowsley	1,400.00	
1	600 Pre-production fee	600.00	
Total Artist/ Practitioner Expenses		3,000.00	

Production Expenses

Venue	rehearsal space hire AKL	125.00	estimate only
	theatre hire	3819.72	as per quote
Equipment	Sound hire	100.00	estimate only
	LX hire	250.00	estimate only
	Staging hire	0.00	estimate only
	Power	90.00	estimate only
Personnel	House Tech	1296.00	estimate only
	FOH staff	336.00	estimate only
	Pack In / Out crew	1520.00	estimate only
3.28 Ticketing	Inside charges	1308.72	estimate only
0.65 Ticketing	CC sales - 3.5%	404.39	estimate only
Consumables		100.00	estimate only
Composer royalty		130.00	
Total Production Expenses		9,479.83	

Pre-Production costs and Touring Expenses

Airfares	600.00	
Transfers	100.00	
Petrol for Car & trailer	100.00	
Accommodation	1548.00	shared 3 bed
Per Diems	990.00	
Total Touring Expenses	3,338.00	

Marketing/ Publicity

Design	260.00	
Outdoor	600.00	
Distribution	800.00	
Publicist	1,000.00	% of year's fee
Advertising	500.00	
Printing	0.00	refer contra below
Digital	800.00	
Other	100.00	includes freight, hosting, courier
Total Marketing	4,060.00	

Other - including royalties

Writers' royalty 10%	1,571.71
Expenditure offset by inkind (print)	750.00
Contribution to the business/ overheads	10,504.28
Outreach costs	100.00
Total Other	12,926.00

Contingency 2% (not on "other")	414.56
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TOTAL EXPENSES	33,218.39
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INCOME AUCKLAND

Direct Income

In Kind support	Print	750.00	<i>estimate</i>
Ticket sales (see below)		15,717.13	<i>estimate</i>
Total Direct Income		16,467.13	

Indirect Income

CNZ grant	% allocation	6,400.00	<i>funding tbc</i>
Foundation North	% allocation	3,000.00	<i>funding tbc</i>
Total Indirect Income		9,400.00	

TOTAL INCOME	25,867.13
---------------------	------------------

TOTAL CURRENT SHORTFALL to find	(7,351.25)
--	-------------------

Ticket Sales

					%
House capacity	350	Price	<i>Revenue</i>		of house
# of Perfs	2	A res	55.00	10,314.15	0.47
	700	B res	45.00	2,872.80	0.16
% of house	0.57	B res conc	40.00	2,553.60	0.16
estimated audience	399	C Res	35.00	1,256.85	0.09
	18,074.70	C Res conc	30.00	718.20	0.06
Box office ex GST	15,717.13	students	15.00	359.10	0.06
				18,074.70	1.00
				15,717.13	

Start Date Thu 14 May 2020 08:00:00 am
End Date Sat 16 May 2020 11:00:00 pm

Co-ordinator anna moreton Tel:
Salesperson anna moreton Tel:
Reference 6030
Status CONTRACT
Date Booked 20/06/2019 2:10:00p.m.
Tel 09 815 3302
Fax
Email jude@indianink.co.nz

Client Rosalyn Lesurf
Indian Ink Company
Level 1 323 Queens Street
Auckland . 1010

Rooms Booked

	PAX	Amount	GST	Total
14/05/2020 08:00 23:00 Theatre/Backstage - CONTRACT Theatre Layout	340	1,273.24	190.99	1,464.23
15/05/2020 08:00 23:00 Theatre/Backstage - CONTRACT Theatre Layout	340	1,273.24	190.99	1,464.23
16/05/2020 08:00 23:00 Theatre/Backstage - CONTRACT Theatre Layout	340	1,273.24	190.99	1,464.23

Booking Value

Subtotal	3,819.72
GST	572.97
Total	4,392.69

Bank Details

Bank: Bank of New Zealand
Branch: Whangarei
Acc No.: 12-3115-0040516-002
Reference: FNDP

Funding

From: Jude Froude <jude@indianink.co.nz>
Sent: Monday, July 29, 2019 9:40 AM
To: Funding
Subject: FW: Funding application Indian Ink Theatre Company
Attachments: Application form Indian Ink Theatre Company.pdf; Signature page.jpg; Forum Nth quote.jpg; Indian Ink 2020 Whangarei budget.pdf; Ltd accounts 2018.pdf; Ltd scanned deposit slip.pdf; Project outline Krishnan's Dairy.pdf

Hi there

I meant to also include our company number etc should you require it:

Company #: 940927
 NZBN: 9429037686765
 Indian Ink Trust: CC33044

Thank you!

Warm wishes,
 Jude

Jude Froude
General Manager
Indian Ink Theatre Company

Mobile: 0274 194 861
 Email: jude@indianink.co.nz



[Indian Ink gratefully acknowledges the support of its Core Funders:](#)
[CREATIVE NEW ZEALAND](#) | [FOUNDATION NORTH](#)

From: Jude Froude [mailto:jude@indianink.co.nz]
Sent: Saturday, 27 July 2019 6:39 PM
To: funding@wdc.govt.nz
Subject: Funding application Indian Ink Theatre Company

Hi there

Attached please find our application for WDC funding for Indian Ink Theatre Company's tour to Whangarei in 2020.

Attachments are:

- Application form
- Signed page

- Forum North quote
- Budget
- Audited accounts
- Bank account slip
- Project outline

I was also concerned that the formatting of the table for best practice/evidence, may not work for you in the application form, hence have also copied here below:

This project meets best practice guidelines and is evidence based including but not limited to the following:

Meets best practice through:	Evidence is/will be:
Focus on Wellbeing/People management	People are paid appropriately, are well looked after, have been offered development and training, are more enthusiastic and productive and are keen to keep working for Indian Ink
Building the right team for the show	The performing team works well together and audiences enjoy the work
Project planning well in advance	The project is timely and everything happens as it should
Strong financial guidelines in place	Costs and revenue to budget
The work is of the highest quality	This work has won multiple awards, is in the secondary and tertiary curriculum, and will garner positive feedback from audiences, touring team, venues etc
Strong delivery systems in place	People know about the show, feel engaged, and attend
Market to New Audiences	At least 20% of the audience is new to Indian Ink
Serve our Audience	Audience feedback shows they were engaged, felt it was high quality, they'd come again and would recommend it to others
Reduce as many barriers as we can	A range of ticket prices are offered, we perform in an accessible venue, we meet with various communities in advance of the show and encourage engagement with our organisation in whatever way is best suited (free workshops, Q&As, Talks, Meet the artists etc).
Create work sustainably	This work was first created in 1997 and other than a sari refresh, the set and props are still being used in the current version 22 years later.

Please don't hesitate to let us know if you need any further information.

Thank you!

Warm wishes,
Jude

Jude Froude
General Manager
Indian Ink Theatre Company
 Mob: 0274 194 861
 E: jude@indianink.co.nz



[Indian Ink gratefully acknowledges the support of its Core Funders:
CREATIVE NEW ZEALAND | FOUNDATION NORTH](#)

INDIAN INK THEATRE COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

INDIAN INK THEATRE COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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INDIAN INK THEATRE COMPANY LIMITED

COMPANY DIRECTORY AS AT 31 DECEMBER 2018

NATURE OF BUSINESS	Theatre Company	
REGISTERED OFFICE	15 Premier Avenue Point Chevalier Auckland	
SHAREHOLDERS		Ordinary
	Justin Hunt Lewis	50
	Jacob Rajan	50
DIRECTORS	Justin Hunt Lewis Jacob Rajan	
BANKERS	ANZ Bank Ltd Ponsonby Auckland	
ACCOUNTANTS	MA Rudd Accounting & Taxation Services 1 Ranleigh Rd Mt Albert Auckland	
AUDITOR	Ernst & Young Auckland	


INDIAN INK THEATRE COMPANY LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Board of Directors' approve and issue the Financial Statements of Indian Ink Theatre Company Limited for the year ended 31 December 2018.

Ernst & Young were appointed as auditors in compliance with the unanimous motion passed at the last general meeting.

The shareholders of the company have exercised their right under section 211(3) of the Companies Act 1993, whereby pursuant to a decision of the shareholders of the company who together hold at least 95% of the voting shares, they have agreed that this Annual report need not comply with paragraphs (a) and (e) to (j) of section 211 (1) of the Act.

For and on behalf of the Directors:

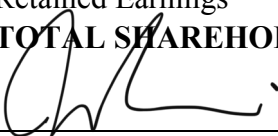

Justin Hunt Lewis
Director
Jacob Rajan
Director

17/04/19

Date

INDIAN INK THEATRE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash	3	36,704	122,007
Accounts receivable	7	-	483
Deferred production costs		45,312	
Prepayments		10,501	8,090
Related party receivables	8	90	27
		<u>92,607</u>	<u>130,607</u>
NON CURRENT ASSETS			
Property, plant and equipment	2	14,542	21,835
		<u>14,542</u>	<u>21,835</u>
TOTAL ASSETS		<u>107,149</u>	<u>152,442</u>
CURRENT LIABILITIES			
Income tax payable		(95)	13,674
Income received in advance		29,100	32,300
Shareholders' current accounts	5	15,041	21,461
Payables and accruals	6	22,893	22,589
		<u>66,939</u>	<u>90,024</u>
TOTAL LIABILITIES		<u>66,939</u>	<u>90,024</u>
NET ASSETS		<u>40,210</u>	<u>62,418</u>
SHAREHOLDERS' EQUITY			
100 Ordinary shares		100	100
Retained Earnings		40,110	62,318
TOTAL SHAREHOLDERS' EQUITY		<u>40,210</u>	<u>62,418</u>


 Justin Hunt Lewis
 Director


 Jacob Rajan
 Director

17/04/19
 Date

The accompanying notes form part of these financial statements.

INDIAN INK THEATRE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
INCOME			
Ticket sales		285,980	501,131
Grants received – Dunedin City Council		-	1,800
Grants received - Other		579,851	558,973
Creative services		840	3,300
		866,671	1,065,204
LESS DIRECT EXPENSES			
Pre-production		63,742	30,581
Production		145,015	200,381
Promotion		66,315	124,047
Travel and per diems		76,804	96,856
Contractor fees		133,279	166,730
		485,155	618,595
GROSS PROFIT		381,516	446,609
OTHER INCOME			
Gain on disposal of fixed assets		-	2,007
Interest and dividends received		834	815
Merchandise sales		-	165
Miscellaneous		-	275
Reimbursed touring costs		3,721	-
		4,555	3,262
LESS EXPENSES			
Accountancy		9,880	7,860
Audit fees		-	-
Accident Compensation Levy		1,601	303
Administration		3,301	2,012
Bank charges		1,721	1,789
Books and media		3,618	3,822
Computer expenses		1,806	1,409
Depreciation		7,296	7,343
Donations		360	60
Fringe benefit tax		2,057	3,678
Insurance		5,015	5,236
Interest		396	435
Legal expenses		179	179
Marketing		24,550	17,268
Motor vehicle expenses		5,628	7,958

The accompanying notes form part of these financial statements.

INDIAN INK THEATRE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Other expenses		-	1,141
Printing and stationery		1,110	1,041
Rent		12,992	11,159
Repairs and maintenance		-	239
Salaries and Wages		143,940	156,678
Salaries paid to Directors		160,440	160,440
Storage		5,296	4,508
Telephone and internet		2,948	3,885
Training		6,109	4,587
Travel expenses		1,840	2,700
Website costs		6,196	2,135
		<u>408,279</u>	<u>407,865</u>
NET PROFIT/(LOSS) BEFORE TAXATION		(22,208)	42,006
Tax Expense	4	-	11,677
NET PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME		<u>(22,208)</u>	<u>30,329</u>

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
Opening Equity	62,418	32,089
Distributions to Owners	-	-
Net Profit and total comprehensive income	<u>(22,208)</u>	<u>30,329</u>
CLOSING EQUITY	<u>40,210</u>	<u>62,418</u>

The accompanying notes form part of these financial statements.

INDIAN INK THEATRE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from Customers		290,541	499,081
Receipts from Donors and Grant providers		576,651	588,114
Payments to Suppliers and Employees		(931,824)	(1,022,459)
Income tax paid		(13,768)	(1,422)
Net cash (used in) provided by operating activities		<u>(78,400)</u>	<u>63,314</u>
Cash flows from investing activities			
Interest and dividends received		834	815
Interest and other costs of finance paid		-	(1,715)
Payments/(Receipts) for Property, Plant and Equipment		(858)	(20,257)
Advanced to related parties		(63)	-
Net cash provided by investing activities		<u>(87)</u>	<u>(21,157)</u>
Cash flows from financing activities			
Cash withdrawn by owners		(6,816)	(868)
Net cash provided by financing activities		<u>(6,816)</u>	<u>(868)</u>
Net increase/(decrease) in cash		(85,303)	41,289
Cash at beginning of financial year		122,007	80,718
Cash at end of financial year	3	<u>36,704</u>	<u>122,007</u>

The accompanying notes form part of these financial statements.

**INDIAN INK THEATRE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATEMENT OF ACCOUNTING POLICIES

Indian Ink Theatre Company Limited (the “Company”) is a company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP the entity is a for-profit entity.

The financial statements of the Company comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR). The Company is eligible to report in accordance with NZ IFRS RDR on the basis that it does not have public accountability and is not a large for-profit public sector entity.

Measurement Base

The financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars.

Summary of Significant Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

a) **Property, plant and equipment**

Property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to allocate the assets' cost over their estimated useful life using the straight line method.

Depreciation Rates:	Computer Equipment	40%
	Office Equipment	30-67%
	Motor Vehicles	21%

b) **Revenue**

Income received is credited to the Statement of Comprehensive Income when the services are rendered in accordance with NZ IFRS 15.

- Ticket sales are recognised when the relevant show has been performed and there is an entitlement to receive income from the ticket sales.
- Performance fees are recognised when the performance to which the fees relate has been completed.
- Non-government grants are recognised when the outcome of the related transaction can be estimated reliably.
- Donations are recognised when received, with the exception of donations which relate to specific activities, in which case the donation is recognised to the extent that the activity is carried out.

Government grants are recognised as income in the period over which the Company recognises the related expenses for which the grants are intended to compensate, in accordance with NZ IAS 20.

c) Foreign Currency

Transactions denominated in foreign currency are translated into the reporting currency using the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate applying at the reporting date.

d) Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax benefit/liabilities on timing differences is recognised, but no benefit is recognised for income tax losses.

e) Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis, except for accounts receivable and accounts payable. GST payable at balance date is included in current liabilities.

f) Cash

Cash in the statement of financial position comprises cash on hand and call balances held at bank.

g) Shareholder current accounts

Interest is charged on overdrawn shareholder current accounts at Inland Revenue approved rates of interest. Interest is credited for amounts owing to shareholders. Balances are reviewed on an on-going basis to ensure payables and receivable balances are not significant.

h) Trade receivables

Trade receivables are classified, at initial recognition, as subsequently measured at amortised cost and are measured at the transaction price determined under NZ IFRS 15.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company applies a simplified approach in calculating the expected credit loss ('ECL') under NZ IFRS 9. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

i) Trade payables

Trade payables generally have 30 day terms and are recognised at face value, as this is equivalent to fair value.

j) Leases

Rental expenditure is accrued expensed to the period over which the rental properties were used for the business. The company has no assets subject to operating or finance leases.

k) Deferred production costs

Production costs are recognised to the extent that the production to which those costs relate has been performed. Production costs are deferred where they relate to performances that will take place after balance date.

Changes in Accounting Policies

From 1 January 2018 the Company has adopted NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers.

NZ IFRS 9 requires the use of a forward-looking expected credit loss model to determine impairment provisioning on trade receivables. Indian Ink has concluded that the impact of this is not material for the financial statements.

NZ IFRS 15 is based on the principal that revenue is recognised when control of a good or service transfers to a customer. Indian Ink has determined that the impact of this standard is not material, hence, no cumulative opening balance adjustment is required for the financial statements.

There has been no other change in accounting policies.

INDIAN INK THEATRE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
2. PROPERTY, PLANT AND EQUIPMENT		
Computer equipment - cost	18,501	28,950
Disposal of equipment – cost	-	(15,822)
Accumulated depreciation brought forward	(13,397)	(25,830)
Disposal of equipment - accumulated depreciation	-	15,822
Additions	-	5,373
Depreciation charge for the year	(2,954)	(3,389)
	<u>2,150</u>	<u>5,104</u>
Motor vehicles – cost	24,033	26,492
Disposal of motor vehicles – cost	-	(22,243)
Accumulated depreciation brought forward	(7,410)	(22,869)
Disposal of motor vehicles - accumulated depreciation	-	19,350
Additions	-	19,783
Depreciation charge for the year	(4,231)	(3,891)
	<u>12,392</u>	<u>16,620</u>
Office furniture and equipment - cost	12,642	12,642
Accumulated depreciation brought forward	(12,531)	(12,468)
Additions	-	-
Depreciation charge for the year	(111)	(63)
	<u>-</u>	<u>111</u>
Total property, plant and equipment	<u>14,542</u>	<u>21,835</u>
3. CASH		
ANZ Bank Cheque Account	19,773	23,509
ANZ Bank Call Account	16,866	98,433
Cash on hand	65	65
	<u>36,704</u>	<u>122,007</u>
4. TAXATION		
Taxation expense		
Profit/(Loss) before tax	(22,208)	42,006
Tax @ 28%	(6,218)	11,762
Add/(Less)		
Benefit of losses not recognised	6,093	
Tax effect of permanent differences	125	(89)
Prior period adjustment	-	4
Taxation expense	<u>-</u>	<u>11,677</u>

INDIAN INK THEATRE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Deferred tax

A tax loss is available to carry forward of \$21,761. The future tax benefit of \$6,093 at a tax rate of 28% is not recognised.

Imputation credit account

The amount of imputation credits available for use in subsequent reporting periods

21,166	6,802
--------	-------

5. SHAREHOLDERS' CURRENT ACCOUNT

Justin Lewis

Opening balance

7,705

7,939

Add:

Funds contributed

-

-

Salary credited

80,220

80,220

Interest credited

142

155

80,362

80,220

Less:

Drawings

(84,887)

(80,609)

(84,887)

(80,454)

Closing balance

3,180

7,705

Jacob Rajan

Opening balance

13,756

13,961

Add:

Funds contributed

-

3,880

Salary credited

80,220

80,220

Interest credited

254

274

80,474

84,374

Less:

Drawings

(82,369)

(84,579)

(82,369)

(84,579)

Closing balance

11,861

13,756

Total shareholders' current account

15,041

21,461

INDIAN INK THEATRE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
6. PAYABLES AND ACCRUALS		
Accounts payable	9,651	5,578
Accrued expenses	11,367	12,546
GST payable	(3,897)	(4,462)
Hire Purchase payable	-	941
PAYE and Kiwisaver contributions payable	5,772	7,986
	<u>22,893</u>	<u>22,589</u>
7. ACCOUNTS RECEIVABLE		
Overpayments	-	182
Accrued income	-	301
	<u>-</u>	<u>483</u>

8. RELATED PARTY RECEIVABLES

Advances to other related entities are repayable on demand. Interest is not charged on advances to the related party.

Indian Ink International Limited	90	27
	<u>90</u>	<u>27</u>

Indian Ink International Limited is a company owned 100% by one of the Company's shareholders.

9. CONTINGENT LIABILITIES

Contingent liabilities at 31 December 2018 amounted to \$Nil (31 December 2017: \$Nil)

10. CAPITAL COMMITMENTS

Capital commitments at 31 December 2018 amounted to \$Nil (31 December 2017: \$Nil).

11. RELATED PARTIES

The Company has 50% common shareholding with Indian Ink International Limited and 100% common shareholding with Indian Ink Film Limited but has no control over these separate legal entities and accordingly no consolidated group financial statements are required. The Indian Ink Trust applies for funding on behalf of the Company. Justin Lewis is a trustee of the Trust. During the year the Company received \$209,251 in funding from the Trust (\$241,956 in the year ended 31 December 2017).

Indian Ink Rights Limited holds the intellectual property rights to the productions put on by the Company. The Company has 100% common shareholding with Indian Ink Rights Limited.

Justin Lewis is a partner of Shoulder to Shoulder Partnership. In 2018, the Company did not pay for acting services carried out by the Partnership but paid \$320 in the year ended 31 December 2017.



Independent auditor's report to the Shareholders of Indian Ink Theatre Company Limited

Opinion

We have audited the financial statements of Indian Ink Theatre Company Limited ("the Company") on pages 5 to 14, which comprise the statement of financial position of the Company as at 31 December 2018, and the statement of comprehensive income, statement of movements in equity and statement of cash flows for the year then ended of the Company, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 5 to 14 present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with Professional and Ethical Standard 1 (revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company. We have no other relationship with, or interest in, the Company.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the Annual Report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing on behalf of the entity the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>. This description forms part of our auditor's report.

Chartered Accountants
Auckland
17 April 2019

5.1 Northland Events Centre Trust – 2018-19 Annual Financial Statements

Meeting: Extraordinary Whangarei District Council
Date of meeting: 3 October 2019
Reporting officer: Sandra Boardman (General Manager Community)

1 Purpose

To provide the Northland Events Centre Trust (NECT) 2018-19 draft annual financial statements.

2 Recommendation

That the Council notes the Northland Events Centre Trust 2018-19 draft annual financial statements.

3 Background

NECT is an exempted Council Controlled Organisation (CCO) under Section 7 of the Local Government Act 2002. This means that it is not required to prepare a Statement of Intent, or to present half-yearly or annual reports.

A letter of support has been provided to NECT to confirm that Council will provide financial support for at least 12 months from the date of the finalisation of the accounts by the Auditor. On this basis, Council is asked to note the draft annual financial statements for the 2018-19 year, which are awaiting final audit clearance.

4 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

5 Attachment

1. NECT 2018-19 draft annual financial statements

**Northland Events Centre Trust
Financial statements
for the year ended 30 June 2019**

Draft

Northland Events Centre Trust

Financial statements - 30 June 2019

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Legal name

Northland Events Centre Trust (NECT).

Type of entity and legal basis

NECT is incorporated in New Zealand under the Charitable Trusts Act 1957. NECT is controlled by the Whangarei District Council as a council controlled organisation as defined in section 6 of the Local Government Act 2002. NECT is an exempt organisation under Section 7 of the Local Government Act 2002.

Purpose

The primary objective of NECT is the operation and maintenance of a high quality multi purpose events centre. This includes providing a regional sporting, cultural, convention and events centre for use by sports bodies and codes, arts, musical, social and cultural organisations, public bodies and community organisations for the benefit of the public of the region and to enable NECT to be used for a wide range of activities and events.

Structure of the Trust's operations, including governance arrangements

NECT comprises a Board of five trustees who oversee the governance and management of the Northland Events Centre (NEC). Four trustees are appointed by the Whangarei District Council and one trustee is appointed by the Northland Regional Council. The Trust presently consists of four trustees due to the mid-term resignation of a Trustee appointed by Whangarei District Council. The process is underway to appoint a new trustee. The Whangarei District Council is contracted under a management agreement to manage operations with the Venue and Events Manager responsible for the day-to-day operations of NEC.

Main sources of cash and resources

Revenue from operations and commercial rentals are the primary source of funding to NECT.

Outputs

NECT provides opportunities for the Northland region to have a quality, well planned and fully equipped venue for major sporting, entertainment, cultural and family events. The venue has a capacity of 18,500. NECT is also charged to exhibit and provide a sense of social and environmental responsibility having regard to the interests of the community as a whole.

Authorisation

The Board of Northland Events Centre Trust authorised these financial statements presented on the following pages 3 to 10.

For and on behalf of the Board.

 Trustee
 Date

 Manager
 Date

Northland Events Centre Trust
Statement of financial performance
For the year ended 30 June 2019

Statement of financial performance
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue			
Revenue from operations	3	798,640	683,229
Council funding	2	-	103,315
Interest revenue		2,908	1,663
Total revenue		801,548	788,207
Expenditure			
Depreciation and amortisation	8	77,835	76,264
Other expenses	4	901,773	711,943
Total operating expenditure		979,608	788,207
Operating surplus/(deficit)		(178,060)	-

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Northland Events Centre Trust
Statement of financial position
As at 30 June 2019

Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Debtors and prepayments	7	128,005	65,907
Bank accounts and cash	6	202,840	239,703
Current account - Whangarei District Council		-	102,020
Total current assets		<u>330,845</u>	<u>407,630</u>
Property, plant and equipment	8	<u>431,047</u>	502,756
Total non-current assets		<u>431,047</u>	<u>502,756</u>
Total assets		<u>761,892</u>	<u>910,386</u>
LIABILITIES			
Creditors and accrued expenses	9	<u>122,316</u>	92,750
Total current liabilities		<u>122,316</u>	<u>92,750</u>
Total liabilities		<u>122,316</u>	<u>92,750</u>
Net assets		<u>639,576</u>	<u>817,636</u>
EQUITY			
Contributed equity	5	10	10
Accumulated funds	5	75,682	331,577
Asset Replacement Reserve	5	<u>563,884</u>	486,049
Total equity		<u>639,576</u>	<u>817,636</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Northland Events Centre Trust
Cash flow statement
For the year ended 30 June 2019

Cash flow statement

For the year ended 30 June 2019

	2019 \$	2018 \$
Cash flows from operating activities		
Receipts from operations (customers and service revenue)	730,042	731,508
Council funding	102,020	287,995
Interest received	2,908	1,663
	<u>834,970</u>	<u>1,021,166</u>
Cash was applied to		
Payments to suppliers	(885,599)	(738,071)
Goods and services tax (net)	13,766	(2,849)
Total cash provided to operating activities	<u>(871,833)</u>	<u>(740,920)</u>
Net cash flow from operating activities	<u>(36,863)</u>	<u>280,246</u>
 Purchase and development of property, plant and equipment	 -	 (72,797)
Net cash flow from investing activities	<u>-</u>	<u>(72,797)</u>
 Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	 (36,863)	 207,449
Bank accounts and cash, and bank overdrafts at the beginning of the year	<u>239,703</u>	<u>32,254</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	<u>202,840</u>	<u>239,703</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

1 Statement of accounting policies for the year ended 30 June 2019

1.1 Reporting entity

NECT is incorporated as a trust under the Charitable Trusts Act 1957, is domiciled in New Zealand and registered under the Charities Act 2005, registration number 2515711. NECT is an exempt organisation under Section 7 of the Local Government Act 2002.

1.2 Basis of preparation

Statement of compliance

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that NECT does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that NECT will continue to operate in the foreseeable future.

Goods and services tax

NECT is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

Functional and presentation currency

The financial statements are presented in New Zealand dollars.

Going concern

The Trust is reliant on Whangarei District Council's financial support to be certain it can continue to operate as a going concern.

The Board has received a letter of support from the Council that confirms sufficient funding for any operating deficit and any short-term funding that may be required to meet cash flow shortfalls for at least 12 months from the date of this annual report.

As a result of Council's letter support, the Trust has prepared the financial statement on the basis that it will continue as a going concern for the foreseeable future.

Revenue and expense

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

(i) Grants

Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

(ii) Donated assets

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

(iii) Interest revenue

Interest revenue is recorded as it is earned during the year.

(iv) Sale of goods

Revenue from the sale of goods is recognised when the goods are sold to the customer.

(v) Rental revenue

Rental revenue is measured at the fair value of consideration received or receivable. Rental revenue is received one month in advance and is recognised for the month it relates to.

(vi) Advertising, marketing, administration, overhead, and fundraising costs

These are expensed when the related service has been received.

1.3 Bank accounts and cash

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1 Statement of accounting policies for the year ended 30 June 2019 (continued)

1.4 Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

1.5 Property, plant and equipment

Property, plant, and equipment are recorded at cost, less accumulated depreciation and impairment losses.

(i) Donated assets

Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised

(ii) Asset sales

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

(iii) Use of assets

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation

Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of PP&E	Estimated useful life	Depreciation rates
Office equipment	2-10 years	8% - 50%
Plant and equipment	6-60 years	1.6% - 33.33%
Computer equipment	2-5 years	8.08% - 50%

1.6 Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

1.7 Lease expense

Lease payments are recognised as an expense on a straight-line basis over the lease term.

1.8 Tier 2 PBE Accounting Standards applied

NECT has not applied any Tier 2 Accounting Standards in preparing its financial statements.

1.9 Changes in Accounting Policies

There are no changes in accounting policies.

1.10 Change in recognition of funding agreement

In the 2017/18 financial statements a debtor was recognised equal to the value of the operating deficit of \$103,315, with a corresponding council revenue item. The debtor was recognised on the basis of the established practice between Council and the Trust. The debtor was subsequently settled between the parties. In 2018/19 it has been determined that the Council has no legal obligation to underwrite NECT's losses, and therefore a similar debtor and council revenue for 2018/19 have not been recognised.

While the Council does not have an obligation to fund NECT's losses, as disclosed in the going concern disclosure on page 6, the Council has provided a letter of support to confirm that the Council will provide financial support for at least 12 months from the date of this annual report.

Northland Events Centre Trust
Notes to the financial statements
30 June 2019
(continued)

2 Council funding

	2019 \$	2018 \$
Council underwrite	-	103,315
Total council funding	-	103,315

3 Revenue from operations

	2019 \$	2018 \$
Commercial revenue	192,466	229,759
Other revenue	606,174	453,470
Total revenue from operations	798,640	683,229

4 Other expenses

	2019 \$	2018 \$
Operating Expenses	883,926	696,143
Auditors fees for financial statements	17,847	15,800
Total other expenses	901,773	711,943

5 Equity

	2019 \$	2018 \$
Council capital contribution	10	10
Accumulated Funds	75,682	331,577
Asset replacement reserves*	563,884	486,049
Balance at 30 June 2019	639,576	817,636

Asset replacement reserve

Balance at 1 July 2018	486,049	409,785
Transfer from retained earnings	77,835	76,264
Balance 30 June 2019	563,884	486,049

* The purpose of the asset replacement reserve is to fund future asset replacements.

Accumulated funds

Balance at 1 July	331,577	407,841
Transfer to asset replacement reserves	(77,835)	(76,264)
Surplus/(deficit) for the year	(178,060)	-
Balance 30 June	75,682	331,577

6 Bank accounts and cash

	2019 \$	2018 \$
Cash on hand	100	100
Bank deposits	<u>202,740</u>	<u>239,603</u>
Total bank accounts and cash	<u>202,840</u>	<u>239,703</u>

7 Debtors and prepayments

	2019 \$	2018 \$
Trade debtors	124,775	51,667
GST Account	-	13,450
Prepayments	<u>3,230</u>	<u>790</u>
Total debtors and prepayments	<u>128,005</u>	<u>65,907</u>

8 Property, plant and equipment

2018	Work in progress \$	Plant and equipment \$	Office equipment \$	Computer equipment \$	Total \$
Carrying amount	-	371,699	130,177	4,346	506,222
Balance at 1 July 2018	<u>-</u>	<u>371,699</u>	<u>130,177</u>	<u>4,346</u>	<u>506,222</u>
Year ended 30 June 2018					
Additions	18,095	35,858	18,845	-	72,798
Depreciation charge	-	(42,150)	(33,220)	(893)	(76,264)
Asset class transfers	-	-	-	-	-
Balance as at 30 June 2018	<u>18,095</u>	<u>365,407</u>	<u>115,802</u>	<u>3,453</u>	<u>502,756</u>
2019	Work in progress \$	Plant and equipment \$	Office equipment \$	Computer equipment \$	Total \$
Opening balance as at 1 July 2018	<u>18,095</u>	<u>365,407</u>	<u>115,802</u>	<u>3,453</u>	<u>502,757</u>
Year ended 30 June 2019					
Additions	-	13,932	-	-	13,932
Disposals	(7,160)	-	-	(647)	(7,807)
Depreciation charge	-	(43,249)	(31,943)	(2,643)	(77,835)
Asset class transfers	-	-	-	-	-
Balance at 30 June 2019	<u>10,935</u>	<u>336,090</u>	<u>83,859</u>	<u>163</u>	<u>431,047</u>

There are no restrictions over the title of the NECT's property, plant and equipment, nor are any property, plant and equipment pledged as security for liabilities.

9 Creditors and accrued expenses

	2019 \$	2018 \$
Accrued expenses	1,730	15,800
Trade creditors	95,722	67,085
Rent in advance	15,185	3,348
Income in advance	9,679	6,517
Total creditors and accrued expenses	<u>122,316</u>	<u>92,750</u>

10 Contingencies

NECT has no contingent liabilities (2018:nil) and no contingent assets (2018: nil)

11 Commitments

Operating lease commitments as a lessee

NECT leases property, plant, and equipment in the normal course of its business. The future aggregate minimum lease payments payable under existing operating leases are as follows:

	2019 \$	2018 \$
Not later than one year	90,465	88,970
Later than one year and not later than two years	29,438	90,492
Later than two years and no later than five years	3,032	32,477
Total non-cancellable operating leases	<u>122,935</u>	<u>211,939</u>

12 Trustee fees

All trustees work on a voluntary basis and receive no fees (2018: nil).

13 Related party transactions

The related party disclosures below are for transactions that are not within a normal supplier or client/recipient relationship. This means that the terms and conditions on those transactions are either more or less favourable than those expected in normal transaction. Any other related party transactions are no more or less favourable.

Related party transactions significant to the Trust requiring disclosure

In terms of the agreement with Northland Regional Council, Whangarei District Council is responsible for underwriting any operating shortfalls in NECT operations. Underwriting of \$Nil (2018: \$103,315) was provided from Council to NECT. These amounts are disclosed in the Statement of Financial Performance. An amount of \$504 was outstanding at 30 June 2019 (2018: \$102,020).

14 Events occurring after the balance date

There were no events after the balance sheet date 30 June 2019 (2018 nil).

15 Explanation of major variances against budget

Section 64 of the Local Government Act requires a Council Controlled Organisation to prepare a Statement of Intent that complies with Clause 9 of Schedule 8. Section 7 gives Local Authorities the power to exempt a small organisation, by way of a council resolution, after taking into account the matters specified in section 7. On 30 August 2018 Northland Events Centre Trust was exempted as a Council Controlled Organisation and accordingly does not prepare a Statement of Intent resulting in no variance reporting against budget.

Auditors' Report

To the customers of Northland Events Centre Trust

Draft

5.2 Whangarei Art Museum Trust – Annual Report 2018-19

Meeting: Extraordinary Whangarei District Council
Date of meeting: 3 October 2019
Reporting officer: Sandra Boardman (General Manager Community)

1 Purpose

To provide the Whangarei Art Museum Trust (WAMT) Annual Report for 2018-19.

2 Recommendation

That the Council notes the Whangarei Art Museum Trust 2018-19 Annual Report with draft financial statements.

3 Background

Section 67 of the Local Government Act 2002 requires Council Controlled Organisations (CCOs) to deliver to shareholders, and make available to the public, a report on the organisation's operations for the year. Under the Legislation, CCOs have until 30 September to deliver the Annual Report to Council.

4 Discussion

A copy of the WAMT 2018-19 Annual Report is included as Attachment One, along with the draft financial statements which are included as Attachment Two.

At the time of writing this report, WAMT had not received final Audit clearance on the financial statements, therefore they are presented as draft.

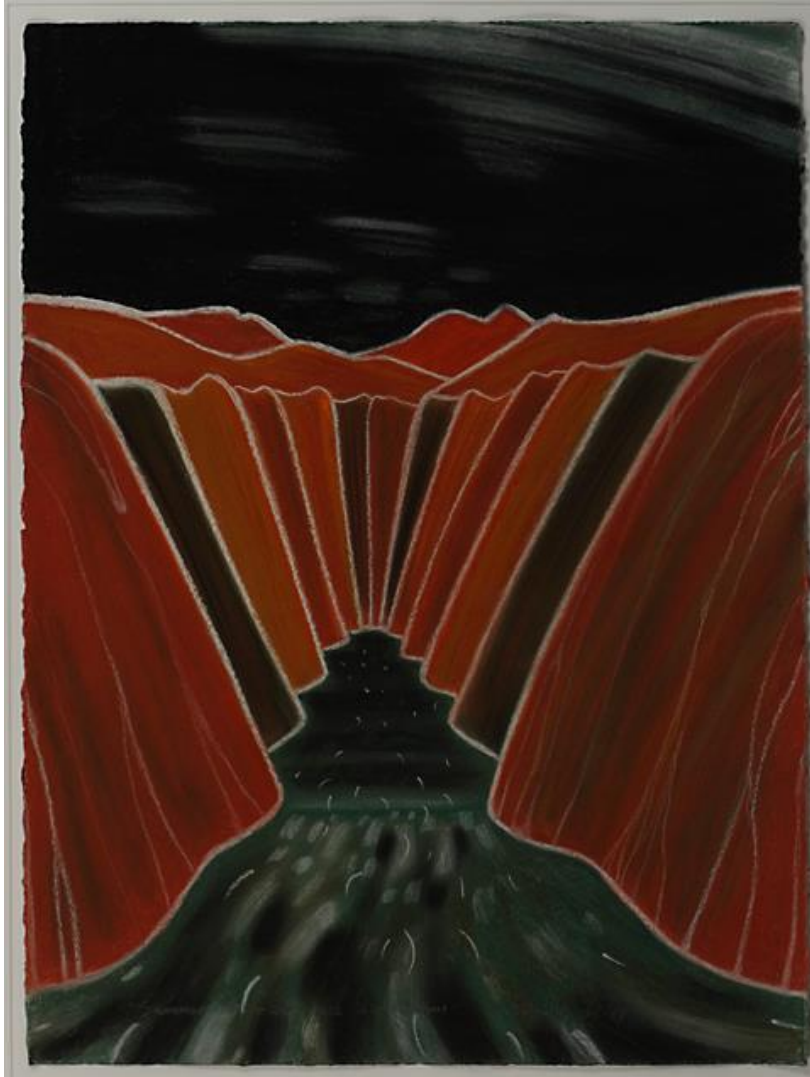
5 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

6 Attachments

1. Whangarei Art Museum Trust 2018-19 Annual Report
2. Whangarei Art Museum Trust 2018-19 draft financial statements

whangārei
art museum
te manawa toi



Marilyn Webb, *Summer Snow and Water Race*, 1988, pastel,
collection of the Whangārei Art Museum

WHANGĀREI ART MUSEUM TRUST ANNUAL REPORT | 2018-2019

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CHAIRMAN'S REPORT

The year ending 30 June 2019 has been a transformative year for WAMT. Construction of the Hundertwasser Art Centre has commenced and good progress has already been achieved. Construction will continue throughout the year ahead and beyond. A new Chief Executive, Kathleen Drumm, has been appointed and commenced work. The nature and scale of WAMT has been changed.

Despite significant challenges over the last year – in particular a lack of a dedicated leader - WAMT staff have adapted and filled gaps to provide an excellent programme of exhibitions and events and have also carried out a comprehensive assessment and catalogue of WAMT's collection. In the year visitor numbers increased again by almost 15%. This reflects an engaging and varied programme and committed efforts of the gallery staff.

The arrival of Kathleen Drumm as chief executive adds to the gallery and she will provide leadership to a strong team.

Particular highlights for the past year have been the Andrealand exhibition of works by a notable local artist – Andrea Hopkins. This was an exhibition curated by WAMT staff and involved a huge effort by them to collect and display the works. The exhibition was lifted further by the ability to have the artist herself talk to the works.

A different exhibition was Cracked Ink – a graffiti mural highlighting street art. This exhibition worked in well with Street Prints Manaia 2019, a Whangarei city street art festival, and offers up a different style of art.

The gallery still struggles with visibility and a lack of knowledge of its existence. This is an issue which we continue to address and grapple with.

Thomas Biss
Chair of Whangārei Art Museum Trust

PERFORMANCE MEASURES

Performance measures from the 2018 – 2019 Statement of Intent, which must be reported on in accordance with Local Government Act requirements, are included in the accompanying Financial Statement.

WHANGĀREI ART MUSEUM TRUST GOVERNANCE

KEY OPERATIONAL INDICATORS

Action	Comments	Responsible	Reporting	Outcomes
The Board to act in accordance with the Institute of Directors “Four Pillars of Governance” guide.	<ul style="list-style-type: none"> Independent review, by the IOD. Satisfactory rating – dependent on funding 	Chairperson	Once	Work overload and the resignation of 2 trustees, including the Chairperson, have prevented this from taking place.
Health and Safety commitments	<ul style="list-style-type: none"> Staff and Board are informed of and updated on Health and Safety requirements 	Director/WDC	Ongoing and Annual	Health and Safety Policy developed and approved by the Board.
Being a good employer	<ul style="list-style-type: none"> All paid staff has at least half yearly reviews which form part of their Professional Development programme All staff have defined development paths with relative training, budget permitting 	Director	Ongoing	No management capacity for reviews or professional development plans for staff due to vacant Director’s position. This will be rectified now that a CE has been appointed.

Action	Comments	Responsible	Reporting	Outcomes
Risk Management	<ul style="list-style-type: none"> Annual update of Strategic Risk and scoring in accordance with AS/NZS ISO 31000:2009 Appropriate Insurance – independently assessed 	Director/ Trustees	Ongoing and Annual	The Trust is insured with advice and support from WDC.
The Board to adhere to Legislative and Trust Deed requirements	<ul style="list-style-type: none"> Clean opinion -as part of Annual audit by Audit NZ LGOIMA requests are answered within statutory timeframes All legislative requirements met 	Chairperson Director Trust	Ongoing and Annual	Audit letter awaited. Requests have been answered in accordance with timeframes.
Regular Governance meetings	<ul style="list-style-type: none"> Eleven Board meetings per year, mostly each month Minutes of all meetings kept 	Chairperson	Monthly	Achieved.
Effective and best practice financial management	<ul style="list-style-type: none"> Monthly accounts prepared by WDC and approved by Board Full GAAP accounting reporting Annual audited accounts. Monthly forecast review of exhibitions budget by WAMT 	Director/ Trustees/WDC	Monthly	Achieved. Monthly forecasting was resumed in October 2018.
Monitoring of annual plan objectives and KPI's.	<ul style="list-style-type: none"> Board monitors progress at each meeting Annual report completed at end of financial year Ongoing update of SOP's and policies 	<ul style="list-style-type: none"> Director/ Trustees 	Monthly/Annual	A strategic plan has been drafted by the Board. The annual report has been completed. Policies have been reviewed as required.

HUNDERTWASSER ART CENTRE WITH WAIRAU MAORI ART GALLERY

KEY OPERATIONAL INDICATORS

Action	Comments	Responsible	Reporting	Outcomes
Cost vs budget The budgeted cost of work that has actually been performed in carrying out the scheduled tasks during the specific time period	Cost Predictability/Forecast final cost <ul style="list-style-type: none"> Variation cost, attributable to approved change orders for construction between the projected construction cost at project point “Available for Use” and the estimated construction cost at the date “Commit to Construct”, expressed as a percentage of the estimated construction cost at “Commit to Construct” date. Measure <5% 	Board/Director/ Project Manager	Quarterly	Refer to accounts.
Time Predictability The estimated time for work that has actually been performed in carrying out the scheduled tasks during the specific time period.	<ul style="list-style-type: none"> Change in timeframe, attributable to client approved change orders for construction (originating from the client /client representative) between the projected actual construction time at “Available for Use” and the estimated construction time at “Commit to Construct”, expressed as a percentage of the estimated construction time at “Commit to Construct” date. Measure<5% 	Board/Director/ Project Manager	Quarterly	

Action	Comments	Responsible	Reporting	Outcomes
Quality Control	Public Satisfaction <ul style="list-style-type: none"> Number of complaints made to WDC or WAM from the public- within WDC acceptable levels as per RFS / Complaints Handling Policy. Time taken to resolve to within WDC satisfaction levels as set out in RFS / Complaints Handling Policy 	Board/Director/ Project Manager	Acknowledgement of complaints within 48 hours of being received. Endeavour to resolve complaint within 15 working days.	A single complaint was received by WAM, which was addressed and resolved. In the absence of a Director the complaint was handled at the Board level and was not able to be resolved within the optimal timeframe.
Health and Safety	<ul style="list-style-type: none"> Reportable accidents - Operational Reportable accidents per 100,000 hours worked. To be developed with Contractor. Lost time accidents- Operational Lost time incidents per 100,000hours worked. Less than Industry average of 5.6 (ANZSIC level 1.2). Satisfactory outcome from Independent Audit by Work Safe approved auditor (funding dependent). 	Project Manager/ Contractor/ Board/Director/ WDC	Quarterly	<p>Health and Safety outcomes are externally audited and reported monthly to the Board by the main contractor, via the Business Management Group report.</p> <p>The Health and Safety record to date has been exemplary. The main contractor has achieved a 95% or higher monthly rating over the year.</p>

Action	Comments	Responsible	Reporting	Outcomes
Project Governance	<p>Best practice project governance to be achieved.</p> <ul style="list-style-type: none"> • Monthly Project Control Group (minuted) • WDC liaison committee (minuted) • WAM project management Board (minuted) • Health and Safety best practices management as above. 	Project Manager/ Contractor/ Board/Director/ WDC	Monthly	<p>The Business Management Group meets monthly. Its members include the Project Management team, an independent WAM appointed construction consultant and two WAM trustees. All aspects of the project are reviewed at this meeting.</p> <p>A WDC/WAM liaison group has been formed, which meets as required. This group was responsible for the collaborative design of the Town Basin Park.</p> <p>The trustees review the project at monthly Board meetings.</p>
Risk Management	<ul style="list-style-type: none"> • Appropriate Insurance - independently assessed 	Risk Management	Appropriate Insurance – independently assessed	The Trust is insured with advice and support from WDC.

WHANGĀREI ART MUSEUM

CURATOR'S REPORT

Overview

WAM's key areas of focus included the completion of the Collection Management Project, the redevelopment of the Younghusband Gallery and the diversification of visitor demographics through exhibition scheduling and events.

Exhibition Highlights

Andrealand was the first solo exhibition of a Whangārei based, born and raised Māori woman at the Gallery. Such exhibitions are close to our hearts and underpin our values and objectives as the only public arts institution in Northland. The success of Andrealand was reflected in the high visitor numbers and through both local and national critical review.

Here, Now, Next and Surf Tails were also the first exhibitions of their kind for the Gallery. Both exhibitions introduced and engaged a younger demographic to the gallery.

Exhibition Space Development

In June 2019 WAM closed a section of the Younghusband Gallery (Gallery Two) and began construction of 4 new exhibiting spaces within the Gallery, to open in late 2019:

Collection Gallery and Community Gallery

The Collection Gallery will ensure our collection is accessible to the public throughout the year while the Community Gallery will provide a platform for local artists and community stakeholders. The Community and Permanent Collection Galleries will be flexible in terms of scheduling and will be able to be utilised as a combined space for either galleries exhibitions. For example, enabling a larger collection exhibition (encompassing both gallery spaces) to be exhibited if needed and vice versa.

Digital Arts/Creative Tech Room

The Digital arts and Creative Tech industries have a strong presence locally. This room/exhibiting space will provide a platform for digital art in Northland, showcasing local, national and international artists.

Interactive Gallery

The interactive gallery space will be used for long-term interactive exhibitions with a focus on engagement with art for all ages. It will enable us to continue to use the space in creative and diverse ways, including events such as film nights etc. It will also be the dedicated space for external events, enabling WAM to generate income from venue hire. Restrictions around food and beverage in the other galleries have limited the availability of gallery spaces and events in the past.

Collection Management

Collection Development Project

WAM has 2,700 objects housed on site at the HUB. Caring for the art collection, (comprised of Whangārei District Council owned works and Whangārei Art Museum held works), is one of the core functions of the art museum and mandated by the Whangārei Art Museum Trust Deed.

A fixed term Collection Manager was appointed in 2018 to implement the Collection Development Project, which involves improving and implementing standard practices relating to collection care, and the re-organisation of the store room, including full re-housing, accessioning, and updating of the object records database. This project is due to be completed by 2020.

As part of this project, the Collection Management Policy is being re-developed to ensure the collecting vision is in the best interests of the community and that policy wording reflects current standard practices. Following this document, a Collection Manual will be developed which will contain the Policies and Procedures for working with the collection. Once the project is complete, the WAM/WDC art collection will be re-valued, a process which occurs every three years.

Collection Facilities | Storage

WAM is committed to growing and developing its collection for the future; however, the current collection storage room has almost reached capacity. An extension to the collection room was construction in June 2019, taking over part of the rear of the Gallery One's exhibiting space. This was the only climate-controlled storage option available in the short to medium term which could adequately house the current works, and ensure that WAM can accept appropriate artwork bequests and receive touring exhibitions.

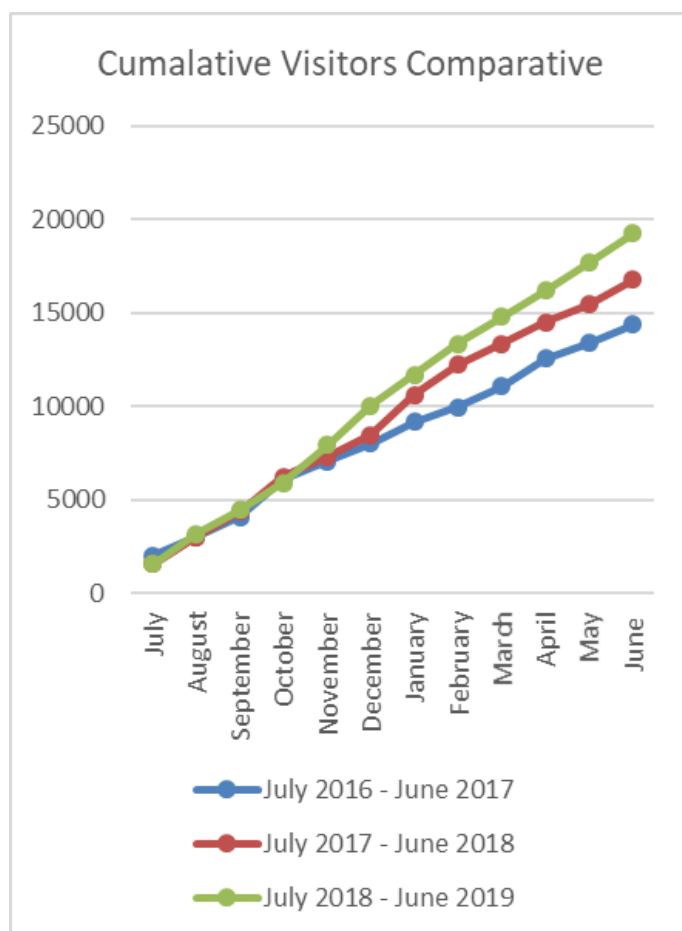
VISITOR ENGAGEMENT

WAM has achieved a high calibre of exhibitions in the past year, despite staff constraints. The focus on greater local flavour and initiatives to target a younger demographic have been key drivers of increased community engagement.

Visitor numbers continued to rise in the period 2018/2019, reaching 19,250; an increase of almost 15% and well ahead of our 10% performance target.

With significant visitor growth achieved in recent years as a result of new initiatives, it is anticipated that growth rates will slow down. We forecast an annual growth of 5% for the year 2019/2020, which would increase visitor numbers to 20,213.

YEAR	FORECAST	ACTUAL
2014/2015	Unknown	8,840
2015/2016	10,000	12,891
2016/2017	14,000	15,106
2017/2018	15,400	16,756
2018/2019	17,343	19,250
2019/2020	20,213	



EXHIBITIONS

Here, Now, Next | Cracked Ink

11 June 2018 – 26 August 2018

Total in Gallery visits 3,618 (11weeks, showing concurrently with Landmarks of a Great Voyager).

A large-scale mural installation wrapping the walls of the Younghusband gallery. Originally from the UK, Cracked Ink, has been involved in both the street and gallery art scenes in New Zealand for the last decade. What starts with a simple line, extends and evolves until the once-blank wall is transformed into a world of its own. Eventually, this temporary canvas will be wiped clean, restored to a mundane white wall, so the process can begin again. It's the nature of a gallery and is reflected in the street, here, now, next. Also, accompanying the mural is a 360° time-lapse for visitors to experience the process as well as hear from the artist as though he's with you in the gallery.



Selected Visitor Feedback

- “stunning. Love the video, I’m so fascinated by the process of how art is made. Fantastic idea to have him talk almost like he is actually here.”
- “this show is great timing, as we are trying to get an initiative going to encourage/teach youths that street art isn’t just tagging but something worth something.”
- Group thought HNN was incredible and a real achievement for WAM and the artist. The detail he used really made the scenes jump out of the walls and they first thought they were 3D.

Kupe Sites | Landmarks of a Great Voyager

11 June 2018 – 26 August 2018

Total in Gallery visits 3,618 (11 weeks, showing concurrently with Cracked Ink).

An exhibition developed by Te Papa that celebrates a great Polynesian voyager's connections with New Zealand. Kupe is regarded by many iwi (tribes) as the ancestor who discovered this country. Kupe Sites, a touring exhibition from the Museum of New Zealand Te Papa Tongarewa, explores the stories of Kupe's encounter with New Zealand through names of various landmarks and places and even the name Aotearoa. Kupe Sites presents these stories through photographs of places from four areas that have strong traditions of links to Kupe – Northland, Wairarapa, the Wellington region, and the top of the South Island

Developed and toured by Te Papa.



Selected Visitor Feedback

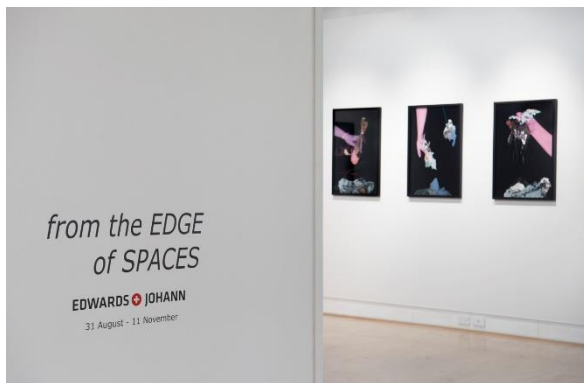
- "Splendid photographs. A wealth of information too."
- "Love to see so many familiar sites on the walls... brought back some nostalgia."
- "enjoyed Kupe Sites, relearning the story of the journey in visual form and being able to pinpoint/locate the places from memory."

Edwards + Johann | From the Edge of Spaces

31 August 2018 – 24 November 2018

Total in Gallery visits 4,861 (13 weeks, showing concurrently with Tooth and Nail).

Edwards and Johann's collaborative work interweaves drawing, painting, performative activities, video and installation with photography. The works *On the Seam of Things – Constellations* and *Constellations – drawing strength* reflect on our basic human condition: to connect, work, play and test the space we inhabit in order to deal with crises and to grow.



Selected Visitor Feedback

- "I didn't notice it last time I visited, but the detail in the rocks comes from drawing over the top of the photo. This is genius."
- "Do you know why they have used lines repeatedly in those bright colours across the works. It reminds me of a game I used to play as kids called pick-up-sticks."
- Visitor saw that work by E+J and from this series was a finalist in the drawing prize. Thought it was a cop out and really stretching the boat but after seeing them up close and learning that the detail in rocks was done by hand, now they understand why.

Tooth and Nail

31 August 2018 – 11 November 2018

Total in Gallery visits 3,724 (11 weeks, showing concurrently with From the Edges of Space).

This exhibition represents the culmination of the challenging negotiation when two or more artists share a visual dialogue. When artists collaborate in the making of work a creative tension can develop which transports both parties out of their comfort zones to seek new answers. Tooth and Nail refers to a no holds barred fight... to remain steadfast and unflinching. To engage in strenuous effort using all of one's resources. To fight with vigour and intensity.



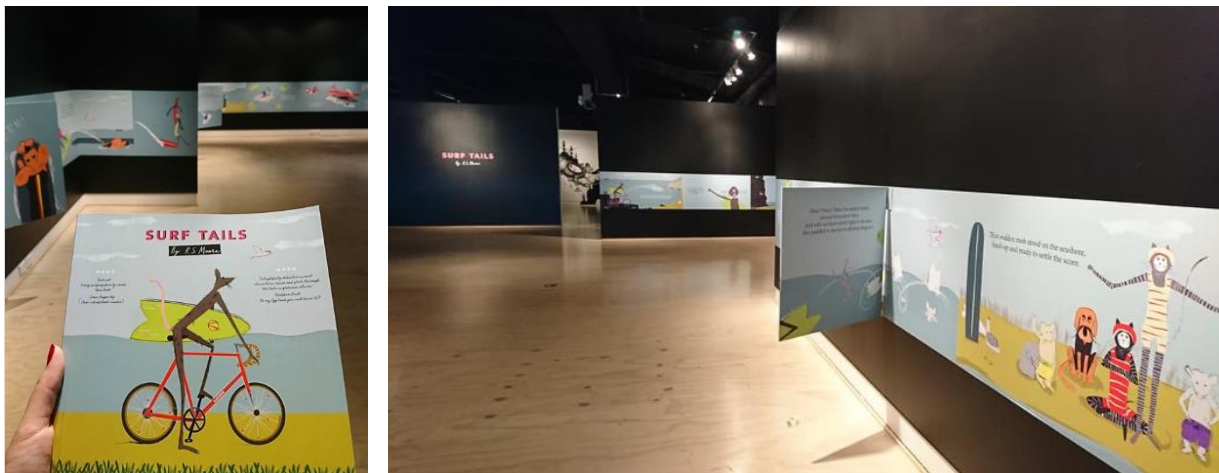
- “I know two of the artists in Tooth and Nail. I think their work is amazing! But I want to know what the work is about, the stories they are trying to tell”.
- “Wow, those works are cool! I especially like the black and white one on the end, the one with the skeleton [Hamish O-B, Desire, 2018]. I think that would be cool as a tattoo. Are any of them tattoo artists?”
- Weren't too keen on tooth and nail woodcuts, thought they were a bit too dark/macabre for their taste but adored the ceramics though.
- They thought and found the print exhibit Tooth and Nail very aggressive and did not understand why it was called Tooth and Nail.

Surf Tails | R.S Moore

11 November 2018 – 30 January 2019

Total in Gallery visits 5,226 (12 weeks, overlapping with Andrealand).

Written and illustrated by Northland artist and self-proclaimed surf rat, Rebecca Moore; Surf Tails delightfully dips into surf politics and the friendships that endure the ocean's swells. A story inspired by her local break, Ocean Beach, and the weird and wonderful creatures that surf its waves. Large scale wall installation adapted from the Surf Tails book.



Selected Visitor Feedback

- That Vern story. Brilliant! I love that you're really focusing in on local artists/ or underappreciated voices.
- "Wonderful activities, we loved it! Thank you."
- Return visitors to Surf Tails. Thought it was wonderful – especially the message in it. Really wanted a book – advised to keep an eye out for the second print run.

Andrealand | Retrospective + New Works

01 December 2018 – 24 February 2019

Total in Gallery visits 5,156 (13 weeks, overlapping with Surf Tails).

A milestone, mid-career exhibition showcasing a selection of over 30 works from Andrea Hopkin's impressive 20-year career, alongside a new body of work created especially for this exhibition.



Selected Visitor Feedback

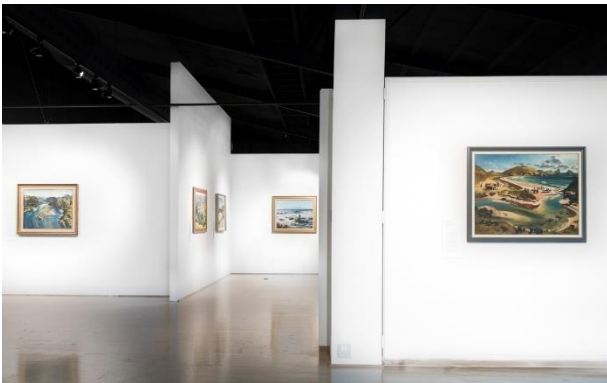
- "Such thought provoking works. Thank you for putting this show together. I've never seen her work before. Love it!"
- "Love the works. Her skill is something that astounds me. It is not very often you get blown back from work."
- "Incredible exhibition—I wish more artists would be so open and honest."

Infinitely Varied | Kelliher Art Trust

05 March 2019 – 26 May 2019

Total in Gallery visits 3,977 (12 weeks, overlapping with Still Life).

A survey of classic landscape paintings from the second half of the 20th century by some of the country's best-known resident artists of the era. With the objective to capture the "essential character of the New Zealand scene and the ways of life of its people and thereby to develop a livelier appreciation of the fine arts and of the infinitely varied aspects of our land."



Selected Visitor Feedback

- Visitor remarked he has a Kelliher art competition book at home and is delighted to see some of the paintings in person. "It's a truly magnificent show."
- "I've bought my friends to see this exhibition as I absolutely love it!"
- 'The landscapes have inspired me to explore some North Island beaches – Takatu!'

Still Life | A Selection from Our Collection

21 February 2019 – 14 April 2019

Total in Gallery visits 2,640 (8 weeks, overlapping with Infinitely Varied).

Glazed, blown, fired and turned- 18 unique objects from 14 artists. Visit the Younghusband Gallery to view and be inspired to sit at our easel and draw your own Still Life. Our children's section allows parents to take a break while their little creatives stage our props and draw a Still Life scene.

Featuring works by Len Castle, Colleen Waata-Urlich, Tom Petit, Garry Nash, Richard Parker, Davina Duke, Manos Nathan, Greg Barron, John Ecuyer, Yvonne Rust, Keith Mahy, Ron De Rooy and John Parker.



Selected Visitor Feedback

- “Still life-fabulous thank you!”
- “Our great treasures.”
- “Lovely, serene gallery with great pieces. Ecuyer Rules!”

As the Situation Unfolds| Anthony Davies

20 April 2019 – 30 June 2019

Total in Gallery visits 3,617 (11 weeks, overlapping with Malcolm Harrison).

Compositional maestro with subject matter that is not easy to digest, Davies is motivated by a concern for humanity and the narrative tradition in fine art printmaking, specifically the tensions of the human narrative. The works presented in this exhibition investigate recent socio-political events in New Zealand, highlighting our social and cultural complexities.



Selected Visitor Feedback

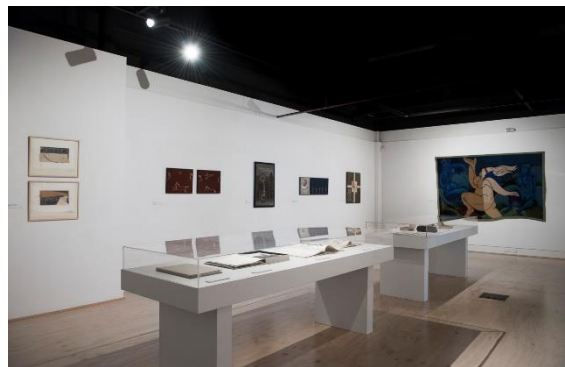
- “Loved this evocative exhibition”.
- “Interesting. Thought provoking”.
- “Great, thought provoking work. Really interesting view of the world around us. Thank you”.

Malcolm Harrison | A Celebration

03 June 2019 – 25 August 2019

Total in Gallery visits 3,517 (12 weeks, overlapping with As the Situation Unfolds).

This selection from the estate of nationally acclaimed textile artist Malcolm Harrison is a wonderful insight into the extent of his practice. His achievements in the areas of quilting and embroidery are well known; however, this collection illuminates the breadth and depth of his skills and interests. It showcases his finely developed craftsmanship across numerous genre – painted works on paper, small sculpture, assemblages, poetry, illustrations and the writing of children's books. Alongside this; sketch books, designs for future works and works in progress give a fascinating insight into the workings of an artist.



Selected Visitor Feedback

- "It's gorgeous! So much detail and time spent on each piece! It's amazing"
- "We love embroidery and his running stitches are amazing."
- "I've heard about the lovely work from the patchwork grapevine."
- "Some of his work seems so dark- technique wise it's great but some of the themes are a bit dark to me" (Kissing Death)

KEY OPERATIONAL INDICATORS

Action	Comments	Responsible	Reporting	Outcomes
Communication to WDC timely and appropriate	<ul style="list-style-type: none"> Key issues notified promptly Full briefing of nominated WDC coordinator Coordinator to attend Board meeting if possible 	Chairperson/ Director/WDC	As Required	Achieved.
SOI and Business planning ensures future needs	<ul style="list-style-type: none"> Draft SOI and annual plan completed by Feb and fully developed by June WAM to develop a five to ten-year plan. 	Director/ Trustees	To WDC February / June	Achieved.
Budget Planning ensures future needs for coming year	<ul style="list-style-type: none"> Proposed Operating Budget in place by beginning of financial year Forward operating expense budget submitted to WDC for year plus one 	Director/ Trustees/ WDC	Annual	Achieved.
Programmes, events plan in place	<ul style="list-style-type: none"> Exhibition plan including objectives and educational elements completed on a rolling basis with minimum 18- month horizon 	Director/ Assistant Curator	Monthly	Achieved.
Effective Marketing and Communications	<ul style="list-style-type: none"> Marketing plan for financial year in place by the end of November 	Director/ Trustees	Ongoing	Achieved.

Action	Comments	Responsible	Reporting	Outcomes
Visitor numbers and Web site stats reviewed against objectives	<ul style="list-style-type: none"> Annual visitors increase of 10% on 2017/18 	Director	Monthly	Visitor numbers rose almost 15% from 16,756 to 19,250.
Community and visitor feedback obtained on regular basis as input to planning	<ul style="list-style-type: none"> Annual visitor survey plus focused visitor feedback mechanisms will be developed to capture meaningful data. Overall satisfaction rating of 85% achieved 	Director/Staff	Annual	Currently monitoring satisfaction via the Museum Aotearoa National Survey, and seeking other feedback via Facebook, visitor feedback/suggestion forms and a visitors' book. A viable, cost-efficient method of statistically valid measurement could not be identified.
Volunteer engagement	<ul style="list-style-type: none"> A skilled and engaged team of volunteers is maintained as essential to WAM Operations Skill and knowledge levels enhanced with volunteer programme. Four volunteers on board at any time. 	Director/Visitor Experience Coordinator	Ongoing	Staff capacity was insufficient to manage a volunteer programme.
Seeking external funding	<ul style="list-style-type: none"> WAM is active in sourcing funding for specific projects wherever it identifies a project that qualifies Sponsors are sought for targeted exhibitions with objective of \$20,000 pa new funding this year 	All Staff	Ongoing	<ul style="list-style-type: none"> Applications for funding were made to Tuia Encounters 250 and the Provincial Growth Fund. Neither were successful. Limited staff capacity did not allow for pursuit of sponsorship.

Action	Comments	Responsible	Reporting	Outcomes
Increased community and stakeholder engagement	<ul style="list-style-type: none"> Ongoing programme to engage more widely with the community, particularly using schools and education as link to community: Minimum of 2 community projects per year 	Director/Staff/ Trustees	Ongoing	Achieved: <ul style="list-style-type: none"> Children's exhibition - Surf Tails. Youth targeted exhibition - Here now next. WAM curated exhibition by local artist Andrea Hopkins. Artists floor talks and gallery talk by Northtec.
Operational Education Centre	<ul style="list-style-type: none"> Resource funding gained to commence education programmes with schools and with WAM exhibitions as staffing requirements and funding achieved 	WAM staff	By 30 June 2019	Staff capacity was insufficient to undertake this.
Facilities	<ul style="list-style-type: none"> Aircon 1 upgrade confirmed and Aircon 2 upgrade as funding achieved 	Board/Director	By 30 June 2019	Achieved.
Facilities	<ul style="list-style-type: none"> Offsite storage options researched and proposal discussed with WDC 	WDC/Board/ Director	By 30 June 2019	Achieved.

FINANCIAL STATEMENT

Provided as a separate document.

**Whangarei Art Museum Trust
Financial statements
for the year ended 30 June 2019**

Draft

Whangarei Art Museum Trust

Financial statements - 30 June 2019

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Entity Information**Legal name**

Whangarei Art Museum Trust (WAMT).

Type of entity and legal basis

WAMT is incorporated in New Zealand under the Charitable Trusts Act 1957. WAMT is controlled by the Whangarei District Council and is a council controlled organisation as defined in section 6 of the Local Government Act 2002.

WAMT's objective

WAMT actions and directions are determined by the Trust Deed which details the objectives of WAMT. These include the operation of the museum and the requirement to support and stimulate the artistic and cultural life of the Whangarei District. Construction of the Hundertwasser Art Centre with Wairau Maori Art Gallery (HWMAC) is in progress. This project is detailed in Note 14.

Structure of the Trust's operations, including governance arrangements

WAMT comprises a Board of seven Trustees who oversee the governance of the Trust, four approved by the Whangarei District Council and three are appointed by WAMT directly. The Chief Executive is responsible for the operations of WAMT, including relevant aspects of the construction of the HWMAC. Several part time staff support the Chief Executive in delivering against the WAMT's objectives.

Main sources of the Trust's cash and resources

Operating grants received from Whangarei District Council and central government agencies are the primary sources of WAMT funding, in addition to other national and district charitable funding sources. WAMT also receives funding through donations to be used specifically for the HWMAC.

WAMT's Outputs

WAMT displays WAMT and Council owned art and facilitates art exhibitions for the general public. The construction of the HWMAC is one year in.

Authorisation

The Board of the Whangarei Art Museum Trust authorised these financial statements presented on the following pages 3 to 17.

For and on behalf of the Board.

Chairperson
30 September 2019

Chief Executive
30 September 2019

Whangarei Art Museum Trust
Statement of financial performance
For the year ended 30 June 2019

Statement of financial performance
For the year ended 30 June 2019

	Note	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Revenue				
Donations	3	7,609,111	3,500	5,314,884
Council funding	4	567,000	544,175	3,490,332
Other revenue	5	4,638	32,480	2,376
Interest revenue	6	184,173	400	47,499
Total revenue		8,364,922	580,555	8,855,091
Expenditure				
Employee related costs	8	180,678	179,900	136,731
Depreciation and amortisation	11	19,116	12,340	19,195
Other expenditure	7	448,729	387,336	647,825
Total operating expenditure		648,523	579,576	803,751
Surplus/(deficit)		7,716,399	979	8,051,340
Surplus/(deficit) attributable to:				
Whangarei Art Museum Trust		68,518	979	43,316
HWMAC		7,647,881	-	8,008,024
		7,716,399	979	8,051,340

Summary of significant accounting policies and the accompanying notes form part of these financial statements

Whangarei Art Museum Trust
Statement of financial position
As at 30 June 2019

Statement of financial position
As at 30 June 2019

	Note	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
ASSETS				
Current assets				
Bank accounts and cash	9	4,149,833	1,327,083	4,001,506
Debtors	10	117,036	43,717	3,513,744
Short term investment - HWMAC		<u>3,860,057</u>	<u>-</u>	<u>-</u>
Total current assets		<u>8,126,926</u>	<u>1,370,800</u>	<u>7,515,250</u>
Property, plant and equipment	11	<u>10,006,820</u>	<u>2,195,745</u>	<u>2,767,426</u>
Total non-current assets		<u>10,006,820</u>	<u>2,195,745</u>	<u>2,767,426</u>
Total assets		<u>18,133,746</u>	<u>3,566,545</u>	<u>10,282,676</u>
LIABILITIES				
Employee cost payable		13,082	-	8,334
Creditors and accrued expenses	12	<u>1,071,429</u>	<u>55,819</u>	<u>941,504</u>
Total current liabilities		<u>1,084,511</u>	<u>55,819</u>	<u>949,838</u>
Total liabilities		<u>1,084,511</u>	<u>55,819</u>	<u>949,838</u>
NET ASSETS		<u>17,049,235</u>	<u>3,510,726</u>	<u>9,332,838</u>
Equity				
Retained earnings	13	17,049,225	3,510,716	9,332,828
Contributed equity	13	<u>10</u>	<u>10</u>	<u>10</u>
Total equity attributable to Whangarei Art Museum Trust		<u>17,049,235</u>	<u>3,510,726</u>	<u>9,332,838</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements

Whangarei Art Museum Trust
Cash flow statement
For the year ended 30 June 2019

Cash flow statement

For the year ended 30 June 2019

	Actual 2019 \$	Actual 2018 \$
Cash flows from operating activities		
Council funding	3,323,653	334,612
Donations received	7,925,585	3,286,981
Other revenue	4,638	2,176
Payments to suppliers and employees	(455,846)	151,217
Interest received	184,173	47,499
	<u>10,982,204</u>	<u>3,822,485</u>
Cash flows from investing activities		
Purchase of PPE	(6,973,820)	(1,322,438)
	<u>(6,973,820)</u>	<u>(1,322,438)</u>
Total cash provided to investing activities	<u>(3,860,057)</u>	-
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	148,327	2,500,047
Bank accounts and cash, and bank overdrafts at the beginning of the year	<u>4,001,506</u>	<u>1,501,459</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	<u>4,149,833</u>	<u>4,001,506</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements

* The budget cashflow was not prepared as part of the 2018/2019 Statement of Intent

1 Statement of accounting policies for the year ended 30 June 2019

1.1 Reporting entity

The Whangarei Art Museum Trust (WAMT) is incorporated as a trust under the Charitable Trusts Act 1957, is domiciled in New Zealand and registered under the Charities Act 2005, registration number CC28917. It is a council controlled organisation under Section 6 of the Local Government Act 2002.

2 Summary of significant accounting policies

2.1 Basis of preparation

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that WAMT will continue to operate in the foreseeable future.

The financial statements have been prepared on a going concern basis. WAMT is reliant on Council's continued support of its operations. Council has included funding for WAMT in its 2018-2028 Long - Term Plan. The level of funding for the 2020/2021 financial year is expected to assume the same level of funding. Funding is reviewed on an annual basis. WAMT has also received a letter of support from Council to ensure its going concern basis for a period of one year from the date of the approval of these financial statements.

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that WAMT does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

Goods and services tax

WAMT is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

Functional and presentation currency

The financial statements are presented in New Zealand dollars.

Revenue and expenses

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

(i) Grants and donations

Grants and donations are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

(ii) Pledges

Pledges are not recognised as revenue as WAMT is unable to control the access to the funds. Pledges are disclosed as a contingent asset when the money is pledged and recognised as revenue when the pledged money is received.

(iii) Donated assets

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

(iv) Interest income

Interest revenue is recorded as it is earned during the year.

v) Sale of goods

Revenue from the sale of goods is recognised when the goods are sold to the customer.

(vi) Volunteer services

Volunteer services received are not recognised as revenue or expenditure as WAMT is unable to reliably measure the fair value of the services received.

(vii) Advertising, marketing, administration, overhead, and fundraising costs

These are expensed when the related service has been received.

2 Summary of significant accounting policies (continued)

2.2 Bank accounts and cash

Bank accounts and cash include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.3 Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

2.4 Property, plant and equipment

Property, plant, and equipment (excluding donated assets) are recorded at cost, less accumulated depreciation and impairment losses. WAMT does not revalue its property, plant and equipment. WAMT undertakes periodic impairment assessments of its property, plant and equipment.

(i) Artworks and donated assets

Purchased artworks are recognised at cost. Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised. Artworks have an indefinite useful life and are not depreciated. Impairment is recognised if identified as below.

(ii) Asset sales

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

(iii) Use of assets

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation

Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of PP&E	Estimated useful life	Depreciation rates
Leasehold improvements	10-100 years	1%-10%
Office equipment	2-10 years	10%-50%
Plant and equipment	6-60 years	1.6%-17%
Computer equipment	2-5 years	20%-50%
Artworks	Indefinite	-

2.5 Investments

Investments comprise investments in term deposits with banks, listed bonds, and listed shares.

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

2.6 Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

2.7 Lease expense

Lease payments are recognised as an expense on a straight-line basis over the lease term.

2.8 Tier 2 PBE Accounting Standards applied

WAMT has not applied any Tier 2 Accounting Standards in preparing its financial statements.

2 Summary of significant accounting policies (continued)

2.9 Changes in Accounting Policies.

There are no changes in accounting policies.

3 Donations

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Note			
Donations - general	2,506	3,500	3,452
Donations - HWMAC	<u>7,606,605</u>	<u>-</u>	<u>5,311,432</u>
Total Donations	<u>7,609,111</u>	<u>3,500</u>	<u>5,314,884</u>

Donations for HWMAC are explained in note 14.

4 Council funding

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Note			
Council funding	<u>567,000</u>	<u>544,175</u>	<u>3,490,332</u>
Total council funding	<u>567,000</u>	<u>544,175</u>	<u>3,490,332</u>

Grants received from Council relate to an annual operating grant of \$390,000 (2018: \$337,000) and a rent concession of \$171,000 (2018: \$170,332). In addition, Council will also reimburse WAMT \$6,000 of its audit fee for the 2019 year (2018: \$6,000).

In addition to the above, during the 2018 year Council also provided \$2,977,000 towards the HWMAC Project (Old Harbour Board Development).

5 Other revenue

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Other	<u>4,638</u>	<u>32,480</u>	<u>2,376</u>
	<u>4,638</u>	<u>32,480</u>	<u>2,376</u>

Whangarei Art Museum Trust
Notes to the financial statements
30 June 2019
(continued)

6 Interest revenue

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Interest received - general	1,655	400	765
Interest received - HWMAC	<u>182,518</u>	<u>-</u>	<u>46,734</u>
Total interest received	<u>184,173</u>	<u>400</u>	<u>47,499</u>

7 Other expenses

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Rent paid	171,000	171,000	170,332
Other expenses	85,040	125,129	85,703
Exhibition costs	34,033	66,027	46,233
Management fees	10,000	10,000	10,000
Auditors fees for 2019 financial statements	12,800	15,180	15,180
Additional disbursements in relation to audit of 2018/19 financials	1,437	-	47
Other expenses - HWMAC	<u>134,419</u>	<u>-</u>	<u>320,330</u>
Total other expenses	<u>448,729</u>	<u>387,336</u>	<u>647,825</u>

8 Employee related costs

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Salaries and wages	<u>180,678</u>	<u>179,900</u>	<u>136,731</u>
Total employee related costs	<u>180,678</u>	<u>179,900</u>	<u>136,731</u>

9 Bank accounts and cash

	Actual 2019 \$	Actual 2018 \$
Cash on hand	200	200
Bank balances - general	126,848	115,560
Bank balances - HWMAC	<u>4,022,785</u>	<u>3,885,746</u>
Total bank accounts and cash	<u>4,149,833</u>	<u>4,001,506</u>

Bank balances - HWMAC are explained in note 14.

Whangarei Art Museum Trust
Notes to the financial statements
30 June 2019
(continued)

10 Debtors and other receivables

	Actual 2019 \$	Actual 2018 \$
Sundry debtors	41,403	504,458
Receivables	<u>75,633</u>	<u>3,009,286</u>
Total debtors and other receivables	<u>117,036</u>	<u>3,513,744</u>

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11 Property, plant and equipment

2019	Plant and equipment \$	Leasehold improvement s \$	Office equipment \$	Artwork \$	Work in progress \$	Total \$
Carrying amount	74,323	283,308	13,994	438,179	393,254	1,203,058
Balance at 1 July 2017	<u>74,323</u>	<u>283,308</u>	<u>13,994</u>	<u>438,179</u>	<u>393,254</u>	<u>1,203,058</u>
Year ended 30 June 2018						
Additions	1,155	-	-	-	1,583,563	1,584,718
Disposals	-	-	-	-	(1,155)	(1,155)
Depreciation charge	(8,591)	(7,917)	(2,687)	-	-	(19,195)
Balance at 30 June 2018	<u>66,887</u>	<u>275,391</u>	<u>11,307</u>	<u>438,179</u>	<u>1,975,662</u>	<u>2,767,426</u>
Balance as at 1 July 2018	<u>66,887</u>	<u>275,391</u>	<u>11,307</u>	<u>438,179</u>	<u>1,975,662</u>	<u>2,767,426</u>
Additions	16,620	14,345	11,029	-	7,258,509	7,300,503
Disposals	-	-	-	-	(41,993)	(41,993)
Depreciation charge	(8,592)	(7,917)	(2,607)	-	-	(19,116)
Balance at 30 June 2019	<u>74,915</u>	<u>281,819</u>	<u>19,729</u>	<u>438,179</u>	<u>9,192,178</u>	<u>10,006,820</u>

Work in progress relates to costs associated with the design and construction phase of the HWMAC project. This is explained in note 14.

Included in the artwork asset class are a number of donated assets recorded at nil value because values are not readily obtainable.

There are no restrictions over the title of the WAMT's property, plant and equipment, nor are any property, plant and equipment pledged as security for liabilities.

12 Creditors and accrued expenses

	Actual 2019 \$	Actual 2018 \$
Accrued expenses	908,559	680,734
Trade creditors	<u>162,870</u>	<u>260,770</u>
Total creditors and accrued expenses	<u>1,071,429</u>	<u>941,504</u>

13 Equity

	Actual 2019 \$	Actual 2018 \$
a) Equity		
Retained earnings	17,049,225	9,332,828
Capital contribution	<u>10</u>	<u>10</u>
Balance at 30 June 2019	<u>17,049,235</u>	<u>9,332,838</u>
b) Retained earnings		
Balance at 1 July	9,332,826	1,281,488
Surplus/(deficit) for the year	<u>7,716,399</u>	<u>8,051,340</u>
Balance 30 June	<u>17,049,225</u>	<u>9,332,828</u>
c) Contributed equity		
Capital contribution	<u>10</u>	<u>10</u>
Balance 30 June	<u>10</u>	<u>10</u>

14 Contingencies

WAMT has no contingent liabilities (2018: nil)

Contingent Assets

Hundertwasser Art Centre Wairau Maori Art Gallery (HWMAC) Background

In 1993, artist Friedensreich Hundertwasser was invited by the then Mayor of Whangarei to design an art centre for the city. He chose the former Northland Harbour Board building in the Town Basin (the Building).

Council considers that it is important to have a high level of transparency around the project and its funding.

Referendum

After several years of debate a binding referendum was held in June 2015 in regards to the use of the Building. A majority voted for HWMAC as the Whangarei District Community's preferred option for re-development. As a condition of the referendum, there was a two-year period to June 2017 in which to raise the required funding needed. By June 2017 WAMT with the assistance of the Prosper Northland Trust (PNT) reached the required funding target. Donations and pledges came from the government, general public, community groups, corporates, businesses and the Lotteries Commission. The terms of the referendum have been met and the project has been initiated, and the re-development works have commenced.

Operator and Guarantees and Indemnities

Whangarei Art Museum Trust (WAMT), a CCO of Whangarei District Council will operate the HWMAC on an on-going basis once re-development is completed.

14 Contingencies (continued)

There is no intention for Council to provide funding for the operating costs of the HWMAC once it begins operation and is open to the public. Underwriting mechanisms have been established to cover any trading losses/operating deficits and re-entry and termination costs up to \$2 million over a ten year period, with the maximum amount payable in any single year \$500 thousand.

Westpac is the first guarantor, to a maximum amount of \$1.25 million. To facilitate the establishment of this guarantee WAMT will deposit \$1.0 million with Westpac.

However, once any cumulative losses reaches \$750 thousand, Westpac has the option to crystallize its exposure and be relieved from any further obligations.

At this point, WAMT will cover any remaining amount up to \$1.25 million, using any remaining funds from their \$1 million deposit with Westpac and a further cash bond of \$250 thousand.

Together these arrangements cover any potential losses up to the first \$1.25 million.

The remaining \$750 thousand of the \$2 million is covered by a guarantee from the Ngatiwai Trust Board.

Because the maximum amount payable in any single year is \$500 thousand, at the expiration of the 7th year the guarantors' total liability shall reduce from \$2.0 million to \$1.5 million (with a further \$500 thousand reduction each year thereafter).

Council is satisfied that these underwriting mechanisms are appropriate.

There are controls in place that allow both Whangarei District Council and Westpac to directly monitor the performance of the HWMAC if significant losses start to accumulate.

Tender Process

A tender process for the HWMAC construction contract was held in at the end of 2017 and in early 2018. The construction contract has been awarded to Trigg Construction Limited. The building consent has been issued by Council. The tender process and the building consent process has determined a finalised project construction cost of \$26.09 million.

The land and the building

Council owns the land and the former Harbour Board building. The building is currently recognised by Council at a nil value because it requires seismic strengthening and is presently not habitable.

Extensive engineering for seismic strengthening being additional structural foundations to support HWMAC on the reclaimed land was required. As a result, it was determined it was not feasible to redevelop the building, so the building has been deconstructed.

Project Update

Deconstruction of the pre-existing council building on the site was completed and foundation work commenced in September 2018. Piling was completed in late November 2018 and the tower crane was erected. To date the floor has been poured, first floor walls have been erected and the second floor support beams are being cast. External and internal designs modifications have been incorporated into the plans and the internal fit out details are currently being worked through.

For a variety of reasons the construction has faced some unexpected costs. The additional costs are estimated to be \$4.2 million in a worst case scenario. The board is investigating a range of options to meet the shortfall. These options include obtaining new funding and instigating cost savings on the build. Construction is presently continuing and the board has funds to continue the construction through to near completion. Cash flow forecasts predict that additional funds or material cost savings will be required by September 2020. The board is monitoring cash flow requirements.

Lease and Ownership of the HWMAC Structure

Council and WAMT have entered into a Lease for the HWMAC. The Lease has a nominal annual rental of \$1 and a lease term of 34 years and 11 months. The lease commenced on 11 June 2018 and expires on 11 May 2052. The portion of land being leased has not been subdivided and is part of a wider parcel owned by council. It would have been Council's preference to lease the land in-perpetuity but under the Resource Management Act, 35 years is the maximum period that a lease can be issued for a sub parcel of land. WAMT will retain substantially all the risk and rewards incidental to ownership of the HWMAC building. Due to this control, WAMT will recognise the HWMAC building in it's financial statements.

14 Contingencies (continued)

Council funding for the project

Council spent an initial sum of \$1.1m between 2011 to 2013 on consents and other pre-project costs for the project. Council provided for additional partial capital funding for "Old Harbour Board Development" in the 2015-25 Long-Term Plan of \$1.4 million in year three (2017-18 - inflated \$) and \$1.5 million in year four (2018-19 - inflated \$), a total of \$2.9 million. This Council funding is factored in as part of the required funding for the project. It has been determined that Council will not own any part of HWMAC, so consequently it was determined that it was more appropriate to provide the funding to the project as a grant. This grant was included in the 2017-18 financial statements.

Donations and Contributions

At 30 June 2019, the total amount of money collected and held by WAMT combined with councils contribution and the net pledges was \$29.8m (including interest received of \$270k)

Category	Amount (\$000)
Donations/Pledges	13,607
Council contribution	4,077
Pledges	<u>11,799</u>
	<u>29,483</u>

1. Donations/Pledges

These consists of two components:

- Donations received. These are donations that have been received and treated as revenue. At 30 June 2019 the total amount of donations collected was: \$13.6m
- Pledges receivable. These are pledges that have been received by WAMT and all the conditions have been fulfilled. They have not been collected and therefore recognised as revenue. At 30 June 2019 the total amount of pledges receivable was: \$nil (2018: \$403k)

2. Council contribution.

Council spent an initial sum of \$1.1m between 2011 to 2013 on consents and other pre project costs.

Council provided a total of \$2.977m for funding of the development of the 'Old Harbour Board Development' in the 2015-25 Long-Term Plan. This amount was recognised as a grant receivable from WDC at the end of June 2018.

This funding is factored in as part of the required funding for the project. At 30 June 2019 the total amount of council funding was: \$4.1 million.

3. Pledges

As all the conditions of the Referendum have been met and the project has commenced, remaining pledges are in essence unconditional, although subject to individual funding agreements. When money is received as part of an overall pledge amount it becomes a donation and recognised as revenue. Remaining pledges do not meet the definition of an asset so are not recorded as an asset of WAMT (as per IPSAS 23). Instead, pledges have been disclosed as a contingent asset in the below table (as per IPSAS 19).

Pledges have an element of uncertainty of collection so the collectability of pledges needs to be assessed. As at 30 June 2019 the pledges have been assessed and analysed as follows:

Pledge Source	Pledged (\$000)	Collectability %	Net Pledge (\$000)
Government	9,340	100 %	9,340
Local Government	1,000	100 %	1,000
Corporates	140	100 %	140
Charitable Trusts	1,200	100 %	1,200
Professional firms	28	100 %	28
General public	90	90 %	81
Total	<u>11,798</u>		<u>11,789</u>

14 Contingencies (continued)

There are in kind trade products and services that have been or will be donated to the overall project. All in-kind trade products & services provided were of a minor nature and therefore have not been quantified.

Professional services – various professional services in the form of time have and will continue to be donated to the overall project. These include, legal, accounting, project and other management, planning, architectural, design etc. For the year end 30 June 2019, material professional services to the value of \$55k (2018: \$261k) have been quantified and recognised.

Additionally, professional services to the value of \$397k have been quantified but not recognised.

15 Other guarantees

Payroll services are outsourced to Payroll Plus Ltd, who require a letter of credit for \$7,500 as guarantee that any direct debits up to this amount will be honoured.

16 Capital commitments and operating leases

Capital commitments

WAMT have budgeted commitments of \$26.09m. At 30 June 2019, \$19.1m was committed (2018: \$18.9m).

	Actual 2019 \$	Actual 2018 \$
Capital commitments		
HWMAC Project (see note 14 above)	<u>19,151,743</u>	18,997,887
Total capital commitments	<u>19,151,743</u>	<u>18,997,887</u>

Operating leases as lessee

WAMT leases property as part of its normal course of business. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Actual 2019 \$	Actual 2018 \$
Not later than one year	171,001	171,001
Later than one year and not later than five years	199,504	370,504
Later than five years	<u>28</u>	<u>29</u>
Total non-cancellable operating leases	<u>370,533</u>	<u>541,534</u>

The operating lease consists of the annual rental paid to Council. WAMT also receives a rent concession of the same amount from Council. The lease was renewed for a 5-year period, in accordance with the deed of renewal and variation of lease.

Council and WAMT have entered into a lease for the HWMAC. The lease has a nominal annual rental of \$1 and a lease term of approximately 35 years.

17 Trustee fees

All trustees work on a voluntary basis and receive no fees (2018: nil).

18 Related party transactions

The related party disclosures below are for transactions that are not within a normal supplier or client/recipient relationship. This means that the terms and conditions on those transactions are either more or less favourable than those expected in a normal transaction. Any other related party transactions are no more or less favourable.

Related party transactions significant to WAMT requiring disclosure

	Actual 2019 \$	Actual 2018 \$
Receipts awarded from Council		
Grants	<u>567,000</u>	<u>3,490,332</u>
Details of grants awarded from Council are detailed in note 4.		
	Actual 2019 \$	Actual 2018 \$
Grants outstanding	<u>71,000</u>	<u>3,011,083</u>
Balance at 30 June	<u>71,000</u>	<u>3,011,083</u>

The grants payable to WAMT of \$71,000 (2018: \$3,011,083) at balance date relates to Council's share of WAMT's audit fee (\$6,000) and annual operating grant outstanding (\$65,000).

Services relocation costs of \$310,948 are owing to Whangarei District Council.

19 Events occurring after the balance date

There were no events after the balance sheet date (2018: nil).

20 Explanation of major variances against budget

Section 64 of the Local Government Act requires a Council Controlled Organisation to prepare a Statement of Intent that complies with Clause 9 of Schedule 8.

- Operational expenditure of the Whangarei Arts Museum achieved a favourable result against budget of \$68,518.
- HWMAC, at the time of preparation of the 2018/2019 Statement of Intent no budget information was available at its disposal as the project had just gone live and a number of agreements had to be worked through. A favourable variance of \$7,647,881 was achieved.

21 Performance Information

	Performance Measure	2018/19 Target	Result 2019				
1	To operate within agreed financial budgets				Actual 2019	Budget 2019	Actual 2018
	Whangarei Art Museum Operations	Actual spend less than/equal budget	Not achieved	Revenue Expenditure	\$ 575,809 \$ 507,291	\$ 580,555 \$ 579,576	\$ 519,925 \$ 476,608
	HWMAC	Actual spend less than/equal budget	Achieved	Revenue Expenditure	\$ 7,789,112 \$ 141,231	Nil Nil	\$ 8,335,166 \$ 327,143
	Refer to note 20 for explanations of significant variances against budget.						
2	Visitor satisfaction maintained	New measure	Partially Achieved	The previous use of Survey Monkey has been discontinued as the sample was not representative. Currently monitoring satisfaction via the Museum Aotearoa National Survey, and seeking other feedback via Facebook, visitor feedback/suggestion forms and a visitors' book. New measures will be investigated once WAM staff capacity allows.			
3	Collection management undertaken	600 works assessed	Achieved	A fixed term consultant was employed in August 2018, who has assessed the entire catalogue of WAM works (excluding the Drummond collection).			
4	Review operation hours and exhibition numbers to meet agreed funding	Review Completed	Review not complete	An informal review was conducted which resulted in a reallocation of the staff budget. This enabled the gallery to maintain opening hours and curate the scheduled exhibitions. The review was not formally documented.			
5	Regular reporting on HAC project covering: <ul style="list-style-type: none"> Cost vs. budget Progress against milestones Public satisfaction Health and safety Project governance Risk 	Quarterly reporting	Not Achieved	Due to the high volume of work of the board and the resignation of two trustees, reports were not provided to WDC in a timely manner. A report for the first three quarters of the year was provided in June 2019. The 4th quarter report was provided by the 20th of July 2019.			

Auditors' Report

To the customers of Whangarei Art Museum Trust

Draft

RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

1.	The making available of information would be likely to unreasonably prejudice the commercial position of persons who are the subject of the information. {Section 7(2)(c)}
2.	To enable the council (the committee) to carry on without prejudice or disadvantage commercial negotiations. {(Section 7(2)(i))}.
3.	To protect the privacy of natural persons. {Section 7(2)(a)}.
4.	Publicity prior to successful prosecution of the individuals named would be contrary to the laws of natural justice and may constitute contempt of court. {Section 48(1)(b)}.
5.	To protect information which is the subject to an obligation of confidence, the publication of such information would be likely to prejudice the supply of information from the same source and it is in the public interest that such information should continue to be supplied. {Section 7(2)(c)(i)}.
6.	In order to maintain legal professional privilege. {Section 2(g)}.
7.	To enable the council to carry on without prejudice or disadvantage, negotiations {Section 7(2)(i)}.

Resolution to allow members of the public to remain

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

Move/Second

"That _____ be permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of Item _____.

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because _____.

Note:

Every resolution to exclude the public shall be put at a time when the meeting is open to the public.